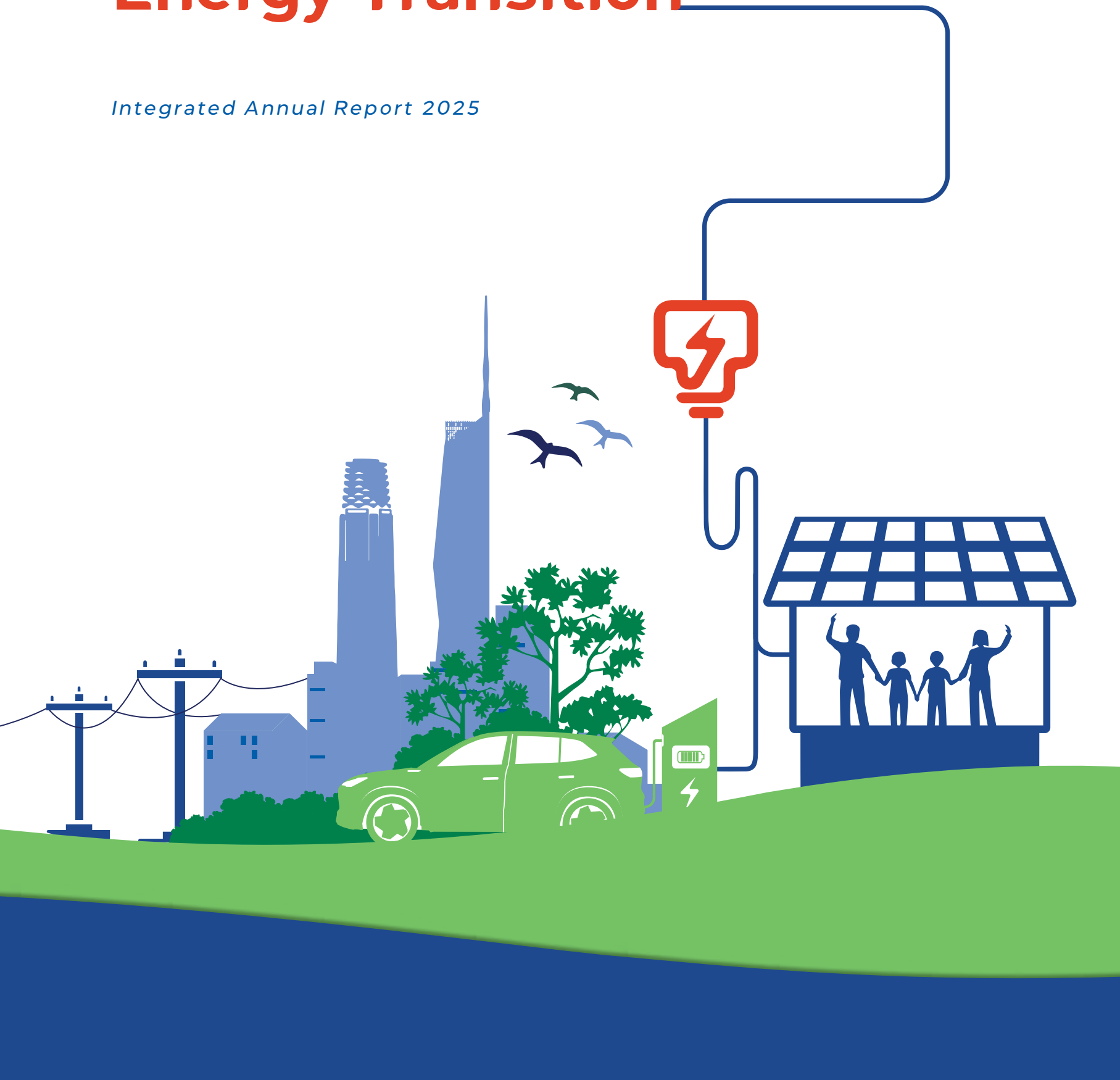


# Delivering Tomorrow's Energy Transition

*Integrated Annual Report 2025*



# Delivering Tomorrow's Energy Transition



Guided by the theme Delivering Tomorrow's Energy Transition, this year's cover reflects a journey shaped by both progress and purpose. It captures a pivotal moment of transformation, where the decisions made today lay the foundation for the energy systems of tomorrow.

Energy extends beyond infrastructure. It powers homes, fuels ambitions and connects communities, quietly enabling the everyday moments that matter most. As the energy landscape evolves, its role becomes even more profound, supporting the way people live, work and thrive in a rapidly changing world.

This transition demands care, responsibility and long-term vision. It represents a deliberate shift towards cleaner energy pathways, smarter systems and a more adaptive ecosystem built for the future. Each step forward strengthens not only how energy is delivered, but how lasting value is created for society.

Through this journey, TNB continues to help shape a future where progress is inclusive, sustainable and built to last; delivering not just energy, but a better tomorrow for all.

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# BASIS OF THIS REPORT

This Integrated Annual Report (IAR) 2025 outlines how Tenaga Nasional Berhad (TNB) creates sustainable value for stakeholders through integrated thinking, strategic capital management and responsible governance. It reflects our commitment to transparency, long-term resilience and our role in enabling Malaysia's energy transition. The Report provides a holistic view of our financial and non-financial performance for the financial year ended 31 December 2025, highlighting the key drivers of value across our business.

## REPORTING FRAMEWORKS

This report guided by the following local and global frameworks:

| Key Frameworks Applied                                                                                                                                                                                                                      | IR |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| International Financial Reporting Standards (IFRS®)                                                                                                                                                                                         | ●  |
| International Integrated Reporting Framework (January 2021) under IFRS Foundation                                                                                                                                                           | ●  |
| Malaysian Code on Corporate Governance 2021 by the Securities Commission Malaysia (MCCG)                                                                                                                                                    | ●  |
| Bursa Malaysia's Corporate Governance Guide (4 <sup>th</sup> Edition)                                                                                                                                                                       | ●  |
| Companies Act 2016                                                                                                                                                                                                                          | ●  |
| Malaysian Financial Reporting Standards (MFRS)                                                                                                                                                                                              | ●  |
| National Sustainability Reporting Framework (NSRF)                                                                                                                                                                                          | ●  |
| Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR)                                                                                                                                                                 | ●  |
| IFRS Sustainability Disclosure Standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures)                                                           | ●  |
| Sustainability Accounting Standards Board (SASB) Standards                                                                                                                                                                                  | ●  |
| Sustainability Reporting Guide by Bursa Malaysia                                                                                                                                                                                            | ●  |
| Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021                                                                                                                                                                   | ●  |
| FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance (ESG) Indicators                                                                                                                                                      | ●  |
| GHG Emissions Assessment: GHG Protocol Corporate Accounting and Reporting Standard, Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, GHG Protocol and Clean Development Mechanism (CDM) | ●  |

## NAVIGATING THIS REPORT

### Our Capitals

FC Financial Capital

SR Social & Relationship Capital

IC Intellectual Capital

MC Manufactured Capital

HC Human Capital

NC Natural Capital

### Strategic Pillars

DC Deliver Clean Generation

DS Dynamic Energy Solutions

DE Develop Energy Transition Network

DR Drive Regulatory Evolution

### Our Stakeholders

S1 Customers & Communities

S2 Regulators

S3 TNB's Retirees

S4 Employees

S5 Media

S6 Federal & State Governments

S7 Financial Communities

S8 Non-Governmental Organisations (NGOs) & Associations

S9 Vendors & Partners



## TARGETED READERS

This Report is primarily tailored for our shareholders and investors, focusing on the key information most relevant to their interests. At the same time, it provides all stakeholders with meaningful insights into our sustainable business practices and the strategies we employ to create long-term value.

## SCOPE AND BOUNDARY

This Report encompasses the activities and performance of TNB and its group of subsidiaries. It presents key material topics impacting the Group's sustainability and long-term viability, supported by both qualitative insights and quantitative data. Unless otherwise specified, all information is accurate as of 31 December 2025.

## MATERIALITY

The content of this Report highlights issues of strategic importance to TNB, particularly those with a significant bearing on our ESG performance. These priority areas enable stakeholders to make informed assessments of our business practices and sustainability efforts. They are derived from a structured materiality assessment process that incorporates both impact and financial materiality lenses, drawing on insights and feedback from a broad range of internal and external stakeholders, as well as an evaluation of sustainability-related and climate-related risks and opportunities over the short, medium and long term.

 [For more information about our materiality assessment, refer to the page 75 of this Report.](#)

## ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In support of our commitment to a sustainable future, TNB aligns its strategic initiatives with key SDGs. The selected SDGs reflect our core priorities and underscore our efforts to drive positive change, foster inclusive growth and create long-term value for all stakeholders:



## FORWARD-LOOKING STATEMENTS

This IAR contains forward-looking statements on TNB's future performance, based on assumptions and conditions current at the time of publication. However, actual results may differ materially due to uncertainties and changes in the operating environment.

## FEEDBACK

This IAR is part of our ongoing efforts to enhance transparency and communication. We welcome your feedback and suggestions for improvement. Please feel free to share your comments with us at [cossec@tnb.com.my](mailto:cossec@tnb.com.my).

## Material Topics

| Our Climate Response and Energy Transition Strategy |                                                       | Our Commitment to Advancing Sustainability Management |                                          | Our Shared Path Towards Sustainability |                                          |
|-----------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|------------------------------------------|----------------------------------------|------------------------------------------|
| MT 1                                                | Energy Transition and Grid Resiliency                 | MT 7                                                  | Energy Reliability and Affordability     | MT 11                                  | Business Ethics and Corporate Governance |
| MT 2                                                | Greenhouse Gas Emissions and Energy Resource Planning | MT 8                                                  | Air Quality Management                   | MT 12                                  | Labour Rights and Employment Culture     |
| MT 3                                                | Climate Resiliency                                    | MT 9                                                  | Waste Management and Coal Ash Management | MT 13                                  | Community Development and Social Impact  |
| MT 4                                                | Customer Experience and Energy Efficiency             | MT 10                                                 | Safety, Health and Well-Being            | MT 14                                  | Sustainable and Responsible Supply Chain |
| MT 5                                                | Water and Biodiversity                                |                                                       |                                          | MT 15                                  | Digital Trust and Cybersecurity          |
| MT 6                                                | Nuclear as a Future Clean Energy Source               |                                                       |                                          |                                        |                                          |

# TNB AT A GLANCE

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# OUR IDENTITY AND PURPOSE



## 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**

## OUR CORE VALUES

### 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 PROFILE

Tenaga Nasional Berhad (TNB) is Malaysia's largest electricity utility and a key enabler of the nation's energy transition. Listed on the Main Market of Bursa Malaysia, TNB plays a vital role in powering Malaysia's economy through its core businesses in electricity generation, transmission, distribution and retail, serving over 11 million customers across Peninsular Malaysia and Sabah.

Guided by its purpose of delivering a *Better. Brighter.* future, TNB is committed to driving a just and responsible energy transition. The Group continues to advance decarbonisation efforts, strengthen energy security and accelerate innovation to support Malaysia's aspirations towards a sustainable and resilient energy future.

As part of its growth strategy, TNB is expanding its renewable energy (RE) portfolio and strengthening its presence in global clean energy markets. The Group currently has a total gross renewable energy portfolio of 4,681 MW, comprising 3,396 MW in Malaysia and 1,285 MW internationally, with operations and investments in key markets including the United Kingdom, Ireland, Australia and Türkiye.

At TNB, we harness the power of nature to fuel a cleaner and more resilient future. From hydro to wind and solar, our RE investments reflect our strong commitment to sustainability and innovation. As we move forward, we continue to embrace low-carbon solutions that power communities, drive progress and safeguard the environment – for today and for generations to come.



TNB Platinum, Bangsar

### 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 INTERNATIONAL FOOTPRINT

### IRELAND

#### POWER PLANT

Vantage Re No. 3 Limited (100% Equity)

Capacity: **267 MWp**

#### ENERGY SOURCE:



Solar

**TOTAL CAPACITY:**  
**267 MWp**

### UNITED KINGDOM

#### POWER PLANT

Tenaga Wind Ventures UK Ltd. (100% Equity)

Capacity: **26.6 MW**

Clean Energy and Infrastructure

UK Limited (100% Equity)

Capacity: **97.3 MW**

Vantage Solar Investment S.A.R.L.

(55% Equity)

Capacity: **365 MWp**

Blyth Offshore Demonstrator Limited

(49% Equity)

Capacity: **41.5 MW**

JBM Solar Projects 18 Ltd (100% Equity)

Capacity: **66.7 MWp**

JBM Solar Projects 23 Ltd (100% Equity)

Capacity: **35 MWp**

#### ENERGY SOURCE:



Wind

Solar

**TOTAL CAPACITY:**  
**632.1 MW**

### TÜRKIYE

#### POWER PLANT

Gama Enerji A.S. (30% Equity)

Capacity: **1,151.5 MW**

#### ENERGY SOURCE:



Wind

Hydro

Natural Gas

**TOTAL CAPACITY:**  
**1,151.5 MW**

### KUWAIT

#### OPERATIONS & MAINTENANCE SERVICES

Engineering Services for **210 MW**

Doha West Water & Distillation Station Gas Turbine and Auxiliaries (GE LM6000)

Engineering Services for **252 MW** Sabiya

Open Cycle Gas Turbine Station-1 (GE LM6000)

Engineering Services for **300 MW** Sabiya

Open Cycle Gas Turbine Station-2 and Auxiliaries (GE F7)

Engineering Services for **252 MW** Shuwaikh

Open Cycle Gas Turbine and Auxiliaries (GE LM6000)

Engineering Maintenance Services for

**880 MW** Shuaiba North Power Generation & Water Distillation Plant (GE F9FA)

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

Maintenance of Gas and Liquid Fuel Systems and Lines at Power and Water Distillation Stations by Ministry of Electricity and Water, Kuwait

#### ENERGY SOURCE:



Natural Gas Distillate

**TOTAL CAPACITY:**  
**1,894 MW**

### SAUDI ARABIA

#### POWER PLANT

Shuaibah Independent Water & Power Project (IWPP) (6% Equity)

Capacity: **1,190.7 MW**

#### WATER DESALINATION ASSETS

SWEC Water **880,000 m<sup>3</sup>/day**

SEPSCO Water **150,000 m<sup>3</sup>/day**

Total Capacity: **1,030,000 m<sup>3</sup>/day**

#### ENERGY SOURCE:



Fuel oil

**TOTAL CAPACITY:**  
**1,190.7 MW**

### PAKISTAN

#### OPERATIONS & MAINTENANCE SERVICES

Operation & Maintenance for **1,223 MW**

Balloki Combined-Cycle Gas Turbine

#### ENERGY SOURCE:



Natural Gas

**TOTAL CAPACITY:**  
**1,223 MW**

### CAMBODIA

#### TECHNICAL ADVISORY

Technical Advisory Services for EDC C7

**408 MW** HFO/LNG Power Plant

#### ENERGY SOURCE:



Distillate

**TOTAL CAPACITY:**  
**408 MW**

### AUSTRALIA

#### POWER PLANT

Bomen Solar Farm Pte. Ltd. (100% Equity)

Capacity: **120.5 MWp**

#### ENERGY SOURCE:



Solar

**TOTAL CAPACITY:**  
**120.5 MWp**

Presence in

## 8 Countries

United Kingdom, Ireland,  
Türkiye, Kuwait, Saudi Arabia,  
Pakistan, Cambodia and  
Australia



## OUR INTERNATIONAL FOOTPRINT





**WHAT WE DO: CORE BUSINESS SEGMENTS**

# POWER GENERATION



TNB, through its subsidiary TNB Power Generation Sdn. Bhd. (TNB Genco), is Malaysia's largest power producer, contributing 52.4% generation market share in Peninsular Malaysia. In Sabah, generation activities are undertaken via Sabah Electricity, supporting the state's energy needs. Internationally, TNB's presence extends to the United Kingdom (UK), Australia and Türkiye through its New Energy Division (NED), reflecting a growing and diversified global footprint.

TNB Genco offers comprehensive asset management, operations and maintenance (O&M), maintenance, repair and overhaul (MRO), diagnostics, and engineering, procurement, construction and commissioning (EPCC) services, supporting strong operational performance. In line with the Group's Net Zero 2050 aspiration, TNB continues to transition towards cleaner energy solutions.

**Generation Capacity Mix:**

|                            |                                                                                                   |
|----------------------------|---------------------------------------------------------------------------------------------------|
| <b>Coal</b><br><b>39%</b>  | <b>Renewable Energy (RE)</b><br><b>(Solar, Wind, Mini Hydro and Biomass/Biogas)</b><br><b>10%</b> |
| <b>Hydro</b><br><b>14%</b> | <b>Others (Oil &amp; Diesel)</b><br><b>7%</b>                                                     |
| <b>Gas</b><br><b>30%</b>   |                                                                                                   |

*Note:*  
Based on Installed Capacity

**Total Number of Power Plants:**

**217 units**

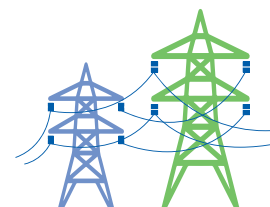
**Total Installed RE Capacity:**

**4,681 MW**

**Generation Market Share:**

**52.4%**  
of total Peninsular Malaysia Installed Capacity

# GRID



The Grid Division manages and operates the National Grid across Peninsular Malaysia, ensuring the safe, reliable and economical operation of the transmission system. Comprising 132 kV, 275 kV and 500 kV networks, the Division's core functions include strategy formulation, system planning, engineering, project management, maintenance and wayleave management. These activities are conducted in accordance with the Malaysian Grid Code, while grid operations in Sabah are managed separately by Sabah Electricity.

To facilitate regional energy exchange, the National Grid is interconnected with neighbouring systems. The northern link with the Electricity Generating Authority of Thailand (EGAT) consists of a 300 MW High Voltage Direct Current (HVDC) link and an 80 MW 132 kV High Voltage Alternating Current (HVAC) overhead line. The southern link connects to Singapore's transmission system at Senoko via 230 kV submarine cables with a capacity of 2 x 550MVA, providing a firm capacity of 200 MW.

## Total Transmission Network:

**29,744 km**

Peninsular Malaysia

**26,594 km**

Sabah

**3,150 km**

## Total Transmission Substations:

**545 units**

Peninsular Malaysia

**497 units**

Sabah

**48 units**

## Total Transmission Transformers:

**1,509 units**

Peninsular Malaysia

**1,406 units**

Sabah

**103 units**

## System Minutes:

Peninsular Malaysia

**0.15 minutes**

2024: 0.0019 minutes

Sabah

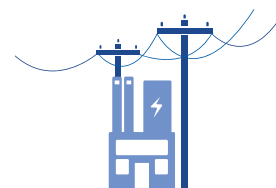
**9.93 minutes**

2024: 0.548 minutes



## WHAT WE DO: CORE BUSINESS SEGMENTS

# DISTRIBUTION NETWORK



The Distribution Network Division operates as a regulated business entity responsible for the planning, construction, operation and maintenance of the distribution network across Peninsular Malaysia. As the final link in the electricity supply chain, the Division manages an extensive infrastructure of lines and substations at 33 kV, 11 kV, 6.6 kV and 0.4 kV voltage levels.

These assets are instrumental in delivering seamless electricity to over 11 million customers, representing the crucial endpoint of power delivery from generation plants to the end user. While the Division oversees these activities throughout the Peninsular, the distribution network in Sabah is independently managed by Sabah Electricity.

**SAIDI:**

**Peninsular Malaysia**  
**46.93 minutes**  
 2024: 47.88 minutes

**Sabah**  
**186.00 minutes**  
 2024: 203.65 minutes

**Total Distribution Transformers:**

**115,031 units**  
**Peninsular Malaysia**  
**105,556 units**

**Sabah**  
**9,475 units**

**Smart Meter Deployed:**

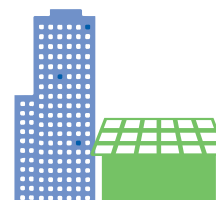
**5.6 million**  
 as at 31 December 2025

**Total Distribution Substations:**

**99,603 units**  
**Peninsular Malaysia**  
**90,142 units**

**Sabah**  
**9,461 units**

# RETAIL



Established in 2018, TNB's Retail Division is committed to creating value for customers, employees and shareholders by delivering customer-centric experiences across all engagement channels – Click, Call, Come Over and Go Over. This is supported by a strong presence across Peninsular Malaysia, comprising 13 state offices, 125 Kedai Tenaga outlets and 4 CareLine offices. In Sabah, the management of retail activities is undertaken separately by Sabah Electricity.

With a mandate that goes beyond energy, the division also develops smart energy solutions tailored to diverse customer segments, from large corporations and Small and Medium Enterprises (SMEs) to micro-businesses and residential users-supporting their transition towards a smarter, more sustainable energy lifestyle.

#### Number of Customers:

**11.39 million**

Peninsular Malaysia

**10.66 million**

Sabah

**0.73 million**

#### Customer Satisfaction Index:

**9.0**

#### Customer Experience Index:

**96%**

#### Total Electricity Sales in Malaysia:

**RM58,930.1 million**

Peninsular Malaysia

**RM56,595.3 million**

Sabah

**RM2,334.8 million**

#### Total Energy Units Sold in Malaysia:

**140,137.6 GWh**

Peninsular Malaysia

**133,350.4 GWh**

Sabah

**6,787.2 GWh**



## WHO WE SERVE

### Our Customer Profile

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

### Breakdown of Customers (Peninsular Malaysia and Sabah)

#### Residential

**9,369,713**

Peninsular Malaysia  
**8,766,538**

Sabah  
**603,175**

#### Commercial

**1,862,245**

Peninsular Malaysia  
**1,748,735**

Sabah  
**113,510**





## INDUSTRIAL

Industrial customers form the smallest segment by number but account for the largest share of electricity sales, reflecting their role in manufacturing and production across key sectors.



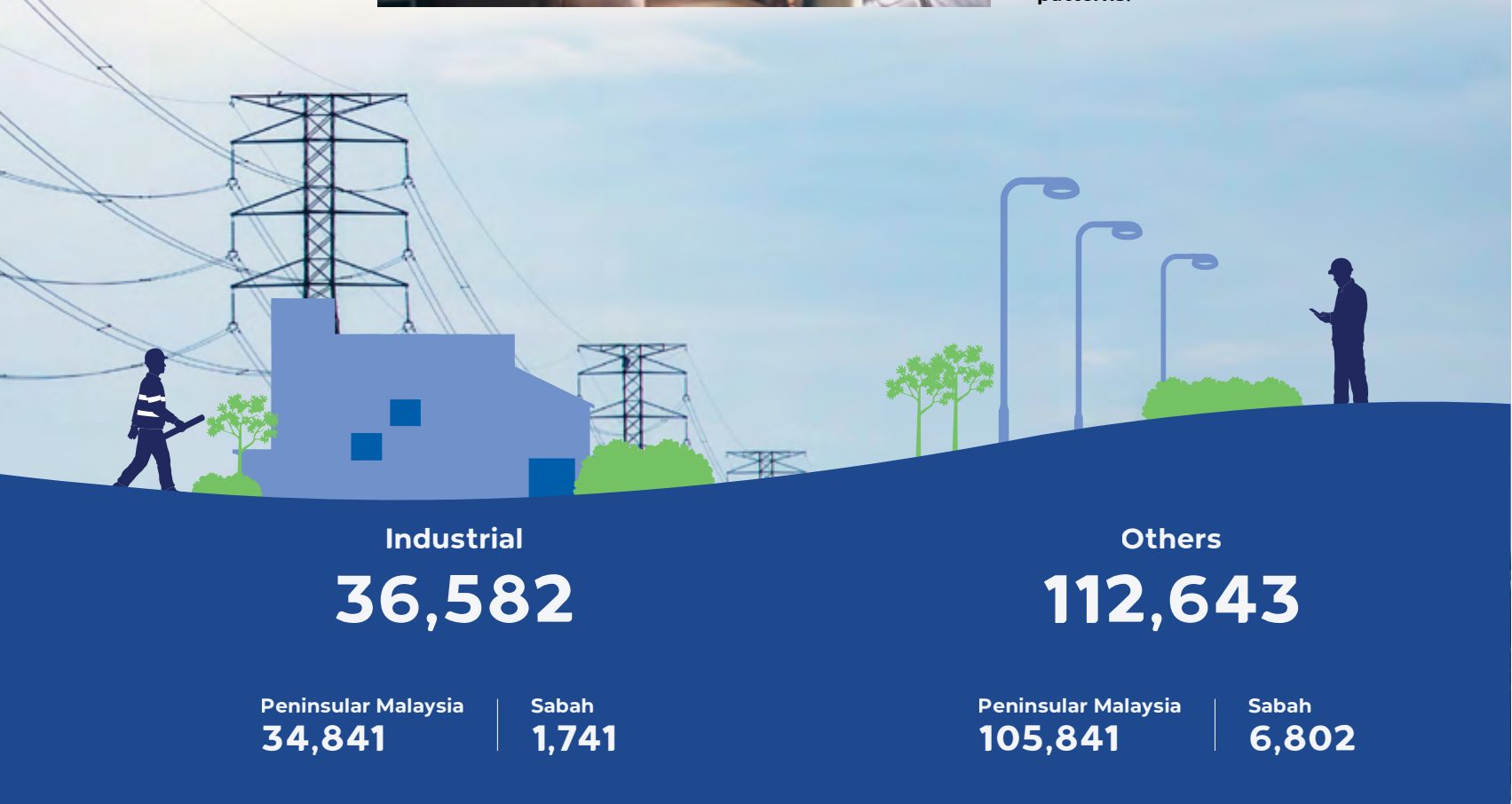
## COMMERCIAL

Commercial customers, engaged in a wide range of economic activities, contribute the largest share of electricity sales, driven by business and service sector demand.



## RESIDENTIAL

Residential customers represent the largest segment of our customer base, with approximately 9.4 million out of 11.39 million total customers. We continue to promote greater awareness and adoption of efficient energy use to support more sustainable consumption patterns.





## KEY PERFORMANCE HIGHLIGHTS

### BUSINESS HIGHLIGHTS

#### Total Assets

**RM198,354.5 million**

2024 (Restated): RM200,380.4 million

#### Unit Demand Growth

**2.6%**

2024: 6.5%

#### Net Profit Attributable to Owners of the Company

**RM4,768.1 million**

2024 (Restated): RM3,978.2 million

#### Market Capitalisation

**RM79,975.8 million**

2024: RM86,845.4 million

#### Average Coal Price

**USD100.2 per MT**

2024: USD113.2 per MT

#### Renewable Energy Installed Capacity

**4,681 MW**

2024: 4,514 MW

#### Total Revenue

**RM67,723.1 million**

2024: RM56,737.1 million

#### Return on Assets

**2.4%**

2024 (Restated): 2.0%

#### Number of TNB Electron Charging Points

**256**

2024: 66

#### EBITDA Margin (with ICPT and AFA)

**31.6%**

2024: 30.3%

#### Capital Expenditure (CAPEX)

**RM15,677.0 million**

2024: RM11,171.4 million

#### Sales of Electricity in Malaysia

**140,137.6 GWh**

2024: 137,110.8 GWh



### AWARDS & RECOGNITION

Awarded Brand of the Year 2025–2026 at the World Branding Awards under the Energy – Power category (Malaysia)

Ranked as the second strongest utility brand globally by Brand Finance

Achieved an AAA brand strength rating with a Brand Strength Index (BSI) score of 88.9/100

Recipient of three awards at the Asian Power Awards 2025: Innovative Power Technology of the Year – Malaysia, Smart Grid Project of the Year – Malaysia, and Information Technology Project of the Year – Malaysia

Recipient of three awards at the Enlit Asia Power & Energy Awards 2025: Winner – Energy Storage Project, Runner-up – Transmission & Distribution Networks, and Runner-up – Power Utility Project of the Year

Winner of the Data & AI category at the 2025 AIBP ASEAN Innovation Award

Recipient of the Overall Excellence Award (Top 10) and Industry Excellence Award (Utilities) at the National Corporate Governance & Sustainability Awards 2025

Recipient of the award for highest returns to shareholders over three years (Super Big Cap category – above RM40 billion market capitalisation) at The Edge Billion Ringgit Club Awards 2025

myTNB App recognised as the Best Public Utility App by PC.com for the third consecutive year

TNB Power Generation Sdn. Bhd. received the Notable Achievement in Environmental Performance award at the Prime Minister's Hibiscus Award



## KEY PERFORMANCE HIGHLIGHTS

### SUSTAINABILITY HIGHLIGHTS

Total Volume of Water Used

**8,920**  
**megalitres**

2024: 9,234 megalitres

**ZERO**

number of substantiated complaints  
concerning breaches of customer  
privacy and losses of customer data

Total Waste Diverted  
from Disposal

**547,444**  
**metric tonnes**

2024: 479,579 metric tonnes

Increasing Gender Diversity in  
Senior Management

**27% female**

2024: 24%

Number of Employees Trained on  
Health and Safety Standards

**34,963**

2024: 13,973

Percentage of Local Suppliers

**57%**

2024: 52%

On track to achieve TNB's  
1% annual reduction target for  
Scope 2 Emissions

**0.314 million tCO<sub>2</sub>e**

2024: 0.321 million tCO<sub>2</sub>e

**RM3.4 million**

invested in biodiversity initiatives  
across key operational sites

Investing in Communities &  
Nation Building

**RM232.3 million**

Surpassing 1% of Profit After Tax  
commitment

Lost Time Injury Frequency Rate for  
Employees

**0.83**  
**per million**  
**man-hours**

2024: 0.87 per million man-hours

Revenue from coal generation  
does not exceed

**25%**

of our total revenue before  
intercompany elimination



TNB Power Generation Sdn. Bhd. won 26 awards at the  
MiSHA Asia Excellence Awards 2025

Recipient of the Platinum Award for Top Voted Employer  
2025 in the Electrical & Electronics category

Runner-up in the Energy Efficient Building (Large Green  
Building) category at the 2025 National Energy Awards (NEA)

TNB Global Business Solutions Division awarded Gold and  
recognised among the Top 20 Most Admired GBS/SSO for  
2025

TNB Electron received the Excellence in EV Infrastructure  
& Connectivity award at the Malaysia Car of the Year 2025

Recipient of the ASEAN-OSHNET Best Practice Award

TNB Integrated Learning Solution Sdn. Bhd. (ILSAS)  
garnered the Silver Award for Sustainable Talent  
Development & TVET Innovation at the META 2025 Awards

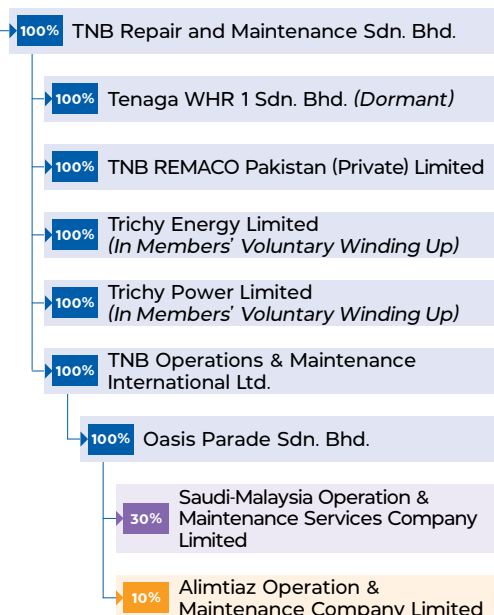
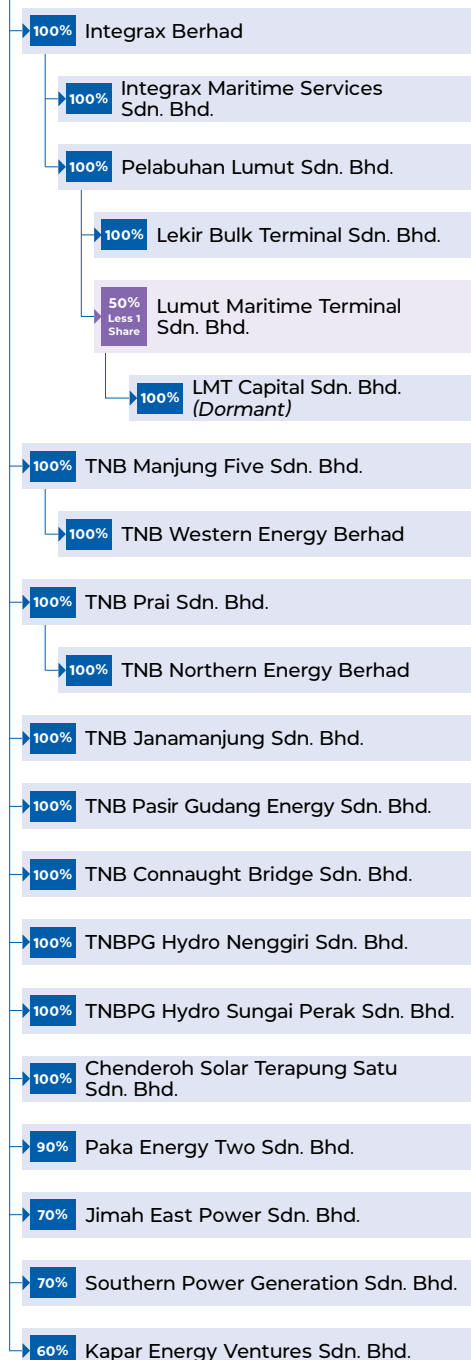
TNB's former President/Chief Executive Officer, Datuk Ir.  
Megat Jalaluddin Megat Hassan, was named MADANI Best  
CEO of the Year

# HOW WE ARE STRUCTURED

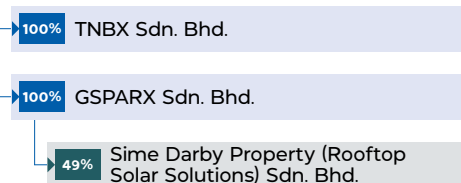
AS AT 7 APRIL 2026

## TENAGA NASIONAL BERHAD

### 100% TNB POWER GENERATION SDN. BHD.



### 100% TNB RETAIL SDN. BHD.



### 100% TNB-IT SDN. BHD.

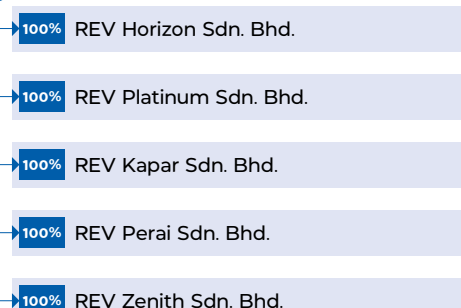
### 100% MALAYSIA TRANSFORMER MANUFACTURING SDN. BHD.

### 100% TNB GLOBAL VENTURES CAPITAL BERHAD

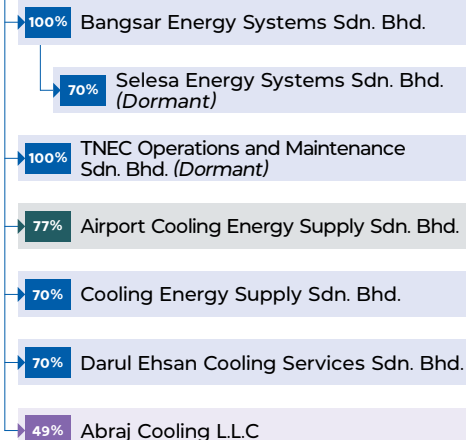
### 100% TNB FUEL SERVICES SDN. BHD.

### 100% TNB GLOBAL CAPTIVE (L) LTD.

### 100% REV PROPERTY HOLDINGS SDN. BHD.



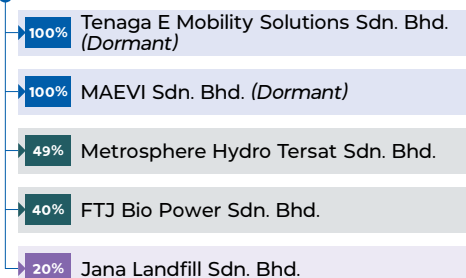
### 100% TNB ENGINEERING CORPORATION SDN. BHD.



### 100% TNB RENEWABLES SDN. BHD.



### 100% TNB ENERGY SERVICES SDN. BHD.



### 100% TNB INTEGRATED LEARNING SOLUTION SDN. BHD.

### 100% ALLO TECHNOLOGY SDN. BHD.

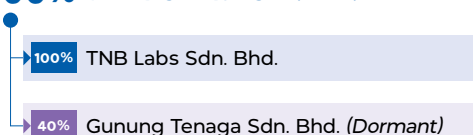
### 100% TNB ENERLINK SDN. BHD.

## HOW WE ARE STRUCTURED

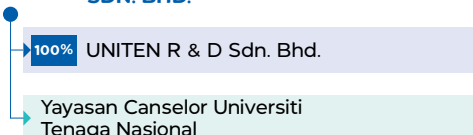
AS AT 7 APRIL 2026

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

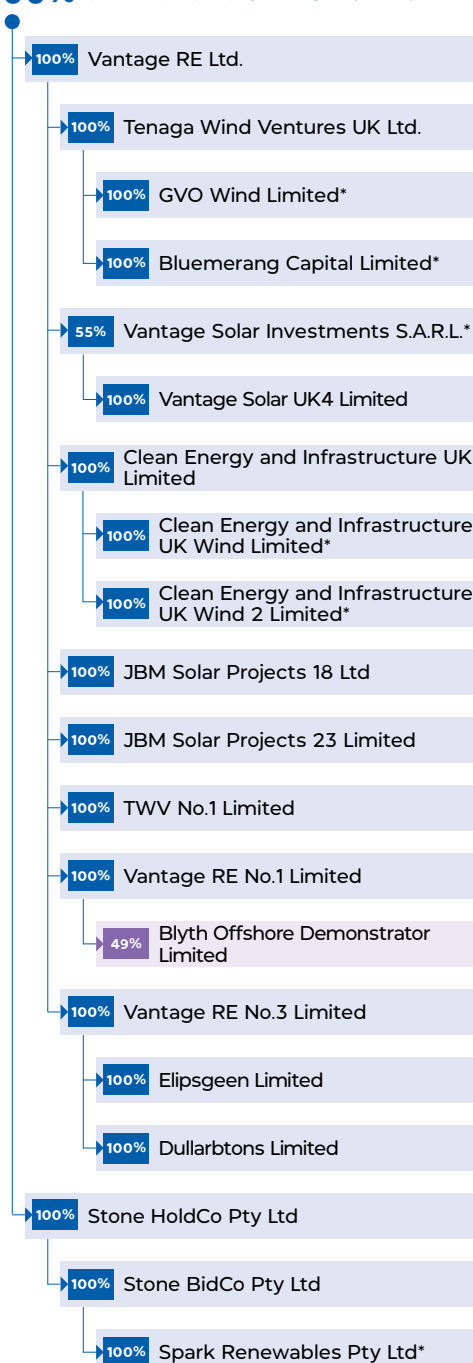
## 100% TNB RESEARCH SDN. BHD.



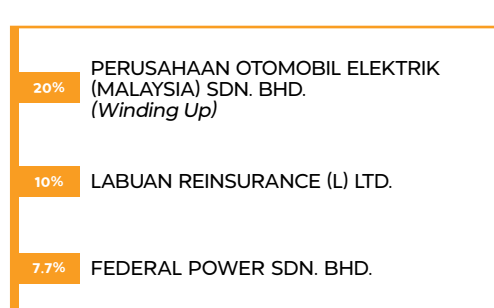
## 100% UNIVERSITI TENAGA NASIONAL SDN. BHD.



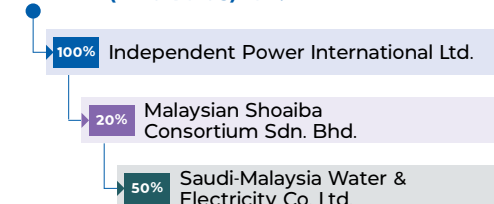
## 100% TNB INTERNATIONAL SDN. BHD.



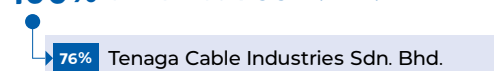
## SIMPLE INVESTMENTS



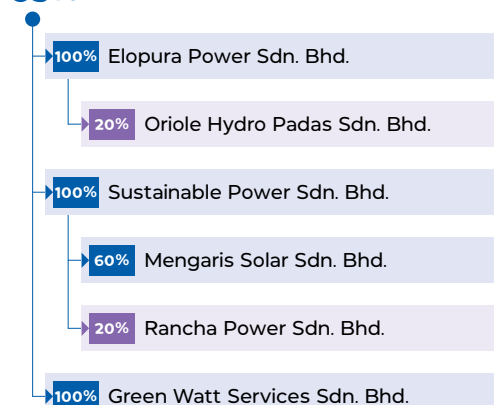
## 100% POWER AND ENERGY INTERNATIONAL (MAURITIUS) LTD.



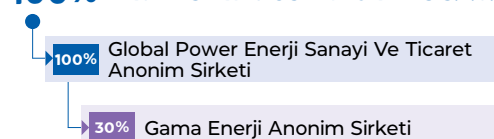
## 100% TNB VENTURES SDN. BHD.



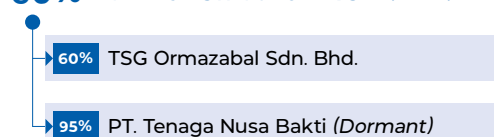
## 83% SABAH ELECTRICITY SDN. BHD.



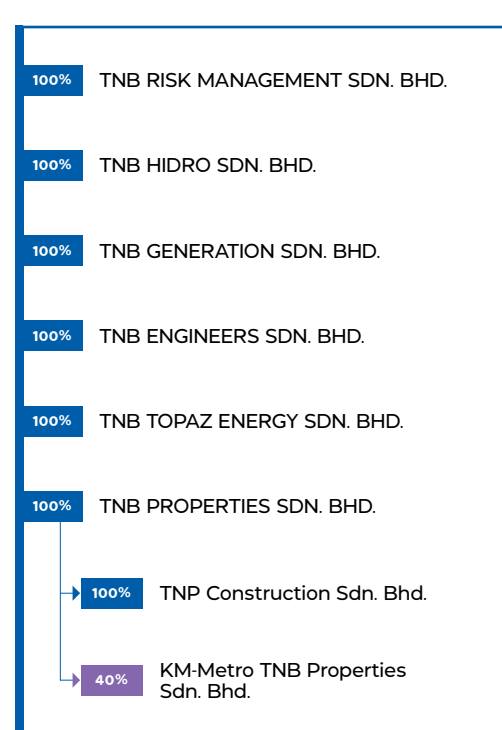
## 100% ARUNA SERVICIOS INTEGRALES S.L.U.



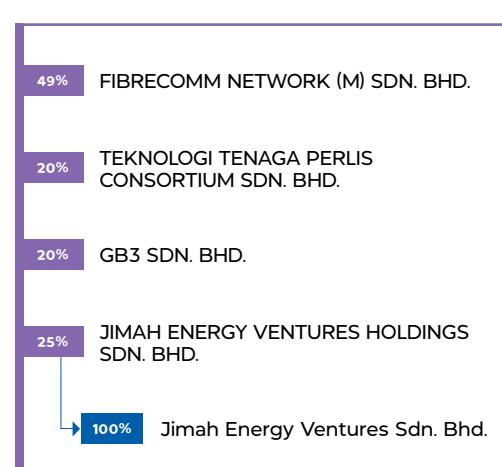
## 60% TENAGA SWITCHGEAR SDN. BHD.



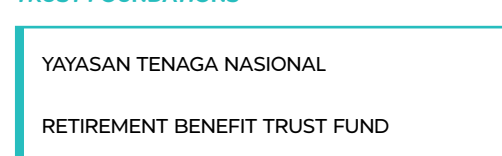
## DORMANT COMPANIES



## ASSOCIATES



## TRUST FOUNDATIONS

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

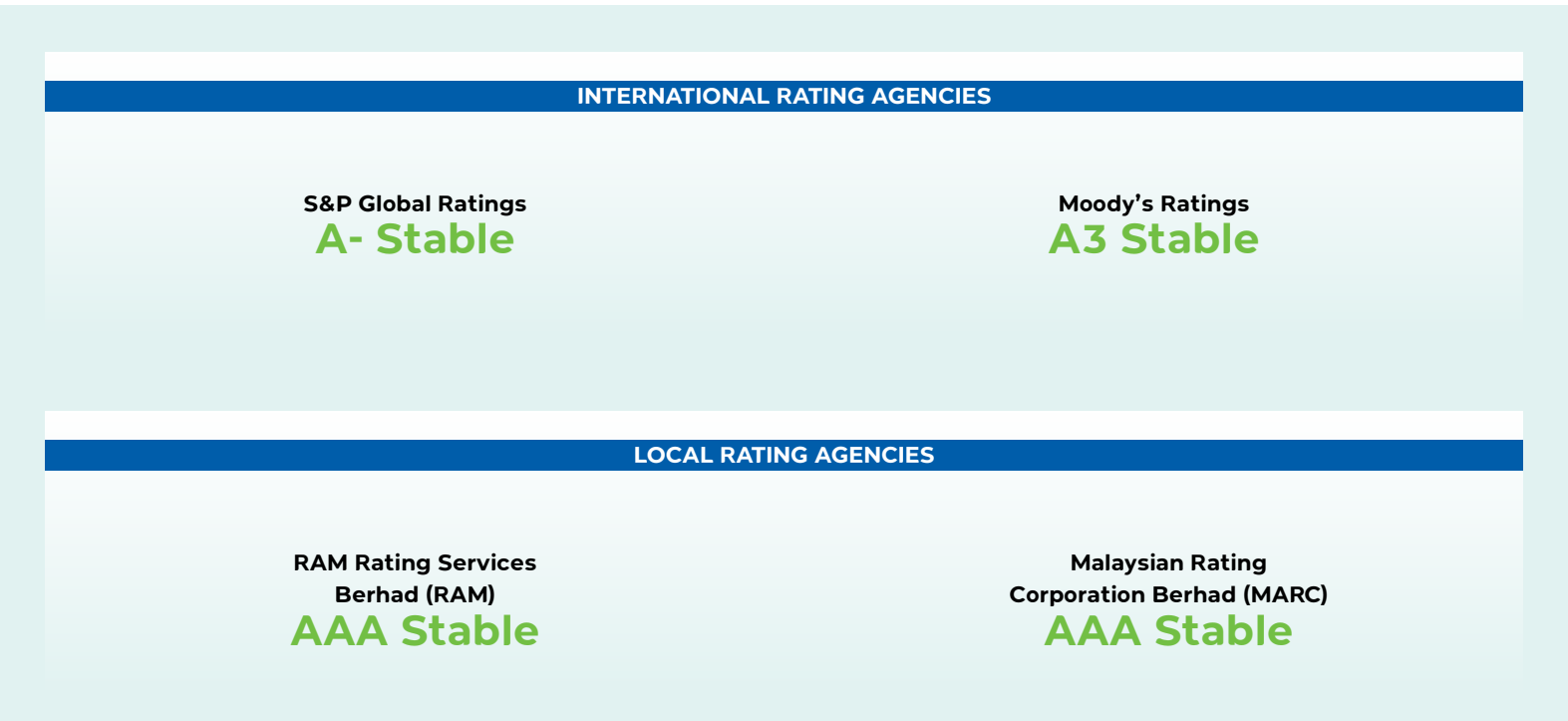
\* GVO Wind Limited, Bluemerang Capital Limited, Vantage Solar Investments S.A.R.L., Clean Energy and Infrastructure UK Wind Limited, Clean Energy and Infrastructure UK Wind 2 Limited and Spark Renewables Pty Ltd Group of Companies are detailed out on pages 447 to 457 of this Integrated Annual Report.



INDICES REPRESENTATION



CREDIT RATINGS



## MEMBERSHIPS AND ASSOCIATIONS

TNB maintains an active presence in key energy and industry leadership associations, reinforcing its role as a strategic contributor to national and regional energy discourse and policy development.



The Heads of ASEAN Power Utilities and Authorities (HAPUA) is a key ASEAN platform promoting regional energy cooperation. TNB leads Working Group 5 on talent development and contributes to other 4 working groups, supporting initiatives such as the ASEAN Power Grid, ASEAN Plan of Action for Energy Cooperation (APAEC) and regional energy integration.



The Malaysian Industry-Government Group for High Technology (MIGHT) brings together public and private sector players to drive the growth of Malaysia's high-technology industry through strategic collaboration. As a Lead Member, TNB actively exchange insights and expertise to MIGHT's initiatives, helping shape national strategies for high-tech sector development.



The Association of the Electricity Supply Industry of East Asia and the Western Pacific (AESIEAP) fosters collaboration and innovation in power generation, transmission, distribution and electric vehicle integration. In line with its leadership role, TNB proudly hosted the CEPSE 2018 conference, reinforcing its commitment to regional energy advancement.



The 30% Club Malaysia Chapter advocates for a minimum 30% representation of women on boards and in senior management.



Malaysian Photovoltaic and Sustainable Energy Industry Association (MPSEA) is a non-profit organisation promoting Malaysia's photovoltaic (PV) industry by fostering collaboration, knowledge sharing and capacity building. As a registered member, GSPARX supports MPSEA's vision by investing in solar PV systems for retail electricity customers.



International Council on Large Electric Systems (CIGRE) is a global network of power system professionals advancing the industry through knowledge sharing. As a member, TNB contributes technical papers on emerging technologies, best practices and asset management.



International Conference on Electricity Distribution (CIRED) is a global platform for sharing advancements and best practices in electricity distribution. Established in 1999 by TNB Distribution leaders, CIRED Malaysia includes participation from various industry stakeholders. CIRED Malaysia members have been actively participating in CIRED International conferences and workshops by attending and presenting technical papers on engineering practice implementations and success stories.



CEO Action Network (CAN), led by private sector leaders, drives policy and action for sustainable development. TNB engages with CAN members to demonstrate collective commitment to sustainability.



Malaysia National Committee on Large Dams (MYCOLD) promotes knowledge exchange in dam engineering. As a Corporate Member, TNB, through TNB Power Generation Sdn. Bhd., supports dam safety and sustainability through knowledge-sharing and policy advocacy.



Malaysia Zero Emission Vehicle Association (MyZEVA) advocates for the adoption of Battery Electric Vehicles (BEVs) in Malaysia. As one of the founding members, TNB is currently the President of the association and actively supporting the BEV development programmes through funding and participation in the activities.



Malaysia Association of Energy Services Companies (MAESCO) promotes energy efficiency across sectors. As a registered member, TNB Energy Services Sdn. Bhd. support this effort by providing Energy Performance Contract to industrial and commercial customers, to supports its efforts to strengthen the energy services industries.



The Malaysian Gas Association (MGA) is the nation's leading advocate for the natural gas industry, playing a key role in fostering engagement and dialogue among stakeholders to support the development of a vibrant and sustainable gas industry. TNB's membership in MGA underscores its commitment to the National Energy Transition Roadmap (NETR), reflecting its role in supporting the power sector's transition, where gas is recognised as a critical transition fuel in Malaysia's pathway towards net zero by 2050.



As a key UK-Malaysia business network, British Malaysian Chamber of Commerce (BMCC) acts as a strategic bridge connecting TNB with investors, industry leaders and policymakers across both markets. TNB's membership enables structured market access through trade facilitation, business matching and high-impact networking platforms, while strengthening education partnerships with UK institutions for research, talent development and global visibility. It also provides a platform for policy engagement, allowing TNB to contribute to bilateral dialogues and position itself as a regional leader in energy transition and ESG.

# LEADERSHIP STATEMENTS

Chairman's Letter to Shareholders

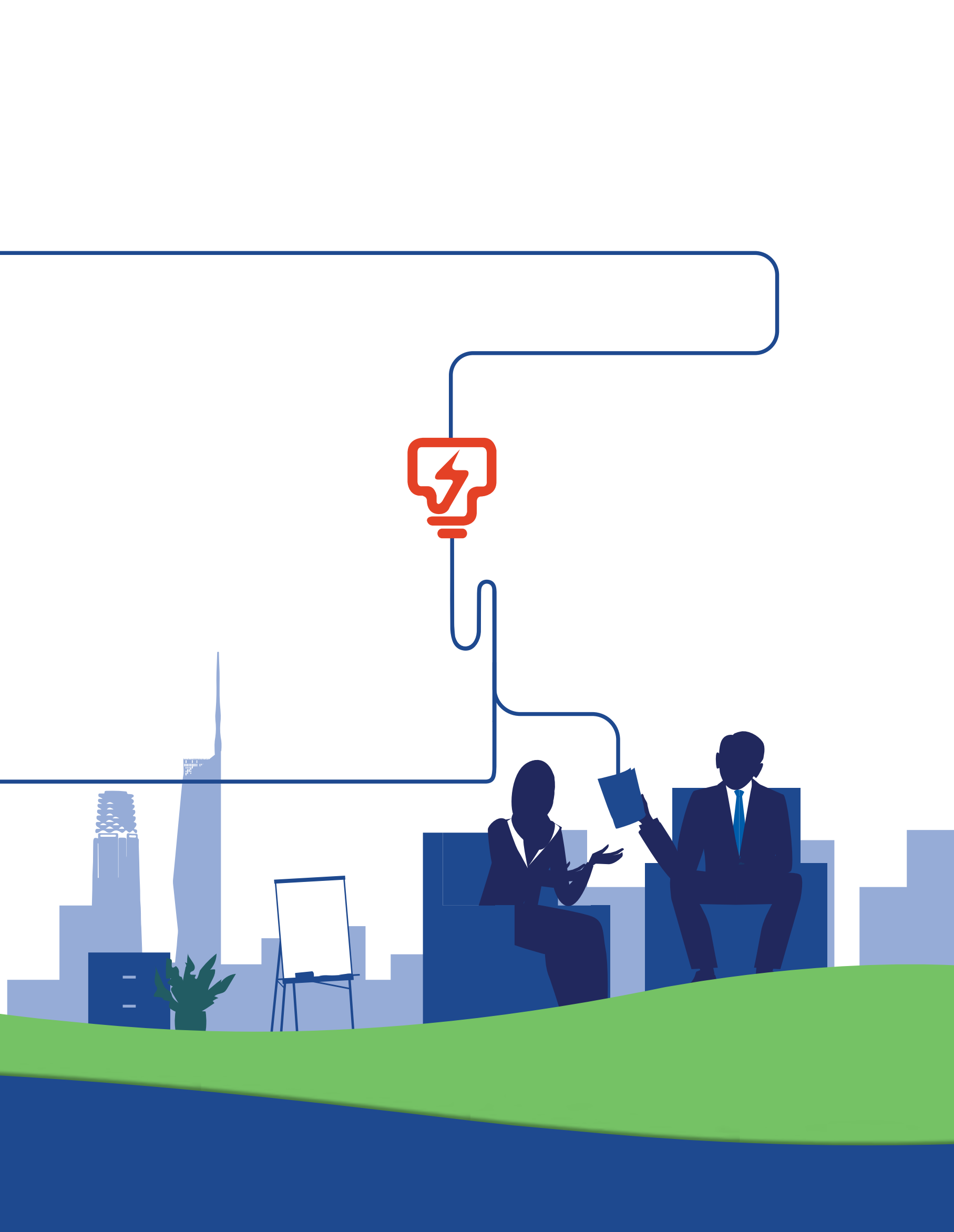
24

President/Chief Executive Officer's Strategic & Operational Review

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## CHAIRMAN'S LETTER TO SHAREHOLDERS

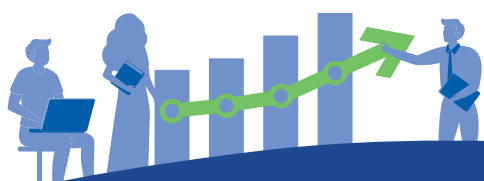
Dear Shareholders,

2025 marked a year of continued progress for TNB as we strengthened our role in powering Malaysia's growth and advancing the nation's energy transition. As Malaysia's national electricity utility, we remain focused on ensuring reliable and affordable supply while enabling a managed transition towards a lower-carbon future, balanced with disciplined capital allocation and long-term value creation for our shareholders.



**Tan Sri Abdul Razak bin Abdul Majid**

Chairman



19.4% increase  
Revenue  
**RM67.7 billion**

4.2% increase  
Total Dividend  
**RM3.1 billion**

19.0% increase  
Profit After Tax (PAT)  
**RM4.8 billion**

## CHAIRMAN'S LETTER TO SHAREHOLDERS

## NAVIGATING GEOPOLITICAL CHALLENGES AND ECONOMIC TRANSITION

The operating landscape in 2025 continued to challenge governments, businesses and institutions alike. Persistent geopolitical tensions kept trade flows under strain and injected further uncertainty into global energy markets. At the same time, tariff disputes and shifting economic alignments among major powers continued to influence supply chains, investment decisions and macroeconomic policies. While energy prices and supply chains showed signs of broad stabilisation, both remained vulnerable to global and geopolitical disruptions. Against this backdrop, another structural shift accelerated: the adoption of artificial intelligence, driving sustained growth in computing demand and intensifying investment in power-hungry data centres.

The International Monetary Fund's latest estimate places global economic growth for 2025 at around 3.4%, with headline inflation easing amid improving supply conditions, softer demand and tighter monetary settings. Malaysia, however, turned in a stronger performance, with Gross Domestic Product (GDP) growth reaching 5.2% in 2025, ahead of initial official forecasts. This was driven by firm domestic demand, stronger exports and a steady flow of investments. For TNB, these conditions translated into rising electricity demand, led by data centre development, digital economy expansion and continued industrial activity. Load patterns also began to shift, with higher demand extending into the late evening and night, reflecting the growing interplay between solar energy, data centres and electric vehicles.

Developments on the policy front added further significance to the year. The unveiling of the 13<sup>th</sup> Malaysia Plan (RMK-13) in July 2025 set out the nation's development framework for 2026 to 2030, while reinforcing the role of the National Energy Transition Roadmap (NETR) in steering the energy sector towards a more sustainable, secure and resilient future. Together, these frameworks sharpen the national imperative for renewable energy (RE) expansion, greater efficiency and grid modernisation. As the principal player in the Malaysian Electricity Supply Industry (MESI), TNB has a central role in translating these ambitions into practical outcomes. That, in turn, places a premium on disciplined planning, sound judgement and sustained Board oversight to ensure the country's energy infrastructure is ready not only for present demand, but for the far more complex requirements of the years ahead.

## TNB'S ROLE, MANDATE AND REGIONAL LEADERSHIP

Our role as Malaysia's national electricity utility and a government-linked company (GLC) carries a clear responsibility that the Board approaches with full seriousness. The responsibility extends beyond operational delivery. It encompasses the obligation to power national development while advancing a responsible transition in the energy system which continues to be shaped by the need to balance the competing priorities of affordability, reliability and sustainability. This energy trilemma has become more pronounced as demand patterns evolve and transition pathways accelerate.

This dual mandate requires balance. We must deliver long-term value to shareholders while fulfilling broader national priorities that underpin economic growth and public welfare. The Board continues to place confidence in the strategic direction set under Reimagining TNB 2.0 (RT 2.0), which is anchored by governance discipline and the institutional capability required to navigate a period of structural change in the energy sector.

A key milestone during the year was the Government's approval of Regulatory Period 4 (RP4) for 2025 to 2027 under the Incentive Based Regulation (IBR) framework. This provides greater clarity on tariff setting, reinforcing a structured approach that balances cost recovery with broader considerations of affordability and system reliability. With improved regulatory certainty, the Group is better positioned to advance capital investments in grid modernisation and RE integration in a measured manner, while maintaining a stable and dependable electricity supply for the nation.

Our stewardship extended beyond Malaysia's borders as the country assumed the ASEAN Chairmanship in 2025, with TNB taking on a leading role in advancing regional energy cooperation. During the year, the Group was at the forefront of efforts to progress the ASEAN Power Grid (APG) and broader electricity market integration, working alongside regional stakeholders to strengthen cross-border connectivity. Building on the momentum created from regional collaborations via existing platforms such as the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project (LTMS-PIP) and Energy Exchange Malaysia (ENEGEM), progress was made to advance further cooperations in interconnection projects such as the Vietnam-Malaysia-Singapore renewable power corridor and a second transmission link between Singapore and Peninsular Malaysia.

Through these efforts, TNB contributed technical expertise and system knowledge and strengthened collaboration among ASEAN partners on energy security and transition. In doing so, TNB has reinforced its position and that of Malaysia, as a credible and trusted partner in shaping a more connected and sustainable regional energy landscape.

## A SOLID FINANCIAL PERFORMANCE

The Group's financial performance in 2025 reflects the underlying strength of its business model and its ability to generate returns within a transitioning energy landscape. Revenue increased by 19.4% to RM67.7 billion, driven primarily by higher electricity sales of 133.9 TWh in Peninsular Malaysia. Growth was led by the commercial segment and rising energy demand from the digital economy. PAT correspondingly increased by 19.0% to RM4.8 billion, driven by continued discipline in operational execution and cost management.

The Board's approach to capital allocation remains deliberate and balanced, seeking to deliver sustainable returns to shareholders while ensuring sufficient reinvestment into infrastructure required for the nation's energy transition. For the financial year under review, a final single-tier dividend of 28 sen per share was declared, bringing total dividends to 53 sen per share. This represents the highest payout in five years amounting to a distribution of RM3.1 billion.

At a payout ratio of 65.6% of adjusted Profit After Tax and Minority Interest (PATAMI), this distribution signals the Board's confidence in the Group's cash flow position and its continued ability to deliver value to shareholders. A significant portion of these returns flows to government-linked investment companies (GLICs), including Kumpulan Wang Simpanan Pekerja (KWSP), Khazanah Nasional Berhad, Permodalan Nasional Berhad (PNB), Kumpulan Wang Persaraan (KWP) and Tabung Haji, extending the benefits of the Group's performance to millions of Malaysians through retirement savings and long-term investments.



## CHAIRMAN'S LETTER TO SHAREHOLDERS

While dividend delivery remains a priority, the Board is equally mindful of maintaining balance sheet strength to fund the Group's capital-intensive roadmap. In 2025, RM15.7 billion was invested for capital expenditure, out of which RM12 billion was allocated towards grid modernisation. This investment is necessary to ensure security of supply, accommodate demand growth and enable the integration of RE, while positioning the network to serve emerging high-growth sectors that are shaping Malaysia's economic expansion.

### STRENGTHENING THE GOVERNANCE FRAMEWORK

The Board continues to place strong emphasis on governance as the foundation for effective oversight and sustained value creation. In a sector defined by regulatory complexity and significant capital requirements, governance plays a central role in guiding decision-making, managing risk and maintaining stakeholder confidence.

TNB has made solid progress on its ESG journey, driven by clearer execution of initiatives supporting its carbon management strategy and continued expansion in RE. The Group is steadily increasing its clean energy capacity while managing carbon intensity, supported by stronger emissions monitoring and reporting aligned with international standards.

External assessments provided validation of these efforts. TNB maintained its MSCI ESG rating of A, supported by performance across water stress management, RE opportunities, human capital development and corporate governance. In addition, the Group's FTSE4Good rating was upgraded from three to four stars, indicating improvements across both environmental and social indicators, including health and safety, labour practices, community-related measures and biodiversity. Our sustained efforts have been recognised at the National Corporate Governance and Sustainability Awards 2025, where the Group received two awards.

To align governance practices with evolving regulatory and disclosure expectations, the Group has committed to phased adoption of the International Sustainability Standards Board (ISSB) requirements. By adopting IFRS S1 and IFRS S2, TNB is strengthening the quality and consistency of its disclosures while aligning with global reporting standards.

The Board also continues to prioritise structured engagement with key stakeholders, including the Government, regulators and shareholders. Ongoing dialogue ensures alignment between strategic priorities, national objectives and investor expectations, while reinforcing accountability and transparency across the organisation.

### COMMITMENT TO EXCELLENCE

The Group's performance in 2025 was recognised through several awards and external validations, highlighting both operational execution and institutional standing. During the year, TNB received the prestigious Brand of the Year 2025-2026 award at the World Branding Awards, with recognition under the Energy-Power category in Malaysia. In addition, the Group was ranked the second strongest utility brand globally in the Energy 100 2025 report by Brand Finance, achieving an AAA brand strength rating with a Brand Strength Index (BSI) score of 88.9 out of 100.



*TNB's 2025 performance was recognised with the Brand of the Year 2025-2026 award at the World Branding Awards, affirming its leadership in Malaysia's energy sector.*

Recognition also extended to developments in new growth areas and operational capabilities. TNB Electron, the Group's public EV charging network, received an award for Excellence in EV Infrastructure and Connectivity at the Malaysia Car of the Year 2025, marking progress in the expansion of EV infrastructure. In the realm of innovation, TNB was recognised for its efforts to integrate technology into operations, winning international awards for its AI-driven predictive maintenance system.

### VALUE CREATION AND GIVING BACK TO SOCIETY

The Group's approach to value creation extends beyond financial returns to include continued investment in social development and community wellbeing. In 2025, TNB contributed more than RM232.3 million towards corporate social responsibility initiatives, reflecting a sustained commitment to community development and social inclusion.

Through Yayasan Tenaga Nasional (YTN), the Group continued to expand access to education by providing scholarships and financial assistance to Malaysian students. Since its establishment in 1993, the foundation has benefited approximately 21,600 students, with total funding exceeding RM2 billion. This long-standing effort contributes to the development of talent equipped to address future challenges within the energy sector and beyond.

Our contribution to education does not end there, as our TVET Learn-to-Work (L2W) programme conducted by TNB Integrated Learning Solution Sdn. Bhd. (ILSAS) strengthens the pipeline of skilled technicians by linking vocational training with industry application. Our efforts in this space saw ILSAS garner the Silver Award for Sustainable Talent Development & TVET Innovation at the META 2025 awards.

Beyond education, community programmes during the year focused on improving living conditions and access to learning. Initiatives such as Baiti Jannati dan Projek Mesra Rakyat provided housing assistance to underprivileged families, while programmes including Ceria ke Sekolah and Sekolah Angkat MADANI enhanced learning environments for 22,000 students across 50 adopted schools. This was complemented by the rollout of solar initiatives for selected mosques and community centres, enabling cost savings on electricity and contributing to more sustainable community infrastructure.



The Group also continued its involvement in national sports development through its engagement with the Malaysia Hockey Confederation (MHC), contributing to broader efforts in promoting unity and sporting excellence. Internationally, subsidiaries including Vantage RE Ltd. in the United Kingdom and Spark Renewables Pty. Ltd. in Australia undertook community initiatives such as charitable contributions and enhancement of local facilities, extending the Group's community engagement beyond Malaysia.

### NURTURING OUR PEOPLE AND STRENGTHENING ORGANISATIONAL CAPABILITY

The execution and success of the Group's energy transition strategy is dependent upon the capability and readiness of its workforce. As the operating landscape evolves, the Board has placed emphasis on ensuring that employees are equipped with the technical skills and competencies required for a future-oriented utility. The workforce is central to delivering the ambitions set out under RT 2.0.

During the year, efforts to build technical depth were intensified through the TNB Energy Transition (ET) Expert Programme, which focuses on developing expertise in areas such as RE integration, grid digitalisation and carbon management.

Leadership continuity also remains a key priority. A structured succession planning framework is in place to identify and develop high-potential talent across the organisation. During the year, two new senior leadership roles were introduced to strengthen accountability and ensure the appropriate leadership structure is in place to sustain operational continuity and strategic execution.

These efforts are directed towards building an organisation that is adaptive, technically capable and prepared to take on the increasing demands of Malaysia's evolving energy landscape.

### OUTLOOK

As we look ahead to 2026, the Group's priorities remain aligned with Malaysia's broader economic direction and national development agenda. Our focus is guided by the MADANI Economy Framework, ensuring that TNB continues to provide the energy infrastructure required to sustain growth, enhance competitiveness and enable inclusive development.



TNB supports the MADANI Economy framework by advancing energy infrastructure and clean energy initiatives, including hybrid hydro-floating solar and green hydrogen hub projects, to drive sustainable and inclusive growth.

## CHAIRMAN'S LETTER TO SHAREHOLDERS

To deliver on these priorities, we will sustain capital investment across both regulated and non-regulated segments. These investments are directed towards advancing the objectives of the NETR, the New Industrial Master Plan 2030 and the RMK-13. Grid modernisation and the expansion of RE capacity will be central to this effort, ensuring that the system is able to accommodate future demand while progressing towards a lower-carbon energy mix.

In parallel, the Group remains attentive to the evolving global environment. Geopolitical developments, shifting trade dynamics and continued uncertainty in energy markets will require disciplined risk management and careful capital allocation. Maintaining operational resilience and financial strength will be essential in ensuring continuity of service and delivery of value to stakeholders.

Looking further ahead, the rise in demand driven by artificial intelligence and digital infrastructure presents a structural opportunity. By strengthening the reliability and capacity of the national grid, TNB is positioned to facilitate this next phase of industrial growth. In doing so, the Group continues to play a central role in reinforcing Malaysia's economic resilience and technological advancement.

### ACKNOWLEDGEMENTS

The achievements of the past year demonstrate the understanding and support of our stakeholders. I would like to extend my personal appreciation to my fellow Directors for their guidance and stewardship in navigating a challenging environment. The Board also acknowledges the Management team and all 35,476 *Warga TNB*, whose commitment and execution have enabled the Group to deliver on its priorities.

We convey our appreciation to our shareholders, ministries, regulatory bodies, industry partners and customers for the trust placed in the Group. This continued confidence underpins our ability to deliver sustainable value while fulfilling our national responsibilities.

The year also marks a leadership transition. The Board records its appreciation to our former President/Chief Executive Officer, Datuk Ir. Megat Jalaluddin bin Megat Hassan for his contributions and leadership during a significant phase of the Group's development. At the same time, we welcome Datuk Ir. Ts. Shamsul bin Ahmad as the new President/Chief Executive Officer, effective 1 March 2026. The Board is confident that his experience and perspective will guide TNB through its next phase of growth as it progresses towards becoming a leading international provider of sustainable energy solutions.

Thank you.

**Tan Sri Abdul Razak bin Abdul Majid**  
Chairman

### Sources

1. *World Economic Outlook*  
<https://www.imf.org/en/publications/weo/issues/2025/10/14/world-economic-outlook-october-2025>
2. *Economic, Monetary and Financial Developments in 2025*  
<https://www.bnm.gov.my/publications/emr2025/ch0c>

## **PRESIDENT/CHIEF EXECUTIVE OFFICER'S STRATEGIC & OPERATIONAL REVIEW**

Dear Valued Shareholders,

Delivering reliable, affordable and future-ready electricity to the nation and our stakeholders defined our priorities in 2025 as we translated strategy into measurable outcomes through disciplined execution.

In a more complex operating environment, we strengthened system reliability, reinforced customer trust and enabled sustained demand growth, particularly from the expansion of data centres within the digital economy. Guided by Reimagining TNB 2.0 (RT 2.0), we aligned our investments and operations with national energy priorities, ensuring dependable supply today while preparing the grid for a more electrified and lower-carbon future.



**Datuk Ir. Ts. Shamsul bin Ahmad**

President/Chief Executive Officer



PRESIDENT/CHIEF EXECUTIVE OFFICER'S  
STRATEGIC & OPERATIONAL REVIEW

## FINANCIAL PERFORMANCE

In the year under review, the Group delivered improved financial performance, reflecting electricity growth of 2.6% year-on-year (2024: 6.5%) and continued discipline in cost and capital management. Revenue increased to RM67.7 billion, up 19.4% year-on-year, driven primarily by higher sales volumes from the commercial segment. Profit after tax strengthened to RM4.8 billion, an increase of 19.0% year-on-year. As at 31 December 2025, TNB's share price closed at approximately RM13.72, with a market capitalisation of about RM80.0 billion, reflecting sustained investor confidence in the Group's performance and forward strategy.

This performance was underpinned by operational efficiency improvements across the value chain, cost optimisation and disciplined management of capital expenditure. The Group's financial strength enabled continued reinvestment into critical infrastructure, with capital allocation focused on grid reinforcement, system modernisation and energy transition initiatives, ensuring that investments are aligned with long-term system needs and demand growth. At the same time, we delivered sustainable returns to shareholders, while continuing to contribute to national development through taxes, zakat and targeted social investments.

## OPERATIONAL PERFORMANCE

Operational performance remained stable in 2025, with improvements in supply reliability reinforcing customer satisfaction and stakeholder confidence. We continued to prioritise system availability and reliability across the network. Transmission System Minutes recorded 0.15 minutes, well within the global benchmark of <1.5 minutes, while the System Average Interruption Duration Index (SAIDI) improved to 46.93 minutes from 47.88 minutes.

Performance across the generation fleet also improved, with the Equivalent Availability Factor (EAF) rising to 87.8% from 81.2% in 2024. This reduced capacity payment losses during the year and reflects ongoing efforts to optimise asset performance and operational efficiency. These outcomes were complemented by continued focus on workforce capability, with a Reputation and Relationship Strength Index (RRSI) of 96%, indicating sustained stakeholder trust.

Customer and brand metrics also strengthened during the year. TNB was ranked the second strongest utility brand globally by Brand Finance, while the Customer Reputation Index (CRI) increased to 88% from 82% in 2024. Customer satisfaction reached a record high, with a Customer Satisfaction Index (CSI) of 9.0. We continued to enhance customer experience across our base of 10.66 million customers in Peninsular Malaysia through initiatives such as the expansion of smart meter deployment, the Time of Use (ToU) tariff and the delivery of Automatic Fuel Adjustment (AFA) savings. Increased adoption of the myTNB app and the expansion of our EV charging network also reflect changing customer needs in a more digital and electrified environment.

## ESG HIGHLIGHTS

Sustainability continued to be integrated into our operational and investment decisions, with progress across emissions management, governance and safety. TNB is committed to reducing carbon intensity through continuous improvement in operational efficiency, particularly across its thermal power plants.

We also advanced several energy transition pilot initiatives to support longer-term decarbonisation, including efforts in green hydrogen production and carbon capture, utilisation and storage.

At the same time, we strengthened our sustainability disclosures and data governance through phased adoption of the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), enhancing transparency and supporting decision-making. Climate considerations were further integrated into planning and investment processes, reflecting the increasing relevance of both physical and transition risks to our operations.

Safety remained a key priority across the Group. While our Lost Time Injury Frequency (LTIF) improved to 0.83 from 0.86 in 2024, we regret the loss of three lives during the year. Each incident is taken seriously, and we continue to strengthen our safety practices, accountability and risk management processes across all operations.

## PROGRESSING THE RT 2.0 STRATEGY

2025 marked a transition from foundation-building to scaled execution under RT 2.0, with a clear focus on translating strategic priorities into measurable system outcomes. RT 2.0 continued to guide operational decisions and capital allocation across the Group, ensuring alignment between day-to-day execution and long-term energy transition objectives.

During the year, we refined our strategic enablers to reflect evolving operational needs. The Digitalisation enabler was expanded to Digitalisation and artificial intelligence (AI), recognising the increasing importance of embedding and leveraging artificial intelligence in enhancing operational visibility, improving asset performance and enabling more informed decision-making. Digital capabilities are now deployed as a multi-value enabler across the value chain, supporting more responsive and data-driven operations.

To strengthen oversight and execution, we enhanced governance by establishing a dedicated Digital and AI Committee. This provides clearer accountability in driving digital initiatives and ensures that technology investments are prioritised based on operational impact and system outcomes.

## PRESIDENT/CHIEF EXECUTIVE OFFICER'S STRATEGIC & OPERATIONAL REVIEW

### DELIVER CLEAN GENERATION



## A key milestone was the signing of a 595 MW Corporate Renewable Energy Supply Scheme agreement to power data centre operations.

Under the Deliver Clean Generation pillar, we continued to expand and diversify our generation portfolio in line with the National Energy Transition Roadmap (NETR), with progress across both domestic and international projects. Total renewable energy (RE) capacity now stands at 3,396 MW in Malaysia and 1,285 MW abroad, mainly in the UK, Ireland and Australia.

During the year, we advanced several NETR-aligned initiatives, including utility-scale solar developments, hybrid renewable solutions and low-carbon technologies. A key milestone was the signing of a 595 MW Corporate Renewable Energy Supply Scheme (CRESS) agreement to power data centre operations. We also progressed hybrid hydro-floating solar developments at Kenyir, Terengganu, alongside green hydrogen initiatives at the Jimah East Power Plant in Negeri Sembilan, strengthening our position in emerging low-carbon value chains.

Our international renewable energy platform recorded further progress with the achievement of commercial operation for a 102 MWp greenfield solar project in the United Kingdom in July 2025. Domestically, the 100 MW/400 MWh battery energy storage system (BESS) in Lahad Datu, Sabah commenced commercial operations in August 2025, supporting grid stability and facilitating greater integration of renewable energy.

We also secured key approvals to support future capacity requirements. This includes an Initial Letter of Notification (ILON) for Sultan Ismail Power Station (SPG2) (700 MW) in Pasir Gudang, Johor. Extensions were obtained successfully for three (3) existing gas-fired plants in Gelugor, Port Dickson and Putrajaya with a combined capacity of 1,262 MW. Major domestic projects continued to progress, including the 300 MW Nenggiri hydro development in Kelantan and the Sungai Perak life extension programme (648 MW) in Perak. New projects such as Project Kayla (2.1 GW) is under development while pre-construction has commenced for Project Praline (1.4 GW).

In parallel, we continued to build our renewable energy pipeline through programmes such as the Corporate Green Power Programme (CGPP) (154 MWp), Large Scale Solar 5 (LSS5) (686 MWp) and LSS Sabah (22.5 MWp). Internationally, developments in Australia progressed across multiple assets, including the Dinawan Energy Hub (1.3 GW), which received approval in April 2026 and the Wattle Creek Solar (710 MW) and the Mallee Wind Farm (400 MW), which are advancing through various stages of development and grid connection.

On the repair and maintenance front, REMACO secured RM705 million in contracts across Kuwait and Cambodia, strengthening our international footprint and technical services portfolio.

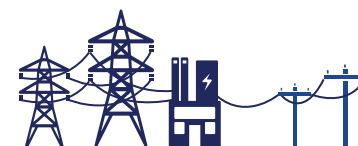


*TNB continues to expand and diversify its generation portfolio, strengthening its RE capacity across key international markets, including the UK, Ireland and Australia, as well as in Malaysia through solar farm developments.*



## PRESIDENT/CHIEF EXECUTIVE OFFICER'S STRATEGIC & OPERATIONAL REVIEW

### DEVELOP ENERGY TRANSITION NETWORK



Under the Develop Energy Transition Network pillar, we continued to strengthen the national grid to support demand growth, improve system resilience and enable greater integration of renewable energy. This is underpinned by a planned RM43 billion capital expenditure programme under Regulatory Period 4 (RP4), comprising RM26.6 billion in base expenditure and RM16.3 billion in contingent investments.

During the year, we progressed key transmission infrastructure projects to enhance network capacity and reliability. This includes the commissioning of the 500 kV overhead transmission line from Ayer Tawar, Perak to Bentong South, Pahang and Lenggeng, Negeri Sembilan in December 2025, forming a critical backbone of the national grid. We also continued to support national infrastructure projects, including the provision of bulk supply for 12 East Coast Rail Link (ECRL) feeder stations across the eastern region.

Grid development efforts were closely aligned with the rapid growth of the data centre sector, particularly in Johor, which is emerging as a key digital hub in the region. During the year, we commissioned 17 high-voltage data centre connections with a combined capacity of approximately 2.6 GW. A further nine (9) high-voltage projects and five medium-voltage projects, with a combined capacity of approximately 1.8 GW, are currently under development to support continued demand growth.

We also advanced regional interconnection initiatives to strengthen energy security and enable cross-border renewable energy flows. This includes the Vietnam-Malaysia-Singapore Power Integration Project, which will facilitate the import of renewable energy into Malaysia and onward export to Singapore. In parallel, we are exploring a second interconnection link with Singapore of up to 2 GW by 2030, complementing the existing 1 GW bi-directional interconnection.

Digitalisation and automation continued to play a central role in network operations. Smart meter deployment increased by slightly more than one million units during the year, bringing the cumulative total to over 5.6 million installations. Distribution automation also progressed, with 5,102 substations enhanced during the year, increasing the cumulative number of automated substations to 38,007. These initiatives support more responsive network management and improved service reliability.

### DYNAMIC ENERGY SOLUTIONS



Under the Dynamic Energy Solutions pillar, we continued to expand customer-focused offerings, enabling greater participation in the energy transition and supporting the shift towards a more decentralised and electrified energy system.

During the year, we advanced rooftop solar adoption through our subsidiary, GSPARX, securing 536 MWp of solar photovoltaic (PV) installation agreements, including through our collaboration with Sime Darby Property to launch a community solar model under the Community Renewable Energy Aggregation Mechanism (CREAM).

We also accelerated the development of the electric vehicle (EV) ecosystem through a dual approach of facilitating third-party Charge Point Operators (CPOs) and expanding our own charging network under TNB Electron. During the year, 110 projects with a maximum demand of approximately 14 MW were commissioned under the EV Green Lane Supply Connection initiative, bringing the cumulative commissioned capacity to approximately 32 MW. We also installed 190 new charge points, bringing the cumulative total to 256 nationwide across highways, urban centres, universities and key transit routes. In parallel, we formalised a collaboration with Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua) to support Malaysia's EV adoption by strengthening charging infrastructure, integrating renewable energy solutions and improving accessibility to EV ownership.

Customer engagement and digitalisation continued to strengthen, positioning customers as active participants in energy management. As at year-end, approximately 102,000 residential customers with smart meters were on the Time of Use (ToU) tariff which was introduced in July 2025, enabling better control of electricity consumption and cost. The Green Electricity Tariff (GET) achieved a 59% subscription of the 6,600 GWh quota. Digital adoption also increased, with over eight (8) million subscribers on the myTNB application, of which more than 107,000 users onboarded through MyDigital ID integration since January 2025, enhancing accessibility and security.

## PRESIDENT/CHIEF EXECUTIVE OFFICER'S STRATEGIC & OPERATIONAL REVIEW



## DRIVE REGULATORY EVOLUTION



### The implementation of Incentive-Based Regulation Regulatory Period 4 marked a key development in strengthening the regulatory framework.

Under the Drive Regulatory Evolution pillar, we continued to engage closely with Government and regulators to support the development of a stable, transparent and forward-looking energy framework. This is reflected in our Regulatory and Relationship Strength Index (RRSI) of 96%, indicating sustained engagement and alignment with national priorities.

During the year, we contributed to key policy developments, including the National Carbon Market Policy and the proposed Climate Change Act, while also participating in international platforms such as the Conference of the Parties (COP), where TNB's role and Malaysia's broader energy transition agenda was showcased. These engagements ensure that regulatory frameworks evolve in tandem with system requirements and emerging transition needs.

The implementation of Incentive-Based Regulation (IBR) Regulatory Period 4 (RP4) marked a key development in strengthening the regulatory framework. RP4 provides greater clarity on investment planning and performance expectations, supporting long-term infrastructure development. Tariff structures were also enhanced by voltage category to better reflect underlying cost drivers, improve transparency and encourage more efficient electricity consumption.

In addition, the introduction of the Automatic Fuel Adjustment (AFA) mechanism allows for timely adjustments to reflect fuel cost movements, providing greater cost transparency while mitigating the impact of fuel price volatility on customers. The Time of Use (ToU) tariff continues to be expanded as a key lever to influence consumption patterns, enabling customers to optimise electricity usage and manage costs more effectively.

## PRESIDENT/CHIEF EXECUTIVE OFFICER'S STRATEGIC & OPERATIONAL REVIEW

### PEOPLE, PARTNERSHIPS AND LOCAL ECOSYSTEM



Our people continue to play a central role in executing our strategy, particularly as the Group advances its digitalisation and energy transition agenda. During the year, 5,645 employees were reskilled and upskilled in areas related to energy transition, digital capabilities and grid transformation, strengthening the capabilities required to support evolving operational needs.

We also enhanced our leadership structure to strengthen accountability and execution. This includes the establishment of the Senior Chief Network Officer and Senior Chief Strategy, Regulatory and Sustainability Officer roles, which provide clearer ownership of core operational and strategic priorities, while supporting leadership continuity and succession planning.

Employee engagement and workplace development continued to be a focus, contributing to a positive working environment and organisational alignment. These efforts were recognised through the Top Voted Employer 2025 Platinum Award.

At the same time, we continued to strengthen collaboration across the broader ecosystem. Through the Program Pembangunan Vendor Bumiputera (PV3.0), we appointed 1,264 vendors, supporting capability development and participation within the local supply chain. In parallel, we established 33 industry collaborations linked to energy transition initiatives, reflecting continued engagement with partners across the value chain.

### OUTLOOK AND PRIORITIES

Looking ahead, electricity demand is expected to remain structurally strong, supported by Malaysia's economic expansion, continued industrial activity and accelerating electrification trends, particularly from the growth of data centres and digital infrastructure.

To support this demand, the Group has outlined a capital expenditure programme of approximately RM18 billion for the coming year, focused on strengthening system resilience, expanding network capacity and enabling greater integration of renewable energy. Investments will be prioritised towards projects that deliver clear system value, with continued emphasis on disciplined capital allocation and execution.

At the same time, we will continue to advance the execution of RT 2.0, ensuring that our strategic priorities translate into measurable outcomes across generation, networks and customer solutions. This includes supporting national initiatives under the NETR, scaling renewable energy deployment and strengthening our role in regional energy connectivity.

We will also maintain a strong focus on operational performance, customer experience and stakeholder trust, which underpin our ability to deliver sustainable long-term value. This includes reinforcing our service reliability, enhancing customer engagement and ensuring that our operations are aligned with evolving regulatory and market expectations.

As we move forward, we are confident in our ability to execute our strategy with discipline and consistency, while contributing to Malaysia's energy transition and supporting broader regional ambitions, including the development of the ASEAN Power Grid.

### GRATITUDE AND ACKNOWLEDGEMENTS

On behalf of the management team, I would like to record our heartfelt appreciation to Datuk Ir. Megat Jalaluddin bin Megat Hassan for his service as President/Chief Executive Officer from 1 March 2024 to 28 February 2026. His leadership guided the acceleration of our energy transition agenda and strengthened alignment with the NETR.

I would also like to thank our employees for their commitment and focus in delivering operational performance throughout the year. Your unrelenting efforts have enabled the Group to achieve key milestones across our operations and strategic initiatives.

We also acknowledge the continued support and collaboration of the Government, regulators, business partners and stakeholders. These collective efforts and strong relationships are essential in enabling the development of the energy sector and advancing Malaysia's transition towards a more sustainable energy system.

As we move forward, management remains focused on disciplined execution and delivering outcomes aligned with our strategic priorities, while continuing to support the nation's long-term energy needs and energy transition ambitions.

**Datuk Ir. Ts. Shamsul bin Ahmad**  
President/Chief Executive Officer



# OUR KEY CAPITALS

Guided by our Reimagining TNB 2.0 strategic vision, we optimise the use of our resources and capital to generate long-term, meaningful value for our stakeholders. Through rigorous evaluation of each asset, we ensure resources are either strategically deployed or thoughtfully preserved. The following section outlines our disciplined approach to capital allocation.



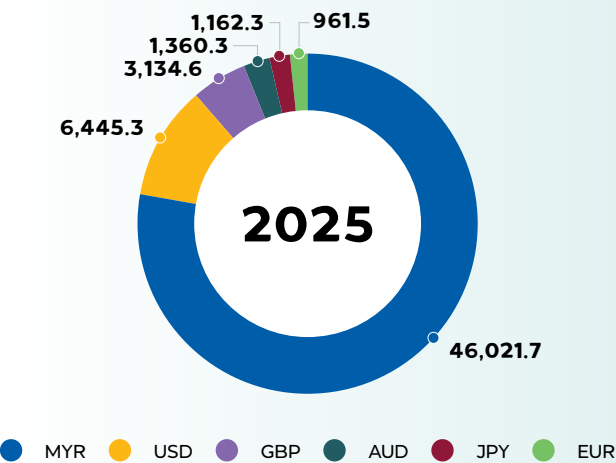
## FC FINANCIAL CAPITAL

### EBITDA MARGIN (with ICPT and AFA)

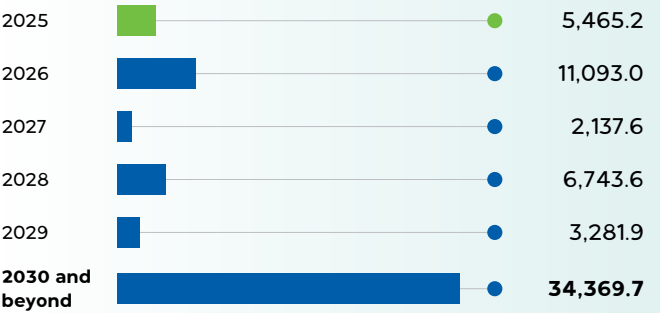
31.6%

2024: 30.3%

### BORROWINGS CURRENCY MIX (RM million)



### DEBT MATURITY PROFILE (RM million)



### TOTAL DIVIDEND

Interim  
25.0 sen  
2024: 25.0 sen

Final Single-Tier Dividend  
28.0 sen  
2024: 26.0 sen

Dividend Payout of  
Group PATAMI  
65.6%  
2024: 59.6%

Dividend Yield  
3.86%  
2024: 3.41%

## OUR KEY CAPITALS

## MC MANUFACTURED CAPITAL

EQUIVALENT AVAILABILITY FACTOR  
(EAF) FOR GENERATION:

87.8%

2024: 81.2%

SYSTEM MINUTES FOR GRID:

0.15 minutes

2024: 0.0019 minutes

SYSTEM AVERAGE INTERRUPTION  
DURATION INDEX (SAIDI) FOR  
DISTRIBUTION NETWORK:

46.93 minutes

2024: 47.88 minutes

## NC NATURAL CAPITAL

We manage natural capital through the responsible generation and delivery of electricity, while accelerating the shift towards renewable energy and reducing the environmental impact of our operations.

## IC INTELLECTUAL CAPITAL

We build capabilities through R&D, advanced technologies and innovation to enhance operational efficiency and service delivery.

## HC HUMAN CAPITAL

We develop a skilled and engaged workforce by fostering an inclusive environment that promotes capability building, well-being and productivity.

## SR SOCIAL AND RELATIONSHIP CAPITAL

We strengthen relationships with stakeholders through structured engagement, community initiatives and partnerships that contribute to shared outcomes.

## OUR SOCIAL CIRCLE



TNB CareLine  
520,467  
followers  
2024: 500,000



Tenaga Nasional Berhad  
1,228  
followers



TENAGAofficial  
105,000  
subscribers  
2024: 95,061



tenaga\_nasional  
74,052  
followers  
2024: 68,441



Tenaga Nasional Berhad  
363,266  
followers  
2024: 343,460



Tenaga\_Nasional  
36,800  
followers  
2024: 29,536

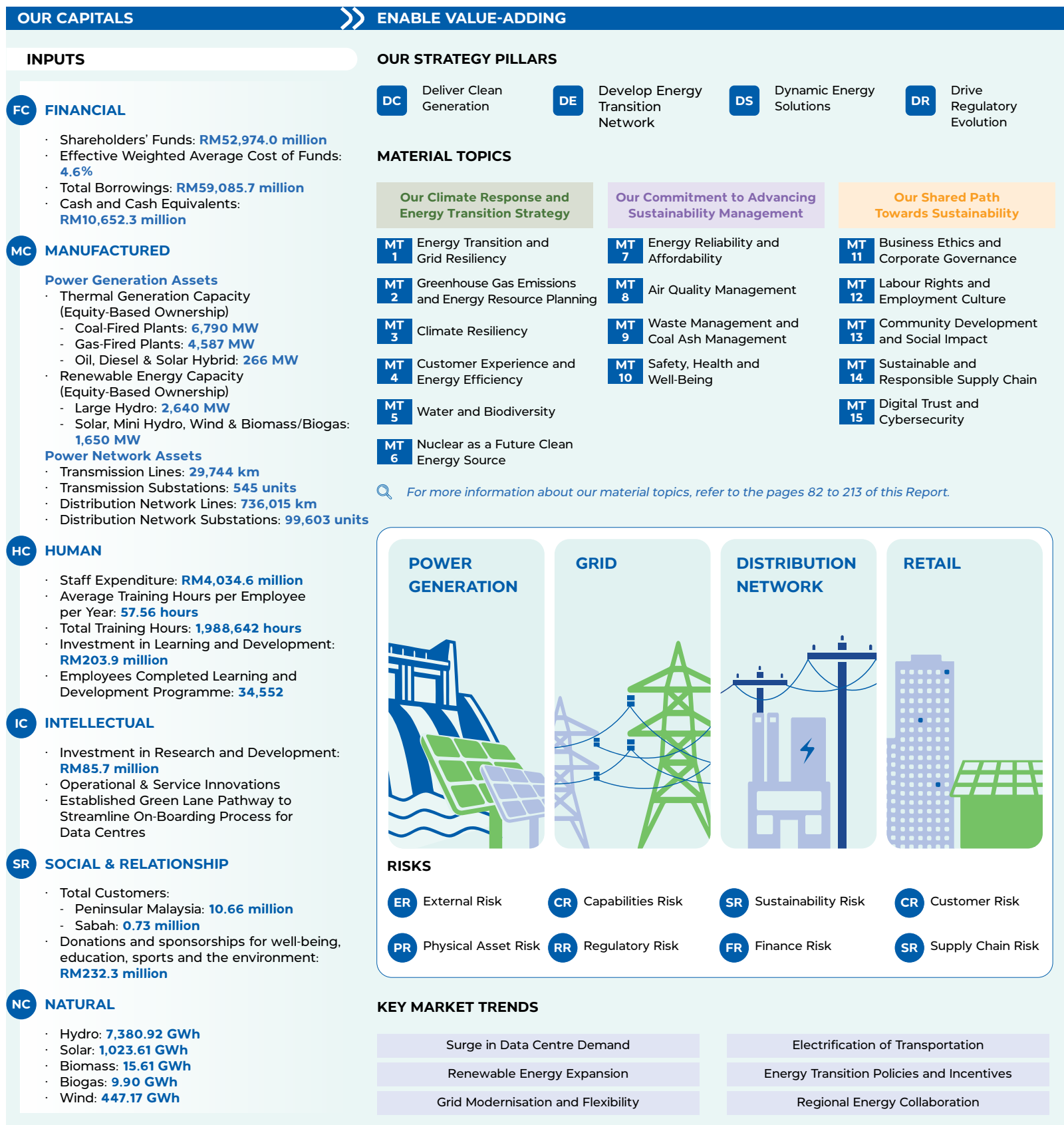


Tenaga Nasional  
47,933  
followers  
2024: 47,065

Note:

Facebook data for the Tenaga Nasional Berhad page is unavailable for 2024, as the page was established in March 2025.

# OUR VALUE CREATING BUSINESS MODEL



## TRADE-OFFS

### FC FINANCIAL

TNB balances reinvestment with shareholder returns to maintain financial strength. Energy transition investments may affect short-term returns but are intended to generate longer-term value, strengthen resilience and expand scalable clean energy solutions aligned with policy and decarbonisation priorities.

### MC MANUFACTURED

TNB prioritises infrastructure modernisation and reliability upgrades to improve system efficiency and grid resilience. These initiatives require upfront capital expenditure but enable consistent service delivery, support renewable energy integration and prepare the network for future operating requirements.

### HC HUMAN

TNB advances workforce transformation through upskilling, diversity and safety practices to strengthen capability and engagement. While reskilling and organisational changes require continued investment, they improve workforce agility and align talent development with energy transition priorities.



## OUR VALUE CREATING BUSINESS MODEL

## » ACTIVITIES THAT CREATE VALUE FOR OUR STAKEHOLDERS

## OUTPUTS

## PRODUCTS &amp; SERVICES



Total Electricity Units Sold in Malaysia:  
**140,137.6 GWh**



myTNB App:  
**8.1 million subscribers**



Rooftop Solar:  
**536 MWp**



Smart Meters Installed:  
**5,563,252 units**



EV Charge Points Installed by TNB Electron:  
**256 units**



Other Businesses:  
**Manufacturing, Infrastructure, Services, Education and Research**

## GHG EMISSIONS



Greenhouse Gas (GHG) Emissions - Direct (Scope 1):  
**39.31 million tCO<sub>2</sub>e\***

*\*Excluding external factors that lead to absolute emissions of 41.36 million tCO<sub>2</sub>e in FY2025.*

## WASTE GENERATED



Hazardous Waste:  
**1,010,753 metric tonnes**



Non-Hazardous Waste:  
**1,503 metric tonnes**

## OUTCOMES

## FC FINANCIAL

- Revenue: **RM67,723.1 million**
- Operating Profit: **RM8,532.1 million**
- Net Profit Attributable to Owners of the Company: **RM4,768.1 million**
- Total Dividend: **RM3,089.5 million**

## MC MANUFACTURED

- Equivalent Availability Factor (EAF) for Power Generation
  - Peninsular Malaysia: **87.8%** | Sabah: **73.2%** | International: **94.5%**
- System Minutes for Grid
  - Peninsular Malaysia: **0.15 minutes** | Sabah: **9.93 minutes**
- System Average Interruption Duration Index (SAIDI) for Distribution Network
  - Peninsular Malaysia: **46.93 minutes** | Sabah: **186.00 minutes**

## HC HUMAN

- Organisational Competency Index (OCI): **89.5%**
- Lost Time Injury Frequency (LTIF): **0.83**

## IC INTELLECTUAL

- R&D Technology Solutions and Services: **10**
- Revenue from Commercialisation of Technology Solutions and Services: **RM28.9 million**
- Employees Upskilled in Energy Transition Capabilities: **5,645**
- Ranking in Brand Finance's Most Valuable & Strongest Utilities Brands 2025: **Ranking 2**

## SR SOCIAL &amp; RELATIONSHIP

- Successful Graduates Under Yayasan TNB: **745**
- Net Taxation and Zakat Paid: **RM7,741.8 million**
- Customer Satisfaction Index (CSI): **9.0**
- Regulatory Relationship Strength Index (RRSI): **96%**
- Energy Literacy Level Under the Malaysia Energy Literacy Programme (MELP): **79.8%**

## NC NATURAL

- GHG Emissions Intensity: **0.537 tCO<sub>2</sub>e/MWh\***
- Total Rainwater Harvested for TNB Platinum: **around 8.37 megalitres**
- TNB's Fleet Electrified: **401 vehicles**
- Elevate Biodiversity and Sustainability Efforts: **approximately RM3.4 million**

*\*Excluding external factors that lead to emissions intensity of 0.565 tCO<sub>2</sub>e/MWh in FY2025.*

## STAKEHOLDERS &amp; UNSDG

S2 S3 S4



S3 S6 S8



S2 S4 S5



S1 S2 S5 S8



S3 S6 S7



S3 S6 S7



## IC INTELLECTUAL

TNB allocates resources to research and development and digital innovation to advance decarbonisation and operational performance. While these investments may moderate short-term returns, they build long-term capability, strengthen technological positioning and support value creation across the energy ecosystem.

## SR SOCIAL &amp; RELATIONSHIP

TNB engages stakeholders through structured programmes and transparent communication. Expanding these initiatives requires time and resources, but it reinforces stakeholder confidence, strengthens partnerships and contributes to equitable outcomes for communities and customers.

## NC NATURAL

TNB invests in cleaner energy and more efficient practices to reduce environmental impact and improve resource management. These efforts may involve trade-offs with existing assets, but they contribute to longer-term sustainability objectives and alignment with national and global climate targets.



## OPERATING LANDSCAPE

### The Market Landscape

Malaysia's energy sector in 2025 was shaped by a more complex but structurally supportive environment. Economic growth remained resilient at about 5.2%, driven by sustained domestic demand, investment activity and continued expansion of the digital economy.

Electricity demand continued to grow, although at a more moderate pace compared to the prior year, reflecting both cyclical normalisation and shifting consumption patterns. Growth was increasingly underpinned by energy-intensive segments, particularly data centres and advanced manufacturing, which are reshaping demand profiles and placing greater emphasis on reliability and system capacity.





## NAVIGATING UNCERTAINTY IN THE ENERGY ENVIRONMENT

Global energy markets in 2025 remained exposed to volatility, particularly in fuel prices. While benchmark prices moderated from the elevated levels seen in 2024, they continued to fluctuate in response to geopolitical developments, supply disruptions and shifting demand across key markets. This sustained variability continued to influence generation costs and tariff dynamics across the electricity sector.

In Malaysia, the regulatory framework plays a central role in managing these pressures. The Incentive-Based Regulation (IBR) mechanism continues to provide a structured approach to balancing cost recovery, infrastructure investment and consumer affordability, allowing the system to absorb external shocks while maintaining financial stability.

Further evolution of the framework was reflected in the introduction of the Automatic Fuel Adjustment (AFA) mechanism, which replaced the Imbalanced Cost Pass-Through (ICPT) mechanism with more frequent adjustments. This enhances transparency and predictability in tariff setting, while reducing the lag between fuel cost movements and tariff adjustments. The mechanism also strengthens system resilience by improving cash flow visibility across the value chain and limiting prolonged exposure to fuel price volatility.

## ADVANCING ENERGY TRANSITION COMMITMENTS

Malaysia's energy transition continued to gain momentum in 2025, guided by the National Energy Transition Roadmap (NETR), which has moved from initial policy articulation in 2023 into early-stage execution across priority areas. The roadmap establishes a long-term pathway towards net zero emissions by 2050, with interim targets including a 31% renewable energy share by 2025 and a progressive increase to 70% over the longer term.

Since its launch, the NETR has provided greater clarity on transition priorities, structured around key levers such as renewable energy, energy efficiency, hydrogen, green mobility and carbon capture. Early implementation has focused on unlocking investment, mobilising private sector participation and advancing enabling policies and market frameworks.

This transition is occurring against a backdrop of continued reliance on fossil fuels, which still account for the majority of Malaysia's energy mix. As a result, the shift towards a lower-carbon system is inherently complex, requiring careful balancing of energy security, affordability and sustainability considerations.

The implications for the electricity sector are structural. Increasing renewable penetration, electrification and distributed energy adoption are reshaping system requirements, placing greater emphasis on grid flexibility, storage integration and coordinated planning across the value chain. At the same time, the scale of investment required remains significant, reinforcing the need for stable regulatory frameworks and sustained stakeholder alignment to support long-term transition outcomes.

## DEMAND GROWTH AND ELECTRIFICATION OPPORTUNITIES

Electricity demand in 2025 continued to be shaped by structural shifts in Malaysia's economy, with growth increasingly driven by energy-intensive and technology-led sectors. Data centres have emerged as a key source of incremental demand, reflecting the rapid expansion of the digital economy and increasing adoption of artificial intelligence.

As of 2025, the segment recorded a maximum demand of approximately 850 MW at the year-end, drawn from 35 projects already connected, with a final contracted demand of ~4.5 GW. The disparity between actual load and contracted demand underscores the potential demand which is expected to materialise, complemented by a significant portion of new demand in the pipeline scheduled for energisation over the next one to three years.

At the same time, electrification is gaining traction across multiple segments, including transport and industry. The gradual adoption of electric vehicles, alongside efforts to decarbonise industrial processes, is also contributing to a steady increase in electricity intensity.

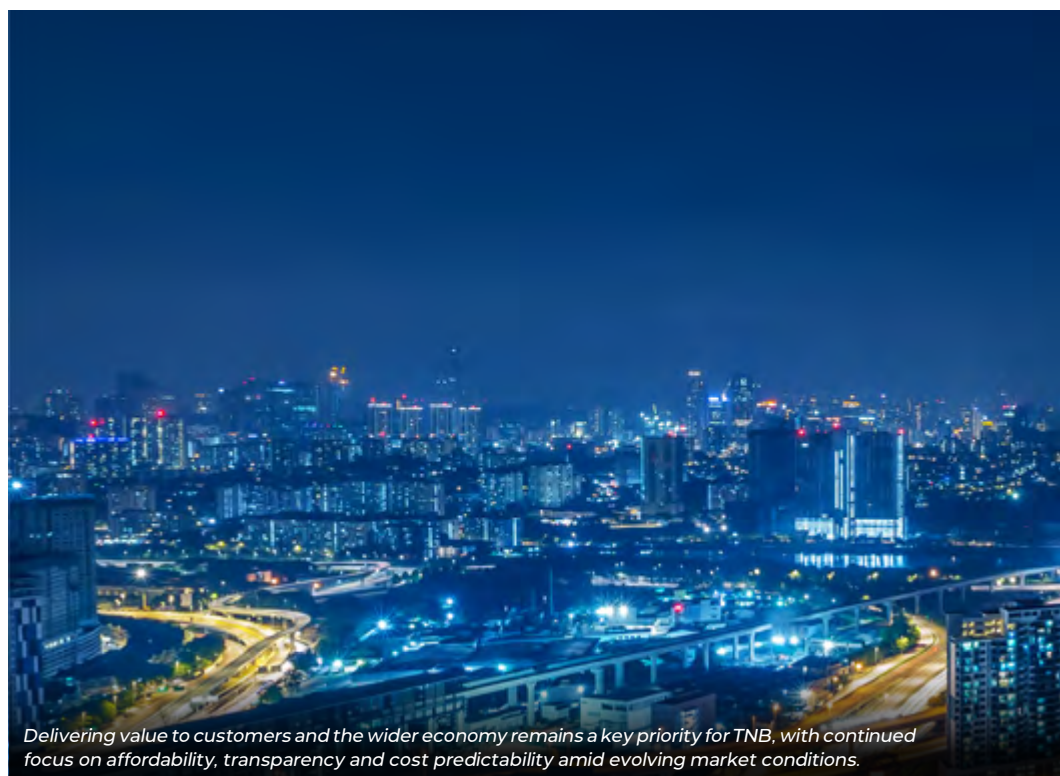
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## OPERATING LANDSCAPE

In response to a more complex and evolving operating landscape, the Group has maintained a clear focus on disciplined execution, guided by Reimagining TNB 2.0.



### ENHANCING GRID RESILIENCE AND SYSTEM READINESS

The increasing complexity of electricity demand and supply is placing new requirements on grid infrastructure and system operations. Rising demand from energy-intensive sectors, coupled with the growing share of variable renewable energy, is shifting the role of the grid from a passive delivery network to an active system enabler.

Greater renewable penetration introduces intermittency and variability, requiring enhanced flexibility to maintain system stability. At the same time, the rapid growth of large, concentrated loads such as data centres places additional pressure on transmission capacity, connection timelines and system reliability.

These dynamics are further compounded by evolving load patterns, including higher night-time demand and more distributed generation. As a result, grid planning and operations must increasingly accommodate bidirectional flows, real-time balancing requirements and more dynamic demand profiles. In addition, the expansion of cross-border interconnections and electricity trading frameworks is reinforcing the importance of coordinated system planning and operational alignment across markets.

### REGULATORY EVOLUTION AND MARKET DESIGN

The regulatory landscape continued to evolve in 2025, reflecting the increasing complexity of the energy transition and the need to align market structures with long-term system requirements.

The approval of RP4 marked a significant milestone, providing greater clarity for investment planning and reinforcing the role of regulation in enabling infrastructure development. The framework supports a multi-year investment cycle focused on grid modernisation, system reliability and readiness for increased renewable integration.

Tariff structures have also been refined to better reflect underlying cost drivers and evolving consumption patterns. Enhancements such as more granular tariff categories and itemised billing are intended to improve transparency, while demand-side mechanisms such as Time-of-Use (ToU) pricing are increasingly positioned as tools to encourage more efficient energy consumption and system optimisation.

At a broader level, policy development continues to evolve alongside the energy transition. Initiatives such as the Corporate Renewable Energy Supply Scheme (CRESS), as well as ongoing work on carbon market frameworks and climate-related legislation, reflect efforts to expand market participation and enhance project bankability.

Regional developments are also shaping market design. Cross-border electricity trading and interconnection initiatives are gaining traction, reinforcing the need for coordinated regulatory approaches and interoperable market frameworks across ASEAN. These developments point towards a more integrated regional power system, with increasing emphasis on flexibility, transparency and long-term investment signals.



## OUR RESPONSE TO THE OPERATING ENVIRONMENT

In response to a more complex and evolving operating landscape, the Group has maintained a clear focus on disciplined execution, guided by Reimagining TNB 2.0 (RT2.0). This has enabled a consistent translation of strategic priorities into system-level outcomes, with emphasis on sustaining reliability, strengthening operational performance and ensuring readiness to meet continued demand growth across the economy.

Delivering value to customers and the broader economy remains a central priority. As market and regulatory frameworks evolve, the Group continues to place emphasis on affordability, transparency and cost predictability, ensuring that electricity remains accessible while reflecting underlying system costs. At the same time, ongoing investments in network resilience and system performance contribute to improved reliability and service quality. These efforts are complemented by the gradual expansion of demand-side mechanisms and customer solutions, enabling more informed energy usage and cost management. Reliable and stable electricity supply continues to underpin economic activity, enabling business operations, job creation and the sustained growth of Malaysia's digital economy.

At the same time, the Group's response to the energy transition is anchored in a measured and system-aligned approach. As the sector progresses towards a lower-carbon future, the focus remains on balancing decarbonisation objectives with the need to maintain system stability and affordability. This reflects the broader national imperative to ensure that the transition proceeds in an orderly and economically viable manner, alongside continued investment in infrastructure and careful integration of renewable energy into the system.

Underlying this response is a continued emphasis on organisational strength, governance and long-term sustainability. The Group is strengthening its capabilities to operate within a more complex and technology-driven energy system, while maintaining focus on workforce development, safety and operational readiness. At the same time, close engagement with regulators and alignment with evolving policy and disclosure expectations contribute to a transparent and stable operating environment. Together with disciplined capital allocation, these elements ensure that growth and transition objectives are pursued in a responsible and sustainable manner, consistent with the Group's broader role in national development.

## OUR STRATEGIC ROADMAP

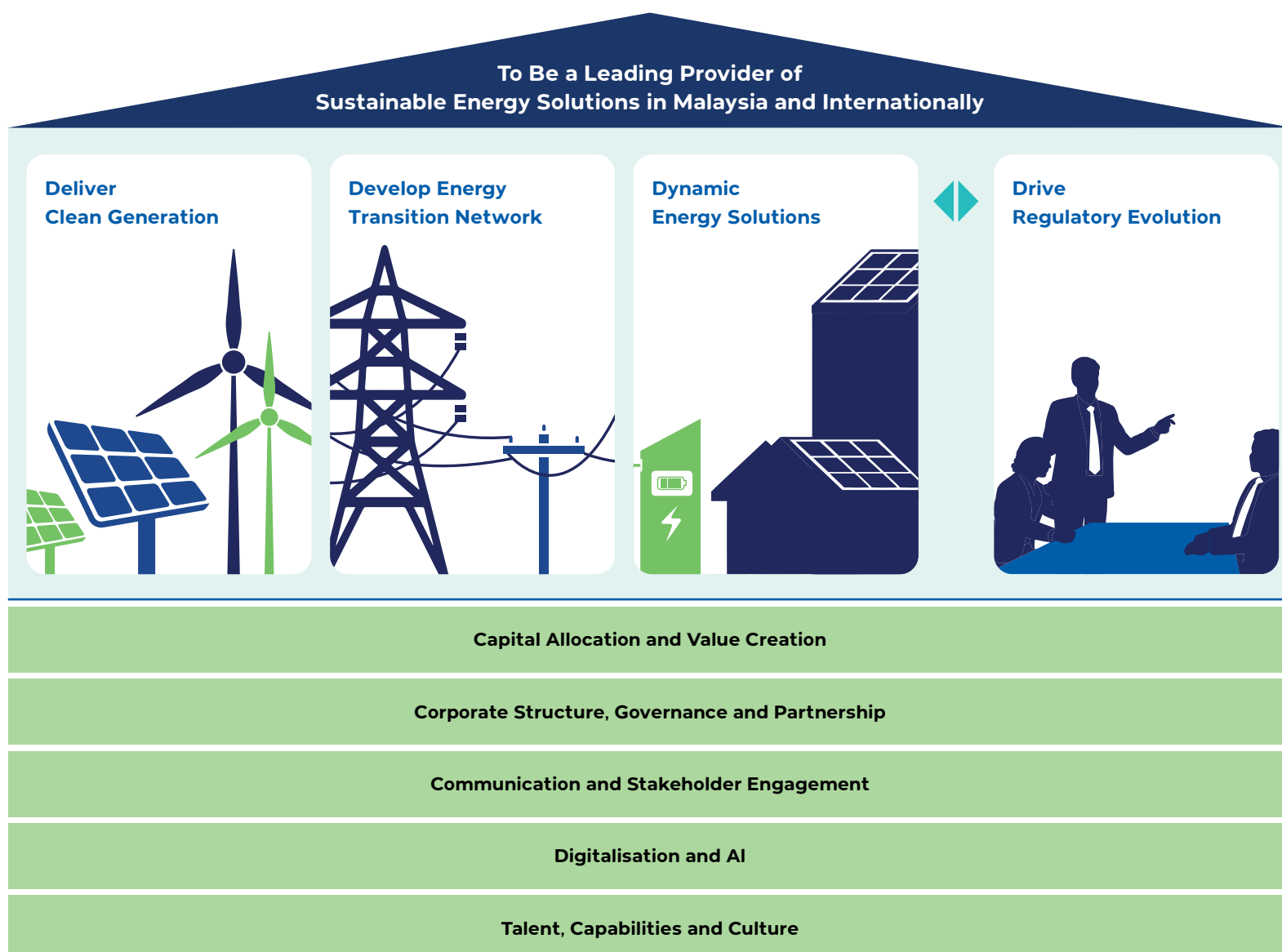
**TNB continues to advance its Reimagining TNB 2.0 (RT 2.0) strategy, anchored on its ambition to be a leading provider of sustainable energy solutions in Malaysia and internationally. The strategy is structured around four core pillars; Deliver Clean Generation, Develop Energy Transition Network, Dynamic Energy Solutions and Drive Regulatory Evolution, which collectively guide how the Group positions its portfolio, strengthens system capabilities and engages across the energy value chain.**

The RT 2.0 framework reflects TNB's approach to the aligning decarbonisation priorities with energy security, grid resilience, system flexibility and evolving customer needs. Each pillar addresses a distinct area of focus, ensuring a coordinated approach across generation, networks, solutions and regulatory engagement.

In 2025, TNB reaffirmed this strategic direction while refining its execution enablers. Digitalisation has been expanded to Digitalisation and AI to acknowledge the increasing importance of embedding and leveraging artificial intelligence in enhancing operational visibility, improving asset performance and enabling more informed decision-making across the Group.

The strategy continues to be supported by other core enablers, including capital allocation and value creation, corporate structure, governance and partnership, communication and stakeholder engagement, as well as talent, capabilities and culture. These enablers provide the foundation for consistent execution and alignment across the organisation.

### RT 2.0 - TNB'S STRATEGIC ROADMAP





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# DELIVER CLEAN GENERATION



## UN SDGs:

|                                                  |                                                 |                                                                                                                                        |
|--------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>7</b> AFFORDABLE AND CLEAN ENERGY             | <b>Affordable and Clean Energy:</b>             | Expansion of solar, hydro and co-firing technologies to decarbonise energy supply.                                                     |
| <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE | <b>Industry, Innovation and Infrastructure:</b> | Application of battery energy storage systems (BESS), digital twins and smart plant technologies.                                      |
| <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES     | <b>Sustainable Cities and Communities:</b>      | Projects like Hybrid Hydro-Floating Solar (HHFS) and Nenggiri Hydroelectric Project that benefit local communities and infrastructure. |
| <b>13</b> CLIMATE ACTION                         | <b>Climate Action:</b>                          | Targets for carbon intensity reduction, Carbon Capture, Utilisation and Storage (CCUS) and green hydrogen deployment.                  |
| <b>17</b> PARTNERSHIPS FOR THE GOALS             | <b>Partnerships for the Goals:</b>              | Collaborations and engagements with local and international government, technology and industrial companies and associations.          |

## OVERVIEW

Under the RT 2.0 strategy, the Deliver Clean Generation pillar reflects TNB's continued shift towards a cleaner and more balanced generation portfolio, while maintaining system reliability to advance Malaysia's energy transition. This approach is aligned with national priorities under the National Energy Transition Roadmap (NETR) and guided by TNB's Sustainability Pathway 2050, which sets out its commitment to achieving net zero emissions by 2050.

TNB Power Generation Sdn. Bhd. (TPGSB) manages the domestic thermal and hydroelectric fleet, including hybrid-hydro floating solar (HHFS) assets, while the New Energy Division oversees the Group's renewable energy (RE) portfolio across Malaysia and selected international markets. Together, these entities enable TNB to manage a diversified generation mix while progressively increasing its share of low-carbon capacity.

### This pillar is guided by three strategic thrusts:

**Improving generation asset operations and performance to strengthen reliability and efficiency**

**Scaling clean energy sources across domestic and international markets**

**Advancing the transition towards a lower-carbon generation mix through structured decarbonisation initiatives**

## OUR STRATEGIC ROADMAP

| Type                  | Number of Power Plants (2025) | Total Installed Capacity (MW) (2025) | Equity Capacity (MW) (2025) | Capacity under Construction (MW) (2025) |
|-----------------------|-------------------------------|--------------------------------------|-----------------------------|-----------------------------------------|
| <b>Wholly-owned</b>   |                               |                                      |                             |                                         |
| Coal                  | 2                             | 4,080                                | 4,080                       |                                         |
| Gas                   | 3                             | 2,857                                | 2,857                       |                                         |
| Non-carbon/RE         | 111                           | 3,379                                | 3,379                       | 1,726                                   |
| Others                | 0                             | 0                                    | 0                           |                                         |
| <b>Majority-owned</b> |                               |                                      |                             |                                         |
| Coal                  | 2                             | 3,600                                | 2,360                       |                                         |
| Gas                   | 3                             | 2,152                                | 1,461                       |                                         |
| Non-carbon/RE         | 30                            | 447                                  | 269                         | 22.5                                    |
| Others                | 50                            | 235                                  | 195                         |                                         |
| <b>Minority-owned</b> |                               |                                      |                             |                                         |
| Coal                  | 1                             | 1,400                                | 350                         |                                         |
| Gas                   | 1                             | 895                                  | 268                         |                                         |
| Non-carbon/RE         | 13                            | 319                                  | 106                         | 109                                     |
| Others                | 1                             | 1,191                                | 71                          |                                         |

### IMPROVE GENERATION ASSET OPERATIONS AND PERFORMANCE

TNB prioritised operational discipline across its generation fleet, with a clear focus on improving reliability, enhancing efficiency and enabling greater system flexibility as renewable penetration increases. This reflects a more responsive operating model, positioning thermal assets not only for output, but as critical stabilizers in an increasingly variable energy system.

To support this, the Group implemented targeted operational enhancements across its fleet. Digital monitoring and heat-rate optimisation were applied more systematically, alongside plant-specific upgrades, including high-pressure heater replacements and enhanced water efficiency systems. At the same time, thermal units were optimised to better complement intermittent renewable generation.

These efforts translated into clear improvements in operational performance with the Equivalent Availability Factor increasing to 87.8%, up from 81.2% in 2024. This upward trend reduced capacity payment losses, with revenue climbing to RM4.5 billion (95% of full potential), compared to RM4.2 billion in the previous year. These improvements provided reliability and stability to the peninsular electrical system, with the generation fleet continuing to serve rising electricity demand under a more dynamic and challenging energy mix.

In addition, operational performance was underpinned by a strong safety culture across the generation fleet. This was recognised through 26 awards at the MiSHA Asia Excellence Awards 2025, including the Platinum Main Award for HSE Excellence, reflecting sustained adherence to occupational safety and health standards.

### GROWTH OF NEW CLEAN ENERGY SOURCES

TNB continued to scale its clean energy portfolio across both domestic and international markets, in line with its strategy to expand renewable capacity and diversify its generation mix. This expansion is anchored in the Group's role in NETR priorities, while positioning its portfolio to meet rising demand for low-carbon electricity and achieving the goal of 10 GW of renewable capacity by 2030.

Domestically, progress was driven by a combination of large-scale solar, hydro and hybrid renewable developments at various stages of execution. Construction commenced for LSS5 (686 MWp) and the LSS Sabah programme (22.5 MWp), while projects under the Corporate Green Power Programme (CGPP) (154 MWp) advanced towards completion, with overall progress reaching approximately 95%. The Centralised Solar Park (750 MWp) also progressed, underpinned by a 500 MWac bilateral energy supply agreement with DayOne to meet data centre demand.

In parallel, TNB advanced firm and dispatchable capacity to maintain system stability as renewable penetration increases. The 300 MW Nenggiri Hydroelectric Project reached 68% completion, while the Sungai Perak hydro life extension programme achieved 28% progress. The Kenyir Hybrid Hydro-Floating Solar development also progressed, with pre-development reaching 71%, positioning it as a key hybrid solution integrating multiple generation sources.

To complement this, the Group continued to strengthen system flexibility through energy storage and grid-supporting assets. The 100 MW/400 MWh Battery Energy Storage System (BESS) in Lahad Datu achieved commercial operation in August 2025, enhancing renewable integration and grid stability. It is recognised as the first and largest grid-scale battery storage system in Sabah and the largest in Malaysia.

## OUR STRATEGIC ROADMAP

Internationally, TNB expanded its renewable footprint through both operational assets and development pipelines. The Group achieved commercial operation of 102 MWp of solar capacity in the United Kingdom through the Eastfield and Bunkers Hill projects. At the same time, continued to advance large-scale developments in Australia, including the Dinawan Energy Hub (1.3 GW), Wattle Creek Solar (710 MW) and the Mallee Wind Farm (400 MW), strengthening its long-term growth pipeline in key renewable markets.

**ADVANCING THE TRANSITION TO LOWER-CARBON GENERATION**

TNB continued to advance the transition of its generation portfolio towards lower-carbon sources, balancing decarbonisation priorities with the need to maintain system reliability. This transition reflects a structured shift in the generation mix, driven by targeted investments in lower-emission capacity, operational improvements and the deployment of emerging technologies.

As part of this transition, the Group progressed lower-carbon thermal capacity, including 1,262 MW of plant extensions at Gelugor, Putrajaya and Port Dickson, supporting a phased shift to a lower-carbon portfolio while maintaining supply reliability.

Alongside these shifts, TNB continued to strengthen its Carbon Management Strategy, focusing on reducing, capturing and offsetting emissions with operational improvements continuing to lower emissions intensity at source while improving overall plant efficiency. Efforts to reduce emissions centred on improving plant efficiency through heat-rate optimisation, digital monitoring and targeted upgrades such as high-pressure heater replacements and water efficiency improvements.

Beyond operational improvements, TNB continued to advance a set of targeted energy transition pilots which establish pathways for scaling low-carbon technologies as they mature. These include solar-powered green hydrogen production, carbon capture and utilisation at Jimah East Power Plant and Bio Algae at TNB Janamanjung.

These efforts are complemented by nature-based solutions to offset residual emissions, including mangrove planting initiatives to enhance natural carbon absorption capacity. Together with operational and portfolio measures, this forms a more integrated approach to emissions management across the Group.

TNB recorded an emissions intensity of 0.565 tCO<sub>2</sub>e/MWh in 2025, representing a 1.4% increase compared to 0.557 tCO<sub>2</sub>e/MWh in 2024, due to external factors beyond operational control. One of the main external factors was the Putra Heights gas pipeline incident, which disrupted gas supply and constrained gas-fired generation, particularly in the Klang Valley, requiring higher dispatch from coal-fired plants, resulting in a higher overall emissions intensity. Notwithstanding these factors, ongoing portfolio adjustments, efficiency improvements and technology deployment continue to position the Group towards its targets of a 5% annual reduction in emissions intensity, a 35% reduction by 2035 and net zero emissions by 2050.

**VALUE CREATED**

The Deliver Clean Generation pillar continues to contribute to system reliability, decarbonisation progress and earnings stability, reflecting its dual role in supporting both operational performance and the broader energy transition.

Improved generation performance and higher plant availability strengthened system reliability, enabling the fleet to operate more flexibly in support of increasing renewable penetration. This ensures that supply remains stable even as the generation mix becomes more variable.

At the same time, the expansion of renewable capacity and continued reduction in emissions intensity contributed to TNB's decarbonisation objectives. These efforts also translated into more stable financial outcomes: improved plant reliability and a more balanced generation mix mitigate fluctuations in capacity payments and enhance earnings visibility.

**OUTLOOK**

Looking ahead, TNB will prioritise disciplined execution of its generation pipeline while continuing to balance reliability, decarbonisation and capacity growth. In the near term, focus will remain on progressing key domestic projects, including the Nenggiri Hydroelectric Project, the Kenyir Hybrid Hydro-Floating Solar development and the Centralised Solar Park, alongside advancing solar milestones under CGPP, LSS5 and the Sabah LSS programme. The Group will also continue to progress the Sungai Perak hydro life extension programme and advance international developments such as the Dinawan Energy Hub, while optimising the thermal fleet to ensure system stability as renewable penetration increases.

Over the medium to long term, TNB will continue to reshape its generation portfolio towards a lower-carbon mix. This includes decarbonising the thermal fleet through efficiency improvements, fuel transition and the phased retirement of higher-emission assets, while scaling renewable capacity in line with national energy transition priorities and growing electricity demand. At the same time, the Group will advance low-carbon technologies to explore firm and dispatchable clean power, including hydrogen, ammonia co-firing and carbon capture solutions, while preparing for longer-term options such as nuclear readiness.

Portfolio expansion will remain selective and disciplined, with continued focus on priority domestic and international markets. This will involve developing a more flexible generation mix combining renewables, storage and lower-carbon thermal capacity to enable higher renewable penetration without compromising reliability. Emissions intensity will continue to be reduced progressively through portfolio optimisation and operational improvements as we move towards TNB's aspiration to achieve net zero emissions by 2050, including the longer-term goal of transitioning towards a coal-free generation portfolio.





## OUR STRATEGIC ROADMAP

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# DEVELOP

# ENERGY

# TRANSITION

# NETWORK

**UN SDGs:**

**7 AFFORDABLE AND CLEAN ENERGY:**

**8 DECENT WORK AND ECONOMIC GROWTH:**

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE:**

**11 SUSTAINABLE CITIES AND COMMUNITIES:**

**17 PARTNERSHIPS FOR THE GOALS:**

**Affordable and Clean Energy:** Grid readiness for RE integration and energy access.

**Decent Work and Economic Growth:** Enabling digital economy growth through power access for data centres and tech clusters.

**Industry, Innovation and Infrastructure:** Infrastructure upgrades, smart grid rollout and transmission automation.

**Sustainable Cities and Communities:** Reliable electricity supply to support smart cities and technology parks (e.g., Penang The Light Project, Kota Kinabalu Smart City).

**Partnerships for the Goals:** Regional collaboration through Energy Exchange Malaysia (ENEGEM), ASEAN Power Grid (APG) and cross-border energy trade.

## OVERVIEW

Building on the progress under Deliver Clean Generation, the Develop Energy Transition Network pillar focuses on strengthening TNB's role as the national grid owner and system operator, enabling a reliable, flexible and future-ready electricity network. As the owner and operator of Malaysia's electricity grid, TNB plays a central role in ensuring system stability, enabling renewable integration and advancing the country's economic and energy transition priorities. This pillar underpins the delivery of clean energy by ensuring that the grid can accommodate higher renewable penetration, enable electrification and maintain system stability across Malaysia.

TNB's network spans an extensive transmission and distribution system across Peninsular Malaysia, as well as in Sabah and Labuan through Sabah Electricity. The Group also maintains critical cross-border interconnections with Thailand and Singapore while actively advancing regional power exchange initiatives. This positions the grid not only as the national backbone for electricity delivery, but also as a strategic platform for regional energy flows within the ASEAN Power Grid framework.

In line with the RT 2.0 strategy, the Group continues to modernise its grid infrastructure to drive the energy transition. This includes strengthening network capacity, enhancing system resilience and accelerating digitalisation across transmission and distribution assets. These efforts reinforce the importance of the grid as a critical enabler of renewable energy integration, demand growth and system flexibility in a more complex energy landscape.

## This pillar is guided by two strategic thrusts:

**Enhancing grid stability and flexibility through network modernisation**

**Energy storage integration to support higher renewable energy penetration**

## OUR STRATEGIC ROADMAP

| Manufactured              | Unit       | 2025<br>Peninsular | 2025<br>Sabah |
|---------------------------|------------|--------------------|---------------|
| Transmission Lines        | Circuit-km | 26,594             | 3,150         |
| Transmission Substations  | #          | 497                | 48            |
| Transmission Transformers | #          | 1,406              | 103           |
| Distribution Lines        | Circuit-km | 708,763            | 27,252        |
| Distribution Substations  | #          | 90,142             | 9,461         |
| Distribution Transformers | #          | 105,556            | 9,475         |

**STRENGTHENING GRID RELIABILITY AND OPERATIONAL EXCELLENCE**

TNB continued to prioritise network reliability and operational performance, maintaining world-class standards in the delivery of electricity supply while supporting rising demand and increasing renewable penetration. This focus reflects the need to sustain a stable and resilient system as the energy mix becomes more complex and distributed.

During the year, the Group sustained its world-class reliability performance across the network. System Minutes improved to 0.15 minutes, significantly outperforming the global benchmark <1.5 minutes, while the System Average Interruption Duration Index (SAIDI) improved to 46.93 minutes from 47.88 minutes in 2024.

Operational performance was further enhanced through the accelerated deployment of digital and AI-enabled solutions. TNB implemented predictive maintenance systems capable of forecasting underground cable failures with up to 96.8% accuracy, allowing for pre-emptive intervention and a marked reduction in unplanned outages.

The Group's performance in grid reliability and innovation was recognised through multiple industry awards, including three accolades at the Asian Power Awards 2025 and three major wins at Enlit Asia 2025.

**DELIVERING DISCIPLINED RP4 EXECUTION**

TNB maintained a disciplined approach in executing its Regulatory Period 4 (RP4) investment programme, ensuring that capital deployment strengthens grid capacity, enhances reliability and supports the energy transition while meeting growing demand.

In 2025, the Group achieved full delivery of its Year 1 RP4 milestones, with regulated CAPEX utilisation exceeding 100%. A total of RM12 billion was deployed to advance grid readiness, with investments prioritised across security of supply, demand growth and energy transition. Of this, RM5.4 billion was allocated to strengthen system reliability, RM5.3 billion to enable demand expansion and RM1.3 billion to drive energy transition initiatives.

In 2025, TNB accelerated key infrastructure and digital initiatives across the network. Smart grid modernisation progressed through the rollout of smart meters, exceeding annual targets and enhancing customer visibility and data-driven operations. Distribution automation penetration also exceeded targets, improving network visibility, response time and operational control across the system.

At the transmission level, TNB fortified grid capacity through the successful commissioning of the 500 kV backbone connecting Ayer Tawar, Bentong South and Lenggeng, enhancing system stability and enabling greater renewable integration. In parallel, the 100 MW/400 MWh Battery Energy Storage System (BESS) in Santong, Terengganu achieved commercial operation in April 2026. It is the first grid-balancing BESS in Malaysia, using advanced inverters to actively establish and regulate grid voltage and frequency, thereby contributing to grid stability as renewable energy penetration increases.

The Group also expanded network readiness for large-scale infrastructure and national development projects. This includes providing bulk supply for 12 East Coast Rail Link (ECRL) feeder stations across the Eastern region, reinforcing TNB's role in enabling key national infrastructure.

**ADVANCING ASEAN POWER GRID INTEGRATION AND REGIONAL CONNECTIVITY**

TNB continued to strengthen its role in advancing regional energy connectivity, positioning the grid as a platform for cross-border renewable energy trade and system integration across ASEAN. This reflects a broader shift from a national grid operator to a regional enabler, supporting energy security, market development and the integration of low-carbon electricity flows.

During the year, the Group made further progress under the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project Phase 2 (LTMS-PIP 2.0), with negotiations for the tripartite Energy Wheeling Agreement (EWA) successfully concluded. The agreement, which enables the wheeling of up to 100 MW of renewable energy from Lao PDR to Singapore, expands cross-border trading capacity under LTMS-PIP 2.0 to 200 MW and was subsequently signed in January 2026. In this arrangement, TNB serves dual roles as both energy supplier and wheeling provider, enhancing network utilisation and market participation.

Complementing this, TNB operationalised Energy Exchange Malaysia (ENEGEM) as a platform to facilitate transparent and competitive cross-border electricity trading. Through ENEGEM, 50 MW of RE supply was sold to Singapore via a competitive bidding mechanism and contributed to energy exports of 415.8 GWh in 2025.

The Group also advanced new regional partnerships to expand cross-border renewable energy flows. In May 2025, TNB, Sembcorp Industries and PetroVietnam (through PTSC) entered into a Joint Development Agreement to explore exporting renewable energy from Vietnam to Malaysia and Singapore. This trilateral collaboration represents a further step towards realising the ASEAN Power Grid and expanding regional energy connectivity.

## OUR STRATEGIC ROADMAP

In parallel, TNB continued to explore additional interconnection capacity with Singapore, including a potential second link with a capacity of up to 2 GW by 2030 to complement the existing 1 GW bi-directional interconnection. A Joint Development Agreement with SP Group and Singapore Energy Interconnections has been established to undertake a feasibility study for the proposed second interconnection, supporting cross-border electricity trade and regional integration.

### ENABLING DATA CENTRE GROWTH AND EMERGING DEMAND

TNB continued to strengthen grid readiness to serve Malaysia's rapidly expanding data centre ecosystem, ensuring reliable and timely electricity supply to meet the requirements of hyperscale and digital infrastructure operators.

As at December 2025, the Group recorded 850 MW of actual load utilisation from data centres, reflecting accelerated demand from the digital sector. A total of 35 data centre projects, representing approximately 4.5 GW of capacity, have been connected to the grid, driven by ongoing investments in transmission and distribution infrastructure.

This growth is underpinned by a strong project pipeline, with 56 projects representing approximately 7.5 GW at various stages of development, including completed, under construction and Energy Supply Agreement (ESA) stages. Of these, 14 projects (1.8 GW) are currently under construction, while a further seven projects (1.2 GW) have secured ESA approvals, reflecting sustained demand visibility.

To support this expansion, TNB continues to work closely with hyperscale customers to deliver scalable and reliable grid connections within required timelines. This includes strengthening network capacity, enhancing delivery capabilities and aligning infrastructure development with project requirements to ensure timely energisation.

### VALUE CREATED

The Develop Energy Transition Network pillar continues to underpin system reliability, demand growth and regional connectivity, reinforcing the grid's role as a core enabler of both operational performance and the energy transition.

Sustained world-class reliability performance and continued investment in grid resilience strengthened the stability of electricity supply, enabling the network to facilitate higher renewable penetration and more complex system requirements. At the same time, disciplined capital deployment under RP4 enhanced network capacity and operational efficiency, resulting in predictable and stable regulated returns.

The expansion of grid infrastructure and connection capabilities also enabled the Group to capture emerging demand, particularly from the data centre segment, while supporting electrification across the economy. This positions TNB to participate in new growth areas while maintaining a balanced and scalable network.

At a regional level, cross-border interconnections and energy trading initiatives enhanced system flexibility, strengthened energy security and enabled more efficient integration of renewable energy across ASEAN, while unlocking new growth opportunities for TNB and reinforcing its role as a regional grid enabler.

### OUTLOOK

TNB will continue to prioritise disciplined execution of its grid investment programme under RP4, with a focus on strengthening network capacity, enhancing reliability and meeting energy transition requirements. In 2026, the Group targets approximately RM13 billion in regulated CAPEX deployment, aligned to system readiness and demand growth.

In the near term, efforts will centre on accelerating smart grid deployment and strengthening network flexibility. This includes the installation of one million smart meters to enhance customer visibility and digital network operations, alongside the expansion of distribution automation to 2,644 substations to improve reliability and response times. The Group also targets the commissioning of the Santong pilot Battery Energy Storage System in 2026 to support renewable integration and system stability.

TNB will continue to strengthen grid readiness in emerging demand segments, particularly data centres, while enabling the connection of new renewable capacity across the network. Investments will be prioritised to ensure timely infrastructure delivery, maintain system resilience and electrification growth.

Over the medium to long term, the Group will evolve towards a more flexible and decentralised grid model, supported by distributed energy resources and enhanced digital capabilities. This includes scaling grid-connected energy storage and strengthening system flexibility for higher renewable penetration, in line with national targets. At the same time, TNB will expand regional interconnections under the ASEAN Power Grid, increasing cross-border capacity and positioning Malaysia as a regional energy hub.

The Group will also continue to strengthen climate resilience across its network infrastructure while advancing digital and data-driven capabilities to develop a more dynamic and complex energy system.





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# DYNAMIC ENERGY SOLUTIONS



## UN SDGs:



### Good Health and Well-being:

Safer, more reliable energy access for communities and businesses.



### Affordable and Clean Energy:

Retail and rooftop solar expansion, energy efficiency rebates and customer empowerment tools.



### Reduced Inequalities:

Inclusive programmes such as eKasih and Government Relief for underserved communities.



### Responsible Consumption and Production:

Solar ATAP (Accelerated Transition Action Programme), digital billing, demandside management and solar adoption.



### Climate Action:

Enabling low-carbon lifestyles via Electric Vehicles (EV) infrastructure and green tariff adoption.

## OVERVIEW

The Dynamic Energy Solutions pillar focuses on delivering customer-centric energy solutions through TNB Retail and Sabah Electricity, strengthening the Group's role at the customer interface across both regulated and non-regulated businesses.

TNB Retail serves over 10.66 million customers across Peninsular Malaysia, while Sabah Electricity supports approximately 700,000 customers in Sabah, providing essential electricity services across residential, commercial and industrial segments. This positions the Group to engage directly with a broad and diverse customer base, enabling more tailored solutions aligned to evolving consumption patterns and sustainability requirements.

Beyond the provision of reliable electricity supply, this pillar reflects TNB's expanding role in delivering end-to-end energy solutions. This includes green energy offerings, electrification solutions, energy efficiency programmes and value-added services that advance customers' decarbonisation ambitions. These capabilities are increasingly important as customers transition from passive consumers to active participants in the energy ecosystem.

### This pillar is guided by two strategic thrusts:

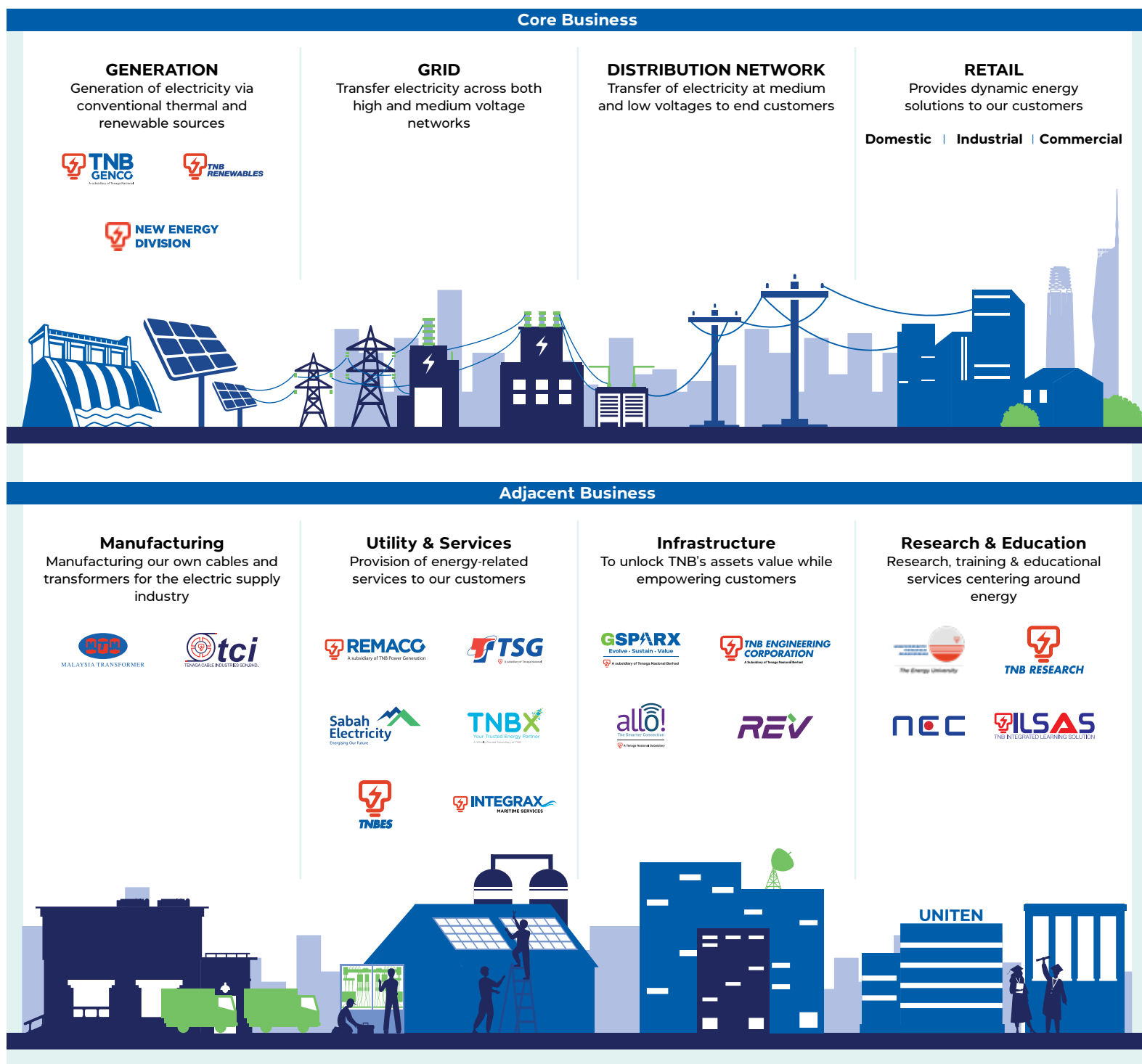
**Enhancing customer experience delivery within the regulated retail business through digitalisation and service excellence**

**Empowering customer participation in the energy transition through non-regulated solutions such as distributed solar, green electricity and electric mobility**

## OUR STRATEGIC ROADMAP

| Year | Residential |         | Commercial |         | Industrial |       | Others     |       |
|------|-------------|---------|------------|---------|------------|-------|------------|-------|
|      | Peninsular  | Sabah   | Peninsular | Sabah   | Peninsular | Sabah | Peninsular | Sabah |
| 2021 | 7,916,379   | 544,186 | 1,621,098  | 103,352 | 32,846     | 1,614 | 83,474     | 6,585 |
| 2022 | 8,113,221   | 559,312 | 1,660,313  | 104,995 | 33,542     | 1,645 | 86,210     | 6,672 |
| 2023 | 8,335,253   | 574,782 | 1,693,500  | 107,624 | 34,319     | 1,661 | 88,982     | 6,777 |
| 2024 | 8,554,220   | 589,237 | 1,721,968  | 110,674 | 34,834     | 1,738 | 91,864     | 6,794 |
| 2025 | 8,766,538   | 603,175 | 1,748,735  | 113,510 | 34,841     | 1,741 | 105,841    | 6,802 |

As shown in the business overview below, TNB's diverse subsidiary portfolio creates a comprehensive platform for sustainable growth across both core and adjacent energy sectors. This integrated ecosystem enables the Group to deliver a broader suite of customer-centric solutions, ranging from distributed solar and electric mobility to specialised engineering services and research.





### ENHANCING CUSTOMER EXPERIENCE DELIVERY

In 2025, our regulated retail business continued to deliver strong momentum and customer service excellence. Customer satisfaction improved to a record high, with the Customer Satisfaction Index increasing to 9.0 from 8.7 in 2024. This reflects continued progress in strengthening service delivery, enhancing digital engagement and improving overall customer experience across the regulated retail business.

This performance was underpinned by the continued expansion of TNB's digital platforms, which have become central to customer interaction and engagement. The myTNB app surpassed 8 million users, representing approximately 75% of the customer base, while the myTNB Energy Budget feature recorded 2.6 million subscribers, enabling customers to better monitor and manage their electricity consumption. Enhancements to digital access further improved customer experience, including the integration of MyDigital ID to strengthen security and streamline onboarding.

Efforts to enhance our digital platforms continued to gain recognition, with the myTNB app receiving the Best Public Utility App award at the PC.com Readers' Choice Awards 2025, while TNB was named Brand of the Year 2025-2026 at the World Branding Awards.

Digital adoption also enabled broader demand-side management efforts. Participation in the Time-of-Use (ToU) tariff programme increased to approximately 102,000 customers, facilitated by a simplified application process through the myTNB platform. This allowed greater flexibility in consumption patterns and improved cost management for participating customers. These developments contributed to measurable energy efficiency outcomes with 106 GWh of energy savings achieved during the year, equivalent to 74,293 tCO<sub>2</sub>e avoided.

In parallel, electricity demand in Peninsular Malaysia remained resilient, with total units sold reaching 133,895 GWh. The commercial segment continued to be the primary growth driver, contributing 38% of total units sold and recording 10% year-on-year growth, supported by data centres, retail malls and digital infrastructure.

### EMPOWERING CUSTOMER PARTICIPATION IN THE ENERGY TRANSITION

TNB continued to expand its non-regulated retail business by enabling customers to participate more actively in the energy transition through a broader suite of customer-centric energy solutions. This includes distributed solar, green electricity offerings and electric mobility, reflecting a shift towards a more decentralised and participatory energy ecosystem.

Distributed solar adoption remained a key growth area, driven through GSPARX. During the year, TNB secured 3,125 cumulative rooftop solar projects, representing 536 MWp, with 216 MWp installed capacity contributing approximately RM109 million in revenue. Deployment continued across a wide range of customer segments, including public sector, healthcare, commercial and data centre customers, enabling both energy cost optimisation and decarbonisation objectives.

The Group also advanced new deployment models to scale customer participation. In collaboration with Sime Darby Property, TNB is progressing Malaysia's first Community Renewable Energy Aggregation Mechanism (CREAM) community solar initiative in the City of Elmina, aggregating residential rooftop generation to supply green electricity to nearby commercial and industrial customers. This model supports corporate decarbonisation targets while contributing to national renewable capacity ambitions.



## OUR STRATEGIC ROADMAP

### The TNB Electron network expanded to 256 cumulative charge points, with 96 new installations across highways, trunk roads and TNB premises.

In addition, TNB expanded access to green electricity solutions to advance customer sustainability commitments. The introduction of Green Electricity Tariff (GET) Greenpath, developed in collaboration with TNBX, the Energy Commission and PETRA, enables tenants under bulk and corporate accounts to procure certified green electricity through Malaysia Renewable Energy Certificate (mREC). ByteDance was secured as the first corporate subscriber under this programme, therefore enabling renewable energy sourcing for its data centre operations.

The Group also strengthened its electric mobility ecosystem to support the growth of electrified transport. The TNB Electron network expanded to 256 cumulative charge points, with 96 new installations across highways, trunk roads and TNB premises. Green Lane supply increased to 461 applications, representing 128 MW of EV infrastructure capacity, while total electricity sales from EV charging scaled to approximately 15 GWh, generating around RM7.1 million in revenue. Nationwide, EV readiness continued to improve, with approximately 5,719 charge points available.

### VALUE CREATED

The Dynamic Energy Solutions pillar strengthens TNB's position at the forefront of the customer experience, both in service delivery and the expansion of solutions tailored to evolving energy needs.

Enhanced digital engagement and service delivery contributed to improved customer experience, through wider adoption of platforms such as myTNB and data-driven energy management tools. This enables customers to better manage consumption, optimise costs and interact more seamlessly with TNB's services.

At the same time, the expansion of distributed solar, green electricity and electric mobility solutions enabled customers to participate more actively in the energy transition. These offerings support corporate decarbonisation targets, promote more efficient energy usage and facilitate the adoption of low-carbon technologies across multiple customer segments.

The growth of these customer-centric solutions also contributes to the diversification of TNB's revenue base beyond traditional electricity sales. This includes income generated from rooftop solar deployments, EV charging and green electricity solutions, creating additional growth avenues within the non-regulated business.

Demand growth from electrification and digital infrastructure further strengthens the role of the retail business in capturing new consumption patterns, particularly from data centres and emerging energy applications.

### OUTLOOK

In the near term, TNB will focus on scaling customer-centric energy solutions while strengthening digital engagement and service delivery. This includes expanding the electric mobility ecosystem through the deployment of an additional 250 TNB charge points with the aim of expanding the TNB Electron network to 500 charge points by the end of 2026, alongside the continued expansion of Green Lane supply connections, which reached 461 applications to support growing EV infrastructure demand. The Group also targets securing an additional 100 MWp of distributed solar capacity through GSPARX, while continuing to expand access to green electricity solutions across customer segments.

Digital platforms will remain central to customer engagement, with the myTNB app targeted to exceed 8.5 million users. Participation in the Time-of-Use tariff programme is also expected to increase, with a target of 150,000 to 200,000 additional applications, enabling customers to better manage consumption and optimise energy costs.

Over the medium to long term, the Group will continue to expand its role in enabling customer participation in the energy transition. This includes scaling distributed energy solutions such as rooftop solar and storage, while broadening access to green electricity and energy efficiency offerings through platform-based services.

Growth in electric vehicle adoption is expected to drive new electricity demand, with battery electric vehicle penetration projected to reach approximately 800,000 units by 2030. This will support further expansion of the electric mobility ecosystem, including charging infrastructure, energy supply and digital platforms.

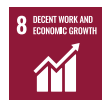
The Group will also continue to develop integrated energy solutions that encourage customers to become prosumers and omnisumers, enabling more active participation in energy generation, consumption and optimisation across a more decentralised energy system.



DC  
DE  
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# DRIVE REGULATORY EVOLUTION

## UN SDGs:



### Decent Work and Economic Growth:

Enabling digital economy growth through power access for data centres and tech clusters.



### Climate Action:

Enabling low-carbon lifestyles via Electric Vehicle (EV) infrastructure and green tariff adoption.



### Peace, Justice and Strong Institutions:

Transparent governance, stakeholder engagement and strong regulatory frameworks.



### Partnerships for the Goals:

Regional collaboration through Energy Exchange Malaysia (ENEGEM), ASEAN Power Grid (APG) and cross-border energy trade.



## OVERVIEW

The Drive Regulatory Evolution pillar focuses on shaping a stable, transparent and forward-looking regulatory framework that enables Malaysia's energy transition while ensuring balanced outcomes for consumers, investors and the broader economy.

Central to this is the Incentive-Based Regulation (IBR) framework, which provides a structured mechanism for aligning infrastructure investment with service delivery and tariff stability. Since its introduction in 2014, the IBR model has enabled TNB to invest approximately RM78 billion in grid infrastructure, strengthening system reliability and supporting national economic growth, while maintaining tariffs among the lowest in the region. The framework is designed to balance competing priorities. It ensures continued investment in grid modernisation and energy transition readiness, while safeguarding affordability for consumers and providing fair and predictable returns to shareholders.

Beyond regulatory mechanisms, TNB plays an active role in driving policy and regulatory development at both national and regional levels. This includes contributing to key initiatives such as the National Carbon Market Policy, National Climate Change Policy 2.0 and establishment of frameworks that enable renewable integration, cross-border energy trade and customer participation in the energy transition.

Through continued engagement with regulators, policymakers and industry stakeholders, TNB strengthens alignment between regulatory outcomes and system requirements, ensuring that the electricity sector remains resilient, financially sustainable and responsive to evolving energy needs.

**This pillar is guided by one strategic thrust:**

**Supporting the nation in accelerating Energy Transition efforts**

## OUR STRATEGIC ROADMAP



### STRENGTHENING THE IBR FRAMEWORK AND ADVANCING RP4 EXECUTION

TNB continued to operate within the IBR framework, which provides a structured mechanism for aligning investment, operational performance and tariff outcomes. The framework underpins regulatory stability and enables long-term planning by linking capital deployment to service delivery, while maintaining a balance between affordability and financial sustainability.

The approval of RP4 reinforces this stability, providing greater clarity for TNB's investment trajectory over the 2025-2027 period. Under RP4, a total CAPEX of RM42.8 billion has been allowed, comprising RM26.6 billion in base CAPEX and RM16.3 billion in contingent CAPEX.

During the year, tariff restructuring was implemented with effect from 1 July 2025, introducing more cost-reflective tariff categories, itemised billing and enhanced incentives for energy efficiency. The revised tariff framework supports continued investment in grid modernisation and system readiness, while maintaining affordability and protection for consumers. The Time-of-Use (ToU) scheme was also introduced for low-voltage domestic and non-domestic customers, encouraging off-peak consumption and improving demand management across the system.

These developments strengthen the effectiveness of the IBR framework in supporting infrastructure investment, improving transparency in tariff structures and aligning regulatory mechanisms with evolving system needs.

### ENHANCING COST RECOVERY AND FINANCIAL RESILIENCE THROUGH AFA

The Automatic Fuel Adjustment (AFA) mechanism was introduced in July 2025 to replace the Imbalance Cost Pass-Through (ICPT), to strengthen the responsiveness and transparency of fuel cost recovery within the regulatory framework. This transition reflects a shift towards more timely and predictable tariff adjustments in response to movements in fuel prices.

Under the AFA mechanism, fuel cost adjustments are implemented on a monthly basis, reducing the lag between cost fluctuations and tariff recovery. This allows for more immediate cost pass-through, improving transparency for consumers while providing clearer visibility on pricing dynamics within the electricity sector.

The introduction of AFA also strengthens TNB's financial resilience by enhancing cash flow visibility and improving working capital management. More timely cost recovery reduces the accumulation of regulatory under-recoveries, enables a more stable financial position while allowing continued investment in grid modernisation and energy transition initiatives.

### DRIVING POLICY ALIGNMENT AND ADVANCING NATIONAL AND REGIONAL AGENDAS

TNB continued to play an active role in supporting and contributing to policy and regulatory developments to advance Malaysia's energy transition and broader economic agenda. This includes contributing to the formulation of key national policies such as the National Carbon Market Policy and the Climate Change Act, as well as providing input into RMK-13 and Budget 2026 energy sector priorities.



## OUR STRATEGIC ROADMAP

The Group also participated in the development and implementation of key regulatory frameworks that enable renewable energy deployment and market participation. This includes facilitating the rollout of Solar Accelerated Transition Action Programme (ATAP), as well as enhancing the Corporate Renewable Energy Supply Scheme (CRESS) by extending access to all existing commercial and industrial consumers, in tandem with reduced access charges of up to 40%. In parallel, TNB supported the development of the Natural Gas Roadmap, contributing technical and operational insights for long-term sector planning.

At the regional level, TNB continued to strengthen its involvement in cross-border energy initiatives and international platforms by actively participating in ASEAN energy forums, including ASEAN Senior Officials Meeting on Energy (SOME), ASEAN Ministers on Energy Meeting (AMEM), Heads of ASEAN Power Utilities/Authorities (HAPUA) and the Association of the Electricity Supply Industry of East Asia and the Western Pacific (AESIEAP). Progress in cross-border power trade contributed to measurable outcomes, including approximately 18 GWh of energy transacted under LTMS-PIP Phase 2 and approximately 400 GWh contracted under ENEGEM, generating revenue of around RM14 million and RM330 million respectively.

TNB also played a role in advancing Malaysia's presence on the global stage, including participation in the Malaysia Pavilion at the 2025 United Nations Conference of the Parties on Climate Change (COP30), highlighting the country's energy transition progress and grid modernisation efforts. In conjunction with Malaysia's ASEAN Chairmanship in 2025, the Group supported the ratification of cross-border agreements, including feasibility studies for a second interconnection with Singapore and collaboration with State Grid Corporation of China to advance regional energy cooperation.

These efforts strengthen alignment between policy development, regulatory frameworks and system requirements, while positioning TNB as a key contributor to both national and regional energy transition initiatives.

**STRENGTHENING REGULATORY CAPABILITIES AND STAKEHOLDER ENGAGEMENT**

TNB continued to strengthen its internal regulatory capabilities and stakeholder engagement to support its expanding role across domestic and international markets. This includes enhancing its ability to interpret evolving regulatory requirements, anticipate policy developments and align business strategies with emerging regulatory trends.

During the year, the Group established an International Regulations team to navigate the complexities of cross-border operations and global energy policy developments. The team translates international regulatory insights, ESG requirements and market developments into actionable strategies for overseas investments, while informing domestic policy engagement and regional initiatives such as the ASEAN Power Grid.

At the same time, TNB maintained active engagement with government agencies, regulators and key stakeholders to drive policy development and implementation. These efforts are reflected in a strong Regulatory Relationship Strength Index (RRSI) of 96%, indicating continued trust and alignment between TNB and regulatory stakeholders.

**OUTLOOK**

Execution under RP4 is expected to accelerate as projects transition from planning to deployment, reinforcing a multi-year grid investment cycle and system readiness for the energy transition.

In parallel, TNB will begin preparations for Regulatory Period 5 (RP5), with submission targeted in 2026 and negotiations expected in 2027. RP5 is highly significant as it will shape the next phase of sector transformation, aligning the regulatory framework with evolving requirements across electrification, digitalisation and AI, as well as increasing renewable integration and customer participation in a more decentralised energy system.

These developments will require regulatory mechanisms that provide greater flexibility and clearer investment signals, while maintaining a balance between affordability, reliability and sustainability. Market expectations are also evolving, with stakeholders seeking increased transparency, predictability and confidence in regulatory outcomes.

Following ongoing geopolitical developments, the AFA mechanism may shift from rebate to surcharge by mid-2026, reflecting potential increases in global fuel prices and foreign exchange volatility affecting generation costs. In this context, TNB will continue to work closely with regulators and government agencies to balance cost recovery with consumer protection, while advancing measures to reduce long-term exposure to fuel price volatility.

This includes accelerating renewable energy integration, strengthening demand-side programmes such as Time-of-Use tariffs and energy efficiency initiatives and enhancing operational efficiency to manage cost pressures within the system.



## FINANCIAL HIGHLIGHTS

| Financial Year Ended 31 December                                 | Group      |                          | Company    |                          |
|------------------------------------------------------------------|------------|--------------------------|------------|--------------------------|
|                                                                  | 31.12.2025 | 31.12.2024<br>(Restated) | 31.12.2025 | 31.12.2024<br>(Restated) |
| <b>PROFITABILITY (RM million)</b>                                |            |                          |            |                          |
| Revenue                                                          | 67,723.1   | 56,737.1                 | 61,637.4   | 50,950.6                 |
| Operating profit                                                 | 8,532.1    | 8,720.1                  | 8,002.7    | 8,883.3                  |
| Profit before taxation and zakat                                 | 6,176.6    | 5,814.8                  | 4,642.9    | 4,754.4                  |
| Net profit attributable to owners of the Company                 | 4,768.1    | 3,978.2                  | 3,702.1    | 3,416.1                  |
| <b>KEY BALANCE SHEET DATA (RM million)</b>                       |            |                          |            |                          |
| Property, plant and equipment                                    | 132,884.8  | 125,611.1                | 88,489.0   | 81,907.3                 |
| Total assets                                                     | 198,354.5  | 200,380.4                | 181,465.8  | 187,408.5                |
| Total borrowings                                                 | 59,085.7   | 57,406.6                 | 28,801.8   | 26,657.6                 |
| Total liabilities                                                | 145,380.5  | 148,369.1                | 144,597.3  | 150,629.1                |
| Share capital                                                    | 12,810.1   | 12,700.2                 | 12,810.1   | 12,700.2                 |
| Shareholders' equity                                             | 52,974.0   | 52,011.3                 | 36,868.5   | 36,779.4                 |
| <b>SHARE INFORMATION</b>                                         |            |                          |            |                          |
| Per share (sen):                                                 |            |                          |            |                          |
| - Basic earnings                                                 | 81.86      | 68.58                    |            |                          |
| - Diluted earnings                                               | 81.86      | 68.43                    |            |                          |
| Dividend (sen):                                                  |            |                          |            |                          |
| - Interim                                                        | 25.0       | 25.0                     |            |                          |
| - Final                                                          | 28.0       | 26.0                     |            |                          |
| Net assets per share attributable to owners of the Company (sen) | 871.3      | 856.9                    |            |                          |
| <b>FINANCIAL RATIOS</b>                                          |            |                          |            |                          |
| Return on assets (%)                                             | 2.4        | 2.0                      |            |                          |
| EBITDA margin (%)                                                | 31.6       | 30.3                     |            |                          |
| Debt-equity (net of cash) ratio                                  | 0.72       | 0.87                     |            |                          |

## GROUP QUARTERLY FINANCIAL PERFORMANCE

| RM Million                                   | FY2025   |                   |          |                   |          |
|----------------------------------------------|----------|-------------------|----------|-------------------|----------|
|                                              | Q1       | Q2                | Q3       | Q4                | Total    |
| Revenue                                      | 16,038.7 | 16,835.0          | 17,249.7 | 17,599.7          | 67,723.1 |
| Other operating income                       | 181.3    | 209.6             | 253.4    | 573.3             | 1,217.6  |
| Operating profit                             | 2,321.7  | 2,117.0           | 1,811.4  | 2,282.0           | 8,532.1  |
| Profit before taxation and zakat             | 1,554.2  | 1,601.4           | 1,205.0  | 1,816.0           | 6,176.6  |
| Profit attributable to owners of the Company | 1,058.0  | 1,158.1           | 876.9    | 1,675.1           | 4,768.1  |
| Earnings per share (sen) - basic             | 18.20    | 19.90             | 15.06    | 28.76             | 81.86    |
| Dividend per share (sen)                     | -        | 25.0 <sup>^</sup> | -        | 28.0 <sup>*</sup> | 53.0     |

| RM Million                                   | FY2024 (Restated) |                   |          |                   |          |
|----------------------------------------------|-------------------|-------------------|----------|-------------------|----------|
|                                              | Q1                | Q2                | Q3       | Q4                | Total    |
| Revenue                                      | 13,640.4          | 14,366.8          | 14,351.6 | 14,378.3          | 56,737.1 |
| Other operating income                       | 173.4             | 338.3             | 179.4    | 363.4             | 1,054.5  |
| Operating profit                             | 2,024.8           | 2,241.2           | 1,612.4  | 2,841.7           | 8,720.1  |
| Profit before taxation and zakat             | 1,029.8           | 1,766.9           | 1,875.4  | 1,142.7           | 5,814.8  |
| Profit attributable to owners of the Company | 586.2             | 1,304.4           | 1,445.3  | 642.3             | 3,978.2  |
| Earnings per share (sen) - basic             | 10.13             | 22.54             | 24.94    | 11.07             | 68.58    |
| Dividend per share (sen)                     | -                 | 25.0 <sup>^</sup> | -        | 26.0 <sup>*</sup> | 51.0     |

<sup>^</sup> Interim Dividend.

<sup>\*</sup> Final Dividend.

## SIX-YEAR GROUP FINANCIAL SUMMARY

| Year/Period Ended                                          | Group      |                          |            |            |            |            |
|------------------------------------------------------------|------------|--------------------------|------------|------------|------------|------------|
|                                                            | 31.12.2025 | 31.12.2024<br>(Restated) | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 |
| <b>OPERATING RESULTS (RM million)</b>                      |            |                          |            |            |            |            |
| Revenue                                                    | 67,723.1   | 56,737.1                 | 53,066.9   | 50,867.7   | 48,119.9*  | 43,976.0   |
| Operating profit                                           | 8,532.1    | 8,720.1                  | 7,356.9    | 9,409.5    | 8,083.0    | 7,358.8    |
| Profit before taxation and zakat                           | 6,176.6    | 5,814.8                  | 3,373.6    | 5,348.6    | 4,738.3    | 4,235.4    |
| Profit attributable to owners of the Company               | 4,768.1    | 3,978.2                  | 2,770.3    | 3,463.3    | 3,661.8    | 3,592.7    |
| <b>KEY BALANCE SHEET DATA (RM million)</b>                 |            |                          |            |            |            |            |
| Property, plant and equipment                              | 132,884.8  | 125,611.1                | 121,932.1  | 116,577.1  | 114,105.6  | 112,596.1  |
| Total assets                                               | 198,354.5  | 200,380.4                | 204,743.6  | 205,922.3  | 182,600.6  | 181,433.3  |
| Total borrowings                                           | 59,085.7   | 57,406.6                 | 61,770.2   | 63,882.2   | 51,678.2   | 49,452.6   |
| Total liabilities                                          | 145,380.5  | 148,369.1                | 143,660.9  | 144,956.1  | 124,208.2  | 123,983.4  |
| Share capital                                              | 12,810.1   | 12,700.2                 | 12,499.5   | 12,204.3   | 11,927.6   | 11,675.2   |
| Shareholders' equity                                       | 52,974.0   | 52,011.3                 | 61,082.7   | 60,966.2   | 58,392.4   | 57,449.9   |
| <b>SHARE INFORMATION</b>                                   |            |                          |            |            |            |            |
| <b>Per share (sen)</b>                                     |            |                          |            |            |            |            |
| Basic earnings                                             | 81.86      | 68.58                    | 48.00      | 60.35      | 64.05      | 63.06      |
| Diluted earnings                                           | 81.86      | 68.43                    | 47.79      | 59.98      | 63.73      | 62.79      |
| Gross dividend                                             | 53.00      | 51.00                    | 46.00      | 46.00      | 40.00      | 80.00      |
| Net assets per share attributable to owners of the Company | 871.3      | 856.9                    | 1,016.5    | 1,017.1    | 988.6      | 978.7      |
| Share price as at reporting date (RM)                      | 13.72      | 14.94                    | 10.04      | 9.63       | 9.34       | 10.42      |
| <b>FINANCIAL RATIOS</b>                                    |            |                          |            |            |            |            |
| Return on assets (%)                                       | 2.4        | 2.0                      | 1.3        | 1.7        | 2.1        | 2.0        |
| Adjusted return on assets (%) <sup>1</sup>                 | 2.3        | 2.1                      | 1.7        | 2.2        | 2.6        | 2.4        |
| Return on equity (%)                                       | 9.0        | 7.7                      | 4.3        | 5.8        | 6.6        | 6.3        |
| Gearing (%)                                                | 52.7       | 52.5                     | 50.3       | 51.2       | 47.0       | 46.3       |
| EBITDA margin* (%)                                         | 31.6       | 30.3                     | 29.3       | 28.4       | 35.7*      | 40.9       |
| Effective weighted average cost of funds (%)               | 4.6        | 4.8                      | 4.8        | 4.6        | 4.6        | 4.9        |
| Interest coverage (%)                                      | 5.1        | 4.9                      | 4.3        | 4.8        | 5.0        | 4.9        |
| Currency mix (RM: Foreign)                                 | 78:22      | 73:27                    | 73:27      | 79:21      | 76:24      | 75:25      |
| Debt-equity (net of cash) ratio <sup>2</sup>               | 0.72       | 0.87                     | 0.67       | 0.83       | 0.73       | 0.63       |

\* Restated.

# With ICPT and AFA.

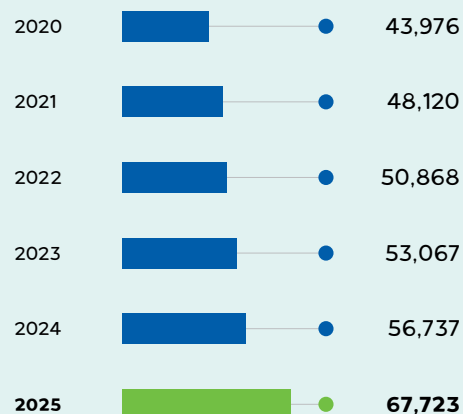
<sup>1</sup> Adjusted for MFRS119 and foreign exchange.<sup>2</sup> Cash include financial assets at fair value through profit or loss (FVTPL).

|                                                                   |              |              |              |              |              |              |
|-------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Dividend yield (Annual dividend/<br/>share price per unit)</b> | <b>3.86%</b> | <b>3.41%</b> | <b>4.58%</b> | <b>4.78%</b> | <b>4.28%</b> | <b>7.68%</b> |
|-------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|

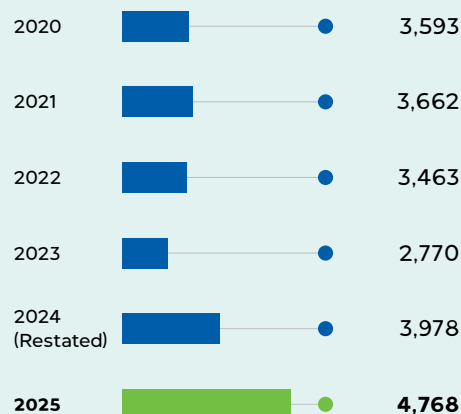


## SIX-YEAR GROUP GROWTH SUMMARY

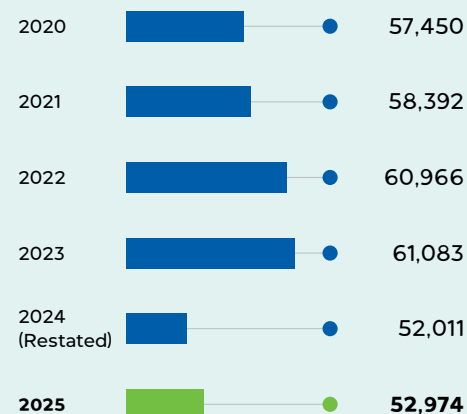
### Revenue (RM million)



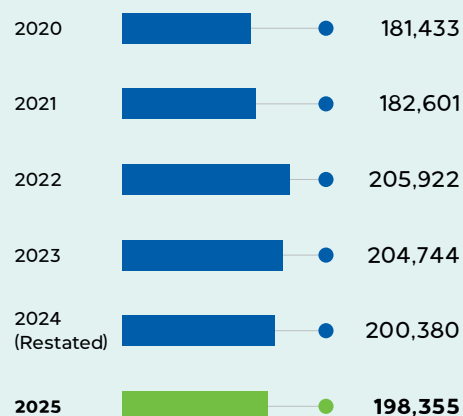
### Net Profit Attributable to Owners of the Company (RM million)



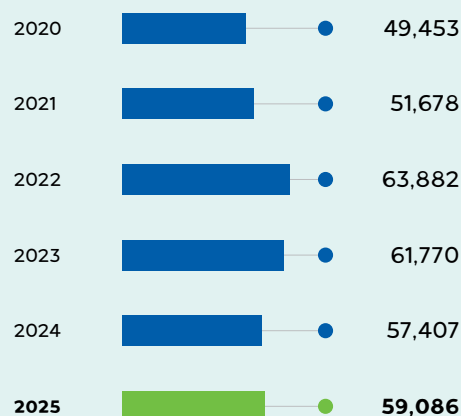
### Shareholders' Equity (RM million)



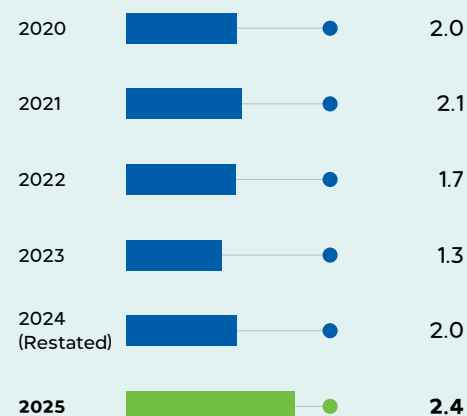
### Total Assets (RM million)



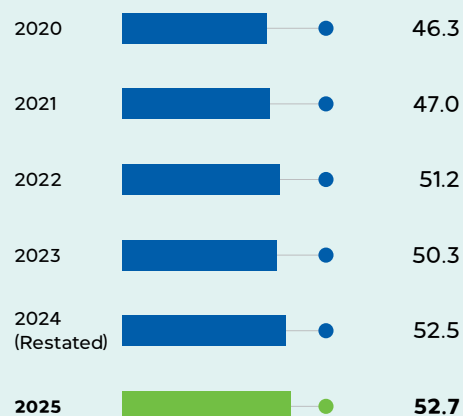
### Total Borrowings (RM million)



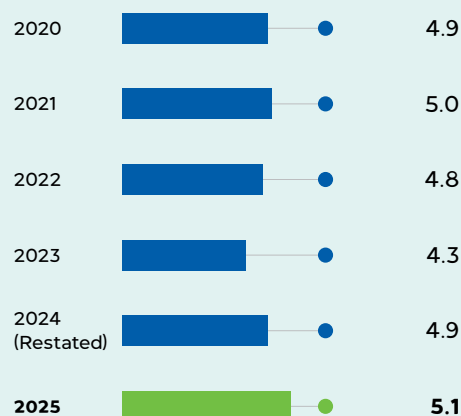
### Return on Assets (%)



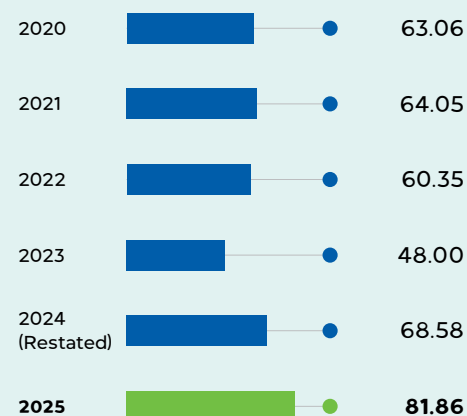
### Gearing (%)



### Interest Coverage (%)

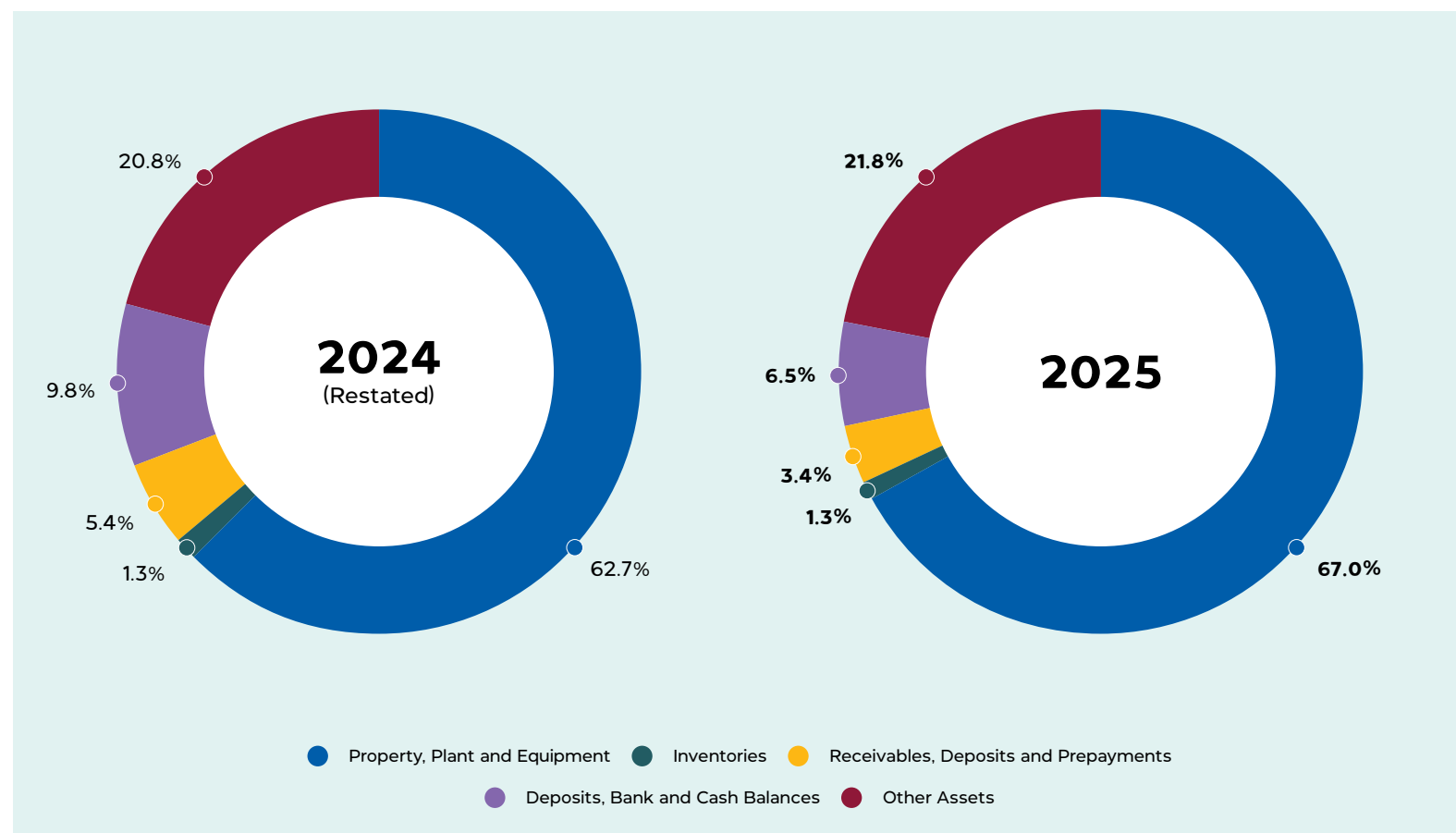


### Basic Earnings Per Share (sen)

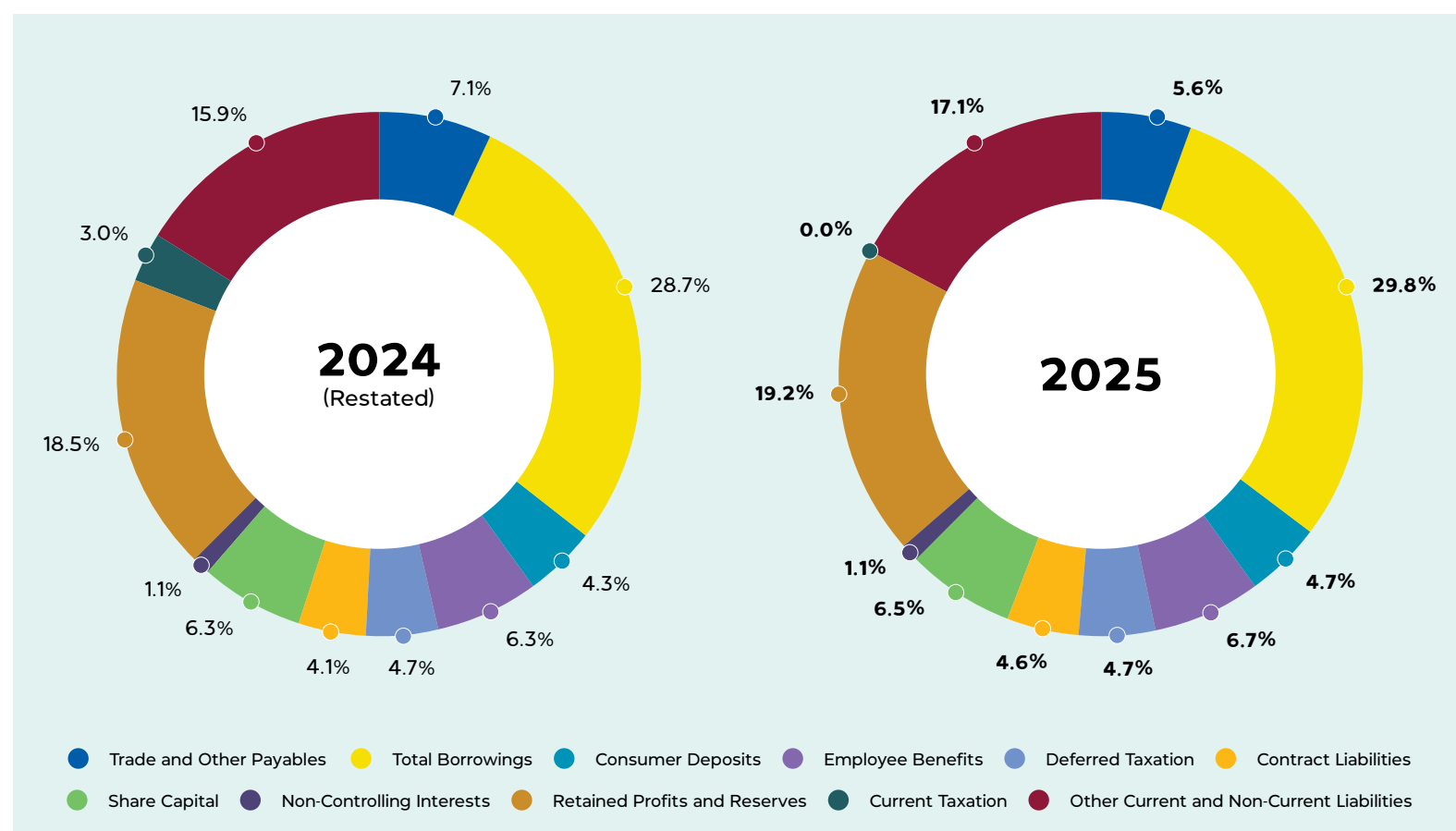


## SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

### TOTAL ASSETS



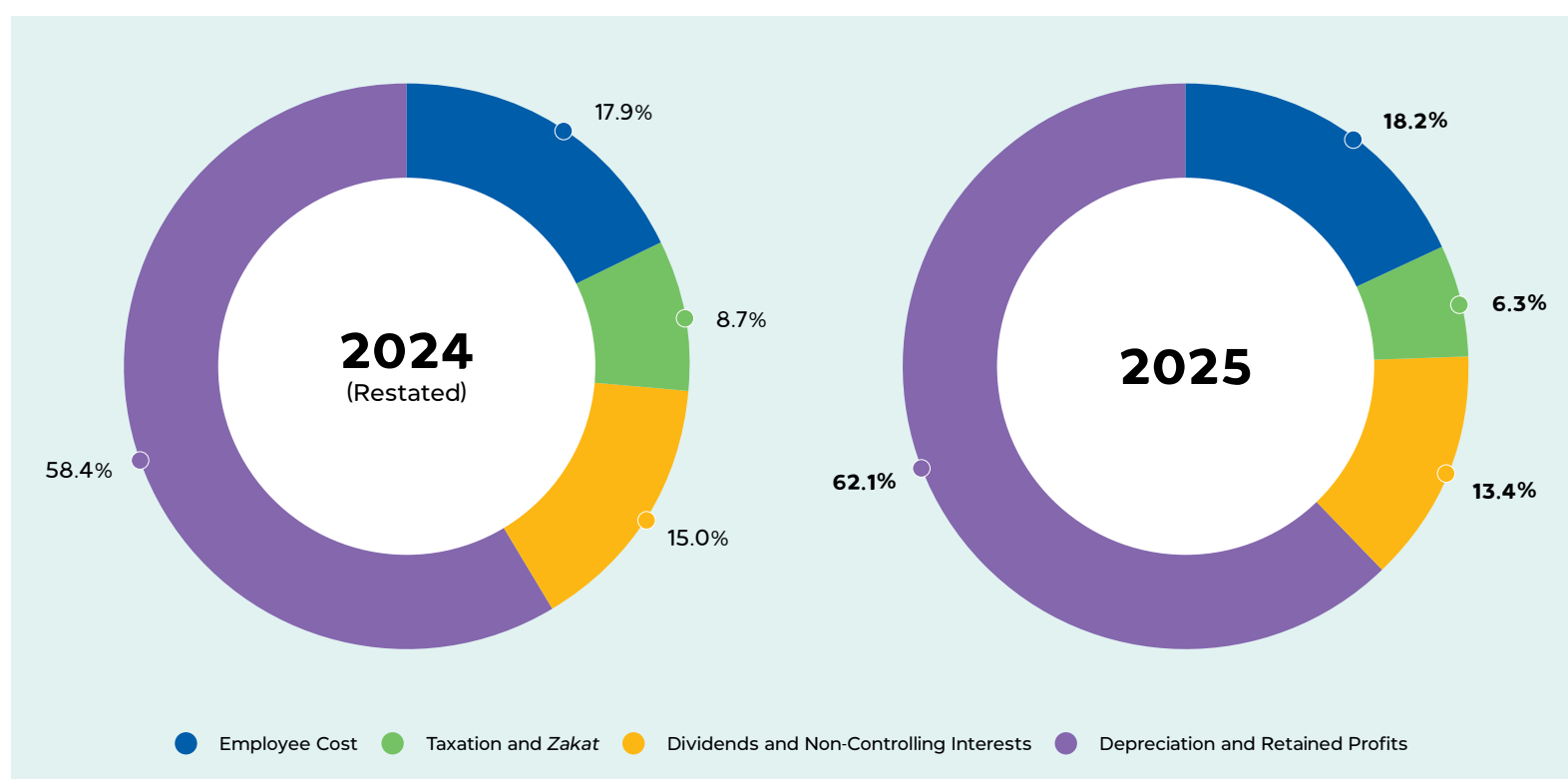
### TOTAL LIABILITIES AND EQUITIES



## STATEMENT OF VALUE ADDED

|                                                                                                  | 31.12.2025      | 31.12.2024<br>(Restated) |
|--------------------------------------------------------------------------------------------------|-----------------|--------------------------|
| <b>VALUE ADDED (RM million)</b>                                                                  |                 |                          |
| Revenue                                                                                          | 67,723.1        | 56,737.1                 |
| Imbalance Cost Pass-Through ('ICPT') and Automatic Fuel Adjustment ('AFA') (over)/under recovery | (2,738.6)       | 9,097.7                  |
| Operating expenses excluding staff cost and depreciation                                         | (41,688.0)      | (44,006.4)               |
| Net reversal on impairment of financial instruments                                              | 32.9            | 789.1                    |
| Other operating income                                                                           | 1,217.6         | 1,054.5                  |
| Finance income                                                                                   | 631.4           | 628.7                    |
| Finance cost                                                                                     | (3,994.5)       | (4,097.8)                |
| Fair value changes of financial instruments                                                      | 217.2           | (11.1)                   |
| Foreign exchange gain                                                                            | 702.6           | 467.4                    |
| Share of results of associates and joint ventures                                                | 87.8            | 107.5                    |
| Value added available for distribution                                                           | 22,191.5        | 20,766.7                 |
| <b>DISTRIBUTION (RM million)</b>                                                                 |                 |                          |
| To employees:                                                                                    |                 |                          |
| Staff cost                                                                                       | 4,034.6         | 3,719.5                  |
| To the Government:                                                                               |                 |                          |
| Taxation and zakat                                                                               | 1,406.8         | 1,805.6                  |
| To shareholders:                                                                                 |                 |                          |
| Dividends                                                                                        | 2,968.7         | 3,073.7                  |
| Non-controlling interests                                                                        | 1.7             | 31.0                     |
| To reinvest in the Group:                                                                        |                 |                          |
| Depreciation                                                                                     | 11,980.3        | 11,232.4                 |
| Retained profits                                                                                 | 1,799.4         | 904.5                    |
| <b>Total distributed</b>                                                                         | <b>22,191.5</b> | <b>20,766.7</b>          |

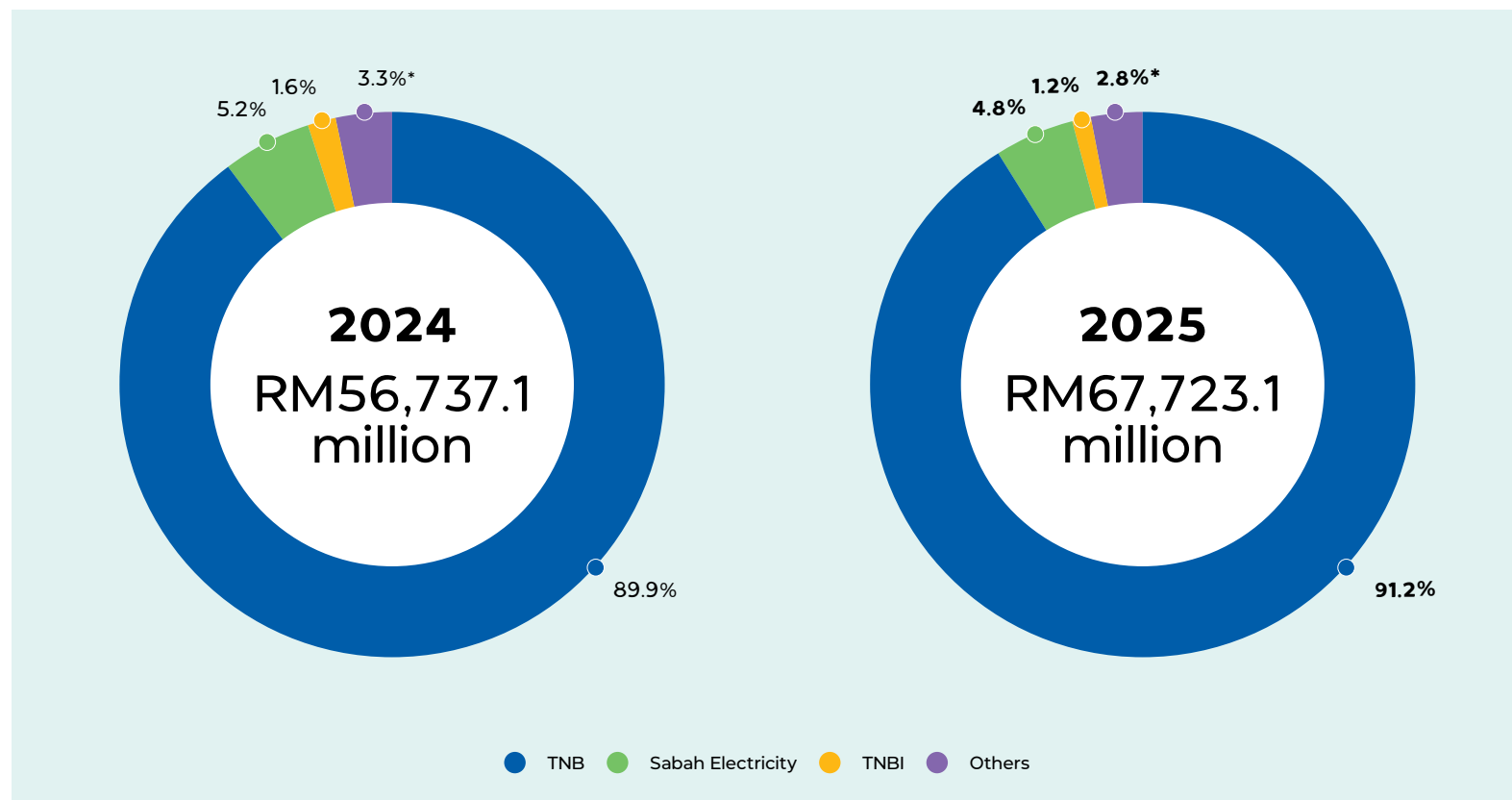
### DISTRIBUTION OF VALUE ADDED



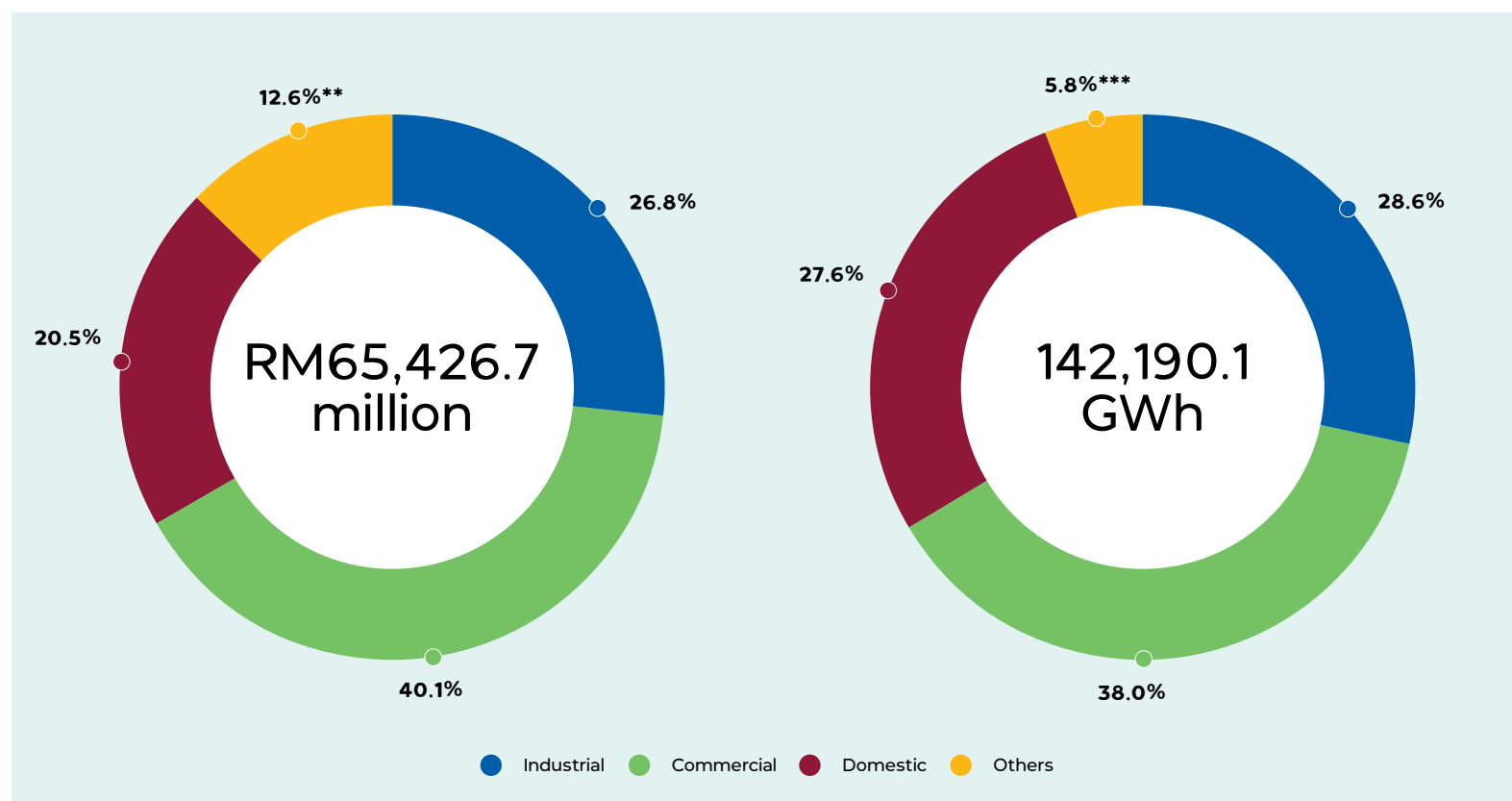


## CORE REVENUE

### TOTAL REVENUE



### GROUP SALES OF ELECTRICITY (BY SECTOR) IN YEAR 2025



\* Others include Goods & Services, Construction Contracts and Insurance Contract Revenue.

\*\* Others include Agriculture, Mining, Public Lighting, Water & Sewerage, Accrued Revenue, Energy Export, TNBI, Other Regulatory Adjustments and Tariff Support Subsidy & Fuel Subsidy - Sabah Electricity.

\*\*\* Others include Agriculture, Mining, Public Lighting, Water & Sewerage, Energy Export and TNBI.

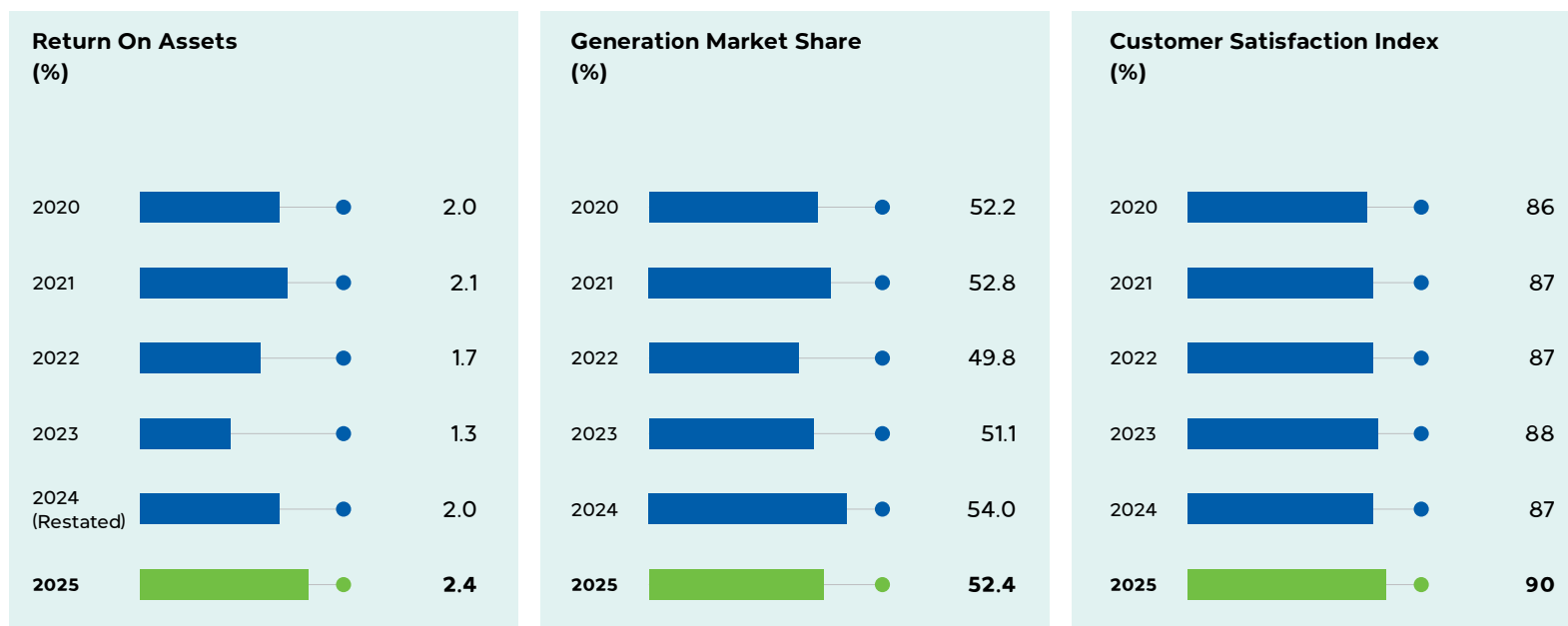
## OUR SCORECARD

|                                                                                            | 31.12.2020      | 31.12.2021      | 31.12.2022      | 31.12.2023      | 31.12.2024<br>(Restated) | 31.12.2025              |
|--------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------------|-------------------------|
| Return on asset                                                                            | 2.0%            | 2.1%            | 1.7%            | 1.3%            | 2.0%                     | <b>2.4%</b>             |
| Generation market share <sup>(1)</sup>                                                     | 52.2%           | 52.8%           | 49.8%           | 51.1%           | 54.0%                    | <b>52.4%</b>            |
| Customer satisfaction index                                                                | 86%             | 87%             | 87%             | 88%             | 87%                      | <b>90%</b>              |
| Corporate reputation index                                                                 | 81%             | 88%             | 79%             | 86%             | 82%                      | <b>88%</b>              |
| Equivalent availability factor <sup>(2)</sup>                                              | 87.39%          | 82.96%          | 83.20%          | 83.26%          | 81.17%                   | <b>87.8%</b>            |
| Equivalent Unplanned Outage Factor <sup>(2)</sup>                                          | 6.7%            | 7.8%            | 7.4%            | 6.6%            | 5.4%                     | <b>3.72%</b>            |
| Transmission system minutes <sup>(1)</sup>                                                 | 0.08<br>minutes | 0.08<br>minutes | 0.17<br>minutes | 0.48<br>minutes | 0.0019<br>minutes        | <b>0.15<br/>minutes</b> |
| System average interruption duration index <sup>(1)</sup> (SAIDI)<br>minutes/customer/year | 44.95           | 45.25           | 45.06           | 46.1            | 47.88                    | <b>46.93</b>            |
| Transmission losses <sup>(1)</sup>                                                         | 1.47%           | 1.60%           | 1.59%           | 1.56%           | 1.32%                    | <b>0.94%</b>            |
| Distribution losses <sup>(1)</sup>                                                         | 6.69%           | 6.16%           | 5.45%           | 5.42%           | 5.84%                    | <b>5.69%</b>            |
| Employee engagement/People Experience <sup>(3)</sup>                                       | 89%             | 85%             | 87%             | 89%             | 90%                      | <b>87%</b>              |

<sup>(1)</sup> For Peninsular Malaysia only.

<sup>(2)</sup> All Coal, Gas and Hydro power plants under TNB Power Generation Sdn. Bhd.

<sup>(3)</sup> In 2024, Employee Engagement Survey (EES) was replaced by People Experience (PX) Survey.



## FINANCIAL CALENDAR

### Announcements of Consolidated Results

**27 May 2025**

Unaudited consolidated results for the first (1<sup>st</sup>) quarter ended 31 March 2025

**28 August 2025**

Unaudited consolidated results for the second (2<sup>nd</sup>) quarter ended 30 June 2025

**28 November 2025**

Unaudited consolidated results for the third (3<sup>rd</sup>) quarter ended 30 September 2025

**26 February 2026**

Unaudited consolidated results for the fourth (4<sup>th</sup>) quarter ended 31 December 2025

### Dividends

Interim Single-Tier Dividend of 25.0 sen per ordinary share for the Financial Year ended 31 December 2025

**30 September 2025**

Entitlement Date

**16 October 2025**

Payment Date

Final Single-Tier Dividend of 28.0 sen per ordinary share for the Financial Year ended 31 December 2025

**31 March 2026**

Entitlement Date

**17 April 2026**

Payment Date

### Annual General Meetings

**23 April 2025**

Notice of 35<sup>th</sup> Annual General Meeting and Issuance of Integrated Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2024

**22 May 2025**

35<sup>th</sup> Annual General Meeting

**22 April 2026**

Notice of 36<sup>th</sup> Annual General Meeting and Issuance of Integrated Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2025

**21 May 2026**

36<sup>th</sup> Annual General Meeting

# SUSTAINABILITY STATEMENT

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## INTRODUCTION

### MARKING A MILESTONE, ADVANCING A MISSION

As a leading energy solutions provider, we are unwavering in our commitment to embedding sustainability at the core of our operations. With Reimagining TNB 2.0 as our compass, we are intensifying our efforts to deliver on our ESG commitments. Through transparent disclosures aligned with ISSB standards, we aspire to continuously deliver value to shareholders, empower our workforce and uplift communities.

TNB's primary business is in power generation and the transmission, distribution and sales of electricity. The business continues to evolve in response to Malaysia's Energy Transition, supported by the Group's strong governance, compliance with applicable regulatory frameworks and strategic investments in low-carbon technologies that enhance long-term enterprise value creation.

 For more information about our value creation model, refer to Our Value Creating Business Model on pages 70 to 71.

### TNB Operations, Resources and Relationships

TNB Group considered its business activities, including the products and services it provides, as well as the geographical and regulatory landscape of its operations. The Group also considered the resources it depends on and the relationships across its value chain. A high-level overview of the context considered is summarised below:

- a. Key locations: The Group operates in Malaysia, United Kingdom, Ireland, Türkiye, Australia and Saudi Arabia. The suppliers are mainly located in the countries where the TNB Group operates.
- b. Regulations: Due to the nature of the industry and the high level of scrutiny from stakeholders, the Group adheres to the regulatory requirements established by both local and international authorities, as well as the Group's policies. In cases where there are conflicting requirements, the more stringent requirements prevail.
- c. Key resources: The Group depends on several resources, which include the following:
  - Natural resources, which are used to generate the electricity supplied to our customers
  - Bank loans and other sources of financing to fund the Group's operations
  - Our employees, vendors and contractors
  - Joint ventures and partnerships with third parties

### BASIS OF PREPARATION – SCOPE AND BASIS

The Sustainability Statement 2025 (Statement) of TNB Company and its subsidiaries (TNB Group) has been prepared in accordance with the IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB), in line with Bursa Malaysia's Main Market Listing Requirements (MMLR). In addition, the Statement is prepared with reference to the Global Reporting Initiative (GRI) and in support of the United Nations Sustainable Development Goals (UN SDGs).



Disclosure topics in the Sustainability Accounting Standards Board (SASB) standards on the industry-specific Electric Utilities and Power Generators have also been referred to and considered when preparing this Statement.

 Refer to the Materiality Assessment chapter for further information on how the SASB topics and indicators have been mapped to the TNB material topics.

### Connectivity With Financial Statements

The Statement has been prepared for the Group and should be read in conjunction with TNB Group's consolidated financial statements. This Statement covers the financial year ended 31 December 2025 and is aligned with the reporting period of the related consolidated financial statements.

TNB Group defines time horizons based on when the sustainability-related and climate-related risks and opportunities could reasonably be expected to occur. As of the end of the reporting period, the following time horizons were identified, aligning with the timelines used for strategic green decision-making:

- Short term (2026)
- Medium term (2027–2030)
- Long term (2031–2050)

In preparing these sustainability-related financial disclosures, TNB Group has assessed its own operations and its value chain which includes, among others, the joint ventures and associates of TNB Group.

### **IFRS Sustainability Disclosure Standards and Transition Reliefs**

TNB Group is committed to a phased adoption of IFRS S1 and IFRS S2. TNB Group is also disclosing material topics in accordance with IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information” on a voluntary basis.

TNB Group has applied the following transition reliefs provided by the IFRS Sustainability Disclosure and the MMLR:

- Permissible to focus climate-related disclosures specifically on principal business segments
- Permissible to not disclose Scope 3 greenhouse gas (GHG) emissions (IFRS S2 Paragraph C4(b)), except for categories already required by applicable entities’ respective regulators.

Our disclosures include physical risk scenario analysis; transition risk scenario analysis is being developed and has not been included in the current reporting period. In line with IFRS S2, TNB is progressively strengthening its internal capabilities, methodologies and data processes and plans to incorporate transition risk scenario analysis in future reporting periods.

### **Reporting Boundary**

We have undertaken a review of the ISSB and GRI disclosure topics and have actively integrated them into our reporting process. This reflects our strong and ongoing commitment to enhancing transparency, strengthening governance and embedding globally recognised sustainability practices across our disclosures.

TNB’s sustainability disclosures are prepared using reasonable and supportable information available without undue cost or effort, with the reporting boundary defined in accordance with ISSB and National Sustainability Reporting Framework (NSRF) requirements.

TNB is committed to a phased adoption of IFRS S1 and IFRS S2. For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries.

In addition, the disclosure uses the GHG Protocol Corporate Accounting and Reporting Standard to measure the GHG emissions. Details of TNB’s approach in measuring its GHG emissions and further information on Scope 1, Scope 2 and relevant Scope 3 emissions can be found in the chapter “Greenhouse Gas Emissions and Energy Resource Planning”.

### **Judgement and Assumptions**

In the process of preparing this Statement, TNB Management has exercised judgement in a number of areas, including the process of identifying sustainability-related risks and opportunities and identifying relevant information to report.

In addition, the preparation of this Statement requires the application of judgement and the use of assumptions for certain information that cannot be directly measured or is subject to inherent measurement uncertainty. Assumptions have been applied where sustainability information relates to entities within the value chain and require estimation, or where disclosures involve forward-looking information and are subject to resource constraints or data availability limitations.

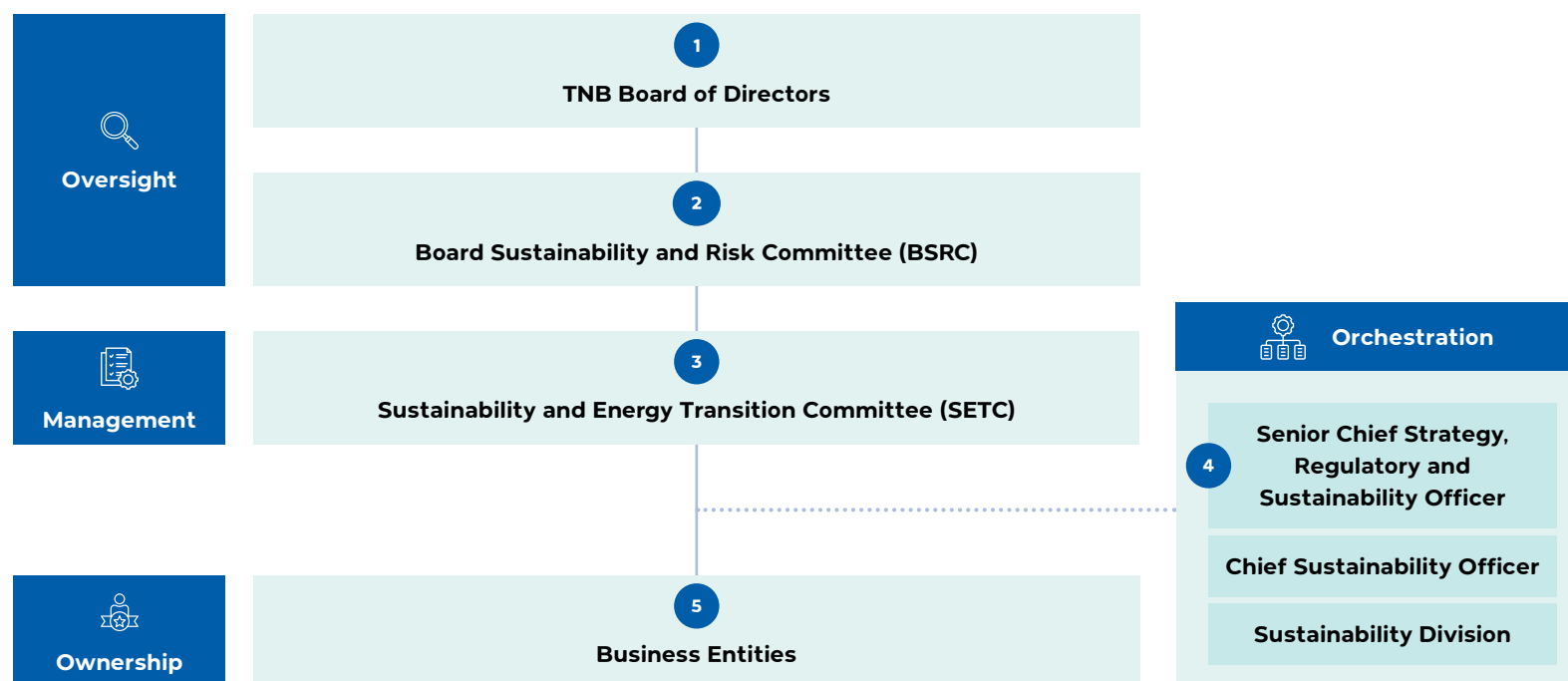
Judgement and assumptions were also applied in considering the metrics within disclosure topics in reference to SASB, including GHG quantification methodologies, identification and quantification of sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) and the selection of metrics within the applicable SASB standards for the Group.

## SUSTAINABILITY GOVERNANCE

Our sustainability governance forms a part of the TNB Governance Framework and 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 the implementation of sustainability strategies and initiatives at all levels.

### TNB SUSTAINABILITY GOVERNANCE STRUCTURE

IFRS S1.27(a)(i), IFRS S2.6(a)(i)



#### 1 TNB Board of Directors IFRS S1.27(a)(i)(iii)(iv), IFRS S2.6(a)(i)(iii)(iv)

The TNB Board approves the TNB sustainability pathway and strategies while overseeing their implementation and performances.

#### 2 Board Sustainability and Risk Committee (BSRC) IFRS S1.27(a)(i)(iii)(iv), IFRS S2.6(a)(i)(iii)(iv)

The BSRC assists the TNB 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.

Its core responsibilities include deliberating and recommending the sustainability strategy, framework and policy for TNB Board approval. The BSRC ensures the effective Group-wide deployment and execution of its strategy by considering sustainability-related and climate-related risks and opportunities. Furthermore, it is responsible for monitoring key performance against approved targets, reviewing the adequacy of allocated resources and investments, and ensuring the accuracy and compliance of the sustainability disclosures required by Bursa Malaysia.

See pages 276 to 278 for the TNB BSRC Report and pages 255 to 300 for the TNB Corporate Governance Statement.

#### 3 Sustainability and Energy Transition Committee (SETC) IFRS S1.27(b)(i)(ii), IFRS S2.6(b)(i)(ii)

The SETC, chaired by the TNB President/Chief Executive Officer and comprising TNB's Top Management, convenes monthly to deliberate and approve sustainability strategies, initiatives and targets with close monitoring of implementation progress. It drives the assessment and management of sustainability-related and climate-related risks and opportunities, ensuring sustainability integration into day-to-day business operations. Correspondingly, the SETC ensures that the Group's sustainability strategies, initiatives and performance are disclosed in a balanced, transparent and credible manner that meets stakeholders' needs and expectations.

## SUSTAINABILITY GOVERNANCE

### 4 Senior Chief Strategy, Regulatory and Sustainability Officer, Chief Sustainability Officer and Sustainability Division

The Senior Chief Strategy, Regulatory and Sustainability Officer steers the consolidated strategy, sustainability and long-term planning functions to strengthen strategic coherence, enhance stakeholder communication and ensure sustainability considerations are fully embedded into TNB's long-term decision-making and business direction.

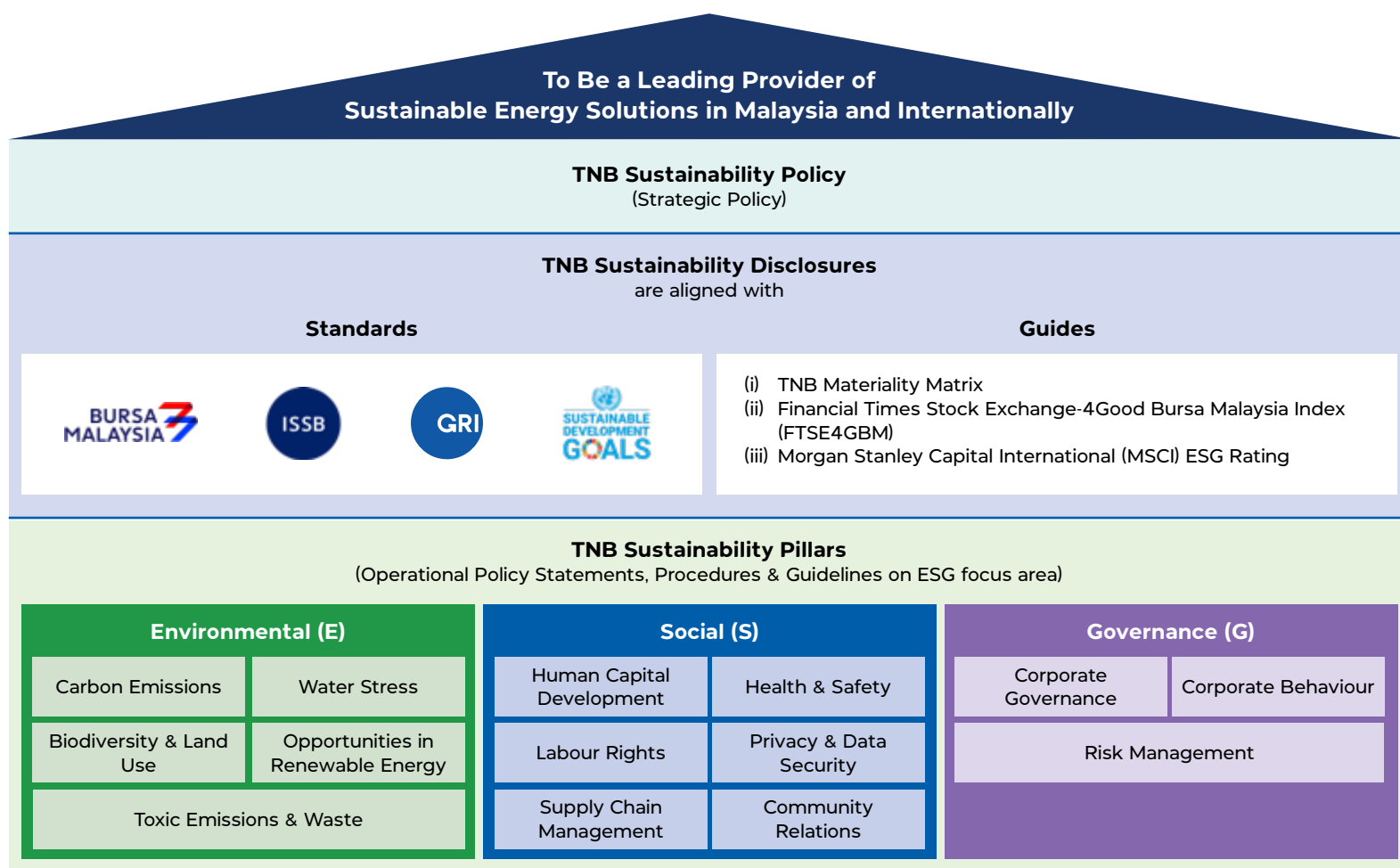
TNB Chief Sustainability Officer leads the Sustainability Division as a strategic partner to TNB Business entities in driving positive sustainability impact and unlocking opportunities to achieve the Group's aspirations. The division executes this mandate through four (4) key pillars: strengthening sustainability governance, driving impactful outcomes through data-driven performance, reinforcing stakeholder trust and providing transparent and balanced sustainability disclosures.

### 5 Business Entities

TNB business entities are responsible for assessing and managing their respective sustainability-related and climate-related risks and opportunities. This is achieved through robust controls, including thorough investment risk assessment and close performance monitoring, to ensure targets are met.

## TNB SUSTAINABILITY POLICY AND FRAMEWORK

The TNB Sustainability Policy is driven by a commitment to ethical, responsible and sustainable practices. This policy sets a course for environmental, social and governance excellence, aligning with legal requirements and international standards. Our aim is to drive positive change in the communities we serve, ensuring that our actions are sustainable and have a positive impact through 14 key focus areas in the Environmental, Social and Governance pillars of the TNB Sustainability Framework.





## DELIVERING ESG TARGETS

IFRS S1.27(a)(v), IFRS S2.6(v)

To strengthen accountability across the Group, sustainability performance has been formally integrated into the remuneration structure of TNB Management. Environmental and social outcomes now form a defined component of leadership responsibility, with at least 15% of management Key Performance Indicators (KPIs) linked to ESG priorities, depending on role and scope. Performance against these ESG-linked KPIs directly influences remuneration and rewards.

A key indicator embedded across the C-suite's KPIs is the Group's ESG rating performance. By linking leadership incentives to external ESG assessments, TNB aligns management accountability with internationally recognised benchmarks and strengthens focus on measurable sustainability outcomes.

To further reinforce leadership accountability, TNB has also incorporated quantitative sustainability targets into management KPIs, including carbon emissions reduction and waste reduction performance. Linking these targets to management incentives strengthens execution discipline and enables measurable progress across the Group's sustainability agenda.

This approach contributes to the Group's ESG standing. In 2025, TNB maintained an MSCI ESG Rating of A, while its FTSE4Good rating increased to four stars from three stars previously, corresponding to an FTSE Russell score of 4.0 and placing TNB within the top 11% of global utilities assessed. Score improvements were recorded across multiple ESG areas including biodiversity, carbon emissions, water stress, renewable energy opportunities, health and safety, community relations, labour rights, human capital development and corporate governance.

### FY2025 ESG KPIs for TNB Top Management

[illegible]

## TNB VALUE CHAIN AND VALUE CREATION

IFRS S1.3, S1.44(a)(i)(iii), S1.30, S1.58, S1.59(a), S1.B22-B23, S1.B28; IFRS S2.25(a)(i)(iii), S2.10(a)

Anchored on the Reimagining TNB 2.0 strategy, Tenaga Nasional Berhad evaluates sustainability-related and climate-related considerations across the TNB value chain, spanning key inputs and dependencies, core operational activities and the outcomes generated for stakeholders. This value chain perspective enables the Group to understand how developments across the energy supply chain, internal operations and end user relations may influence its performance and long-term value creation.

### INPUTS & DEPENDENCIES

#### FC FINANCIAL

- Shareholders' Funds: **RM52,974.0 million**
- Effective Weighted Average Cost of Funds: **4.6%**
- Total Borrowings: **RM59,085.7 million**
- Cash and Cash Equivalents: **RM10,652.3 million**

#### MC MANUFACTURED

##### Power Generation Assets

- Thermal Generation Capacity (Equity-Based Ownership)
  - Coal-Fired Plants: **6,790 MW**
  - Gas-Fired Plants: **4,587 MW**
  - Oil, Diesel & Solar Hybrid: **266 MW**
- Renewable Energy Capacity (Equity-Based Ownership)
  - Large Hydro: **2,640 MW**
  - Solar, Mini Hydro, Wind & Biomass/Biogas: **1,650 MW**

##### Power Network Assets

- Transmission Lines: **29,744 km**
- Transmission Substations: **545 units**
- Distribution Network Lines: **736,015 km**
- Distribution Network Substations: **99,603 units**

#### HC HUMAN

- Staff Expenditure: **RM4,034.6 million**
- Average Training Hours per Employee per Year: **57.56 hours**
- Total Training Hours: **1,988,642 hours**
- Investment in Learning and Development: **RM203.9 million**
- Employees Completed Learning and Development Programme: **34,552**

#### IC INTELLECTUAL

- Investment in Research and Development: **RM85.7 million**
- Operational & Service Innovations
- Established Green Lane Pathway to Streamline On-Boarding Process for Data Centres

#### SR SOCIAL & RELATIONSHIP

- Total Customers:
  - Peninsular Malaysia: **10.66 million**
  - Sabah: **0.73 million**
- Donations and sponsorships for well-being, education, sports and the environment: **RM232.3 million**

#### NC NATURAL

- Hydro: **7,380.92 GWh**
- Solar: **1,023.61 GWh**
- Biomass: **15.61 GWh**
- Biogas: **9.90 GWh**
- Wind: **447.17 GWh**

### ENERGY SUPPLY CHAIN

#### Procurement of supplies, works and services (Fuel, water, material)

### TNB BUSINESS

#### Power Generation

##### Deliver Clean Generation

Grow clean energy and renewable energy domestically and phase global footprint

#### Grid Network (Grid & Distribution Network)

##### Develop Energy Transition Network

Invest in grid flexibility for domestic energy transition

- Maintain security of supply
- Meet green energy demand growth

#### Retail (Product & Services)

##### Dynamic Energy Solutions

Enhance customer service delivery

- Enable customer participation in the green energy space



### END-USER RELATIONS

#### Relations with Retail Customers

## TNB VALUE CHAIN AND VALUE CREATION

## Procurement of energy from Independent Power Producers

Malaysia, UK,  
Ireland, Australia,  
Türkiye and  
Saudi Arabia

Total Installed  
RE Capacity:  
4,681 MW

Total Number of  
Power Plants:  
217 units

Malaysia

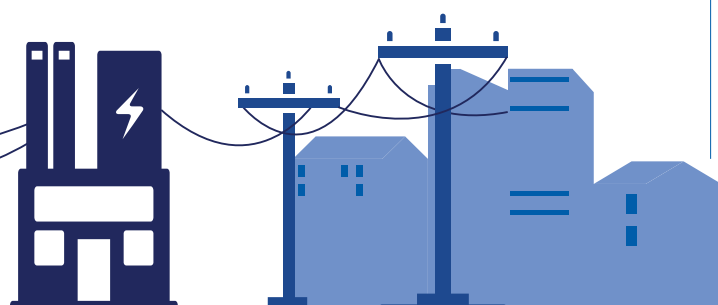
Total Length of  
Transmission  
Network:  
29,744 km

Smart Meters  
Deployed:  
>5.6 million  
as at  
31 December  
2025

Malaysia

Number of  
Customers:  
11.39 million

Total Energy  
Units Sold in  
Malaysia:  
140,137.6 GWh



## Relations with End Users

## OUTPUTS &amp; BENEFITS

**FC FINANCIAL**

- Revenue: **RM67,723.1 million**
- Operating Profit: **RM8,532.1 million**
- Net Profit Attributable to Owners of the Company: **RM4,768.1 million**
- Total Dividend: **RM3,089.5 million**

**MC MANUFACTURED**

- Equivalent Availability Factor (EAF) for Power Generation
  - Peninsular Malaysia: **87.8%** | Sabah: **73.2%** | International: **94.5%**
- System Minutes for Grid
  - Peninsular Malaysia: **0.15 minutes** | Sabah: **9.93 minutes**
- System Average Interruption Duration Index (SAIDI) for Distribution Network
  - Peninsular Malaysia: **46.93 minutes** | Sabah: **186.00 minutes**

**HC HUMAN**

- Organisational Competency Index (OCI): **89.5%**
- Lost Time Injury Frequency (LTIF): **0.83**

**IC INTELLECTUAL**

- R&D Technology Solutions and Services: **10**
- Revenue from Commercialisation of Technology Solutions and Services: **RM28.9 million**
- Employees Upskilled in Energy Transition Capabilities: **5,645**
- Ranking in Brand Finance's Most Valuable & Strongest Utilities Brands 2025: **Ranking 2**

**SR SOCIAL & RELATIONSHIP**

- Successful Graduates Under Yayasan TNB: **745**
- Net Taxation and Zakat Paid: **RM7,741.8 million**
- Customer Satisfaction Index (CSI): **9.0**
- Regulatory Relationship Strength Index (RRSI): **96%**
- Energy Literacy Level Under the Malaysia Energy Literacy Programme (MELP): **79.8%**

**NC NATURAL**

- GHG Emissions Intensity: **0.537 tCO<sub>2</sub>e/MWh\***
- Total Rainwater Harvested for TNB Platinum: **around 8.37 megalitres**
- TNB's Fleet Electrified: **401 vehicles**
- Elevate Biodiversity and Sustainability Efforts: **approximately RM3.4 million**

\*Excluding external factors that lead to emissions intensity of 0.565 tCO<sub>2</sub>e/MWh in FY2025.

## STAKEHOLDER ENGAGEMENT

TNB has identified nine (9) stakeholder groups and engages with them through various engagement platforms. We highly value all our stakeholders and seek to create better relationships with them through continuous engagement, dialogue and transparent communication in our dealings. The objective is to create value for each stakeholder group, building trust and credibility while ensuring our actions are aligned with their needs and expectations.

**Engagement Frequency** **ATT** All the time **O** Ongoing **DY** Daily **MO** Monthly **B** Biannually **QT** Quarterly **AL** Annually **AN** As needed

### CUSTOMERS & COMMUNITIES

| Engagement Platform                        | Engagement Frequency |
|--------------------------------------------|----------------------|
| One-Stop Centres ( <i>Kedai Tenaga</i> )   | ATT                  |
| Call Centre                                | ATT                  |
| myTNB Mobile Application and Online Portal | ATT                  |
| Customer Surveys                           | MO                   |
| Social Platform Activities                 | ATT                  |
| Roadshows                                  | AN                   |
| Campaigns                                  | AN                   |

| Engagement Platform    | Engagement Frequency |
|------------------------|----------------------|
| One-to-One Engagements | AN                   |
| Email                  | AN                   |
| Outreach Programmes    | MO                   |
| CSR Programmes         | MO                   |
| Townhall Sessions      | QT                   |
| Dialogue Sessions      | AN                   |
| Sporting Events        | DY                   |

#### Topics and Areas of Concern

- Accessible, affordable and reliable supply of electricity
- New technologies such as the implementation of smart meters and their offerings, smart solutions, solar solutions and platform solutions
- Tariff matters
- Energy solutions and green products, including take-up rates of green and sustainable solutions
- Matters related to Personal Data Protection Act (PDPA) compliance
- Public facilities and basic infrastructure
- Compliance
- Energy literacy
- National sports development – hockey

### REGULATORS

| Engagement Platform    | Engagement Frequency |
|------------------------|----------------------|
| Meetings and Briefings | O                    |
| Site Visits            | AN                   |
| Round-Table Sessions   | AN                   |
| One-to-One Engagements | O                    |

| Engagement Platform | Engagement Frequency |
|---------------------|----------------------|
| Outreach Programmes | O                    |
| Summits/Conferences | AL                   |
| Feedback Sessions   | AL AN                |

#### Topics and Areas of Concern

- Regulatory and operational compliance
- Changes in the regulatory framework and electricity supply industry
- Disaster management and cybersecurity management
- Nation-building initiatives that stimulate economic growth through green energy and job opportunities, benefiting the rakyat's well-being
- The energy trilemma (Security, Affordability, Sustainability)
- ESG and Energy Transition initiatives
- Development programmes for local Bumiputera vendors
- Rural development initiatives

### TNB RETIREES

| Engagement Platform                        | Engagement Frequency |
|--------------------------------------------|----------------------|
| Syndication and Engagements                | B                    |
| Long Service Award and Retirement Ceremony | AL                   |

| Engagement Platform                  | Engagement Frequency |
|--------------------------------------|----------------------|
| Informal Sessions, Meetings, Webinar | O                    |

#### Topics and Areas of Concern

- Retirees, well-being
- Alumni and alumni fund
- Impact of policies or policy revisions on retirees regarding benefits
- Business performance



## STAKEHOLDER ENGAGEMENT

Engagement  
Frequency

ATT All the time

O Ongoing

DY Daily

MO Monthly

B Biannually

QT Quarterly

AL Annually

AN As needed

## EMPLOYEES

| Engagement Platform                                                                                | Engagement Frequency |
|----------------------------------------------------------------------------------------------------|----------------------|
| Townhall Sessions                                                                                  | AL                   |
| Turun Padang, Sesi Sampai & Santai, Sesi FB Live, Brown-Bag Sessions and Other Outreach Programmes | O                    |
| Online Portal (Intranet), Newsletters, Emails and Digital Boards                                   | ATT                  |
| People Experience Surveys                                                                          | AL                   |
| One-to-One Engagements                                                                             | AN                   |

| Engagement Platform                                                             | Engagement Frequency |
|---------------------------------------------------------------------------------|----------------------|
| Social Platform Activities                                                      | AN                   |
| Corporate Social Responsibility (CSR)                                           | AN                   |
| Webinars                                                                        | AN                   |
| Joint Consultative Council (JCC) at Corporate, Business Entity and Local Levels | O                    |
| Negotiations for Collective Agreements (CA)                                     | AN                   |
| Syndication and Engagement                                                      | AN                   |

## Topics and Areas of Concern

- Employee well-being and workplace culture
- Performance, rewards and benefits
- Safety and health
- Talent and skill development

- Employee satisfaction
- TNB strategies and initiatives
- Mitigation and resolution of issues
- Impact of new policies or policy revisions on employees

## MEDIA

| Engagement Platform                         | Engagement Frequency |
|---------------------------------------------|----------------------|
| Press Conferences, Meetings and Briefings   | QT AL                |
| Engagement Series With Media at State Level | AN                   |

| Engagement Platform             | Engagement Frequency |
|---------------------------------|----------------------|
| Meetings, Conferences, Webinars | AN                   |

## Topics and Areas of Concern

- Business strategy and performance, such as overall electricity demand growth and grid readiness
- Affordable tariffs

- Supply reliability
- Current and planned ESG efforts
- Energy literacy

## FEDERAL &amp; STATE GOVERNMENTS

| Engagement Platform    | Engagement Frequency |
|------------------------|----------------------|
| Meetings and Briefings | O                    |
| Site Visits            | AN                   |
| Round-Table Sessions   | AN                   |
| One-to-One Engagements | O                    |

| Engagement Platform | Engagement Frequency |
|---------------------|----------------------|
| Outreach Programmes | O                    |
| Summits/Conferences | AL                   |
| Feedback Sessions   | AL AN                |

## Topics and Areas of Concern

- Regulatory and operational compliance
- Changes in the regulatory framework and electricity supply industry
- Disaster management and cybersecurity management
- Nation-building initiatives that stimulate economic growth through green energy and job opportunities, benefiting the rakyat's well-being

- The energy trilemma (Security, Affordability, Sustainability)
- ESG and energy transition initiatives
- Development programmes for local Bumiputera vendors
- Rural development initiatives

## STAKEHOLDER ENGAGEMENT

**Engagement Frequency** **ATT** All the time **O** Ongoing **DY** Daily **MO** Monthly **B** Biannually **QT** Quarterly **AL** Annually **AN** As needed

## FINANCIAL COMMUNITIES

| Engagement Platform                                                | Engagement Frequency |
|--------------------------------------------------------------------|----------------------|
| Quarterly and Full Year Financial Results Disclosures              | QT AL                |
| One-to-One Engagement/Group Meetings With the Investment Community | O                    |
| Investor Conferences and Non-Deal Roadshows                        | AL                   |
| Annual General Meetings                                            | AL                   |

| Engagement Platform                                  | Engagement Frequency |
|------------------------------------------------------|----------------------|
| TNB Corporate Website's Investor Relations Section   | AN                   |
| Bursa Filings and Press Releases                     | AN                   |
| Integrated Annual Reports and Sustainability Reports | AL                   |
| Email Updates to the Investment Community            | AN                   |

## Topics and Areas of Concern

- National Energy Transition Roadmap (NETR) Flagship catalyst projects, Market Aggregator (ENEGEM) and Third-Party Access (TPA) and tariff reforms
- Regulatory framework (Incentive-Based Regulations, Regulatory Period 4 and Imbalance Cost Pass-Through Mechanism)
- Energy Transition (ET) Plan initiatives and progress, such as decarbonisation strategy, renewable energy growth opportunities and capital expenditure plan for ET
- Business strategy and performance, such as overall electricity demand growth and grid readiness
- Financial management, including key areas such as financial sustainability, returns, fuel margins, working capital management initiatives, gearing, financial position and dividend

## NON-GOVERNMENTAL ORGANISATIONS &amp; ASSOCIATIONS

| Engagement Platform    | Engagement Frequency |
|------------------------|----------------------|
| One-to-One Engagements | AL AN                |
| Outreach Programmes    | AN                   |
| Seminars               | AN                   |

| Engagement Platform                     | Engagement Frequency |
|-----------------------------------------|----------------------|
| Collaboration Sessions                  | AN                   |
| Social Media                            | AN                   |
| Meetings and Knowledge-Sharing Sessions | B                    |

## Topics and Areas of Concern

- Tariff-related matters
- Energy literacy
- Innovation in technology and renewable energy
- Quality of service
- Supply reliability
- Current and planned ESG efforts
- Environment and occupational safety and health

## VENDORS &amp; PARTNERS

| Engagement Platform              | Engagement Frequency |
|----------------------------------|----------------------|
| Engagement and Briefing Sessions | AN                   |
| Dialogue Sessions                | AN                   |

| Engagement Platform           | Engagement Frequency |
|-------------------------------|----------------------|
| Vendor Training and Awareness | AN                   |
| Joint Operation Centre        | AN                   |

## Topics and Areas of Concern

- Industry support for business growth through financing opportunities, technology and solutions
- New business opportunities and future developments
- Safety and health
- Procurement processes
- Training and capability development
- Fraud and bribery awareness
- Tariff matters

# MATERIALITY ASSESSMENT

IFRS S1.17, 18,19, B 13-37

## OUR APPROACH

The materiality assessment ensures our strategies and sustainability goals align with evolving stakeholder needs and emerging business risks and opportunities. The Group Sustainability and Energy Transition Committee (SETC) has endorsed the approach for TNB's materiality assessment for FY2025, ensuring a holistic process that incorporates two (2) key lenses of focus:

| IMPACT MATERIALITY                                                              | FINANCIAL MATERIALITY                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| refers to how the Group's business affects the environment, economy and people. | is where the Group identifies and assesses sustainability-related risks and opportunities that could reasonably be expected to affect its financial position, financial performance and cash flows, cost of capital, and access to finance over the short, medium and long term. |

## WHAT MATTERS TO THE STAKEHOLDERS

The identification of the Group's sustainability-related and climate-related risks and opportunities was grounded in what matters most to its stakeholders. Through structured engagement sessions conducted across multiple platforms and frequencies, stakeholders articulated their key concerns and expectations relating to economic, environmental and social impacts. These inputs were consolidated and evaluated in collaboration with the respective business entities responsible for stakeholder relationships, with issues assessed based on priority and relevance.

This process resulted in the identification of 15 material topics (MT) representing the most significant sustainability themes to both TNB and its stakeholders. The topics were then mapped in accordance with the ISSB Standards, specifically IFRS S1 and IFRS S2, to assess their relevance to sustainability-related and climate-related financial disclosures. They were also benchmarked against the SASB Electric Utilities and Power Generators industry-specific standards, including Activity-Based Metrics covering generation, grid, distribution and retail operations. Matters identified as Stakeholders' Interests Beyond SASB Topics were incorporated to capture broader sustainability considerations.

Through this integrated impact materiality and standards alignment process, the 15 material topics were prioritised according to their relative significance. These topics form the foundation of TNB's Sustainability- and Climate-related Risks and Opportunities.

| TNB Material Topics                                   |       |                                                       | ISSB Standards - SASB Electric Utilities and Power Generators Sector |                                       | 61 ISSB Indicators |                             | 41 Indicators to Support     |
|-------------------------------------------------------|-------|-------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------|--------------------|-----------------------------|------------------------------|
|                                                       |       |                                                       |                                                                      |                                       | IFRS S1/IFRS S2    | SASB Activity-Based Metrics | TNB Sustainability Narrative |
| Our Climate Response and Energy Transition Strategy   | MT 1  | Energy Transition and Grid Resiliency                 | IFRS S2                                                              | Grid Resiliency                       | 6                  | 3                           | 4                            |
|                                                       | MT 2  | Greenhouse Gas Emissions and Energy Resource Planning |                                                                      | Greenhouse Gas Emissions              | 9                  | 11                          | 3                            |
|                                                       | MT 3  | Climate Resiliency                                    |                                                                      | Climate Change                        | 2                  | -                           | -                            |
|                                                       | MT 4  | Customer Experience and Energy Efficiency             |                                                                      | End-use Efficiency and Demand         | 1                  | 7                           | 3                            |
|                                                       | MT 5  | Water and Biodiversity                                |                                                                      | Water Management                      | 7                  | -                           | 4                            |
|                                                       | MT 6  | Nuclear as a Future Clean Energy Source               |                                                                      | Nuclear Safety & Emergency Management | -                  | -                           | -                            |
| Our Commitment to Advancing Sustainability Management | MT 7  | Energy Reliability and Affordability                  | IFRS S1                                                              | Energy Affordability                  | 4                  | -                           | 1                            |
|                                                       | MT 8  | Air Quality Management                                |                                                                      | Air Quality                           | 6                  | -                           | -                            |
|                                                       | MT 9  | Waste Management and Coal Ash Management              |                                                                      | Coal Ash Management                   | 2                  | -                           | 1                            |
|                                                       | MT 10 | Safety, Health and Well-Being                         |                                                                      | Workforce Health and Safety           | 3                  | -                           | 3                            |
| Our Shared Path Towards Sustainability                | MT 11 | Business Ethics and Corporate Governance              | Stakeholders' Interests Beyond SASB Topics                           |                                       | -                  | -                           | 3                            |
|                                                       | MT 12 | Labour Rights and Employment Culture                  |                                                                      |                                       | -                  | -                           | 15                           |
|                                                       | MT 13 | Community Development and Social Impact               |                                                                      |                                       | -                  | -                           | 2                            |
|                                                       | MT 14 | Sustainable and Responsible Supply Chain              |                                                                      |                                       | -                  | -                           | 1                            |
|                                                       | MT 15 | Digital Trust and Cybersecurity                       |                                                                      |                                       | -                  | -                           | 1                            |

## SUSTAINABILITY-RELATED AND CLIMATE-RELATED OPPORTUNITIES AND RISKS AT A GLANCE

IFRS S1.44(a)(i)(iii), S1.30, S1.58, S1.59(a), S1.351.B22-B23, S1.B28; IFRS S2.25(a)(i)(iii), S2.10(a)

The assessment of sustainability-related and climate-related risks and opportunities of the 15 identified material topics was undertaken through a structured process. It considers both the potential for value creation and risk exposure, including their effects across TNB's value chain. Each risk and opportunity was evaluated for its potential financial implications, taking into account the Group's current performance as well as projected impacts across the short, medium and long term horizons.

The summary table presents the 15 material topics together with the associated sustainability-related and climate-related risks and opportunities, including quantified financial impacts where applicable.

|                                                     |                                                       | IFRS S1.30(a)<br>IFRS S2.10(a)                                                  | IFRS S1.30(b)<br>IFRS S2.10(b) | IFRS S1.32(b)<br>IFRS S2.13 (b) | IFRS S1.29(d), 35(d)<br>IFRS S2.16(d) |                                 |                  |                         |                      |                       |                       |
|-----------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------|---------------------------------|---------------------------------------|---------------------------------|------------------|-------------------------|----------------------|-----------------------|-----------------------|
| Material Topics                                     | Opportunity                                           | Time Horizon                                                                    |                                |                                 | Value Chain                           | Measurement of Financial Impact | Financial Impact |                         |                      |                       |                       |
|                                                     |                                                       | S                                                                               | M                              | L                               |                                       |                                 | Current          | Short                   | Medium               | Long                  |                       |
| Our Climate Response and Energy Transition Strategy | Climate-Related IFRS S2                               |                                                                                 |                                |                                 |                                       |                                 |                  |                         |                      |                       |                       |
|                                                     | Energy Transition and Grid Resiliency                 | Expansion of the renewable energy business domestically and internationally     | ✓                              | ✓                               | ✓                                     |                                 | Revenue          | RM2.2 bil               | <RM4 bil             | RM4 bil – RM10 bil    | >RM10 bil             |
|                                                     |                                                       | Enhancing grid flexibility for higher renewable integration                     | ✓                              | ✓                               | ✓                                     |                                 | CAPEX            | RM1.4 bil – RM1.9 bil   | <RM5 bil             | <RM5 bil              | <RM5 bil              |
|                                                     |                                                       | Unlocking regional energy trading through the ASEAN Power Grid interconnections | ✓                              | ✓                               | ✓                                     |                                 | Revenue          | RM45.9 mil              | <RM50 mil            | Assessment Is Ongoing | Assessment Is Ongoing |
|                                                     | Greenhouse Gas Emissions and Energy Resource Planning | Driving decarbonisation through lower-carbon technologies                       | –                              | ✓                               | ✓                                     |                                 | Cost Avoidance   | –                       | –                    | RM50 mil – RM450 mil  | RM50 mil – RM450 mil  |
|                                                     |                                                       | Gas as a transitional fuel for energy security and system flexibility           | ✓                              | ✓                               | ✓                                     |                                 | Revenue          | RM6.3 bil               | RM5 bil – RM10 bil   | >RM10 bil             | >RM10 bil             |
|                                                     | Climate Resiliency                                    | Enhancing climate resilience across generation and grid assets                  | ✓                              | ✓                               | ✓                                     |                                 | CAPEX            | RM400 mil               | >RM450 mil           | >RM450 mil            | >RM450 mil            |
|                                                     | Customer Experience and Energy Efficiency             | Provision of sustainable energy solutions and services                          | ✓                              | ✓                               | ✓                                     |                                 | Revenue          | RM135.4 mil             | RM50 mil – RM450 mil | RM50 mil – RM450 mil  | >RM450 mil            |
|                                                     | Water and Biodiversity                                | Optimising water use and environmental stewardship in power operations          | ✓                              | ✓                               | ✓                                     |                                 | Cost Avoidance   | Cost Savings RM1.3 mil  | <RM50 mil            | <RM50 mil             | <RM50 mil             |
|                                                     |                                                       | Biodiversity-integrated infrastructure planning                                 | ✓                              | ✓                               | ✓                                     |                                 | CAPEX            | RM35.6 mil – RM36.5 mil | <RM50 mil            | RM50 mil – RM450 mil  | RM50 mil – RM450 mil  |
| Nuclear as A Future Clean Energy Source             | Developer-owner-operator of nuclear power facilities  | –                                                                               | –                              | ✓                               |                                       | Revenue                         | –                | –                       | –                    | RM5 bil – RM10 bil    |                       |



**Time Horizon** S - Short (2026) M - Medium (2027-2030) L - Long (2031-2050) **Risk type only applicable for IFRS S2 topic** P - Physical Risk T - Transition Risk

**Value Chain**  Energy Supply Chain  End-Use Relation  TNB Business  Generation  Grid Network  Distribution Network  Retail

IFRS S1.30(a)  
IFRS S2.10(a)

IFRS  
S2.10(b)

IFRS S1.30(b)  
IFRS S2.10(c)

IFRS S1.32(b)  
IFRS S2.13 (b)

IFRS S1.35(d)  
IFRS S2.16(d)

| Risk                                                                                                  | Type | Time Horizon |   |   | Value Chain                                                                                                                                                                                                                                                 | Measurement of Financial Impact | Financial Impact |                             |                       |                       |
|-------------------------------------------------------------------------------------------------------|------|--------------|---|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------|-----------------------------|-----------------------|-----------------------|
|                                                                                                       |      | S            | M | L |                                                                                                                                                                                                                                                             |                                 | Current          | Short                       | Medium                | Long                  |
| Conflicting resources, including land and water bodies, for renewable energy expansion projects       | T    | ✓            | ✓ | ✓ |       | Unrealised Revenue              | –                | <RM50 mil                   | RM50 mil – RM450 mil  | >RM450 mil            |
| Challenges in the implementation of a comprehensive smart grid                                        | P    | –            | ✓ | ✓ |                                                                                       | Unrealised Revenue              | –                | –                           | <RM50 mil             | <RM50 mil             |
| Uncertainties related to ASEAN Power Grid interconnections                                            | T    | ✓            | ✓ | ✓ |                                                                                                                                                                          | Unrealised Revenue              | –                | Unrealised Revenue <RM5 mil | Assessment Is Ongoing | Assessment Is Ongoing |
| Technology constraints increase decarbonisation costs and delay transition efforts                    | T    | ✓            | ✓ | ✓ |                                                                                                                                                                          | Cost Increase                   | –                | <RM50 mil                   | RM50 mil – RM450 mil  | RM50 mil – RM450 mil  |
| Limited fuel resources restricting coal-to-gas transition and decarbonisation progress                | T    | ✓            | ✓ | ✓ |    | Cost Increase                   | –                | <RM50 mil                   | <RM50 mil             | <RM50 mil             |
| Inadequate climate adaptation for TNB critical assets impacting the reliability of electricity supply | P    | ✓            | ✓ | ✓ |    | Cost Increase                   | RM26.8 mil       | RM50 mil – RM450 mil        | <RM50 mil             | <RM50 mil             |
| Ineffective marketing leading to slow uptake of green offerings                                       | T    | ✓            | ✓ | ✓ |                                                                                       | Unrealised Revenue              | RM34.7 mil       | RM50 mil – RM450 mil        | RM50 mil – RM450 mil  | RM50 mil – RM450 mil  |
| Challenges in executing water optimisation initiatives in power operations                            | T    | ✓            | ✓ | ✓ |                                                                                                                                                                          | Cost Increase                   | –                | <RM50 mil                   | <RM50 mil             | <RM50 mil             |
| Inadequate assessment and tracking of biodiversity net positive impact                                | T    | ✓            | ✓ | – |                                                                                       | Cost Increase                   | RM31.6 mil       | <RM50 mil                   | <RM50 mil             | –                     |
| Technology uncertainty and public acceptance challenges impeding nuclear deployment                   | T    | –            | – | ✓ |                                                                                                                                                                          | Unrealised Revenue              | –                | –                           | –                     | <RM5 bil              |

Time Horizon S - Short (2026) M - Medium (2027-2030) L - Long (2031-2050)

Risk type only applicable for IFRS S2 topic P - Physical Risk T - Transition Risk

|                                                       |                                          | IFRS S1.30(a)<br>IFRS S2.10(a)                                                                 | IFRS S1.30(b)<br>IFRS S2.10(b) | IFRS S1.32(b)<br>IFRS S2.13 (b) | IFRS S1.29(d), 35(d)<br>IFRS S2.16(d) |                                 |                                                                                                                                                                       |                |                                      |                      |                      |                      |
|-------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------|---------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------|----------------------|----------------------|----------------------|
| Material Topics                                       | Opportunity                              | Time Horizon                                                                                   |                                |                                 | Value Chain                           | Measurement of Financial Impact | Financial Impact                                                                                                                                                      |                |                                      |                      |                      |                      |
|                                                       |                                          | S                                                                                              | M                              | L                               |                                       |                                 | Current                                                                                                                                                               | Short          | Medium                               | Long                 |                      |                      |
| Our Commitment to Advancing Sustainability Management | Sustainability-Related IFRS S1           |                                                                                                |                                |                                 |                                       |                                 |                                                                                                                                                                       |                |                                      |                      |                      |                      |
|                                                       | Energy Reliability and Affordability     | Grid modernisation to enhance system reliability, energy affordability and customer experience |                                | ✓                               | ✓                                     | ✓                               |   ✓ | CAPEX          | RM0.5 bil – RM0.9 bil                | <RM5 bil             | <RM5 bil             | <RM5 bil             |
|                                                       | Air Quality Management                   | Enhancing air quality through transition to cleaner fuels                                      |                                | ✓                               | ✓                                     | ✓                               |                                                                                      | Cost Avoidance | –                                    | –                    | <RM50 mil            | <RM50 mil            |
|                                                       | Waste Management and Coal Ash Management | Transforming waste and ash management through coal phase-out and cleaner generation            |                                | ✓                               | ✓                                     | -                               |  ✓                                                                                 | Revenue        | RM33.3 mil                           | <RM50 mil            | <RM50 mil            | –                    |
|                                                       | Safety, Health and Well-Being            | Enhancing workforce safety through digital and engineering solutions                           |                                | ✓                               | ✓                                     | ✓                               |                                                                                    | CAPEX          | RM268.8 mil                          | >RM450 mil           | RM50 mil – RM450 mil | >RM450 mil           |
| Our Shared Path Towards Sustainability                | Sustainability Topic                     |                                                                                                |                                |                                 |                                       |                                 |                                                                                                                                                                       |                |                                      |                      |                      |                      |
|                                                       | Business Ethics and Corporate Governance | Maintaining good governance to drive an ethical and accountable workforce                      |                                | ✓                               | ✓                                     | ✓                               |                                                                                    | Cost Avoidance | –                                    | <RM50 mil            | <RM50 mil            | <RM50 mil            |
|                                                       | Labour Rights and Employment Culture     | Upskilling and reskilling a future-ready workforce for Energy Transition                       |                                | ✓                               | ✓                                     | ✓                               |                                                                                    | Cost Avoidance | Cost Savings RM17.4 mil – RM22.7 mil | <RM50 mil            | <RM50 mil            | RM50 mil – RM450 mil |
|                                                       | Community Development and Social Impact  | Drive community energy access and social empowerment                                           |                                | ✓                               | ✓                                     | ✓                               | ✓                                                                                                                                                                     | Spend          | RM232.3 mil                          | 1% PAT               | 1% PAT               | 1% PAT               |
|                                                       | Sustainable and Responsible Supply Chain | Establish resilient supply chain for the Energy Transition                                     |                                | ✓                               | ✓                                     | ✓                               |                                                                                    | Cost Avoidance | Cost Savings RM5.4 mil               | <RM50 mil            | <RM50 mil            | <RM50 mil            |
|                                                       | Digital Trust and Cybersecurity          | Strengthen cybersecurity and data protection across TNB's value chain                          |                                | ✓                               | ✓                                     | ✓                               |                                                                                    | Cost Avoidance | Cost Savings RM65.8 mil              | RM50 mil – RM450 mil | RM50 mil – RM450 mil | RM50 mil – RM450 mil |



IFRS S1.30(a)  
IFRS S2.10(a)

IFRS  
S2.10(b)

IFRS S1.30(b)  
IFRS S2.10(c)

IFRS S1.32(b)  
IFRS S2.13 (b)

IFRS S1.35(d)  
IFRS S2.16(d)

| Risk                                                                                                  | Type | Time Horizon |   |   | Value Chain | Measurement of Financial Impact | Financial Impact |                 |                 |                 |
|-------------------------------------------------------------------------------------------------------|------|--------------|---|---|-------------|---------------------------------|------------------|-----------------|-----------------|-----------------|
|                                                                                                       |      | S            | M | L |             |                                 | Current          | Short           | Medium          | Long            |
| Infrastructure delivery challenges that may impede grid system reliability                            | –    | ✓            | ✓ | ✓ |             | Unrealised Revenue              | RM0.69 mil       | <RM50 mil       | <RM50 mil       | <RM50 mil       |
| Operational and technological challenges in reducing fossil fuel dependency and improving air quality | –    | –            | ✓ | ✓ |             | Cost Increase                   | –                | –               | <RM50 mil       | <RM50 mil       |
| Delayed coal-to-gas transition may elevate coal ash management risks                                  | –    | –            | ✓ | – |             | Cost Increase                   | –                | –               | <RM50 mil       | –               |
| Anticipated business growth and dispersed asset footprint increases workplace safety risks            | –    | ✓            | ✓ | ✓ |             | Cost Increase                   | RM1.8 mil        | <RM50 mil       | <RM50 mil       | <RM50 mil       |
| Anticipated business growth and workforce expansion increases risk of unethical practices             | –    | ✓            | ✓ | ✓ |             | Cost Increase                   | –                | <RM50 mil       | <RM50 mil       | <RM50 mil       |
| Challenges across diverse workforce for future-ready capabilities                                     | –    | ✓            | ✓ | ✓ |             | Cost Increase                   | RM18.7 mil       | <RM50 mil       | <RM50 mil       | <RM50 mil       |
| Corporate Social Responsibility programmes may deliver suboptimal social impact for beneficiaries     | –    | ✓            | ✓ | ✓ |             | Suboptimal Social Impact        | –                | 3% of CSR Spent | 2% of CSR Spent | 1% of CSR Spent |
| Vendor readiness and cost competitiveness from enhanced sustainability expectations                   | –    | ✓            | ✓ | ✓ |             | Cost Increase                   | RM54.2 mil       | <RM50 mil       | <RM50 mil       | <RM50 mil       |
| Challenges in maintaining a proactive cybersecurity posture                                           | –    | ✓            | ✓ | ✓ |             | Cost Increase                   | RM9.4 mil        | <RM50 mil       | <RM50 mil       | <RM50 mil       |

Detailed disclosures on the identified risks and opportunities are presented within each Material Topic chapter. Each chapter explains the topic's relevance to stakeholders and outlines the associated sustainability-related and climate-related risks and opportunities.

The narrative for each Material Topic is guided by the four core content requirements of the ISSB as follows:

### **Governance In Action**

We describe the established governance controls, including the roles and responsibilities of the Board and Management in overseeing the respective sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs). We articulate how oversight, accountability and internal control mechanisms are embedded within our governance framework for each material topic.

### **Strategy**

Our sustainability approach is anchored on the RT 2.0, the overarching strategy for delivering long-term value to stakeholders. Leveraging the RT 2.0, we have identified sustainability-related and climate-related risks and opportunities across our value chain and these considerations are embedded in the strategic planning, capital allocation, and decision-making processes to meet the Group's financial and operational objectives.

Our strategic approach is articulated through the 15 material topics disclosed in this Sustainability Statement. This detailed focus demonstrates the Group's commitment to supporting national sustainability objectives and driving sustainable resource management, ultimately maximising long-term enterprise value.

### **Risk Management**

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, approved by the TNB Board, provides a structured and consistent approach for risk management implementation across the Group.

 [See pages 293 to 300 in the Statement of Risk Management & Internal Control.](#)

### **Our Performance**

TNB Group monitors and reports sustainability performance using quantifiable indicators that are aligned with the ISSB IFRS Sustainability Disclosure Standard and GRI requirements, as well as industry-specific metrics.

Relevant metrics and targets are disclosed in the 'Our Performance' section of each of the 15 material topics in this Sustainability Statement. Robust data assurance processes are applied to uphold the accuracy, consistency, and comparability of these indicators, supporting performance management and progress tracking.

The TNB ESG Dashboard is a platform utilised to track and visually present the performance of the indicators, including historical trends. We are continually advancing our digitalisation efforts, striving toward near real-time performance monitoring.



**IFRS  
S2**

# OUR CLIMATE RESPONSE AND ENERGY TRANSITION STRATEGY

THIS SECTION INCLUDES THE FOLLOWING:

|             |                                                       |     |
|-------------|-------------------------------------------------------|-----|
| <b>MT 1</b> | ENERGY TRANSITION AND GRID RESILIENCY                 | 82  |
| <b>MT 2</b> | GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING | 94  |
| <b>MT 3</b> | CLIMATE RESILIENCY                                    | 111 |
| <b>MT 4</b> | CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY             | 119 |
| <b>MT 5</b> | WATER AND BIODIVERSITY                                | 127 |
| <b>MT 6</b> | NUCLEAR AS A FUTURE CLEAN ENERGY SOURCE               | 138 |



**IFRS S2 MT 1 ENERGY TRANSITION AND GRID RESILIENCY**

**WHY IS IT IMPORTANT?**

Malaysia's energy transition is accelerating as the nation advances towards Net Zero emissions by 2050 with a 70% renewable energy (RE) target. As the National Energy Transition Roadmap (NETR) progresses, the power system is undergoing major structural changes driven by rising renewable penetration, growing electrification and evolving customer expectations. TNB, the national utility that owns and operates the grid, remains committed to enabling this transition through its Energy Transition Plan by strengthening governance, providing clear strategic direction and ensuring disciplined execution across the organisation. Under the Malaysia Incentive-Based Regulation (IBR) framework for the Regulatory Period 4 (RP4), significant investments have been approved to modernise the grid network.

Amid this transformation, grid resiliency has become a strategic priority as the electricity system becomes more variable, decentralised and exposed to climate and cyber risks. A resilient grid must withstand extreme weather events, adapt to higher renewable variability, manage emerging physical and digital threats and recover quickly from disruptions. To support this, TNB is building a modern, flexible and climate-adaptive grid through strengthened infrastructure, enhanced operational readiness, digitalisation and smart grid capabilities. TNB plays a key role in advancing the implementation of the ASEAN Power Grid (APG), enabling higher RE penetration in Southeast Asia and strengthening regional energy integration.

**OPPORTUNITY AND RISK**

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Expansion of the renewable energy Business Domestically and Internationally                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                     |                                  |                       | Risk: Conflicting Resources, Including Land and Water Bodies, for renewable energy Expansion Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                    |                                                  |                                     |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------|-------------------------------------|
| Description                                           | <p>TNB has the opportunity to strengthen its position as a clean energy leader domestically by delivering NETR flagship renewable projects, including the 2,500 MW Hybrid Hydro-Floating Solar (HHFS) and the 500 MW Centralised Solar Park. In the medium to long term, the HHFS initiative will also enable TNB to capture emerging opportunities in end-to-end green hydrogen production and derivatives, such as establishing a Green Hydrogen Hub in Terengganu, leveraging Kenyir's renewable resources.</p> <p>Beyond these flagship ventures, TNB continues to expand RE capacity through Large Scale Solar (LSS), Corporate Renewable Energy Supply Scheme (CRESS) and Corporate Renewable Energy Aggregation Mechanism (CREAM). Under the Feed-in Tariff (FIT) programme, TNB is also exploring opportunities in biomass, biogas and small hydro generation to diversify its clean energy mix. In parallel, TNB is strengthening hydropower capacity through new developments, such as the Nenggiri Hydroelectric Project and the life extension of the Sungai Perak hydro. Internationally, TNB is expanding its RE presence through investments in the United Kingdom, Ireland and Australia.</p> <p>Together, these initiatives position TNB at the forefront of Malaysia's energy transition, exploring its low-carbon generation portfolio, unlocking diversified revenue streams and reinforcing long-term resilience and investor confidence.</p> |                     |                                  |                       | <p>There is a significant opportunity for TNB to invest in RE, in line with national energy transition efforts and targets, such as the NETR to reach the national goal of 70% RE by 2050.</p> <p>While RE is a critical factor in driving the national energy transition, TNB's RE projects in Malaysia such as LSS and HHFS are exposed to resource and infrastructure constraints. These include limited availability of strategic land and suitable water bodies for project development, high associated costs to secure these sites, as well as exposure to global supply chain disruptions for key components such as semiconductors and solar panels.</p> <p>Similar challenges arise in TNB's international RE expansion where in addition to supply chain and site availability constraints, regulatory and financing uncertainties need to be strategically mitigated.</p> <p>Collectively, these challenges may delay project delivery, increase development costs and impede RE capacity growth.</p> |                                    |                                                  |                                     |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens TNB's low-carbon portfolio and value chain resilience through diversified RE assets and reduced fuel dependence.</li> <li>Enhances local supply chain participation and supports Malaysia's energy transition ecosystem.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                     |                                  |                       | <ul style="list-style-type: none"> <li>Impedes TNB's RE growth target and energy transition progress to achieve the Net Zero aspiration by 2050.</li> <li>Impedes the transition from fossil fuel generation sources to clean energy.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                    |                                                  |                                     |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Guides capital allocation to accelerate RE growth and grid readiness.</li> <li>Is heavily integrated into TNB's RT 2.0 strategy via Pillar No. 1: Deliver Clean Generation.</li> <li>Promotes strategic partnerships and land optimisation to unlock large-scale domestic and regional RE opportunities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                                  |                       | <ul style="list-style-type: none"> <li>Prioritises early site acquisition and diversifies RE project locations to reduce development delays and minimise exposure to land and water constraints.</li> <li>Explores strategic partnerships, joint developments or long-term leasing arrangements to secure sustainable access to land, water resources and critical equipment for future RE expansion.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                    |                                                  |                                     |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Improves RE revenue streams.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                     |                                  |                       | <ul style="list-style-type: none"> <li>Delays revenue realisation from new domestic and international RE investments.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                    |                                                  |                                     |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Short               | Medium                           | Long                  | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Short                              | Medium                                           | Long                                |
| Effect on Financial                                   | Revenue<br>RM2.2 bil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Revenue<br><RM4 bil | Revenue<br>RM4 bil –<br>RM10 bil | Revenue<br>>RM 10 bil | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Unrealised<br>Revenue<br><RM50 mil | Unrealised<br>Revenue<br>RM50 mil –<br>RM450 mil | Unrealised<br>Revenue<br>>RM450 mil |

## ENERGY TRANSITION AND GRID RESILIENCY

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Enhancing Grid Flexibility for Higher Renewable Integration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                   |                   |                   | Risk: Challenges in the Implementation of a Comprehensive Smart Grid                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |       |                                 |                                 |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------------|---------------------------------|
| Description                                           | <p>TNB has the opportunity to support Malaysia's energy transition by enhancing grid flexibility to enable higher penetration of Variable Renewable Energy (VRE). As the national grid accommodates more solar resources, flexible system operations become essential to maintain reliability, stability and affordability.</p> <p>TNB is advancing AI-driven monitoring, predictive maintenance and automated network optimisation, allowing the grid to respond dynamically to VRE fluctuations. Additional flexibility levers include fast-ramping generation, grid-forming inverters and demand-side participation.</p> <p>TNB has already begun developing key flexibility assets, including the pilot 400 MWh Battery Energy Storage System (BESS) in Santong, Terengganu, and a 400 MWh in Lahad Datu, Sabah. TNB will continue to actively seek opportunities to invest in utility-scale BESS domestically and internationally, particularly in capacity-constrained and high-VRE zones.</p> |                   |                   |                   | <p>Growing demand from energy-intensive customers, particularly data centres, combined with Malaysia's strong commitment to achieving net zero emissions, make RE a critical pillar of the national energy transition. With a target of 70% RE capacity by 2050, an advanced smart grid infrastructure is essential to manage high RE penetration and bi-directional power flow to ensure reliable and secure electricity supply.</p> <p>The implementation of a comprehensive smart grid is challenged by limitations across existing and new systems. Current transmission and distribution infrastructure was not originally designed to support advanced sensors, automated controls or real-time monitoring, resulting in compatibility gaps when integrating modern technologies. Smart grid deployment also introduces large volumes of operational data that require robust capabilities for data collection, storage, integration and analytics.</p> <p>Without overcoming these challenges, the smart grid risks underperformance, leading to operational inefficiencies and constraining the RE growth required for Malaysia's energy transition agenda.</p> |       |                                 |                                 |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>• Strengthens system reliability and operational resilience by enabling the grid to manage higher variability and intermittency from VRE sources.</li> <li>• Enhances integration across generation, grid and customer segments through AI-driven optimisation, energy storage, fast-ramping assets and demand-side participation.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                   |                   |                   | <ul style="list-style-type: none"> <li>• Impede TNB's RE growth target and energy transition progress to achieve the Net Zero aspiration by 2050.</li> <li>• Increased reliance on thermal power plants to maintain grid reliability and system stability.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |       |                                 |                                 |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>• Guides prioritisation of grid modernisation investments, including automation, storage, smart inverters and advanced analytics, to support Malaysia's RE targets and RT 2.0 ambitions (under Pillar No. 2: Develop Energy Transition Network).</li> <li>• Supports long-term planning for flexible system operations to minimise curtailment, optimise dispatch and maintain affordability under higher VRE penetration.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                   |                   |                   | <ul style="list-style-type: none"> <li>• Allocate capital for grid modernisation with advanced automation, real-time monitoring and self-healing technologies.</li> <li>• Deploy systems such as WAMS and ADMS for real-time optimisation of transmission and distribution power flows.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |       |                                 |                                 |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>• Reduces long-term system costs by minimising curtailment losses, improving asset utilisation and deferring expensive reinforcement investments.</li> <li>• Strengthens revenue sustainability by improving network performance and enabling future flexibility services and RE-related value pools.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                   |                   |                   | <ul style="list-style-type: none"> <li>• Revenue shortfall from potential RE curtailment due to grid system limitations in accommodating high RE penetration.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |       |                                 |                                 |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Short             | Medium            | Long              | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Short | Medium                          | Long                            |
| Effect on Financial                                   | CAPEX<br>RM1.4 bil – RM1.9 bil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | CAPEX<br><RM5 bil | CAPEX<br><RM5 bil | CAPEX<br><RM5 bil | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | –     | Unrealised Revenue<br><RM50 mil | Unrealised Revenue<br><RM50 mil |

## ENERGY TRANSITION AND GRID RESILIENCY

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                             | Opportunity: Unlocking Regional Energy Trading Through the ASEAN Power Grid Interconnections                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                      |                          |                          | Risk: Uncertainties Related to ASEAN Power Grid Interconnections                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                   |                          |                          |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------|--------------------------|
| <b>Description</b>                                               | <p>The APG offers significant growth opportunities for TNB, positioning Malaysia as a strategic hub for regional clean energy trade. With ASEAN electricity demand expected to triple by 2050, the APG enables efficient sharing of RE resources across borders. TNB is already playing a central role in expanding regional power trade by facilitating a 100 MW export to Keppel Electric (Singapore) under the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project (LTMS-PIP) and 50 MW to Sembcorp under the Cross-Border Electricity Sales for Renewable Energy (CBES-RE) mechanism in 2024, supported by the Energy Exchange Malaysia (ENEGEM) platform.</p> <p>Building on this, the proposed 2 GW Malaysia-Singapore interconnector and the planned 1 GW upgrade of the Thailand-Malaysia link will substantially expand TNB's transmission capacity for future APG flows. Upcoming APG corridors, including the Vietnam-Malaysia-Singapore and the Sarawak-Peninsular Malaysia interconnections, will present further opportunities for TNB to unlock new regulated transmission revenues, non-regulated wheeling income and regional RE trading services. By strengthening cross-border grid connectivity, TNB can enhance system flexibility, support greater renewable integration and position itself as a leading regional system integrator in an increasingly interconnected ASEAN energy market.</p> |                      |                          |                          | <p>The implementation of the APG faces various uncertainties and complexities, carrying risk exposures that extend beyond technical issues. These exposures include matters related to cross-border tariff structures and foreign exchange fluctuations, which can lead to unpredictable revenues and threaten investment return.</p> <p>Crucially, the success of the APG is dependent on successful government-to-government collaboration to harmonise regulatory and legal frameworks, a process that is inherently complex. Furthermore, the project may face funding constraints, which, when coupled with potential weaker-than-expected regional electricity demand, create the exposure of stranded interconnector investments and undermine long-term viability.</p> |                                   |                          |                          |
| <b>Impact on Business Model &amp; Value Chain</b>                | <ul style="list-style-type: none"> <li>Expands TNB's value chain beyond domestic operations by enabling cross-border power exchange, unlocking new regulated and non-regulated revenue pools.</li> <li>Enhances system flexibility to balance variable RE through diversified regional supply sources, strengthening long-term grid resilience.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                      |                          |                          | <ul style="list-style-type: none"> <li>Cross-border energy trading uncertainty may affect TNB's regional market position.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                   |                          |                          |
| <b>Effect on Strategy &amp; Decision Making</b>                  | <ul style="list-style-type: none"> <li>Guides long-term investment prioritisation in interconnection assets and wheeling infrastructure under RT 2.0 and Malaysia's regional energy ambitions.</li> <li>Strengthens regional collaboration and scenario-based planning to optimise trading arrangements and ensure commercially viable cross-border models.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                      |                          |                          | <ul style="list-style-type: none"> <li>Continuous engagement with regional stakeholders to co-develop commercially attractive cross-border models.</li> <li>Apply scenario-based investment evaluations to manage market uncertainties and mitigate revenue risks.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                   |                          |                          |
| <b>Effect on Financial Performance, Position &amp; Cash Flow</b> | <ul style="list-style-type: none"> <li>Creates medium- to long-term earnings uplift from wheeling charges and energy trading margins as interconnection capacity is optimised.</li> <li>Supports diversified revenue streams and improved system efficiency from regional RE integration.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                      |                          |                          | <ul style="list-style-type: none"> <li>Unrealised revenue from energy trading due to weaker-than-expected regional electricity demand.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                   |                          |                          |
| <b>Time Horizon</b>                                              | <b>Current</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Short</b>         | <b>Medium</b>            | <b>Long</b>              | <b>Current</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Short</b>                      | <b>Medium</b>            | <b>Long</b>              |
| <b>Effect on Financial</b>                                       | Revenue<br>RM45.9 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Revenue<br><RM50 mil | Assessment<br>is ongoing | Assessment<br>is ongoing | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Unrealised<br>revenue<br><RM5 mil | Assessment<br>is ongoing | Assessment<br>is ongoing |



## ENERGY TRANSITION AND GRID RESILIENCY

## GOVERNANCE IN ACTION

IFRS S1.27(a)(b); IFRS S2.6(a)(b)

Given the significant investments required to modernise the grid and expand RE integration, strong governance is essential. TNB has established clear roles and accountability across the Board, Management and business entities to ensure alignment between strategic direction, capital planning and operational execution. This governance structure enables disciplined decision-making, transparent oversight and effective coordination across the organisation as TNB undertakes the large-scale transformation of the national power system.

TNB's Board provides the highest level of oversight and is supported by the Board Finance and Investment Committee (FIC) that plays a key role in overseeing major energy transition investment proposals. The FIC deliberates investment and divestment proposals, assesses associated risks and endorses recommendations to the Board for approval, ensuring that decisions balance strategic intent, financial viability and risk-return considerations. Through this disciplined investment governance, TNB ensures that capital allocations, including those linked to the energy transition and grid resiliency, are aligned with long-term value creation and prudent financial management.

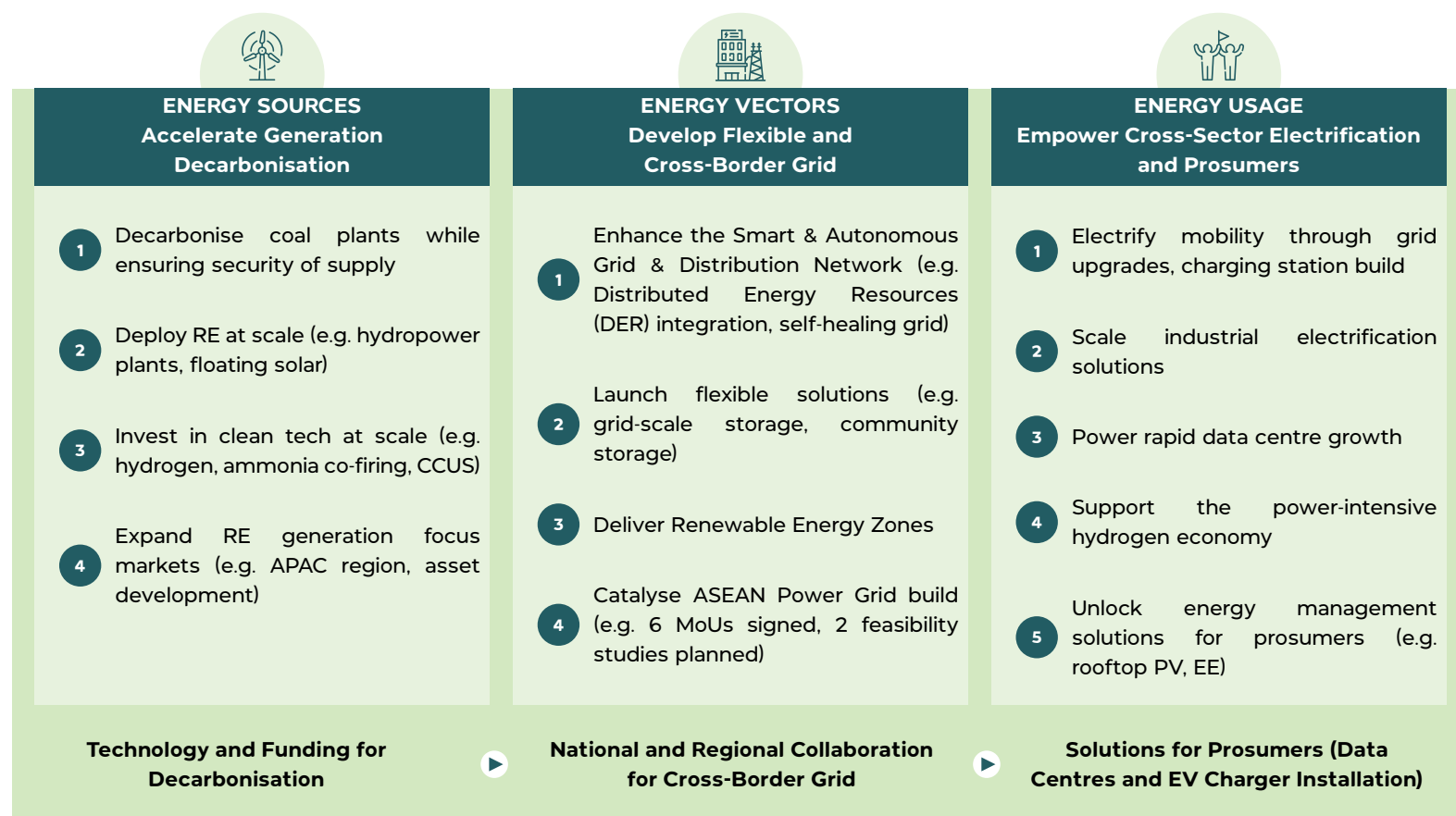
At the management level, the Group Executive Management Committee (GEMC) actively steers strategic alignment and makes decisive interventions on major initiatives that impact grid readiness.

## STRATEGY

IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)

The TNB Energy Transition Plan is TNB's blueprint to achieve the Net Zero aspiration by 2050. In preparation for the target, we ensure our grid system reliability and long-term readiness through three (3) pillars that accelerate generation decarbonisation, develop a flexible and cross-border grid and empower cross-sector electrification and prosumers.

## TNB ENERGY TRANSITION PLAN



## ENERGY TRANSITION AND GRID RESILIENCY



### PILLAR 1: ACCELERATE GENERATION DECARBONISATION

TNB is accelerating generation decarbonisation by enhancing the efficiency of its thermal fleet and progressing towards clean technologies such as hydrogen co-firing and carbon capture. These initiatives diversify Malaysia's generation mix, reduce exposure to fuel volatility and enhance flexibility during peak demand or weather-driven disruptions. In addition, we are aggressively expanding our RE capacity both domestically and internationally.

*For more information about our generation decarbonisation strategy, refer to the GHG Emissions and Energy Resource Planning chapter.*

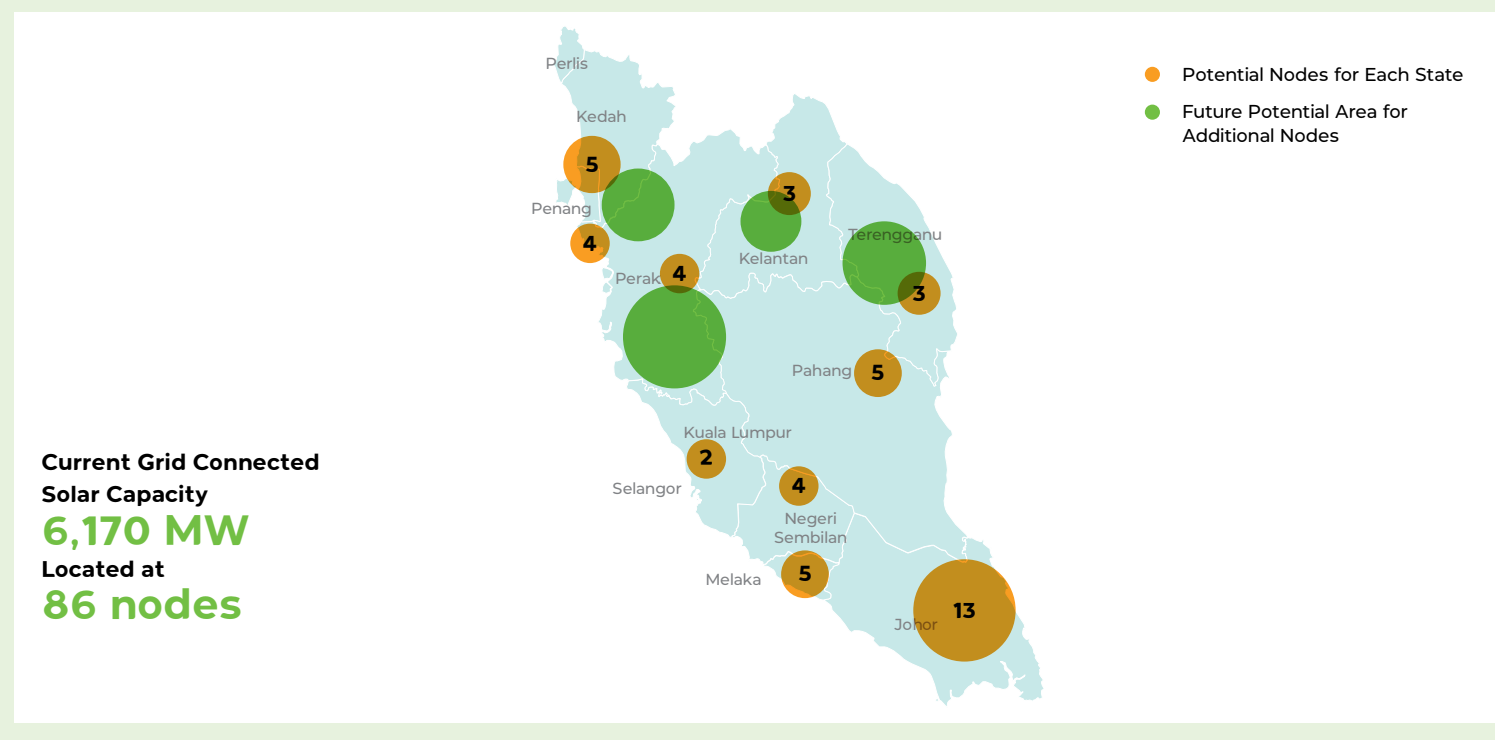


### PILLAR 2: DEVELOP A FLEXIBLE AND CROSS-BORDER GRID

As we are implementing our ET plan towards achieving the Net Zero aspiration by 2050, grid resiliency is critical to ensure the system remains reliable while facilitating more RE into the system. Our current network RE hosting capacity is more than 15 GW. Under the IBR RP4 period, the Energy Commission (EC) has approved a substantially higher CAPEX allocation compared to RP3. In addition, the EC has endorsed a dedicated Contingent CAPEX envelope reserved specifically for energy-transition initiatives and critical Transmission and Distribution network upgrades. These enhanced allocations will enable higher RE hosting capacity, modernise the grid and accelerate the development of a future-ready, resilient electricity network.

#### 1 PREPARING RENEWABLE ENERGY ZONES THROUGH STRONGER HOSTING CAPACITY AND BETTER PLANNING

To meet Malaysia's national target of 70% RE by 2050, TNB has consistently upgraded both transmission and distribution systems to accommodate increasing renewable generation. This includes strengthening hosting capacity at key connection points and preparing the network to support future RE project locations. Currently, at the grid level, TNB is able to host up to 8 GW of RE. In 2025, TNB spent RM0.3 billion on CAPEX on the 500 kV overhead lines Ayer Tawar-Lenggeng project, which serve as the backbone of the national grid system. Technologies such as Dynamic Line Rating (DLR), energy storage and digital grid modelling allow TNB to safely increase the volume of RE transported without premature infrastructure upgrades. This improves asset utilisation and lowers long-term investment needs.



## ENERGY TRANSITION AND GRID RESILIENCY

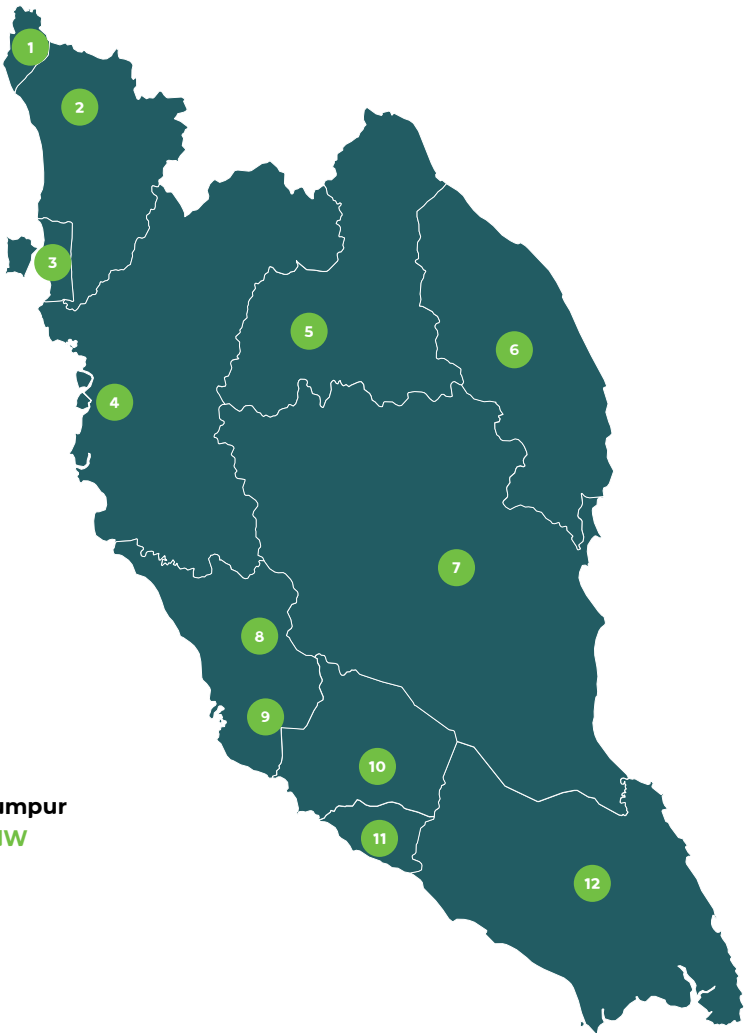
At the distribution level, TNB currently hosts about 7.3 GW of RE. Technologies such as the digital management systems, voltage-regulation tools and advanced analytics help manage higher solar penetration and avoid localised constraints. These capabilities improve network readiness for rooftop and commercial solar growth and support faster, more reliable connection approvals. Planning tools such as i-NET and the Asset Investment Planning and Management (AIPM) system integrate economic data, consumption trends and regional development indicators to guide long-term investment decisions. This ensures capital is deployed in the most effective locations, aligning with regulatory expectations and improving cost efficiency.

## PCCs

801

## Hosting Capacity

7,246 MW

- 
- |                                    |                                                  |
|------------------------------------|--------------------------------------------------|
| 1 Perlis<br>5 PCCs – 45 MW         | 7 Pahang<br>47 PCCs – 274 MW                     |
| 2 Kedah<br>37 PCCs – 285 MW        | 8 Selangor & Kuala Lumpur<br>358 PCCs – 3,548 MW |
| 3 Pulau Pinang<br>34 PCCs – 701 MW | 9 Putrajaya<br>20 PCCs – 60 MW                   |
| 4 Perak<br>58 PCCs – 431 MW        | 10 Negeri Sembilan<br>42 PCCs – 264 MW           |
| 5 Kelantan<br>15 PCCs – 123 MW     | 11 Melaka<br>36 PCCs – 208 MW                    |
| 6 Terengganu<br>23 PCCs – 132 MW   | 12 Johor<br>126 PCCs – 1,175 MW                  |

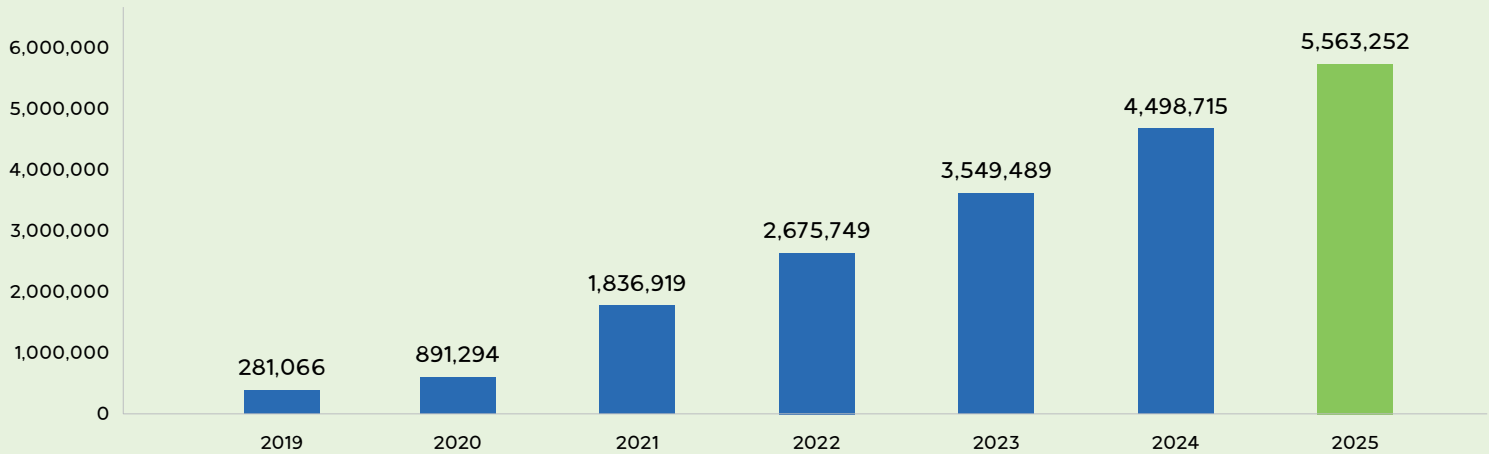
## ENERGY TRANSITION AND GRID RESILIENCY

### 2 BUILDING A SMART AND AUTONOMOUS GRID

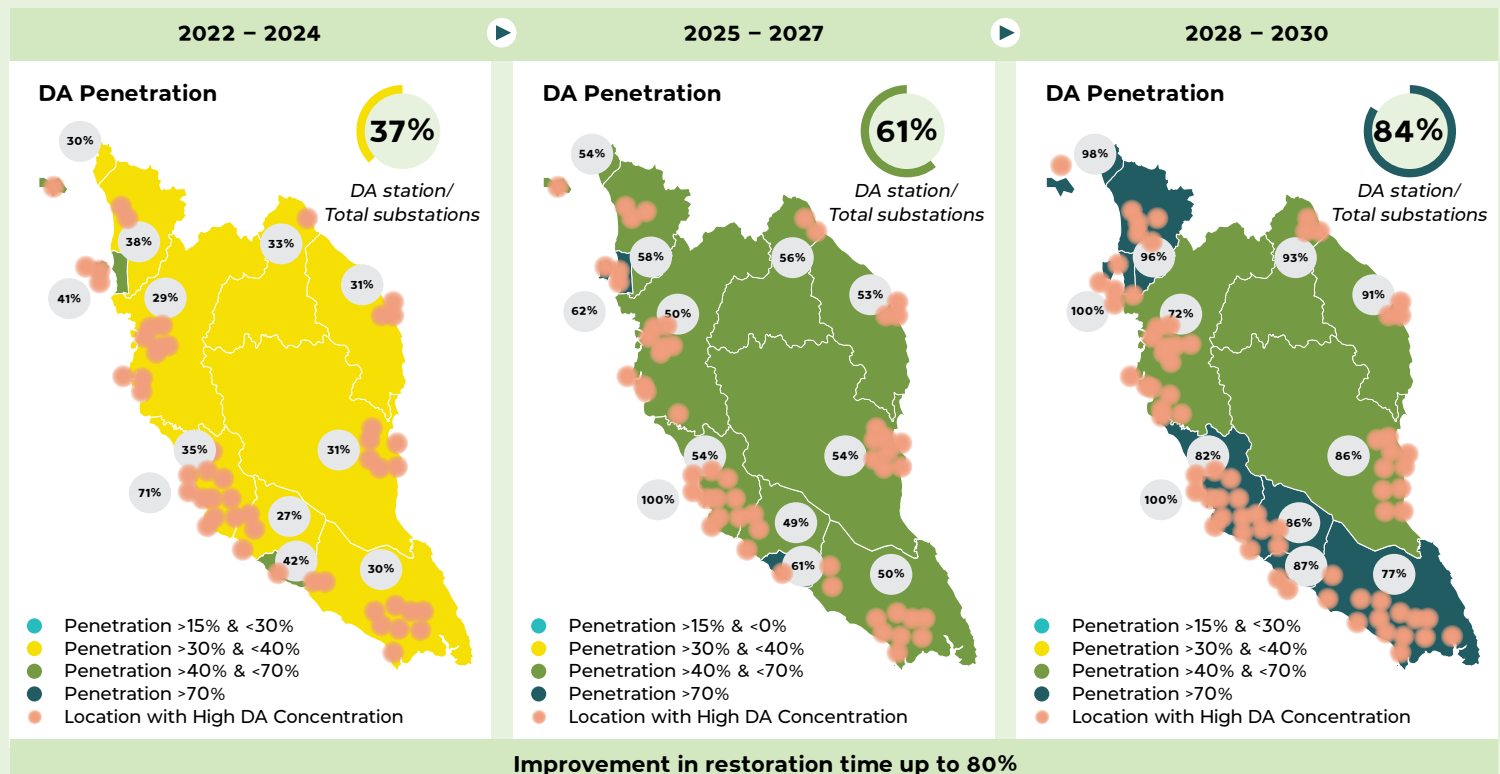
TNB is modernising its grid operations by deploying digital technologies that enhance real-time visibility, accelerate operational decisions and strengthen network safety. Key initiatives include automation at substations, advanced distribution management systems in control centres and the installation of smart meters. For 2025, the target was to install 1 million smart meters. In 2025, we exceeded our target of installing 1 million units. Cumulatively, more than 5 million smart meters have been installed since 2014.

Smart meters empower customers through real-time usage insights and enable flexibility management, energy efficiency actions and seamless participation in programmes, such as rooftop solar under the Net Energy Metering (NEM) scheme. Together, these upgrades improve system monitoring, strengthen outage response and prepare the grid for higher levels of RE and DER.

**CUMULATIVE SMART METERS INSTALLED BETWEEN 2019 AND 2025**



We continue to advance Distribution Automation (DA) in our substations, with a strong emphasis on remote monitoring and control capabilities. These efforts are aimed at enhancing the efficiency and reliability of our distribution network, ultimately benefiting our customers and supporting a more resilient energy system. Our operational efficiency has significantly improved, reducing the average restoration time for unplanned outages by 40%, with most outages now restored within just 15 minutes. In 2025, we equipped 5,102 substations, serving approximately 500,000 customers, with DA. Cumulatively, 38,007 substations, serving approximately 3.6 million customers, have been upgraded. Our goal is to expand DA coverage to 61% by 2027 and 84% by 2030.





### 3 DEPLOYING ENERGY STORAGE SYSTEM

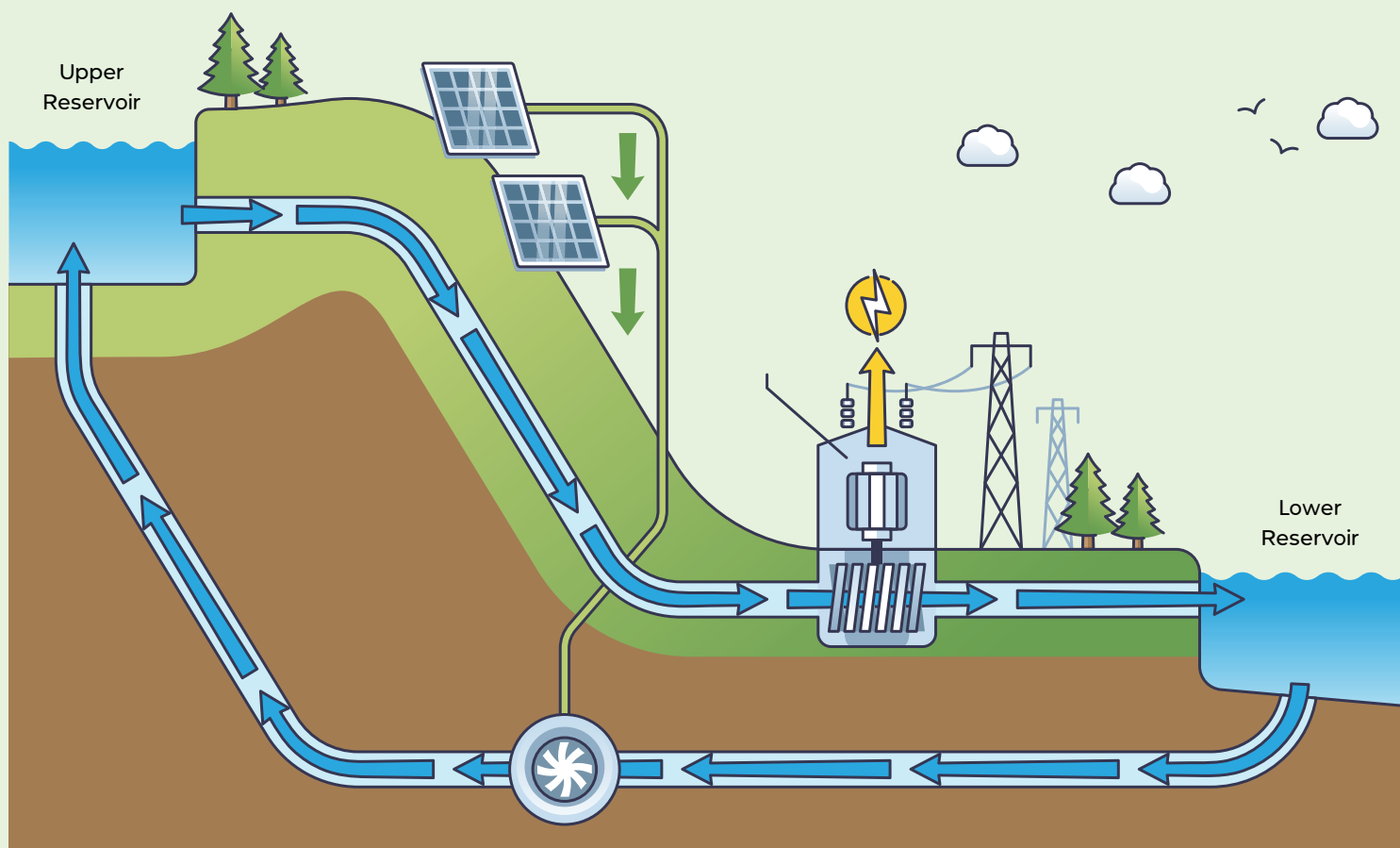
As RE grows, the grid must be able to absorb greater variability while maintaining stability. Thus, it is important to deploy flexible solutions to support a high RE penetration system. TNB is developing system-flexibility solutions that support system stability and power quality through the Battery Energy Storage System (BESS), Community Energy Storage System (CESS) and Long Duration Energy Storage (LDES). These systems are equipped with grid-forming inverter capabilities, enabling them to provide fast frequency response and voltage support that help stabilise the grid as conventional synchronous generators declines. By 2026, Peninsular Malaysia will receive its first grid-connected, 100 MW/400 MWh utility-scale BESS in Santong, Terengganu. The BESS will provide operational support in energy shifting, peak management and RE integration for the grid system.

In Sabah, the 100 MW/400 MWh Lahad Datu BESS has been officially operational since August 2025. It provides reserve during peak periods and is already strengthening stability in the East Coast. These early investments also assist the EC in forming the foundation for future large-scale storage under national initiatives such as the Malaysia Battery Energy Storage Tender (MyBEST).

At the distribution level, CESS pilots installed in the Elmina Township demonstrate how neighbourhood batteries can stabilise local networks and support rooftop solar uptake. Complementing this, the Smart Energy Management Infrastructure (SEMI) consolidates real-time data from DERs, batteries and smart meters, improving TNB's ability to forecast system behaviour, plan investments and sustain reliability as RE penetration increases.

| System Designation       | System Capacity            | Connection |
|--------------------------|----------------------------|------------|
| CESS1: Substation No. 14 | Lithium Ion 50 kW/76.8 kWh | 400V       |
| CESS2: Substation No. 15 | Lithium Ion 50 kW/150 kWh  |            |
| CESS3: Substation No. 16 | Lithium Ion 280 kW/170 kWh |            |

In addition to BESS and CESS, a LDES would provide a larger energy storage capacity and manage system instabilities due to high RE penetration. TNB is progressing feasibility studies for Hydro Energy Storage Systems (HESS), a type of LDES, with a total potential capacity of 1,700 MW across existing hydro assets. These pumped-storage solutions store excess energy by transferring water to elevated reservoirs during low-demand periods, then release it to generate electricity during peak conditions. TNB will continue to explore LDES solutions capable of providing firm capacity, supporting the gradual transition from conventional thermal generation traditionally used for baseload supply.



## ENERGY TRANSITION AND GRID RESILIENCY

### 4 STRENGTHENING REGIONAL CONNECTIVITY THROUGH THE ASEAN POWER GRID

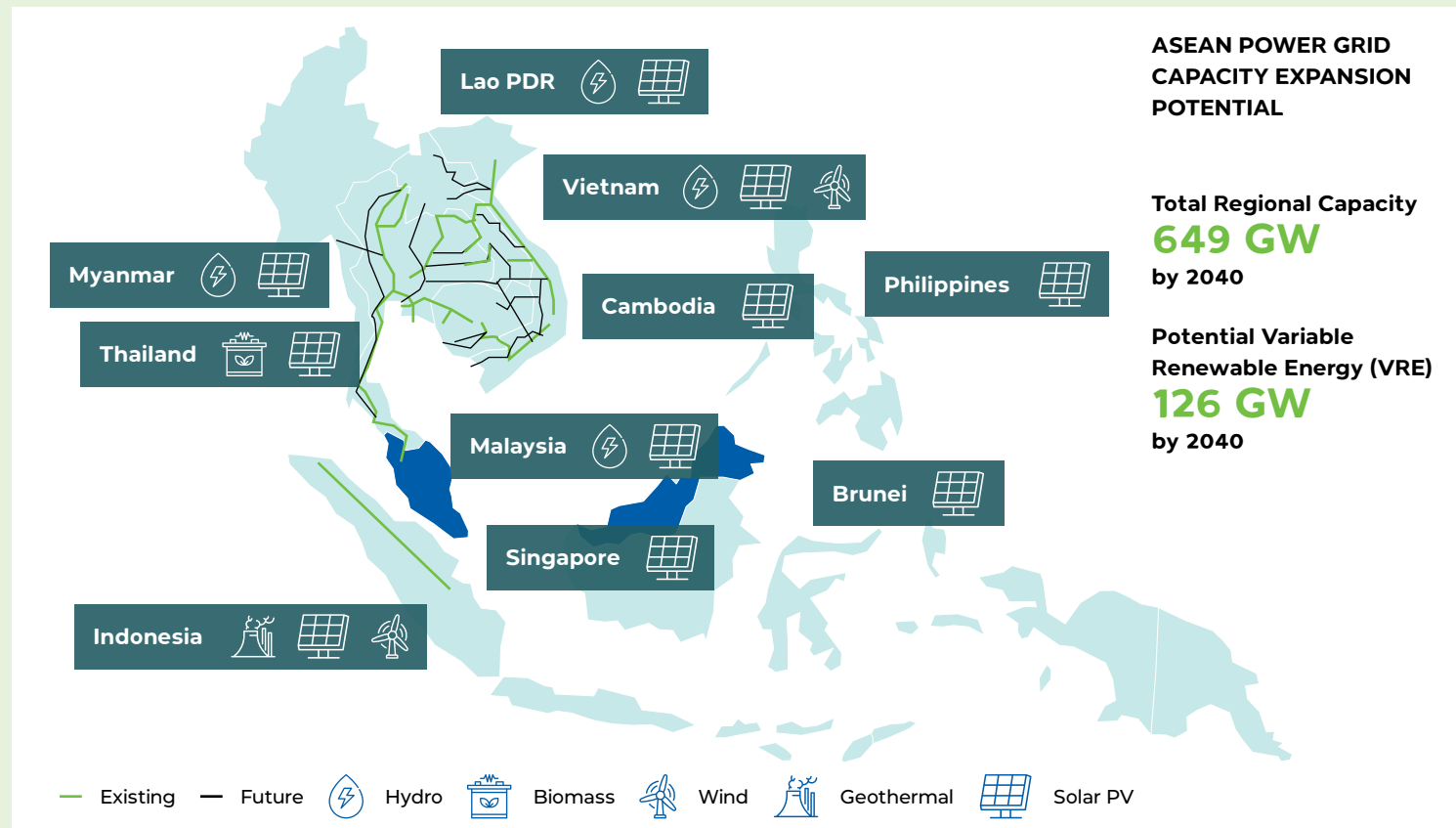
The ASEAN Power Grid (APG) is a strategic enabler of regional connectivity, strengthening the integration of national power systems across ASEAN member states. Currently, TNB has existing interconnections with Thailand and Singapore, with a combined capacity of around 1.4 GW. These interconnections enhance energy security and provide support to stabilise grid frequency during emergencies.

As ASEAN progresses together towards a more integrated and low-carbon power system, Malaysia has taken a leading step by launching the Energy Exchange Malaysia (ENEGEM), a platform for RE trading. The ENEGEM facilitated its first RE export to Singapore in 2024. In 2025, the ENEGEM facilitated another round of auction exercise, attracting strong market participation following the Expression of Interest (EOI) issued in September 2025.

Moving forward, TNB continues to play a central role in advancing regional interconnection to enhance energy security, support RE integration and position Malaysia as a clean energy hub. Key APG initiatives include interconnection projects such as the second Malaysia-Singapore link, the Peninsular Malaysia-Sarawak transmission connection, as well as the Malaysia-Thailand, Malaysia-Indonesia and Vietnam-Malaysia-Singapore subsea interconnections. The total interconnection capacity is planned to go up to 7 GW, where each project is expected to import around 1 GW of capacity into Malaysia.

As part of the Vietnam-Malaysia-Singapore initiative, TNB, together with regional partners, has entered into a Joint Development Agreement (JDA) aimed at harnessing Vietnam's extensive offshore wind potential for regional supply. The project envisions transmitting renewable electricity from offshore wind projects in Vietnam to Peninsular Malaysia via subsea cables, with the potential for onwards interconnection to Singapore. Joint feasibility studies are underway, covering grid interconnection architecture, transmission infrastructure requirements and the integration of energy storage to ensure stable and reliable power flows. Subject to regulatory approvals and commercial viability, the potential project is targeted for commercial operation by 2034.

Additionally, TNB entered into a JDA to study a second electricity interconnection between Peninsular Malaysia and Singapore with SP Group and Singapore Energy Interconnections (SGEI). The proposed link could carry up to 2,000 MW and would increase cross-border power exchange between the two (2) countries. If approved, the interconnection is expected to begin operation by 2030.



These interconnections support seasonal balancing, increase access to low-cost renewable resources and position Malaysia as a future hub for green energy trade. They also strengthen system adequacy and provide redundancy during supply disruptions. TNB's digital capabilities, including enhanced system visibility and advanced protection coordination, ensure readiness for future multi-country power exchanges.

## ENERGY TRANSITION AND GRID RESILIENCY



## PILLAR 3: EMPOWER CROSS-SECTOR ELECTRIFICATION AND PROSUMERS

Our 10.66 million customers are central to TNB's purpose and strategy, guiding our decisions and initiatives to deliver reliable, accessible and sustainable energy services that meet evolving customer needs and expectations. We are empowering customers with innovative and sustainable solutions by enabling broad electrification through EV infrastructure, rooftop and community solar and smart-meter-enabled services. These initiatives diversify load profiles, enhance demand flexibility and support distributed resources that strengthen resilience at the local level.

[For more information about how we empower cross-sector electrification and prosumers, refer to the Customer Experience and Energy Efficiency chapter.](#)

## Energy Transition and Climate Resilience Advocacy

Echoing TNB's ongoing progress under the TNB Energy Transition Plan, TNB Carbon Management Strategy and TNB Climate Adaptation Strategy, TNB continues to support Malaysia's participation at the COP30 in Belem, Brazil, as Malaysia's national utility and one of the major energy players in ASEAN. Several members of TNB's management were part of the Malaysian delegation and contributed actively to the dialogue at both the Malaysia and ASEAN Pavilions.

During these sessions, TNB shared thought leadership on advancing smart, flexible and cross-border grids to accelerate regional energy transition, developing climate-resilient power infrastructure through climate adaptation and supporting SMEs in realising sustainable supply chains to enable a just transition.

In alignment with the Malaysia Pavilion's COP30 overarching theme, "Climate Action Now: Net Zero Pathways Unlocked", and the COP30 central theme, "Global Mutirao", TNB highlighted the importance of regional and multi-stakeholder collective efforts in sustaining momentum towards decarbonisation while enhancing the resilience of the national power infrastructure against climate risks.

## ASEAN POWER GRID: ADVANCING RESOURCE SHARING FOR ASEAN'S COLLECTIVE ENERGY TRANSITION

TNB's Chief Executive Officer emphasised that the ASEAN Power Grid is integral to addressing climate change and supporting ASEAN's collective commitment towards a single net zero ambition. The session highlighted the importance of developing a structured framework for regulatory, commercial and technical harmonisation.



## FUTURE-PROOFING INFRASTRUCTURE: CLIMATE ADAPTATION

TNB's Chief Sustainability Officer highlighted TNB's approach in strengthening asset resilience under future climate conditions through comprehensive climate risk assessments, effective climate adaptation plans for high-risk assets and strategic crisis management.



## FUTURE-PROOFING INDUSTRIES: STRENGTHENING SUSTAINABLE SUPPLY CHAINS FOR JUST TRANSITION

TNB's Chief Procurement Officer stressed the importance of supporting SMEs through phased transition pathways, recognising the varying levels of ESG readiness among vendors.



## AI FOR URBAN RESILIENCE: CONNECTING TECHNOLOGY, CITIES AND PEOPLE

TNB's Chief Distribution Network Officer outlined the key role of predictive analytics and data-driven tools in enhancing city preparedness to respond to climate-related risks, including Flood Analysis and Risk Assessment (FARA) and Early Flood Warning Systems under Malaysia's National Flood Forecasting and Warning Programme (PRAB).



## ENERGY TRANSITION AND GRID RESILIENCY

### GLOBAL LESSONS TO ACCELERATE MALAYSIA'S ENERGY TRANSITION

TNB's Chief Distribution Network Officer emphasised the importance of grid resilience, system flexibility and digital visibility in accelerating the energy transition.



### RISK MANAGEMENT

*IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)*

A resilient grid is essential for keeping electricity reliable as Malaysia faces more extreme weather, higher renewable variability and increasing digitalisation. These changes expose TNB to physical, operational, cyber and regulatory risks. At the same time, they create opportunities to strengthen the system through better design, smarter technology and more efficient investment. The sections below explain these risks and how TNB manages them.

#### PHYSICAL RISKS

TNB faces growing physical risks from floods, storms, heatwaves and lightning that can damage grid assets, increase outage likelihood and elevate restoration costs. These weather-related disruptions may intensify over time and affect system continuity.

At the same time, strengthening the grid through climate-resilient design, asset hardening, digital monitoring and predictive tools offers opportunities to reduce outage impacts and extend asset life. Expanding interconnections under the APG also creates alternative supply pathways during domestic disruptions, improving long-term reliability and supporting national energy security.

 [For more information about how we manage physical risks, refer to the Climate Resiliency chapter.](#)

#### OPERATIONAL RISKS

Operational risks arise from higher renewable variability, growing electrification and ageing network assets, all of which can affect system stability and power quality. Maintaining system stability becomes increasingly challenging as solar output fluctuates throughout the day and demand patterns evolve. To manage sudden frequency drops and prevent cascading outages, the Grid System Operator deploys Under-Frequency Load Shedding (UFLS) schemes that automatically curtail load in a controlled manner to stabilise the system during disturbances.

These risks also create opportunities to strengthen operational readiness through battery storage, reactive power optimisation, demand-response capability, distributed energy resource integration and advanced digital management systems. These enhancements improve early fault detection, shorten restoration time, support stable renewable integration and reduce operational costs, creating opportunities to deliver a more efficient and resilient electricity network.

#### CYBER RISKS

As grid operations become increasingly digital, exposure to cyber threats that could compromise operational systems or customer data also increases. Maintaining strong cybersecurity controls is essential to protect service continuity.

Investments in advanced threat-detection systems, secure network architecture, enhanced monitoring and compliance with cybersecurity requirements strengthen the protection of critical infrastructure. These improvements also enable deeper digitalisation of grid operations and increase confidence among regulators, partners and customers.

 [For more information about how we manage cyber risks, refer to the Digital Trust and Cybersecurity chapter.](#)



## ENERGY TRANSITION AND GRID RESILIENCY

## OUR PERFORMANCE

| ISSB/Bursa/<br>GRI                                                                                    | Metric                                                                                              | Units                          | FY2023    | FY2024              | FY2025    | Target FY2025        | Future<br>Target            | Remarks                                             |
|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------|-----------|---------------------|-----------|----------------------|-----------------------------|-----------------------------------------------------|
| <b>END-USE EFFICIENCY AND DEMAND</b>                                                                  |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| IF-EU-420a.2                                                                                          | Percentage of electric load served by smart grid technology                                         | %                              | -         | 40.20               | 52.20     | -                    | -                           |                                                     |
| <b>GRID RESILIENCY</b>                                                                                |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| <b>Average Power Outage Duration (TNB)</b>                                                            |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| IF-EU-550a.2                                                                                          | System Average Interruption Duration Index (SAIDI)                                                  | Minutes/<br>Customers/<br>Year | 46.10     | 47.88               | 46.93     | ≤47                  | ≤47                         |                                                     |
| G4 - EU29                                                                                             | System Average Interruption Frequency Index (SAIFI)                                                 | Minutes/<br>Customers/<br>Year | 0.80      | 0.96                | 0.95      | -                    | -                           |                                                     |
|                                                                                                       | Customer Average Interruption Duration Index (CAIDI)                                                | Minutes/<br>Customers/<br>Year | 57.40     | 50.13               | 49.61     | ≤60                  | ≤60                         |                                                     |
| <b>Average Power Outage Duration (SE)</b>                                                             |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| IF-EU-550a.2                                                                                          | System Average Interruption Duration Index (SAIDI)                                                  | Minutes/<br>Customers/<br>Year | 266.37    | 203.65              | 187.13    | ≤220                 | ≤220                        |                                                     |
| G4 - EU29                                                                                             | System Average Interruption Frequency Index (SAIFI)                                                 | Minutes/<br>Customers/<br>Year | 12.61     | 10.79               | 9.88      | -                    | -                           |                                                     |
|                                                                                                       | Customer Average Interruption Duration Index (CAIDI)                                                | Minutes/<br>Customers/<br>Year | 21.12     | 18.87               | 18.94     | -                    | -                           |                                                     |
| <b>Incidents of Non-Compliance with Electricity Infrastructure Regulations and Standards</b>          |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| IF-EU-550a.1                                                                                          | Number of incidents of non-compliance with physical standards and regulations                       | Number                         | 0         | 0                   | 0         | -                    | -                           |                                                     |
|                                                                                                       | Number of incidents of non-compliance with cybersecurity standards and regulations                  | Number                         | 0         | 0                   | 0         | -                    | -                           |                                                     |
|                                                                                                       | Total number of incidents of non-compliance with physical or cybersecurity standards or regulations | Number                         | 0         | 0                   | 0         | -                    | -                           |                                                     |
| <b>Operation Impacted by Disruption (TNB)</b>                                                         |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| IF-EU-550a.2                                                                                          | Total generation and transmission capacity impacted by disruption                                   | MW                             | -         | -                   | 892       | -                    | -                           |                                                     |
|                                                                                                       | Total population affected by disruption                                                             | Number                         | -         | -                   | 367,462   | -                    | -                           |                                                     |
| <b>Operation Impacted by Disruption (SE)</b>                                                          |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| IF-EU-550a.2                                                                                          | Total generation and transmission capacity impacted by disruption                                   | MW                             | -         | -                   | 657       | -                    | -                           |                                                     |
|                                                                                                       | Total population affected by disruption                                                             | Number                         | -         | -                   | 215,180   | -                    | -                           |                                                     |
| <b>TRANSMISSION AND DISTRIBUTION LINES</b>                                                            |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| <b>Length of Above and Underground Transmission and Distribution Lines by Regulatory Regime (TNB)</b> |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| IF-EU-000.C                                                                                           | Transmission                                                                                        | Circuit-km                     | 26,093    | 26,371              | 26,592    | -                    | -                           |                                                     |
|                                                                                                       | Distribution                                                                                        | Circuit-km                     | 761,546   | 708,763             | 715,976   | -                    | -                           |                                                     |
| G4 - EU4                                                                                              | Total wholesale electricity purchased                                                               | GWh                            | -         | -                   | 133,350   | -                    | -                           |                                                     |
| <b>Length of Above and Underground Transmission and Distribution Lines by Regulatory Regime (SE)</b>  |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| IF-EU-000.C                                                                                           | Transmission                                                                                        | Circuit-km                     | 3,161     | 3,147               | 3,150     | -                    | -                           |                                                     |
|                                                                                                       | Distribution                                                                                        | Circuit-km                     | 27,668    | 29,265 <sup>1</sup> | 27,252    | -                    | -                           | Reduction is due to cable replacements and upgrades |
| G4 - EU4                                                                                              | Total wholesale electricity purchased                                                               | GWh                            | -         | -                   | 6,518     | -                    | -                           |                                                     |
| <b>ENERGY TRANSITION AND INNOVATION</b>                                                               |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| <b>Installations of RE and Infrastructure Associated with Smart Grid Technology</b>                   |                                                                                                     |                                |           |                     |           |                      |                             |                                                     |
| G4 - EU29                                                                                             | RE capacity                                                                                         | MW                             | 3,989     | 4,152               | 4,303     | -                    | 10 GW by 2030               |                                                     |
|                                                                                                       | Number of smart meters (AMI) installed                                                              | Number                         | 873,740   | 949,226             | 1,064,537 | 1,000,000 for FY2025 | -                           |                                                     |
|                                                                                                       | Cumulative number of smart meters (AMI) installed                                                   | Number                         | 3,549,489 | 4,498,715           | 5,563,252 | -                    | 10.4 million by end of 2030 |                                                     |
|                                                                                                       | Number of EV charging points                                                                        | Number                         | 14 DC     | 48 DC               | 206 DC    | 250 by 2025          | -                           |                                                     |
|                                                                                                       |                                                                                                     | Number                         | 3 AC      | 18 AC               | 50 AC     | (cumulative)         | -                           |                                                     |

<sup>1</sup> Reinstatement of FY2024 Sabah Electricity (SE) length of distribution line to align with declaration to ECOS.

Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

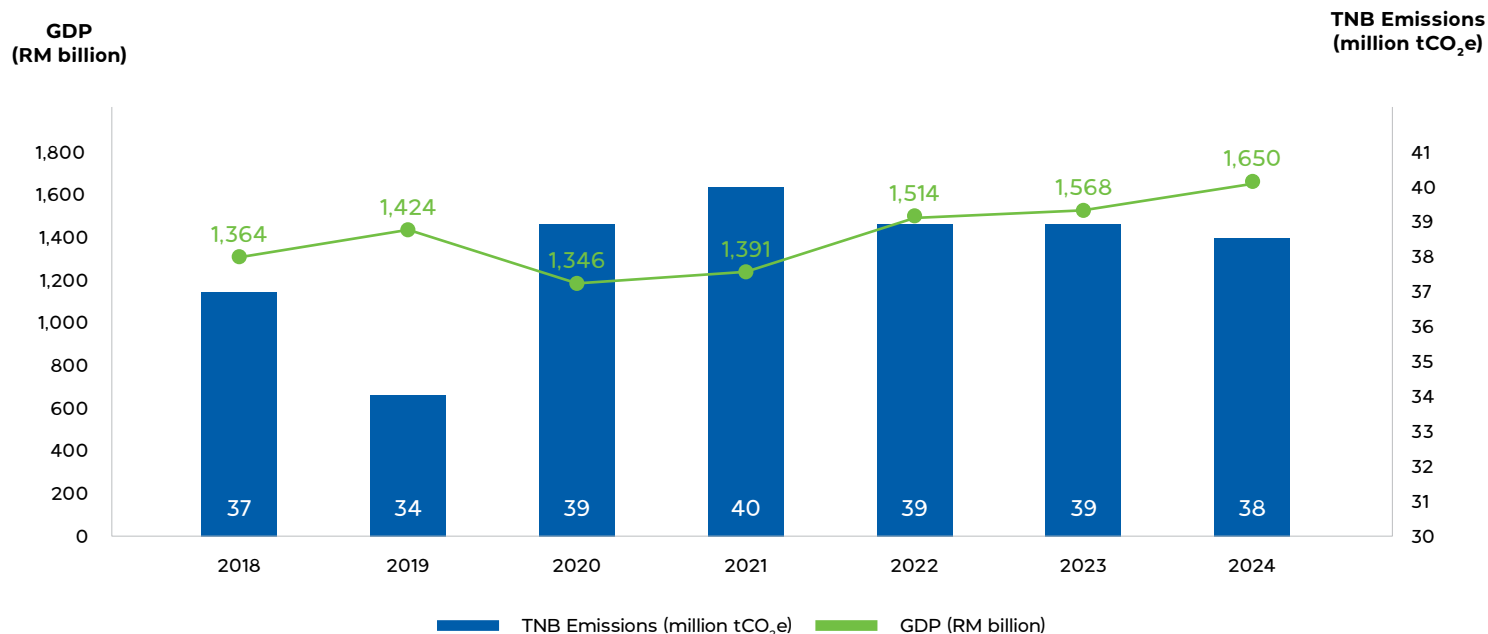


### WHY IS IT IMPORTANT?

Malaysia has strengthened its commitment to combating climate change through the National Climate Change Policy 2.0, which sets the direction for a low-carbon and climate-resilient economy. In alignment with the Paris Agreement, the United Nations 2030 Agenda and the nation's Nationally Determined Contribution (NDC), Malaysia aims to reduce its economy-wide absolute emissions by 15-30 million tonnes by 2035 from the peak level and Net Zero by 2050.

As Malaysia's economy progresses, electricity demand has shown consistent growth. Historical trends reveal that the national power sector's emissions have risen in tandem with the Gross Domestic Product (GDP) and electricity demand. From 2018 to 2024, Malaysia's GDP grew at a Compound Annual Growth Rate (CAGR) of 3.23%, surpassing the TNB's absolute emissions CAGR of approximately 0.79%. This indicates that TNB's absolute emissions have been contained at a slower rate compared to the growth in GDP working towards a greener fuel mix.

### MALAYSIA GDP COMPARED WITH TNB ABSOLUTE EMISSIONS



As Malaysia's national electricity provider, TNB recognises its responsibility to enable and empower Malaysia's energy transition while remaining committed to delivering secure and reliable electricity to the nation. In Peninsular Malaysia, TNB accounts for approximately 48.8% of total generation capacity.

TNB supports Malaysia's effort to balance the energy trilemma of energy security, affordability and sustainability through its Energy Transition Plan. Our Energy Transition Plan cuts across the energy value chain, which includes transitioning to clean energy sources, developing the energy transition network and offering innovative customer solutions that promote efficient energy usage.

[For more information about the TNB Energy Transition Plan, refer to the Energy Transition and Grid Resiliency chapter.](#)

TNB Group continues to derive the majority of its revenue from the sale of electricity. Independent Power Producer (IPP) plants and internal generation assets contribute to the overall generation portfolio supporting electricity sales. For financial reporting purposes at the Group level, revenue attributable to IPP plants and internal generators is fully eliminated from total Group revenue. Before considering the elimination done for financial reporting purpose, coal and gas account for 15.2% and 7.0%, respectively, whereas renewable energy (RE) contributes 2.6%.

In 2025, 63.0% of TNB Group's property, plant and equipment (PPE) cost relates to its regulated network, while generation assets comprise most of the remainder: coal (15.2%), RE (12.9%) and gas (4.2%). The remaining 4.7% of PPE is attributed to other business operations.

TNB's decarbonisation journey is further strengthened by energy mix diversification and the deployment of low-carbon technologies. Strategic energy resource planning, supported by strong collaboration with regulators, policymakers and industry partners, ensures that our transition remains inclusive, equitable and resilient amid evolving challenges.

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

## OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31.32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Driving Decarbonisation Through Lower-Carbon Technologies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |       |                                           |                                           | Risk: Technology Constraints Increase Decarbonisation Costs and Delay Transition Efforts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                            |                                          |                                          |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------------|------------------------------------------|
| Description                                           | <p>TNB can drive decarbonisation by transforming its generation portfolio through the deployment of low-carbon and circular-carbon technologies while strengthening long-term financial competitiveness. Biomass utilisation, renewable integration, electrification, digital optimisation and asset rationalisation progressively reduce reliance on high-emissions thermal assets.</p> <p>As TNB transitions from coal and gas towards a lower-carbon generation mix, its overall operational risk profile improves. Lower exposure to combustion risk, fuel handling and emissions-related liabilities enhances asset resilience and reduces insured risk exposure at the portfolio level.</p> <p>Insurance premium intensity is assessed on a per-MW basis by technology. While premium rates per MW are assumed to remain constant based on historical averages, the portfolio-weighted average premium intensity declines as higher-risk coal capacity is retired and replaced by lower-risk renewable capacity under RT 2.0 and the Carbon Management Strategy. This mix-driven reweighting generates recurring operational cost savings over time, supporting long-term shareholder value.</p> |       |                                           |                                           | <p>TNB is pursuing an ambitious decarbonisation pathway with a target to achieve net zero emissions by 2050. Achieving long-term decarbonisation requires the adoption of advanced low-carbon technologies such as hydrogen or biomass co-firing, carbon capture, utilisation and storage (CCUS) and next-generation grid solutions.</p> <p>However, many of these technologies remain technically nascent, costly or unproven at a commercial scale in Malaysia. Integrating new technologies into existing plant designs presents engineering, compatibility and operational challenges that may require significant upgrades or redesigns. High capital costs, uncertain performance outcomes and limited supply chains for green fuels such as hydrogen and biomass further elevate financial and implementation risks.</p> <p>These constraints may increase the overall cost of decarbonisation and delay the rollout of energy transition initiatives, slowing progress towards long-term greenhouse gas (GHG) emissions reduction targets.</p> |                            |                                          |                                          |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Reduces portfolio-level operational risk exposure through natural retirement of thermal assets.</li> <li>Lowers portfolio-weighted insurance premium through generation mix transition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |       |                                           |                                           | <ul style="list-style-type: none"> <li>Impede energy transition progress and GHG emissions reduction targets to achieve Net Zero by 2050.</li> <li>Impede the transition of brown energy (fossil fuels) to clean energy.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |                                          |                                          |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Prioritises generation mix transition that improves structural risk profile and long-term cost efficiency.</li> <li>Incorporates portfolio-weighted insurance cost implications into capacity planning and asset retirement sequencing.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |       |                                           |                                           | <ul style="list-style-type: none"> <li>Advance pilot projects for emerging technologies and build strategic Research and Development (R&amp;D) collaborations to evaluate technical feasibility and maturity.</li> <li>Implement phased adoption strategies to manage cost uncertainties and reduce technology-integration risks.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                            |                                          |                                          |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Net savings from insurance premiums arise from natural retirement of thermal assets and expansion of lower-risk renewable capacity.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |       |                                           |                                           | <ul style="list-style-type: none"> <li>Higher operational costs arising from additional emissions charges as a result of delayed energy transition projects.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |                                          |                                          |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Short | Medium                                    | Long                                      | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Short                      | Medium                                   | Long                                     |
| Effect on Financial                                   | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | –     | Cost Avoidance<br>RM50 mil –<br>RM450 mil | Cost Avoidance<br>RM50 mil –<br>RM450 mil | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Cost Increase<br><RM50 mil | Cost Increase<br>RM50 mil –<br>RM450 mil | Cost Increase<br>RM50 mil –<br>RM450 mil |

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Gas as a Transitional Fuel for Energy Security and System Flexibility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                  |                      |                      | Risk: Limited Fuel Resources Restricting Coal-to-Gas Transition and Decarbonisation Progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                               |                               |                               |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Description                                           | <p>TNB has the opportunity to strengthen Malaysia's energy security and system flexibility by optimising natural gas as a transitional fuel. As Malaysia experiences accelerated load growth, driven mainly by data centres and industrial expansion, maintaining a stable and affordable power system becomes increasingly critical. Natural gas, whose emissions are approximately 50–60% lower than coal, offers a lower-carbon bridge while renewable energy capacity scales up.</p> <p>Gas-fired generation provides fast-ramping, highly dispatchable capacity that is essential to support higher shares of variable renewable energy (VRE) and mitigate intermittency risks. By extending the life of selected retiring gas plants and investing in new flexible, hydrogen-ready gas turbines, TNB can ensure dependable baseload and mid-merit supply while progressively reducing emissions intensity.</p> <p>In parallel, TNB's participation in the Lumut Regasification Terminal (RGT) and its aspiration to become a gas aggregator under the Third-Party Access (TPA) framework strengthens TNB's capability to manage gas sourcing, optimise procurement strategies and hedge against fuel price volatility. This enhances both supply security and affordability, enabling TNB to secure competitively priced gas that supports stable electricity tariffs for consumers.</p> |                                  |                      |                      | <p>As announced by the government, natural gas will continue to play a critical role as a transitional fuel, supporting system reliability and energy security while enabling the gradual displacement of coal in the nation's energy transition journey.</p> <p>However, Peninsular Malaysia faces growing constraints in domestic gas supply due to declining production from mature fields and rising demand from both the power and industrial sectors, driven by economic growth and the energy transition acceleration. Electrification trends and RE intermittency further intensify competition for limited gas resources.</p> <p>As gas becomes increasingly scarce and market-driven, fuel procurement costs may rise, affecting generation economics and the ability to operate gas plants optimally and maintain desired efficiency.</p> |                               |                               |                               |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Enhances system flexibility and strengthens TNB's ability to balance VRE through reliable gas-fired generation.</li> <li>Reinforces energy supply security and operational resilience by maintaining dependable dispatchable capacity during the transition period.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                  |                      |                      | <ul style="list-style-type: none"> <li>Impede energy transition progress and GHG emissions reduction targets to achieve Net Zero by 2050.</li> <li>Impede the transition of brown energy (fossil fuel) to clean energy.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                               |                               |                               |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Guides strategic investments in regasification capacity, liquefied natural gas (LNG) import infrastructure and hydrogen-ready gas plants to ensure fuel availability and operational efficiency.</li> <li>Supports long-term transition planning by optimising gas dispatch, extending asset life and preparing for future low-carbon co-firing pathways.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                  |                      |                      | <ul style="list-style-type: none"> <li>Invest in regasification facilities, LNG import infrastructure, and optimise gas plant dispatch during periods of high availability.</li> <li>Strengthen efficiency initiatives for thermal plants and explore hydrogen co-firing to enhance fuel flexibility and reduce reliance on natural gas.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                               |                               |                               |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Stabilises earnings by reducing reliance on volatile global coal markets and enabling more efficient system operations.</li> <li>Requires ongoing fuel and infrastructure expenditure, with near-term cash flow impacts offset by long-term value protection from secure, flexible capacity and reduced system imbalance costs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                  |                      |                      | <ul style="list-style-type: none"> <li>Higher operating costs resulting from reduced power plant efficiency due to non-optimal operations during periods of limited gas supply.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                               |                               |                               |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Short                            | Medium               | Long                 | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Short                         | Medium                        | Long                          |
| Effect on Financial                                   | Revenue<br>RM6.3 bil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Revenue<br>RM5 bil –<br>RM10 bil | Revenue<br>>RM10 bil | Revenue<br>>RM10 bil | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Cost<br>Increase<br><RM50 mil | Cost<br>Increase<br><RM50 mil | Cost<br>Increase<br><RM50 mil |



## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

## GOVERNANCE IN ACTION

The TNB Board and TNB Board Sustainability and Risk Committee (BSRC) oversee the integration of GHG emissions management and targets into strategic decision-making, ensuring that decarbonisation efforts are embedded across all business operations.

Major investments and strategic initiatives related to decarbonisation are governed by the TNB Board and the Finance and Investment Committee (FIC) through a structured investment process, ensuring governance consistency and accountability.

At the management level, the Sustainability and Energy Transition Committee (SETC), chaired by the President/Chief Executive Officer and comprising members of TNB's Top Management, plays a pivotal role in steering key decarbonisation initiatives, set GHG emissions reduction targets, monitor GHG emissions performance, endorse implementation plans and ensure alignment with TNB's energy transition roadmap.

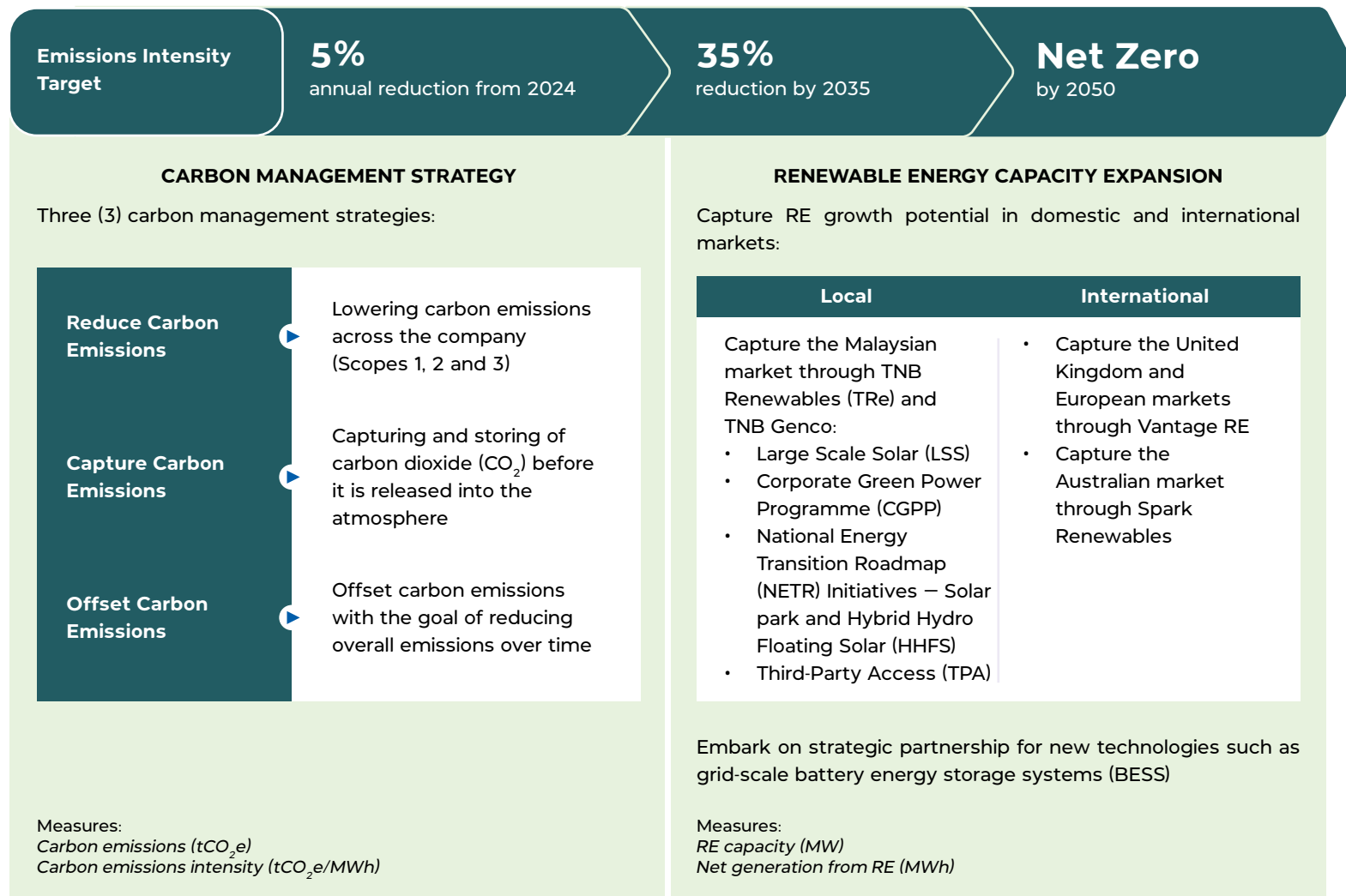
The Investment Executive Committee (IEC) evaluates renewable energy and decarbonisation project proposals to ensure alignment with TNB's strategic priorities, financial requirements and energy transition objectives. Following deliberation, the IEC or the relevant higher-level committees will grant approval in accordance with TNB's Limits of Authority (LOA).

Furthermore, the Project Direct Emissions Intensity criterion within the Investment Risk Methodology (IRM) is applied to assess all renewable and decarbonisation investments. Projects exceeding the threshold undergo additional review by the BSRC to ensure alignment with long-term decarbonisation goals.

## STRATEGY

## TNB CARBON MANAGEMENT STRATEGY AND RENEWABLE ENERGY EXPANSION PLAN

The TNB Carbon Management Strategy and Renewable Energy Expansion Plan is established to guide TNB's journey towards Net Zero emissions in 2050. The strategy is built on three (3) pillars: Reduce, Capture and Offset. It targets a 5% annual reduction in GHG emissions intensity from 2024, supporting a 35% emissions intensity reduction by 2035 and Net Zero by 2050.



## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

### CARBON MANAGEMENT STRATEGY: REDUCE

Recognising our reliance on fossil fuel generation, our primary focus is on reducing our Scope 1 emissions. Initiatives are largely focused on enhancing our plant efficiency, transitioning energy sources to phase out coal plants and decarbonising existing thermal power plants. This pillar is expected to contribute 19% of the emissions intensity reduction by 2050.

### ENHANCING POWER PLANT EFFICIENCY

TNB is committed to reducing its carbon intensity through continuous improvement in operational efficiency, particularly across its thermal power plants. Carbon emissions are reduced by optimising fuel consumption to generate the same amount of electricity more efficiently. To achieve this, TNB continuously monitors the heat rate of its thermal plants and implements various efficiency enhancement initiatives such as coal blending, periodic boiler and condenser cleaning, and compressor washing.

In 2025, TNB focused on heat rate improvement initiatives across its coal-fired plants to enhance fuel efficiency and lower carbon emissions. These efforts include targeted operational enhancements, equipment upgrades and the adoption of digital performance monitoring tools. TNB leverages on Digital Twin technology to identify performance gaps on a real-time basis, enabling data-driven performance improvement initiatives.

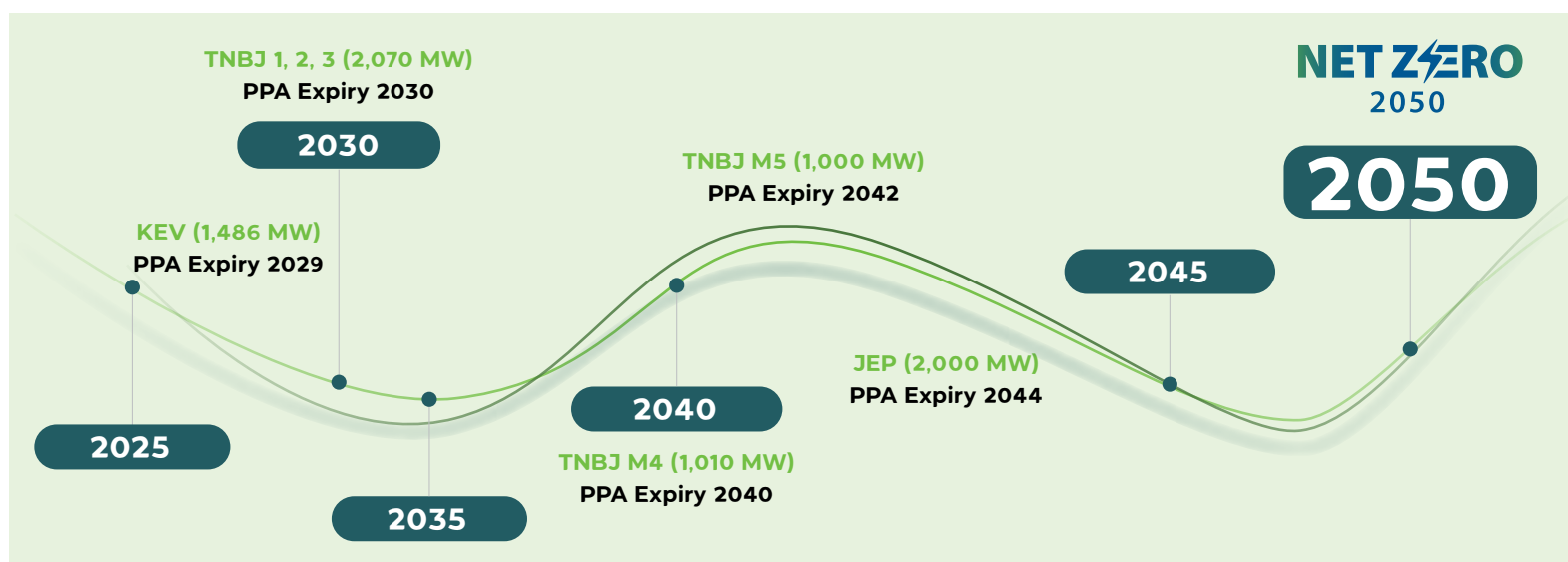
The following outlines the key initiatives implemented in 2025 and the subsequent improvements achieved in plant efficiency:

| Power Plant    | Improvement                                                                                                                                                                                                    | Improvement in Emissions Intensity |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <b>TNBJ U1</b> | • Improve make-up water consumption via valves replacements                                                                                                                                                    | 6%                                 |
| <b>TNBJ U4</b> | • Repair the passing High Pressure (HP) Heater and Pressure Relief (PR) valve<br>• Optimise the Flue Gas Desulphurisation (FGD) system<br>• Prioritise higher Calorific Value (CV) coal for new contracts      | 1%                                 |
| <b>TNBJ U5</b> | • Improve condenser backpressure by repairing air-ingress leakage and cleaning the condenser tube<br>• Improve make-up water by repairing the passing isolation valve and upgrading to zero-leakage valve type | 2%                                 |
| <b>JEP 1</b>   | • U1 Major Outage (HP Heater replacement)                                                                                                                                                                      | 7%                                 |
| <b>JEP 2</b>   | • Boiler cleaning work                                                                                                                                                                                         | 3%                                 |

In addition, TNB is evaluating the application of fuel additives in coal-fired power plants to enhance operational and environmental performance.

### COMMITMENT TO CEASE INVESTMENTS IN COAL-FIRED POWER PLANTS

TNB has committed to no longer investing in greenfield coal plants since 2021, with the natural Power Purchase Agreement (PPA) expiry of its last coal plant expected to be in 2044, as follows:



## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

## GAS AS TRANSITION FUEL

Malaysia's electricity demand is expected to grow by over 20% in the next decade, driven by economic expansion, industrial growth and rapid data centre development. In 2025, Peninsular Malaysia recorded a peak demand of 21,049 MW, partly driven by a surge in data centre consumption.

To cater for the increasing electricity demand, natural gas remains a pivotal transition fuel in Malaysia's low-carbon economy. Coal-fired power plants emit approximately 1.8 times more CO<sub>2</sub>e per MWh than gas-fired plants, making gas a lower-carbon option that supports energy security, system reliability and the gradual phase-down of coal.

TNB is investing in a new combined-cycle gas-fired power plant in Paka, Terengganu, targeted to begin operations in December 2029. The 1,400 MW project will adopt hydrogen-ready technology, aiming to decarbonise through utilisation of emerging technology without jeopardising long-term energy reliability. Additionally, TNB is also developing a new 2,100 MW combined-cycle gas turbine (CCGT) facility at Kapar, which is expected to be completed by 2031. These projects reflect TNB's commitment to optimising gas utilisation as a transition fuel while preparing its generation assets for future integration of low-carbon fuels such as hydrogen.

Supporting this initiative, TNB Fuel Services Sdn. Bhd. (TNBF) is strategically venturing into the gas value chain as an LNG aggregator and supplier. This move aligns with TNB's goal to enhance energy security and optimise supply chain efficiency. Leveraging its importer and shipper licences, TNBF is positioned to aggregate and supply LNG and natural gas specifically for the power sector, ensuring a stable and competitive gas supply framework.

## ACCELERATING THE ENERGY TRANSITION AND MALAYSIA'S HYDROGEN ECONOMY

TNB is exploring hydrogen as a key lever to support Malaysia's decarbonisation initiative by progressing from pilot to commercial-scale projects aimed at establishing a reliable hydrogen supply chain.

Project REACH (Renewable Energy-Assisted Clean Hydrogen) is an innovative initiative to demonstrate the integration of renewable energy and hydrogen production within an operational thermal power station, laying the foundation for future decarbonisation efforts.

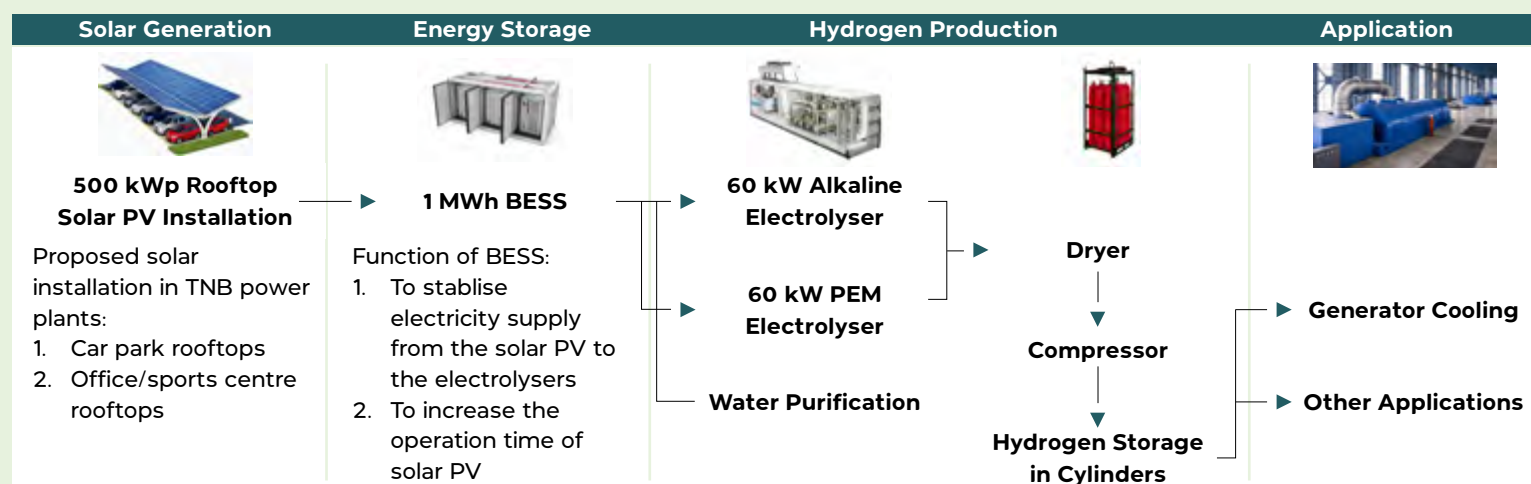
TNB is also exploring low-carbon fuel co-firing such as hydrogen, ammonia and biomass, which are key to TNB's Carbon Management Strategy to annually reduce our emissions intensity towards achieving net zero by 2050, after successfully co-firing up to 60% of ammonia at lab-scale in 2022 and 1% biomass at an operational power plant in 2023.

In partnership with PETRONAS, TNB entered into a Strategic Collaboration Agreement to develop a commercial-scale, end-to-end green hydrogen value chain spanning from the Kenyir HHFS project to green hydrogen and derivatives production in Kertih.

The collaboration seeks to bridge the gap between the cost of green hydrogen production and the market's willingness to pay. This will be achieved by developing a viable business model through techno-economic optimisation and molecule offtaker sourcing for both domestic and export use, and targeted and supportive government policies.

## PROJECT REACH A Pioneering Venture in Green Hydrogen Production

As a step towards establishing a hydrogen supply chain, TNB has initiated Project REACH, a pioneering venture in green hydrogen production at Jimah East Power (JEP). This initiative integrates a 500 kWp rooftop solar photovoltaic (PV) system and battery energy storage systems (BESS) to power electrolyser units, enabling zero-emission hydrogen production. The green hydrogen will be utilised for key applications such as generator cooling at TNB's thermal power plants, with potential for expansion into other decarbonisation initiatives. Beyond its technical scope, Project REACH delivers strategic impact by validating the commercial and operational feasibility of hydrogen technology, strengthening Malaysia's clean energy ecosystem, and positioning TNB as a regional leader in the hydrogen economy while enhancing national energy security and resilience.



Green hydrogen system aims:

1. To investigate performance, efficiency, operations and maintenance, and potential scalability of different electrolyser types
2. To produce a green hydrogen system to replace the existing hydrogen supply for generator cooling in TNB power plants

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

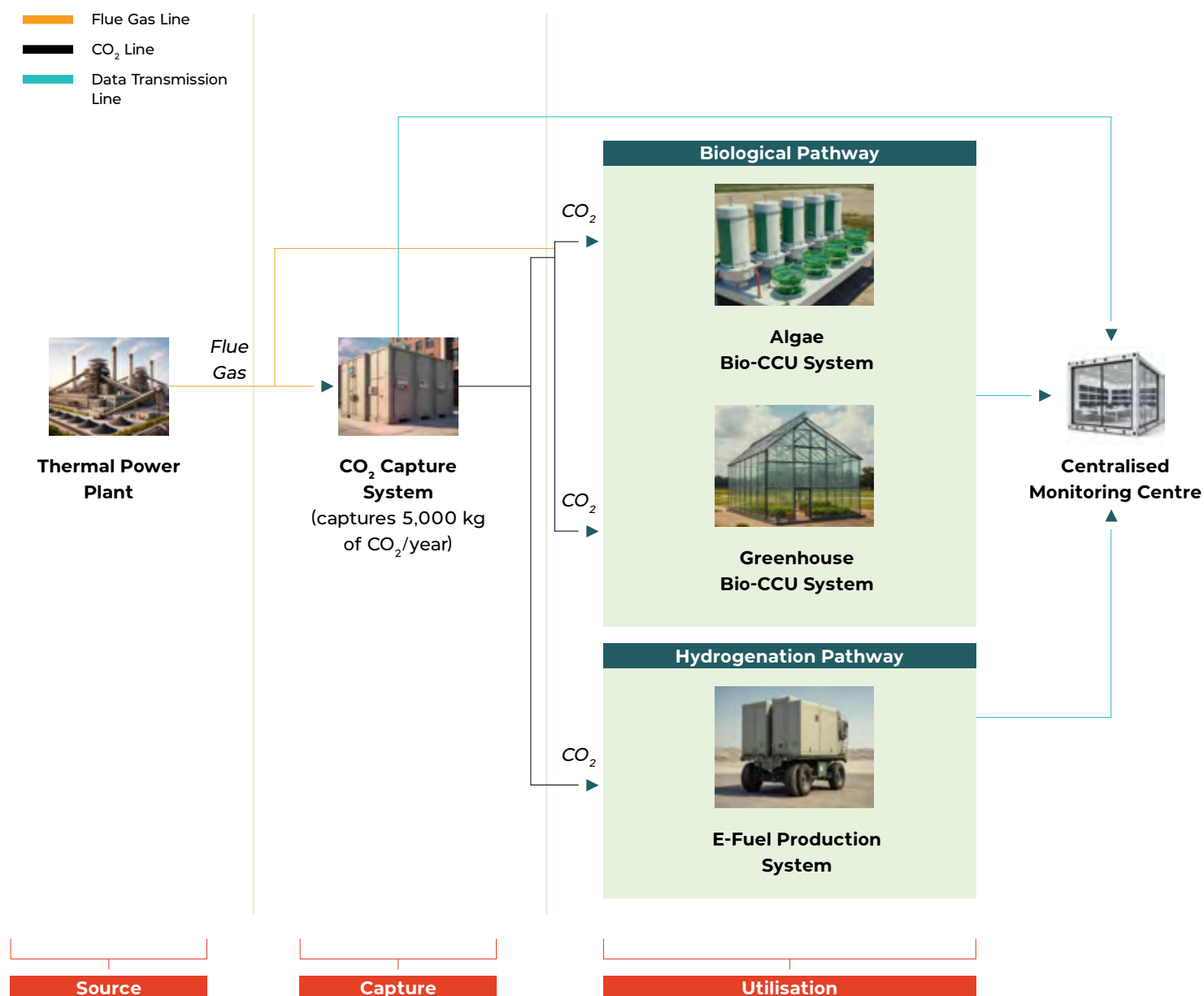
### CARBON MANAGEMENT STRATEGY: CAPTURE

TNB has earmarked the use of advanced carbon capture and utilisation (CCU) technologies to contribute 30% of the emissions intensity reduction by 2050. Our efforts focus on two (2) key pathways: carbon capture and carbon utilisation. Carbon capture involves developing advanced amine-based carbon capture systems to efficiently absorb CO<sub>2</sub>. CO<sub>2</sub> utilisation explores biological and hydrogenation pathways to convert captured CO<sub>2</sub> into valuable products. Since 2011, TNB Research (TNBR) has led innovation in this space, driving multiple CCU projects, including Project Dragon and Project Chlorobloom.

#### PROJECT DRAGON – A Pilot Project for Integrating CCUS With Thermal Power Plant

TNB has initiated a pilot-scale CCU project at the Jimah East Power Plant (JEP), involving the utilisation of 5,000 kg of CO<sub>2</sub> per year captured directly from the plant's flue gas. This pilot serves as a proof of concept to demonstrate the CCU system's technical feasibility under real operating conditions while also establishing the Unit Production Cost (UPC) for CCU technology in the energy industry.

The captured CO<sub>2</sub> will be repurposed for multiple applications, including e-fuel (methane/methanol) production, microalgae cultivation and supporting the High Growth, High Value (HGHV) agriculture sector. The captured CO<sub>2</sub> is supplied to the agriculture sector to enhance dragon fruit cultivation, the inspiration behind the project's name. Beyond emissions reduction, this initiative reinforces TNB's innovation-driven sustainability strategy, positioning it at the forefront of low-carbon technology adoption while enhancing its appeal to regulators, investors and green industry stakeholders.

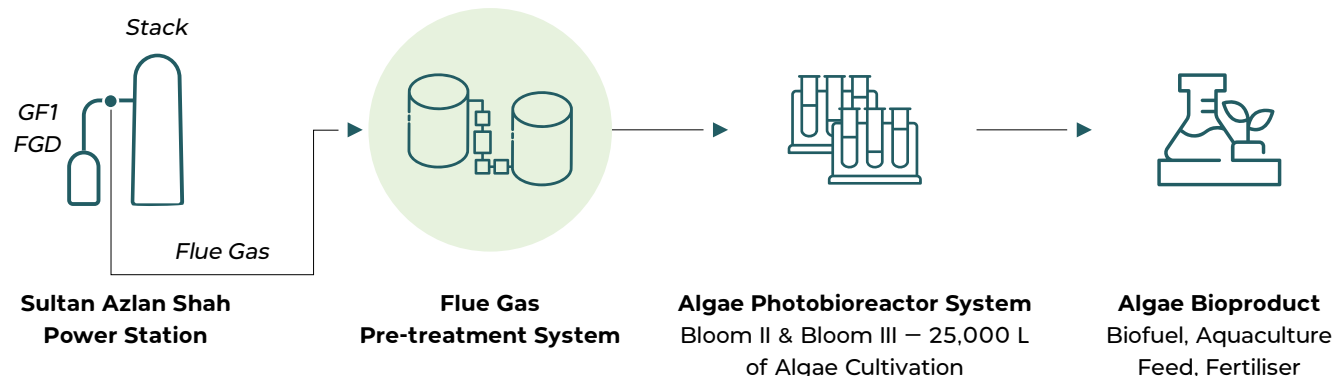




## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

**PROJECT CHLOROBLOOM** Implementation of CCUS Through Algae-Bio Carbon Capture and Utilisation at Thermal Power Plant

TNBR has been actively exploring Algae-Bio Carbon Capture and Utilisation (Bio-CCU) as part of TNB's broader decarbonisation strategy. A pilot plant implemented between 2015 and 2018 at TNB Janamanjung Power Plant demonstrated that microalgae are highly effective in capturing CO<sub>2</sub> due to their rapid growth and strong fixation capabilities. The next phase introduces Project Chlorobloom, launched in 2025 as an expansion of the CCU initiative through a microalgae-based CO<sub>2</sub> capture approach, where flue gas from TNB's power plant will be used directly for algae cultivation. The harvested biomass will be commercialised for applications in aquaculture, animal feed and biofertiliser industries, creating new revenue opportunities and promoting a circular economy. Implemented in three (3) phases (BLOOM I, II and III), the project aims to empower local communities and establish a self-sustaining CCU ecosystem while demonstrating the economic viability of biological carbon utilisation. Complementing this, the reinstalled Bio-CCU pilot at Janamanjung will deploy a 22,000 L photobioreactor (Bloom III) and 3,000 L unit (Bloom II), capable of mitigating up to 5.94 tonnes of CO<sub>2</sub> annually while evaluating downstream product development from algae biomass.

**CARBON MANAGEMENT STRATEGY: OFFSET**

Complementing our emissions reduction and capture efforts, we invest in nature-based carbon offset initiatives such as reforestation to tackle hard-to-abate emissions. These efforts help absorb and store carbon dioxide, contributing to a more sustainable future. In 2025, we planted a total of 23,230 trees at designated areas across the country, and approximately 365 tCO<sub>2</sub>e were sequestered.

We will continue to explore and invest in both nature-based and technology-based carbon offset initiatives for the remaining hard-to-abate emissions (5.65% of emissions intensity by 2050). Our commitment towards these efforts is crucial in addressing our carbon footprint and ensuring a sustainable future for generations to come.

**ENHANCING SCOPE 1 REDUCTION EFFORTS****GHG Reduction Initiatives and Performance by Grid Operation**

TNB uses sulphur hexafluoride (SF<sub>6</sub>) as an insulating medium in high-voltage switchgear and gas-insulated substations within its transmission and distribution infrastructure. However, SF<sub>6</sub> is a GHG with a GWP approximately 23,500 times higher than CO<sub>2</sub>. Recognising this, we have implemented measures to reduce our fugitive emissions, with a focus on recycling and reconditioning SF<sub>6</sub> gas.

In 2025, we successfully recycled 8,211 kg of SF<sub>6</sub> gas, which contributed to 192,956 tCO<sub>2</sub>e in carbon avoidance, by undertaking the initiatives below:

- Completed GIS refurbishment for two (2) substations (PMU 132 kV SRYA and PMU 132 kV SBGS)
- Ongoing R22 air conditioner replacement in the Northern Region

**EV Fleet Conversion**

Emissions from company vehicles account for less than 1% of TNB's total GHG emissions but they present a clear opportunity for reduction. TNB has identified fleet electrification as a key strategy, with each electric vehicle (EV) replacing a conventional vehicle, estimated to avoid 41.6 tCO<sub>2</sub>e over 10 years. We target to electrify 30% of our 4,780 vehicles in our operational fleet by 2030, covering pickups, vans, passenger cars and specialised units.

We aim to replace over 1,000 units to significantly reduce our Scope 1 emissions. We have already deployed 401 EVs, including 301 technical operational vehicles and 100 corporate vehicles, marking a strong start towards our fleet electrification goals.

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

### RENEWABLE ENERGY EXPANSION PLAN

In advancing TNB's decarbonisation agenda, we are expanding our RE portfolio across both domestic and international markets, which will account for a 46% reduction in emissions intensity by 2050. Currently, we have an installed RE capacity of 4.6 GW across our operations locally and internationally, contributing to estimated emissions avoidance of 6.3 million tCO<sub>2</sub>e annually. Looking ahead, we are targeting a total operational capacity of around 10 GW by 2030, comprising 8 GW in Malaysia, 1 GW in the United Kingdom and Europe and 1 GW in Australia.

Our domestic RE growth is supported by Malaysia's National Energy Transition Roadmap (NETR) as TNB is identified as the champion for the 2.5 GW Hybrid Hydro Floating Solar (HHFS) and 750 MWp Centralised Solar Park (CSP), as well as the key partner for residential solar initiatives. Additionally, we are scaling our RE growth through the Large Scale Solar (LSS) programme, the Corporate Renewable Energy Supply Scheme (CRESS) and the Corporate Green Power Programme (CGPP), enabling greater adoption of RE among commercial and industrial customers.

Internationally, through our subsidiaries, Vantage RE in the United Kingdom and Spark Renewables in Australia, we are actively pursuing RE opportunities to diversify our generation portfolio and strengthen our clean energy presence. We continue to scale solar, wind and battery energy storage projects in markets with strong policy support and robust demand for low-carbon solutions, particularly in the United Kingdom, Europe and Australia.

### DOMESTIC RENEWABLE ENERGY EXPANSION GROWTH

TNB has an installed renewable generation capacity of 3 GW domestically, contributing to estimated emissions avoidance of 6 million tCO<sub>2</sub>e annually. Building on this foundation, TNB aims to further expand its RE capacity through a range of strategic initiatives, as follows:

### NATIONAL ENERGY TRANSITION ROADMAP PROJECTS

In 2023, Malaysia launched the NETR to accelerate the nation's transition to a low-carbon energy economy. We are leading Malaysia's energy transition by delivering nine (9) TNB NETR flagship projects, championing and supporting key initiatives as follows:

| Energy Transition Lever | 9 TNB NETR Flagship Projects           | Champion            | TNB as Partner | TNB Providing Support |
|-------------------------|----------------------------------------|---------------------|----------------|-----------------------|
| Renewable Energy Zone   | Centralised Solar Park                 | TNB                 |                |                       |
| Renewable Energy Zone   | Hybrid Hydro Floating Solar PV (HHFS)  | TNB                 |                |                       |
| Hydrogen                | Green Hydrogen Value Chain             | TNB                 |                |                       |
| Renewable Energy Zone   | Residential Solar                      | Sime Darby Property | ✓              |                       |
| Green mobility          | EV Charging Stations                   | MITI                | ✓              |                       |
| CCUS                    | Carbon Capture and Storage             | PETRONAS            | ✓              |                       |
| Renewable Energy Zone   | Energy Storage System (ESS)            | PETRA               | ✓              |                       |
| Renewable Energy Zone   | Integrated Renewable Energy Zone       | UEM                 |                | ✓                     |
| Energy Efficiency (EE)  | Energy Efficiency and Conservation Act | PETRA               |                | ✓                     |

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

**HYBRID HYDRO FLOATING SOLAR**

We are committed to delivering 2.5 GW of RE capacity by 2030 through the HHFS initiative at our existing hydro reservoirs, in close collaboration with state governments under the CRESS. Once fully commissioned, these projects are expected to avoid approximately 3.8 million tonnes of CO<sub>2</sub> emissions annually.

The pilot projects, the 105.12 kWp floating solar PV at Manjung and the 100 kWac HHFS installation at Kenyir Lake, demonstrate technical viability and operational readiness, positioning TNB for scaled roll out in Terengganu. A formal partnership with Terengganu Incorporated (TI) further reinforces governance and delivery assurance.

Our HHFS development at the Kenyir reservoir, with a planned capacity of 150 MWp, is targeted for completion by 2027, with 71% of pre-development activities already completed. The next phase at Temenggor is scheduled for completion by 2028.

**CENTRALISED SOLAR PARKS**

We are committed to developing centralised solar parks with a total capacity of 750 MWp, projected to avoid approximately 0.6 million tCO<sub>2</sub>e annually. These projects are delivered through our subsidiary, TNB Renewables (TRe), in collaboration with SMEs, cooperatives and state-linked entities in Peninsular Malaysia.

Considering the rising green energy demand from data centres from 2025 onwards, we have put in place a strategy to secure long-term RE supply agreements under the CRESS. As part of this effort, we achieved a key milestone by signing the head of terms for a bilateral energy supply agreement with DayOne Data Center, with 500 MWac of RE demand over a 21-year term to support its data centre operations in Nusajaya Tech Park and Kempas Tech Park, Malaysia.

**ENABLING ROOFTOP SOLAR THROUGH PARTNERSHIP**

Through our subsidiary, GSPARX, we have partnered with Sime Darby Property to deliver 4.5 MWp for 450 homes at City of Elmina and Bandar Bukit Raja. This ongoing project is implemented under the Community Renewable Energy Aggregation Mechanism (CREAM) initiative as part of the NETR, demonstrating our commitment to expanding residential solar adoption.

Special infrastructure has been incorporated into the distribution network in Elmina Ilham Residence, namely the Community Energy Storage System (CESS), Voltage Regulated Distribution Transformer (VRDT) and online feeder pillar. This is part of the preparation for the upcoming installation of the solar PV system at the homes in the City of Elmina.

As of 2025, the partnership has also invested in 14 commercial sites, delivering 1.7 MWp of installed capacity and avoiding approximately 1,500 tCO<sub>2</sub>e annually.

**LARGE SCALE SOLAR PROJECTS**

The Ministry of Energy Transition and Water Transformation (PETRA) launched the fifth round of the Large Scale Solar programme (LSS5) in 2024, offering 1,975 MW of solar capacity. Through this programme, TRe secured 500 MWac in Kedah, representing about 25% of the total allocation. Construction has started in 2025, and once commissioned, the project is expected to avoid approximately 0.6 million tonnes of CO<sub>2</sub> emissions annually.

In addition, TRe is developing a 15 MWac large scale solar project in Sabah in partnership with Sabah Electricity, which holds a majority stake in the project. The construction of the plant began in November 2025 with a target of commencing commercial operations in December 2026 and is expected to avoid approximately 17,000 tonnes of CO<sub>2</sub> emissions annually.

**RENEWABLE ENERGY OFFTAKE UNDER THE CORPORATE GREEN POWER PROGRAMME**

The Corporate Green Power Programme (CGPP) enables businesses to procure RE through Virtual Power Purchase Agreements (VPPA) with solar developers. This mechanism allows corporates to claim RE usage and meet emissions targets without altering their physical electricity supply, while accelerating the development of solar projects in Malaysia.

TRe developed 90 MWac of solar generation capacity under the CGPP. This includes a wholly owned 30 MWac facility and two (2) joint-venture plants with a combined capacity of 60 MWac. All facilities are expected to be commissioned in the first quarter of 2026 and are expected to avoid approximately 0.2 million tonnes of CO<sub>2</sub> emissions annually.

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

### EXPANDING RENEWABLE ENERGY THROUGH HYDROELECTRIC PROJECTS

We continue to strengthen our hydroelectric portfolio, currently operating 2.5 GW of large hydro capacity as a cornerstone of Malaysia's renewable mix. We are developing the 300 MW Nenggiri Hydroelectric Project and implementing the 648 MW Sungai Perak Life Extension Programme, which together are expected to avoid approximately 1.9 million tonnes of CO<sub>2</sub> annually and advance our decarbonisation strategy.

#### Nenggiri Hydroelectric Project

Our 300 MW Nenggiri Hydroelectric Project is 68% complete and on track for commercial operation in the second quarter of 2027. Once operational, it is expected to avoid approximately 0.6 million tCO<sub>2</sub>e annually.

#### Sungai Perak Hydroelectric Life Extension Programme

Under the Life Extension Programme (LEP), the Sungai Perak Hydro scheme is being upgraded from 650 MW to approximately 700 MW. This upgrade extends asset life by 30–40 years, improves efficiency and supports long-term RE generation while reducing carbon intensity. Project progress is at 28%, with the first unit at Chenderoh scheduled for commercial operation in the fourth quarter of 2026. Once completed, the programme is expected to avoid approximately 1.3 million tonnes of CO<sub>2</sub> emissions annually.

### SOLAR ROOFTOP

Through our subsidiary GSPARX, we successfully commissioned 47 MWp of solar rooftop capacity in 2025, bringing our cumulative installed capacity to 216 MWp. This includes 1,988 residential customers, nine (9) property developers and 405 commercial and industrial customers, reflecting TNB's commitment to enabling communities and businesses to adopt clean energy solutions. Collectively, these solar rooftops avoid approximately 0.2 million tonnes of CO<sub>2</sub> emissions annually.

### INTERNATIONAL RENEWABLE ENERGY PROJECTS

TNB's international RE portfolio currently stands at around 1 GW and is expected to grow to approximately 2 GW by 2030. Our portfolio comprises 863 MWp of solar power and 165.4 MW of wind, collectively avoiding approximately 0.3 million tonnes of CO<sub>2</sub> annually.

We are advancing our international RE expansion through strategic partnerships, led by our subsidiaries Vantage RE in the United Kingdom and Europe and Spark Renewables in Australia.

In 2025, two (2) greenfield solar plants in the United Kingdom developed by Vantage RE achieved commercial operation with a combined capacity of 101.7 MWp. Vantage RE is also developing a 21.6 MW greenfield wind project in the United Kingdom, targeted for commercial operation in the second half of 2027, expected to avoid approximately 11,500 tonnes of CO<sub>2</sub> annually.

In October 2025, Spark Renewables' Dinawan Energy Hub (DEH) in Australia secured a Capital Investment Scheme (CIS) Tender 4 award for its 357 MW Dinawan Wind Farm (Stage 1) in the New South Wales (NSW) South West Renewable Energy Zone (SW REZ). DEH is a RE development project, consisting of multiple phases of wind, solar and battery energy storage systems with a total capacity of approximately 1 GW. DEH is expected to avoid approximately 1 million tonnes of CO<sub>2</sub> emissions annually upon commercial operation.

In addition, Spark Renewables has executed a Connection Process Agreement with Transgrid to progress grid impact studies for the 710 MW Wattle Creek Solar Project, a key step towards a potential offer to connect. A 350 MW Battery Energy Storage System (BESS) is under procurement for the project, with commercial operation targeted in 2028.

#### TNB'S INTERNATIONAL RENEWABLE ENERGY PORTFOLIO

|                  | Solar (MWp) | Wind (MWp) |
|------------------|-------------|------------|
| Vantage RE       | 742.5       | 165.4      |
| Spark Renewables | 120.5       | –          |

*Note:*  
The numbers above are based on aggregation.

Through disciplined execution, strategic acquisitions, greenfield development and capability building, TNB continues to grow and enhance portfolio performance by optimising technical performance, enhancing sustainable financial returns and reducing carbon emissions intensity. This integrated approach reinforces TNB's aspiration as a leading sustainable energy solutions provider, delivering sustainable growth, long-term shareholder value and meaningful contributions to a low-carbon future.



## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

## SCOPE 2 EMISSIONS: IMPROVING ENERGY EFFICIENCY WITHIN OUR OPERATIONS

Our Scope 2 emissions result from electricity consumption and cooling across all TNB buildings and substations operating across multiple locations nationwide. We track these emissions through a digitised data-collection system, enabling accurate, timely and consistent reporting that supports energy efficiency measures and strengthens our decarbonisation efforts. To reduce these indirect emissions, we implemented targeted initiatives such as the Drip by Drip, Watt by Watt energy efficiency campaign and our Green Building Programme, reinforcing our commitment to sustainable operations across the TNB network.

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enhancing Energy Efficiency at TNB Office Buildings | <p>Through the Drip by Drip, Watt by Watt campaign rolled out since July 2023, we are actively reducing electricity and water consumption at 109 TNB-owned offices. In 2025, our efforts resulted in a reduction of 144,027 kWh in electricity consumption, equivalent to an estimated reduction of 111 tCO<sub>2</sub>e in Scope 2 emissions and RM4,515.2 in cost savings.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Our Flagship Green Building: TNB Platinum Campus    | <p>The TNB Platinum Campus is developed in line with Green Building Index (GBI) Platinum standards, reflecting our dedication to environmental stewardship and energy efficiency. The building achieves 25% lower electricity consumption compared to conventional designs, supported by a photovoltaic system that supplies up to 2% of total energy needs. Energy performance is continuously monitored through an Integrated Building Management System equipped with advanced energy sub-metering.</p> <p>Sustainable landscaping plays a critical role in reducing heat and cooling demand. Planting frames harness prevailing winds to naturally cool the buildings, lowering air-conditioning costs by approximately 20%. Extensive greenery reduces surface temperatures by up to 7°C, with 50% of the site dedicated to soft landscaping that acts as a natural heat exchanger, further improving ambient comfort.</p> <p>To maintain its GBI Platinum certification, the campus undergoes reassessment every three (3) years, ensuring ongoing compliance with the highest green building standards. Beyond environmental benefits, these features enhance employee well-being and contribute positively to the surrounding community. The TNB Platinum Campus is certified with a Platinum rating from the GBI.</p> |

## SCOPE 3 EMISSIONS: EMBRACING DIGITALISATION AND AUTOMATION

We continue to disclose indirect emissions from Categories 6 (Business Travel) and 7 (Employee Commuting) in Peninsular Malaysia. Leveraging internal monitoring systems, we apply a distance-travelled-based methodology in line with the GHG Protocol Scope 3 Calculation Guidance (2013).

Since 2024, data collection has been enhanced through automation and integration with human resource systems, capturing home-to-office distances, check-in/out times, work-related travel and transport modes.

Moving forward, we are advancing our Scope 3 strategy across the organisation. An initial assessment identified the most relevant categories in TNB's value chain to establish baselines and evaluate readiness for broader GHG management.

The next phase will focus on in-depth analyses to develop targeted strategies and action plans, prioritised according to vendor readiness. This ensures our Scope 3 reporting remains systematic, data-driven and aligned with the value chain.

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

### RISK MANAGEMENT

TNB continuously assesses the risks and impacts of GHG emissions on our business operations and growth, guided by the TNB Risk Management Framework across short-, medium- and long-term horizons.

 For more information on the Risk Management Framework, refer to the SORMIC in the IAR on pages 293 to 300.

As part of this proactive approach and considering the government's planned carbon tax for the energy sector starting in 2026, we have conducted scenario simulations to evaluate potential financial implications. Our analysis indicates that, without an effective cost pass-through mechanism, the tax could significantly strain our power generation facilities and risk destabilising financial and system stability.

To mitigate these risks, TNB is actively engaging policymakers and regulators to assist in carbon pricing framework development that balances decarbonisation objectives with system reliability and financial sustainability. At the same time, we are accelerating efforts to reduce the carbon intensity of our generation portfolio through renewable capacity expansion, coal-to-gas transition and efficiency improvements at existing plants. These measures will help structurally lower future tax exposure while supporting Malaysia's energy transition.

### METRICS AND TARGET

We have implemented a digitalised platform to track and monitor emissions across TNB. The system automates data collection, consolidates information through a central data lake and supports accurate reporting aligned with relevant standards. Interactive dashboards provide near-real-time visibility, enabling data-driven decisions to reduce emissions and improve operational performance.

### METHODOLOGY

*IFRS S2.B14, B26, B27*

We measure our carbon management performance through GHG emissions calculated in line with internationally recognised methodologies, including the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the GHG Protocol and the ISO 14064-1 framework.

Emissions data are consolidated using the equity share approach to reflect our proportional ownership in investments. This approach aligns emissions reporting with economic exposure and investment responsibility.

The emissions inventory accounts for all major greenhouse gases in line with international standards, including carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulphur hexafluoride (SF<sub>6</sub>) and hydrofluorocarbons (HFCs).

### SCOPE 1

*IFRS S2.B21-22, B29*

**TNB Quantifies Scope 1 Emissions Using the Standard Formula:**

**GHG  
Emissions**

=

**Activity  
Data**

×

**Emissions  
Factor**

Scope 1 covers direct emissions from fuel combustion, mobile sources and fugitive releases across TNB operations in Peninsular Malaysia and RE assets at the United Kingdom, Ireland and Australia, ensuring comprehensive coverage of core activities. Activity data are sourced from metered fuel consumption, purchase records or equipment logs, depending on the category.

Emissions factors are primarily based on the IPCC Guidelines and supplemented with supplier-specific data where available to enhance accuracy. For fuels used in power generation, factors are derived from the net calorific value (NCV) (or lower heating value), calculated by multiplying fuel mass or volume by its NCV. Any data provided in gross calorific value are converted to NCV to ensure alignment with the IPCC methodology.

Calorific properties for coal and natural gas are obtained directly from supplier technical data sheets for traceability, while standard NCV and density values recommended under the IPCC are applied for distillate fuels. For mobile combustion, IPCC default emissions factors are used for petrol, diesel, NGV and LPG. Fugitive emissions such as refrigerants or operational gas releases are calculated using activity data and Global Warming Potentials (GWPs) based on the IPCC Fifth Assessment Report (AR5).

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

## SCOPE 2

IFRS S2.29(a)(i)(1-2), B30

Scope 2 emissions are calculated using the location-based approach covering core business operations within Peninsular Malaysia, in accordance with the GHG Protocol. As TNB's electricity consumption is primarily imported from the national grid, all TNB business entities (except generation facilities) use the National Grid Emissions Factor published by the Energy Commission (EC).

TNB applies a proportional allocation method, adjusting the National Grid Emissions Factor based on TNB's share of total national generation. This ensures alignment with the GHG Protocol and eliminates double counting of emissions already captured under Scope 1.

## SCOPE 3

IFRS S2.29(a)(vi), B32

Scope 3 GHG emissions were assessed for Category 6 (Business Travel) and Category 7 (Employee Commuting) for TNB-hired employees across TNB business operations. These were calculated using a distance-travelled-based method, based on available data and the capabilities of TNB's internal monitoring systems. This approach is aligned with the GHG Protocol Scope 3 Calculation Guidance (2013). Emissions factors for Scope 3 are sourced from internationally recognised official sources, i.e. UK Department for Environment, Food and Rural Affairs (DEFRA).

## ASSURANCE:

Scope 1 and 2 emissions undergo internal review to enhance the accuracy and reliability of our disclosure and support continuous improvement in our carbon accounting practices.

## GHG EMISSIONS TARGET REVIEW

IFRS S2.34(a)(b)(c)(d)

In 2025, we established a short-term target to reduce Scope 1 carbon emissions intensity by 5% annually, supporting our longer-term goals of a 35% reduction by 2035 and Net Zero by 2050. The target was set following an extensive review of existing and planned decarbonisation initiatives, including fuel transition, renewable capacity expansion and technology deployment.

The newly established target, together with the Carbon Emissions Strategy and Renewable Energy Capacity Expansion Plan, was approved by the SETC, chaired by the President/Chief Executive Officer. These strategies provide a clear pathway for near-term reductions and progress towards long-term commitments.

## GREENHOUSE GAS EMISSIONS TARGETS

IFRS S1.45 &amp; 46; IFRS S2.33(a)(d)(e)(f)(g), 34(c), 35, 36(a)(b)(c)(d)(e)(i)(ii)(iii)(iv); IF-EU-110a.3.2

TNB is progressing towards a low-carbon future by reducing coal dependence, expanding renewable capacity, strengthening the grid and managing climate-related risks. This transition opens opportunities across renewable generation, transmission, distribution and energy storage. Aligned with our Net Zero aspiration by 2050, TNB remains committed to reducing emissions in line with national and global targets while maintaining system reliability and affordability.

To support this ambition, TNB has established climate-related targets as key milestones towards net zero and continues its commitment to ceasing investments in new greenfield coal-fired power plants.

## GHG Target: Scope 1 Emissions Intensity

| Time Frame and Target Year           | Short Term (2025)                                  | Medium Term (2035)                           | Long Term (2050)   |
|--------------------------------------|----------------------------------------------------|----------------------------------------------|--------------------|
| <b>Target</b>                        | 5% Annual Reduction of Scope 1 Emissions Intensity | 35% Reduction of Scope 1 Emissions Intensity | Net Zero Emissions |
| <b>Base Year</b>                     | 2024                                               | 2020                                         |                    |
| <b>Base Year Emissions Intensity</b> | 0.5571 tCO <sub>2</sub> e/MWh                      | 0.57 tCO <sub>2</sub> e/MWh                  |                    |

As coal currently accounts for approximately 80% of TNB's total emissions, we have established a series of targeted actions to address this impact and accelerate our transition:



**50% reduction**  
of coal capacity by 2035 and 100% by 2050 compared to the base year 2020



Revenue from coal generation does not exceed **25%**  
of our total revenue before intercompany elimination

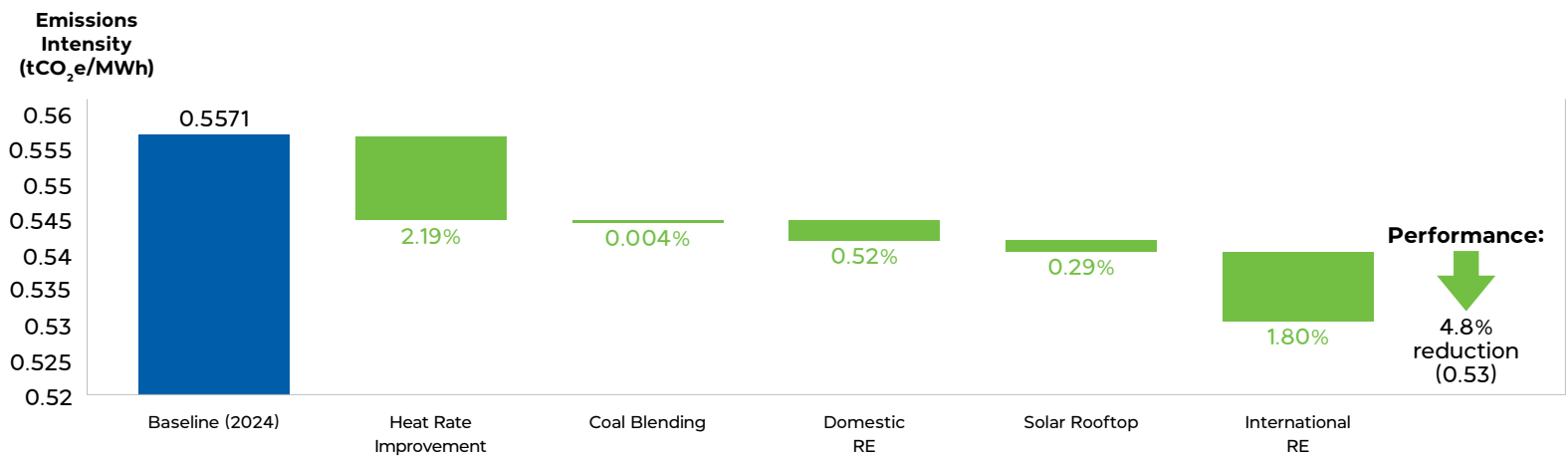
GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

SCOPE 1 EMISSIONS INTENSITY PERFORMANCE

Malaysia's GDP grew by 4.9% year-on-year in 2025, driven by strong domestic demand from approximately 10 million customers, robust performance in the services and manufacturing sectors, improving exports and supportive policy and reform measures. Over the same period, electricity demand in Peninsular Malaysia increased by 1.6%. Within this operating environment, TNB committed to achieving a 5% reduction in emissions intensity in 2025 from a baseline of 0.5571 tCO<sub>2</sub>e/MWh.

In support of this commitment, several emissions reduction initiatives were identified and implemented, including power plant heat rate (efficiency) improvements, coal blending, micro algae, and optimisation of RE net generation from international RE assets, domestic RE assets and solar rooftop. Collectively, these initiatives achieved a 4.8% reduction in emissions intensity to 0.53 tCO<sub>2</sub>e/MWh.

Actual Performance of Each Initiative Contributing to the Reduction of Emissions Intensity



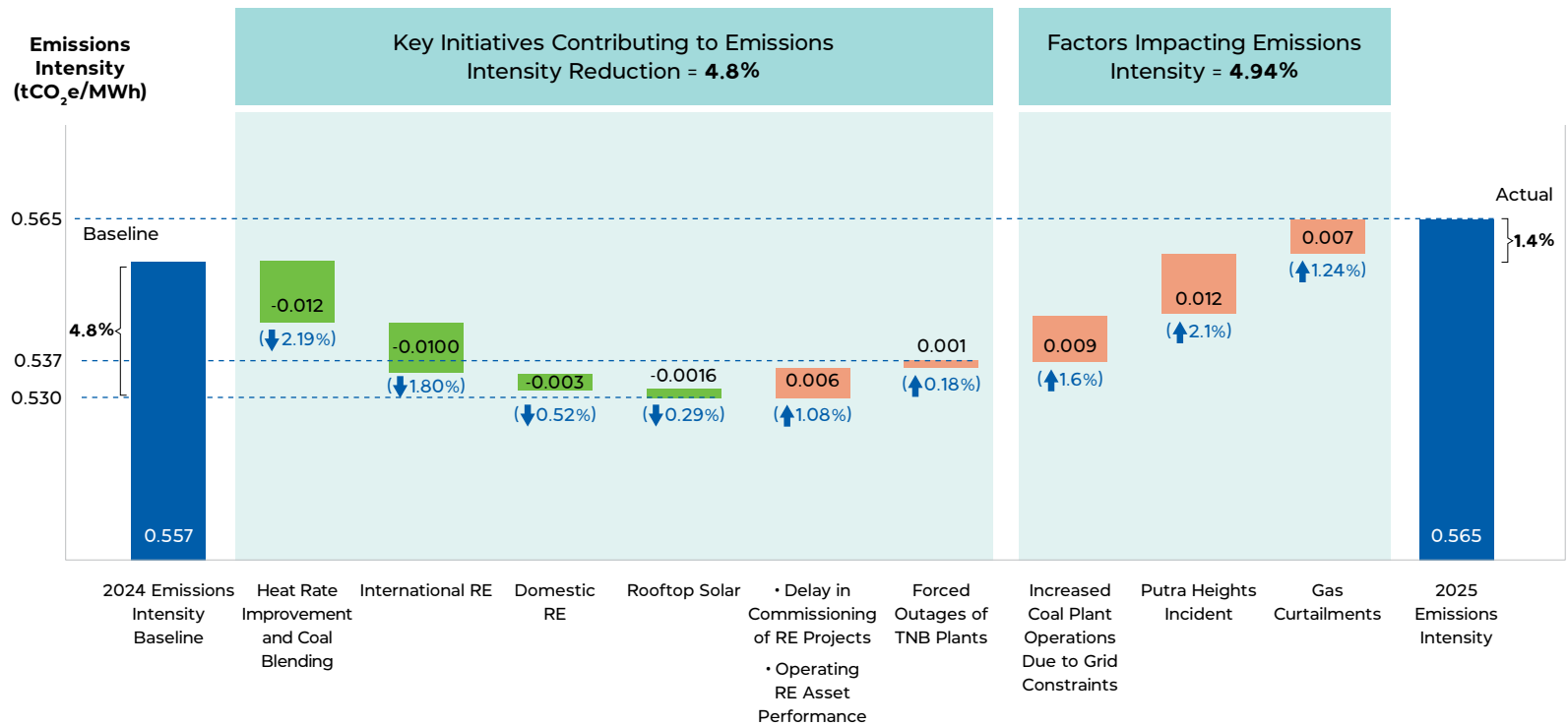
Despite these efforts, actual emissions intensity increased by 1.4% from the 2025 baseline to 0.565 tCO<sub>2</sub>e/MWh, primarily due to external system constraints beyond operational control. A key factor was the Putra Heights gas pipeline fire incident in the second quarter of 2025, which disrupted the gas supply to the industry and power sectors from 1 April to 1 July 2025 and constrained gas-fired power plant operations, particularly in the Klang Valley. To maintain grid stability and meet electricity demand in the central region, higher dispatch from coal-fired generation was required, notably the 2,200 MW Kapar Energy Ventures (KEV) plant. Coal-fired generation emits approximately 1.8 times more CO<sub>2</sub> per MWh than gas-fired plants, contributing to the increase in emissions intensity.

Following the Putra Heights gas pipeline fire incident, gas supply curtailments persisted into the second half of 2025, restricting gas-fired power plant operations for approximately 45 days across the third and fourth quarters of 2025. At the same time, electricity demand continued to rise, requiring full utilisation of available generation capacity to maintain system reliability. During this period, unplanned generator outages and operational disruptions created additional system constraints, necessitating increased dispatch of coal-fired generation, including TNB-owned plants. These combined factors contributed to a higher overall emissions intensity.



## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

### Scope 1 Emissions Intensity Performance



0.XXX = emissions intensity in tCO<sub>2</sub>e/MWh | X.XX% = percentage increase/reduction of emissions intensity

In summary, while we achieved a 4.8% emissions intensity reduction through the initiatives implemented, we continue to support economic growth in Peninsular Malaysia amid external system constraints. In the absence of these external factors, TNB's emissions intensity would have reached 0.537 tCO<sub>2</sub>e/MWh, acknowledging residual increases attributable to internal factors such as forced outages at our power plants.

### OUR PERFORMANCE

| ISSB/Bursa/GRI                                 | Metric                               | Units                      | FY2023             | FY2024             | FY2025             | Target FY2025         | Future Target | Remarks |
|------------------------------------------------|--------------------------------------|----------------------------|--------------------|--------------------|--------------------|-----------------------|---------------|---------|
| <b>GHG EMISSIONS</b>                           |                                      |                            |                    |                    |                    |                       |               |         |
| <b>Direct (Scope 1) GHG Emissions</b>          |                                      |                            |                    |                    |                    |                       |               |         |
| IF-EU-110a.1                                   | Total direct GHG emissions (Scope 1) | Million tCO <sub>2</sub> e | 38.78 <sup>1</sup> | 38.80 <sup>1</sup> | 39.31 <sup>2</sup> | -                     | -             |         |
| Bursa C11(a)                                   | [Emissions Management]               |                            |                    |                    |                    |                       |               |         |
| GRI 305-1                                      |                                      |                            |                    |                    |                    |                       |               |         |
| <b>Energy Indirect (Scope 2) GHG Emissions</b> |                                      |                            |                    |                    |                    |                       |               |         |
| IF-EU-110a.2                                   | Indirect (Scope 2) GHG emissions     | Million tCO <sub>2</sub> e | 0.331              | 0.321 <sup>1</sup> | 0.314              | 1% reduction annually | -             |         |
| Bursa C11(b)                                   | [Emissions Management]               |                            |                    |                    |                    |                       |               |         |
| GRI 305-2                                      |                                      |                            |                    |                    |                    |                       |               |         |
| <b>Other Indirect (Scope 3) GHG Emissions</b>  |                                      |                            |                    |                    |                    |                       |               |         |
| IF-EU-110a.2                                   | Business travel                      | Million tCO <sub>2</sub> e | 0.037              | 0.035              | 0.056              | 1% reduction annually | -             |         |
| Bursa C11(c)                                   | Employee commuting                   | Million tCO <sub>2</sub> e | 0.063              | 0.063              | 0.112              | 1% reduction annually | -             |         |
|                                                | Total Scope 3 GHG emissions          | Million tCO <sub>2</sub> e | 0.100              | 0.098              | 0.168              | -                     | -             |         |
| GRI 305-3                                      |                                      |                            |                    |                    |                    |                       |               |         |

## GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

| ISSB/Bursa/GRI                                                    | Metric                                                                   | Units                      | FY2023      | FY2024      | FY2025             | Target FY2025                 | Future Target                 | Remarks                                                                          |
|-------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------|-------------|-------------|--------------------|-------------------------------|-------------------------------|----------------------------------------------------------------------------------|
| <b>GHG Emissions Intensity</b>                                    |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| GRI 305-4                                                         | Scope 1                                                                  | tCO <sub>2</sub> e/MWh     | 0.547       | 0.557       | 0.537 <sup>3</sup> | 5% annual intensity reduction | 5% annual intensity reduction |                                                                                  |
| <b>Gross Global Scope 1 GHG Emissions<sup>4</sup></b>             |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| IF-EU-110a.1                                                      | CO <sub>2</sub>                                                          | Metric Tonnes              | -           | -           | 41,135,914.05      | -                             | -                             |                                                                                  |
|                                                                   | CH <sub>4</sub>                                                          | Metric Tonnes              | -           | -           | 437.23             | -                             | -                             |                                                                                  |
|                                                                   | N <sub>2</sub> O                                                         | Metric Tonnes              | -           | -           | 819.65             | -                             | -                             |                                                                                  |
|                                                                   | HFCs                                                                     | Metric Tonnes              | -           | -           | 1.17               | -                             | -                             |                                                                                  |
|                                                                   | SF <sub>6</sub>                                                          | Metric Tonnes              | -           | -           | 3.73               | -                             | -                             |                                                                                  |
| <b>Percentage of Emissions Covered Under Regulation</b>           |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| IF-EU-110a.1                                                      | Percentage of GHG emissions covered under emissions-limiting regulation  | %                          | -           | -           | 0                  | -                             | -                             | None of TNB's reported emissions fall within emissions-limiting regulatory body  |
|                                                                   | Percentage of GHG emissions covered under emissions-reporting regulation | %                          | -           | -           | 0                  | -                             | -                             | None of TNB's reported emissions fall within emissions-reporting regulatory body |
| <b>GHG Emissions Associated With Power Deliveries<sup>5</sup></b> |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| IF-EU-110a.2                                                      | GHG emissions associated with power deliveries                           | Million tCO <sub>2</sub> e | -           | -           | 98,679,238.61      | -                             | -                             |                                                                                  |
| <b>GENERATION PORTFOLIO</b>                                       |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| <b>Net Energy Output Broken Down by Primary Energy Source</b>     |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| IF-EU-000.D                                                       | Total Net Energy Output                                                  | GWh                        | 79,535.45   | 73,185.02   | 75,373.46          | -                             | -                             |                                                                                  |
| G4-EU2                                                            | Gas                                                                      | GWh                        | 26,065.97   | 22,238.84   | 19,769.21          | -                             | -                             |                                                                                  |
|                                                                   | Coal                                                                     | GWh                        | 44,826.58   | 40,678.64   | 46,158.96          | -                             | -                             |                                                                                  |
|                                                                   | Hydro                                                                    | GWh                        | 6,452.92    | 7,148.16    | 7,380.92           | -                             | -                             |                                                                                  |
|                                                                   | Diesel                                                                   | GWh                        | 365.68      | 532.65      | 412.82             | -                             | -                             |                                                                                  |
|                                                                   | Solar                                                                    | GWh                        | 572.01      | 1,274.96    | 1,023.61           | -                             | -                             |                                                                                  |
|                                                                   | Biomass                                                                  | GWh                        | 13.16       | 31.37       | 15.61              | -                             | -                             |                                                                                  |
|                                                                   | Biogas                                                                   | GWh                        | 13.80       | -           | 9.90               | -                             | -                             |                                                                                  |
|                                                                   | Wind                                                                     | GWh                        | 544.43      | 852.24      | 447.17             | -                             | -                             |                                                                                  |
|                                                                   | Oil                                                                      | GWh                        | 660.52      | 395.21      | 107.68             | -                             | -                             |                                                                                  |
|                                                                   | Solar hybrid                                                             | GWh                        | 20.38       | 32.95       | 47.58              | -                             | -                             |                                                                                  |
| <b>ENERGY MANAGEMENT</b>                                          |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| <b>Energy Consumption Within the Organisation</b>                 |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| Bursa C4(a) [Energy Management]                                   | Total energy consumption within the organisation                         | GJ                         | 404,523,322 | 320,997,148 | 326,034,373        | 1% reduction annually         |                               |                                                                                  |
| GRI 302-1                                                         |                                                                          |                            |             |             |                    |                               |                               |                                                                                  |
| GRI 302-3                                                         | Energy intensity ratio for the organisation                              | GJ/MWh                     | 5.39        | 4.30        | 4.29               | Less than 6 GJ/MWh            |                               |                                                                                  |

<sup>1</sup> Reinstatement based on audited numbers by internal auditor (FY2024) and external auditor (FY2023).

<sup>2</sup> Excluding external factors that lead to absolute emissions of 41.36 million tCO<sub>2</sub>e in FY2025.

<sup>3</sup> Excluding external factors that lead to emissions intensity of 0.565 tCO<sub>2</sub>e/MWh in FY2025.

<sup>4</sup> GHG emissions breakdown by types of gases is based on total emissions, inclusive of external factors.

<sup>5</sup> GHG emissions associated with power delivery include emissions from electricity generated by TNB's power plants and electricity purchased from Independent Power Producers (IPPs), calculated using the Grid Emission Factor.

Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.



## CLIMATE RESILIENCY



### WHY IS IT IMPORTANT?

Malaysia is experiencing increasingly complex climate challenges, with rising temperatures and shifting rainfall patterns increasing the risk of floods, soil movement, extreme winds, extreme heat, and coastal inundation. These changes pose significant implications for the country's socio-economic development, infrastructure reliability, and long-term environmental resilience. Ensuring the stability of essential services, particularly electricity supply, is therefore a national priority. In response, the Malaysian government has strengthened climate governance through the Malaysia National Climate Change Policy 2.0, which focuses on adaptation, disaster risk reduction, and integrating climate resilience into development planning. These efforts aim to build a climate-resilient nation with robust infrastructure, science-based decision making, and collaborative action across government, industry, and communities.

Aligned with national priorities, TNB is taking a proactive approach to climate adaptation. Through our TNB Climate Adaptation Strategy, we are embedding climate risk considerations across our asset lifecycle and emergency preparedness to strengthen asset resiliency and minimise financial loss. Through enhanced climate risk assessments, investments in climate adaptation plans and collaboration with government and scientific bodies, TNB is positioning itself to manage both current and emerging climate risks while supporting Malaysia's broader transition towards a climate-resilient future.

### OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Enhancing Climate Resilience Across Generation and Grid Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  |                  |                  | Risk: Inadequate Climate Adaptation for TNB Critical Assets Impacting the Reliability of Electricity Supply                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                    |                         |                         |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------|-------------------------|
| Description                                           | <p>TNB has the opportunity to strengthen climate resilience and operational reliability across its generation and grid assets amid rising climate risks such as floods and extreme weather. By embedding resilience into asset planning, asset construction, and asset under operations, TNB safeguards asset value, ensures uninterrupted power supply, and supports long-term system reliability.</p> <p>Leveraging geospatial analytics, digital monitoring, and predictive risk assessments across more than 90,000 assets, TNB continuously evaluates exposure to physical hazards and integrates these insights into site selection, asset design, investment prioritisation, planning, construction and maintenance strategies. This enables the company to avoid high-risk locations, develop more competitive assets and enhance system resilience.</p> <p>For generation assets, targeted measures, including flood protection, cooling system upgrades, and structural reinforcements, ensure reliable output under adverse conditions and protect long-term revenues. For network assets, investments such as substation elevation, transmission tower reinforcement, and enhanced protection systems reduce service disruptions, extend asset lifespans, and translate into stable regulated returns.</p> |                  |                  |                  | <p>TNB's generation, transmission and distribution infrastructure is widely distributed across Peninsular Malaysia and Sabah, comprising approximately 90,000 assets and 750,000 km of network across diverse geographical locations, including hilly terrain, urban centres, and flood-prone areas.</p> <p>This widespread footprint increases exposure of TNB's critical assets to climate impacts such as extreme rainfall, flooding, heatwaves, extreme winds, coastal inundation and landslides. Inadequate climate adaptation measures, such as insufficient flood protection, poorly designed heat-resilient assets, or weak slope stabilisation, could leave high-risk assets vulnerable to physical damage. Such vulnerabilities may result in prolonged electricity supply disruptions, higher repair and maintenance costs, and reduced long-term resilience, affecting power reliability and service continuity.</p> |                                    |                         |                         |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens asset reliability and lifespan across generation and grid operations by embedding climate-resilient design, prioritisation, and maintenance practices.</li> <li>Reduces exposure to climate-related disruptions, ensuring continuity of power supply and supporting TNB's regulated and non-regulated value pools.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                  |                  |                  | <ul style="list-style-type: none"> <li>Major electricity supply disruptions may weaken TNB's reliability-based value proposition and customer experience.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                    |                         |                         |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Guides integration of climate risk analytics into asset planning, investment sequencing, and long-term system design across RP4/RP5 and Energy Transition (ET) roadmaps.</li> <li>Prioritises targeted resilience upgrades (including flood protection, cooling system reinforcement, and elevated substation design) to safeguard high-risk assets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |                  |                  | <ul style="list-style-type: none"> <li>Embed climate considerations into early-stage asset planning and design, supported by robust climate risk assessments.</li> <li>Allocate sufficient capital for adaptation measures at high-risk sites and enhance proactive monitoring to minimise operational disruptions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                    |                         |                         |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Supports long-term value protection through avoided outage-related losses, reduced repair costs, and extended asset lifespans.</li> <li>Enables stable, regulated returns by ensuring a reliable performance remains within allowed thresholds and minimising unplanned expenditure.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |                  |                  | <ul style="list-style-type: none"> <li>Higher operating costs resulting from damage recovery from the impact of climate hazards.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                    |                         |                         |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Short            | Medium           | Long             | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Short                              | Medium                  | Long                    |
| Effect on Financial                                   | CAPEX RM400 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | CAPEX >RM450 mil | CAPEX >RM450 mil | CAPEX >RM450 mil | Cost Increase RM26.8 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Cost Increase RM50 mil – RM450 mil | Cost Increase <RM50 mil | Cost Increase <RM50 mil |

## CLIMATE RESILIENCY

## GOVERNANCE IN ACTION

IFRS S1.27(a)(b); IFRS S2.6(a)(b)

The TNB Board and the TNB Board Sustainability and Risk Committee (BSRC) oversee the TNB climate change strategy and management.

 Refer to the SORMIC in IAR pages 293 to 300 and BSRC report in the IAR pages 276 to 278.

The Sustainability and Energy Transition Committee (SETC), chaired by the TNB President/Chief Executive Officer, provides strategic direction and governance on climate-related issues to ensure the organisation remains resilient and aligned with national priorities. This includes oversight of climate-related risk, opportunities and adaptation planning, ensuring that climate considerations are embedded into strategic and operational decisions.

In 2025, TNB advanced its adaptation agenda through the development of the TNB Climate Adaptation Strategy, endorsed by the Group Executive Management Committee (GEMC), chaired by the TNB President/Chief Executive Officer. The strategy outlines a systematic approach to identifying and assessing climate risks and integrating adaptation measures into assets under planning, assets under construction and assets under operation.

Process controls and procedures to mitigate climate risks, including monitoring high-risk assets and the implementation status of climate adaptation plans, are undertaken by the Group Risk Management Working Committee and management-level committees at the business entities. These committees provide structured review, escalation, and assurance to ensure that climate-related risks are managed systematically.

These efforts reinforce TNB's long-standing commitments under the TNB Sustainability Policy and TNB Environmental Policy, reflecting a unified approach to responsible growth, environmental stewardship, and long-term resilience.

## STRATEGY

TNB recognises that the climate-physical risks pose material threats to operational continuity across our value chain, asset performance, and the reliability of electricity supply. These risks are expected to intensify with climate change, directly influencing asset resilience, maintenance costs, and long-term investment priorities.

Our priority is to ensure that our business is resilient in addressing climate exposures with continuous assessment to adapt to climate-physical risks in the short, medium and long-term horizons, defined as follows:

IFRS S2.10(c)

| S SHORT-TERM: UNTIL 2026                                                                                | M MEDIUM-TERM: UNTIL 2030                      | L LONG-TERM: UNTIL 2050                                      |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|
| The one-year-ahead timeline aligns with the company's annual operating plan and annual budget planning. | This timeline aligns with the RT 2.0 strategy. | This timeline aligns with the TNB's Net Zero target by 2050. |

We have prioritised five (5) climate hazards that are either event-driven (acute) or resulting from long-term changes in climate patterns (chronic), as described below:

IFRS S2.10(a)(b), S2 13(b)

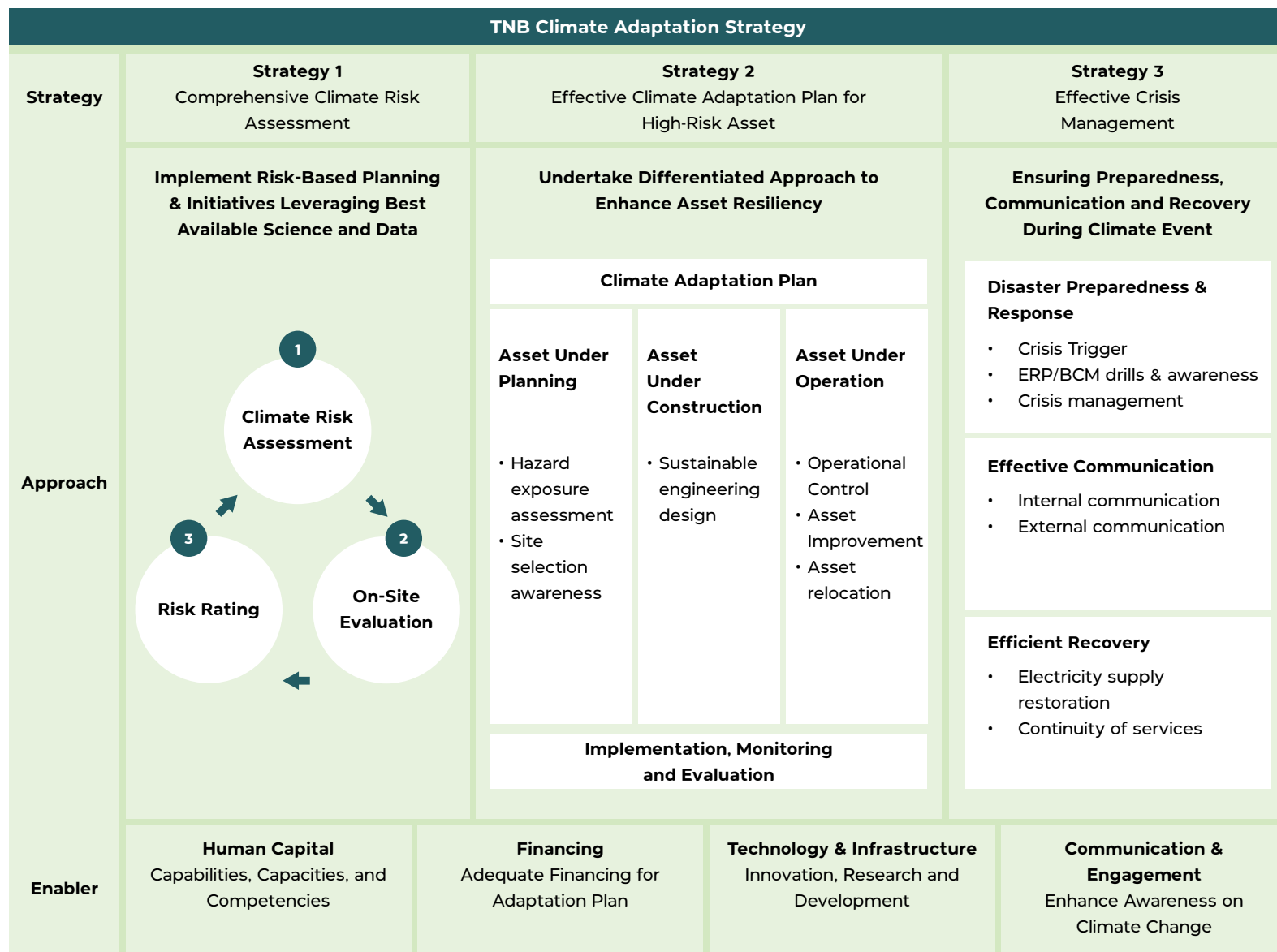
| Type                                                                              | Climate Hazard                                                                                            | Description                                                                                                                                                                                                                                                                                                                                                                             | Geographical Boundary | Time Horizon That the Risk Is Expected to Occur |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------|
| <b>Acute</b><br>Event-driven risks which are increasing in severity and frequency | Flood<br>              | Malaysia is exposed to monsoon rains, particularly from November to March, with low-lying areas along the east coast being highly vulnerable. Flooding can damage critical infrastructure such as substations and transformers, causing short circuits, equipment failure, and power outages. Access to affected sites may also be restricted, delaying repair and restoration efforts. | Peninsular Malaysia   | S M L                                           |
|                                                                                   | Extreme Heat<br>       | Rising ambient temperatures may affect thermal power plants' efficiency and increase fuel costs. Solar assets may operate sub-optimally in high temperatures or with insufficient sunlight, thus reducing output. Extreme heat may also affect grid system reliability by overloading the system.                                                                                       | Peninsular Malaysia   | S M L                                           |
|                                                                                   | Extreme Wind<br>       | Our assets, particularly transmission lattice towers and service poles, as well as solar power plants, are vulnerable to extreme wind. Extreme winds can cause the collapse of lattice towers, uprooting of poles, dislodging or breaking solar panels, leading to costly repairs and downtime.                                                                                         | Peninsular Malaysia   | S M L                                           |
| <b>Chronic</b><br>Risks arising from longer-term shifts in climatic patterns      | Soil Movement<br>      | Soil movement, including landslides and ground subsidence, can destabilise asset foundations, causing tilting, misalignment, or structural collapse. This leads to asset damage such as line tension imbalance, conductor damage, leading to power outages and increased repair costs.                                                                                                  | Peninsular Malaysia   | S M L                                           |
|                                                                                   | Coastal Inundation<br> | Our coastal assets are exposed to the risk of rising sea levels. Seawater intrusion can contaminate freshwater supplies and corrode infrastructure. Assets submerged during high tides and storms can cause extensive damage, while prolonged exposure to saltwater accelerates metal erosion and compromising structural integrity.                                                    | Peninsular Malaysia   | L                                               |



## OUR STRATEGY FOR CLIMATE CHANGE MANAGEMENT

IFRS S2.13, 14(a)

The TNB Climate Adaptation Strategy is aligned with the National Climate Change Policy 2.0, particularly Strategic Thrust 3, which emphasises strengthening adaptation and climate resilience to safeguard socio-economic development.



Guided by the TNB Climate Adaptation Strategy, our management of climate change cuts across the asset lifecycle, from asset under planning, asset under construction and asset under operation.

### Asset Under Planning

Climate risk assessment is embedded in early-stage planning and investment decision making. The assessments inform strategic site selection, technology choices, and design standards, ensuring that new assets remain resilient under projected future climate scenarios.

### Asset Under Construction

Climate-resilient engineering and design are incorporated during the project stage to enhance asset resiliency, such as adopting higher design thresholds for flood protection, wind loading, and temperature tolerance. This also includes implementing robust project management to mitigate climate-related construction risks such as prolonged rainfall or extreme weather events.

### Asset Under Operation

Climate risks are managed through strengthened operational controls and continuous asset improvements to address emerging climate impacts. Where necessary, asset relocation is implemented to minimise service disruptions and ensure the continued reliability of electricity supply for sustainable business operations.

## CLIMATE RESILIENCY

IFRS S2.16(c)(iii), 29(e)

In addition, TNB is progressively integrating climate adaptation measures into its annual business planning and capital allocation processes, including within the Incentive-Based Regulation framework. By embedding adaptation initiatives into the business planning cycle, this ensures that climate resilience considerations are systematically factored into capital allocation decisions, asset reinvestment priorities, and project approvals. This approach enables decision-makers to direct financial and operational resources towards high-risk locations and critical infrastructure that require urgent adaptation.

Our risk mitigation strategy includes Industrial All Risk insurance, providing the necessary coverage to recover financially from climate-related damages.

In 2025, RM139 million has been earmarked for climate adaptation measures across 180 identified assets, focusing on resilience against flooding and soil movement.

### PROACTIVE ADAPTATION AND MITIGATION MEASURES

IFRS S2.14(a)(b)

Our proactive adaptation strategy is built on three (3) core principles: Operational Control, Asset Improvement, and Asset Relocation. Years of early and sustained investment in these areas have fortified our infrastructure, significantly reducing vulnerability to evolving climate challenges. Our continuous efforts to address five (5) identified climate hazards are outlined below:

| Climate Hazard                                                                                                   | Example of Adaptation Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Flood</b><br>              | <ul style="list-style-type: none"> <li>Implement flood mitigations such as elevating asset structure, installation of flood barrier, installation of water pump and water level sensors for identified assets within flood-prone areas.</li> <li>Develop and implement a flood response plan, including shutdown procedures, dam water release procedure followed by rapid response from the Emergency Response Team (ERT).</li> <li>Secure adequate insurance coverage for flood-related damages.</li> </ul>                                                |
| <b>Extreme Heat</b><br>       | <ul style="list-style-type: none"> <li>Incorporate climate change factors into new site assessments and adopt new design standards considering the projected increase in extreme heat, such as increasing equipment rating to mitigate overloading.</li> <li>Implement demand response programmes to manage peak load during extreme heat events.</li> <li>Promote energy efficiency programmes to reduce overall demand during heat waves.</li> </ul>                                                                                                       |
| <b>Extreme Wind</b><br>       | <ul style="list-style-type: none"> <li>Strengthen Infrastructure, such as enhancing tower safety factor to withstand extreme wind and switch from electric poles to underground cable.</li> <li>Incorporate wind speed assessment into the design of the solar panel's mounting structure.</li> <li>Develop and regularly update emergency response plans for extreme wind events.</li> <li>Implement vegetation management by removal of trees and branches potentially affecting power lines.</li> </ul>                                                   |
| <b>Soil Movement</b><br>      | <ul style="list-style-type: none"> <li>Implement slope reinforcement such as soil nailing, reinforced concrete retaining walls at high-risk transmission towers and access road to hydro power plant's intake or power houses.</li> <li>Continuous assessment of the hydro power plant's dam and tunnel integrity leveraging Strong-Motion Accelerograph (SMA).</li> <li>Compliance with Malaysia Dam Safety Management Guidelines (MyDAMS), which includes surveillance, monitoring, inspection and safety review throughout a dam's life cycle.</li> </ul> |
| <b>Coastal Inundation</b><br> | <ul style="list-style-type: none"> <li>Implement routine maintenance of corroded assets, which includes regular inspections, repairs, and upgrades of materials that are resistant to saltwater corrosion.</li> <li>Incorporate the Highest Astronomical Tide (HAT) during the design of seawater intake and seawater discharge points of thermal power plants.</li> <li>Incorporate IP54-Water Ingress Protection Rating standard into the design of equipment to minimise impact from seawater intrusion.</li> </ul>                                       |

## CLIMATE RESILIENCY

By executing these adaptation strategies, we have significantly lowered our risk exposures, ensuring the majority of our assets are resilient to climate impacts.

| Climate Hazard                                                                                                | Asset Type                                                                                                                                                                                                                            | % of Asset at Risk |             |        |        |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------|--------|--------|
|                                                                                                               |                                                                                                                                                                                                                                       | High               | Significant | Medium | Low    |
|  <b>Flood</b>                | <ul style="list-style-type: none"> <li>Substation (HV–High Voltage, MV–Medium Voltage, LV–Low Voltage)</li> <li>Power plants (coal, gas, hydro)</li> <li>Large Scale Solar (LSS)</li> <li>Kedai Tenaga</li> <li>Warehouses</li> </ul> | 0.56%              | 0.82%       | 7.86%  | 90.76% |
|  <b>Extreme Heat</b>         | <ul style="list-style-type: none"> <li>Substation (HV, MV &amp; LV)</li> <li>Power plants (coal, gas)</li> <li>Large Scale Solar (LSS)</li> <li>Kedai Tenaga</li> <li>Warehouse</li> </ul>                                            | 0.27%              | 0.04%       | 62.47% | 37.23% |
|  <b>Extreme Wind</b>         | <ul style="list-style-type: none"> <li>Substation (HV, MV &amp; LV)</li> <li>Power plants (coal, gas)</li> <li>Large Scale Solar (LSS)</li> <li>Kedai Tenaga</li> <li>Warehouse</li> <li>HV overhead lines (OHL)</li> </ul>           | 0.02%              | 0.00%       | 44.05% | 55.93% |
|  <b>Coastal Inundation</b> | <ul style="list-style-type: none"> <li>Substation (HV, MV &amp; LV)</li> <li>Power plants (coal, gas, hydro)</li> <li>Large Scale Solar (LSS)</li> <li>Kedai Tenaga</li> <li>Warehouse</li> <li>HV overhead lines (OHL)</li> </ul>    | 0.00%              | 0.00%       | 6.28%  | 93.72% |

Note:

The outcome of the soil movement risk assessment will be disclosed upon completion.

Our climate resilience strategies proved effective during the 2025 Northeast Monsoon, reducing water-related damage primarily at the LV substation assets. Timely execution of operational controls, such as immediate disconnection of the electricity supply and asset improvements, such as an elevated substation base, helped prevent flashover incidents. As a result, approximately 95% of flood-affected assets avoided severe damage from potential flashover. These preventive actions averted an estimated RM7.2 million in potential asset replacement costs.



#### EXTREME HEAT RISK ASSESSMENT FOR THERMAL POWER PLANTS AND LARGE SCALE SOLAR (LSS)

In 2025, TNB initiated an extreme heat risk assessment in light of potential impacts on our thermal power plants and Large Scale Solar (LSS) facilities, as research and global literature indicate that high temperatures can reduce operational efficiency.

We leveraged operational data from thermal plants and LSS installations to determine the correlation between ambient temperature and plant efficiency across different plant types, technologies, and locations. Analysis confirms that our operating units maintain high efficiency during extreme temperatures, with commercial impacts limited to a range of 0.05% to 0.79% of annual revenue. These insights affirm that while extreme heat is a recognised climate hazard, current operating configurations and asset performance remain resilient.



#### EARTHQUAKE RISK ASSESSMENT

In view of earthquake incidences between August and November 2025 in Johor, TNB has undertaken earthquake risk assessments across its assets in Peninsular Malaysia to better understand potential exposure to seismic events. The assessment evaluates regional seismic hazards and identifies potential impacts on key assets, including power plants, substations, overhead lines, office buildings and employee quarters.

The outcomes guide actions to strengthen system resilience, maintain a reliable electricity supply, and improve emergency response to enable the safe evacuation of employees and residents during earthquakes.

## CLIMATE RESILIENCY

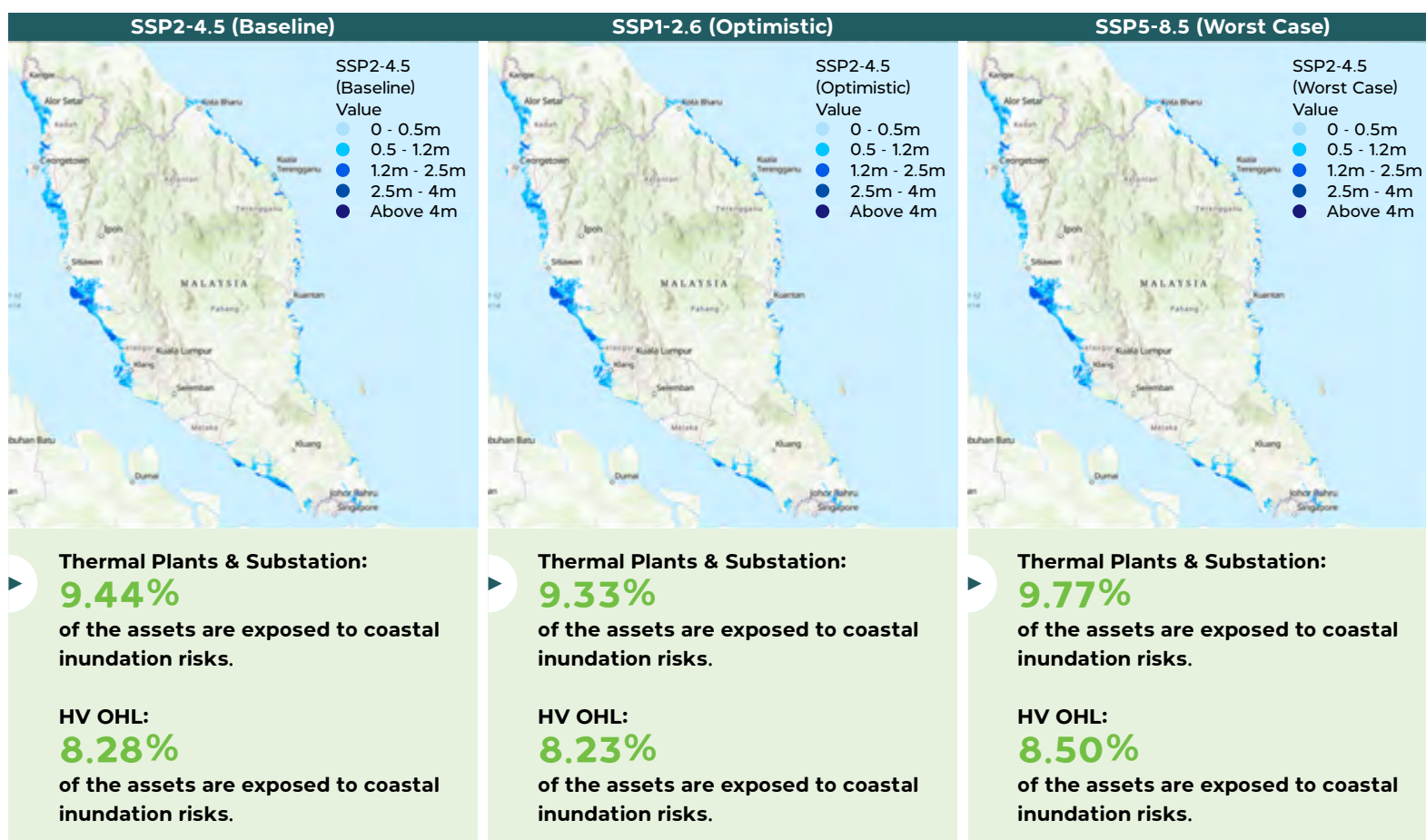
## CLIMATE RESILIENCY

IFRS S2.22(a)(i)(b)(i)

TNB conducts analyses based on the Intergovernmental Panel on Climate Change (IPCC) climate scenarios, which are globally recognised as the authoritative source for climate science. We adopt the Shared Socio-economic Pathways, SSP2-4.5 scenario as the baseline for assessing potential climate impacts, with comparisons made against the best-case, SSP1-2.6, and worst-case, SSP5-8.5, scenarios as outlined below:

| IPCC Scenario               | IPCC SSP1-2.6:<br>High Transition Risk with Low Physical Risk                                  | IPCC SSP2-4.5<br>Moderate Transition and Physical Risk                                                                                                                                   | IPCC SSP5-8.5<br>Low Transition Risk with High Physical Risk                                                                   |
|-----------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Description</b>          | Represents a sustainable development pathway with strong global cooperation on climate policy. | Represents a “middle-of-the-road” socio-economic trajectory where historical trends continue. Climate policies improve gradually but are not aggressive enough to achieve Paris targets. | Represents a world with rapid economic growth driven by fossil fuels, minimal climate policy, and energy-intensive lifestyles. |
| <b>Temperature Increase</b> | 1.5°C - 2.0°C by 2100                                                                          | 2.6°C - 5.7°C by 2100                                                                                                                                                                    | >4.4°C by 2100                                                                                                                 |

TNB's asset exposure to coastal inundation was assessed across these three (3) scenarios using Geographic Information System (GIS) mapping. The scope of the assessment covers TNB thermal power plants, HV, MV and LV substations, and HV transmission lines located along the coasts of Peninsular Malaysia, to evaluate long-term risk exposure up to 2050. The key outcomes are summarised below:



## CLIMATE RESILIENCY

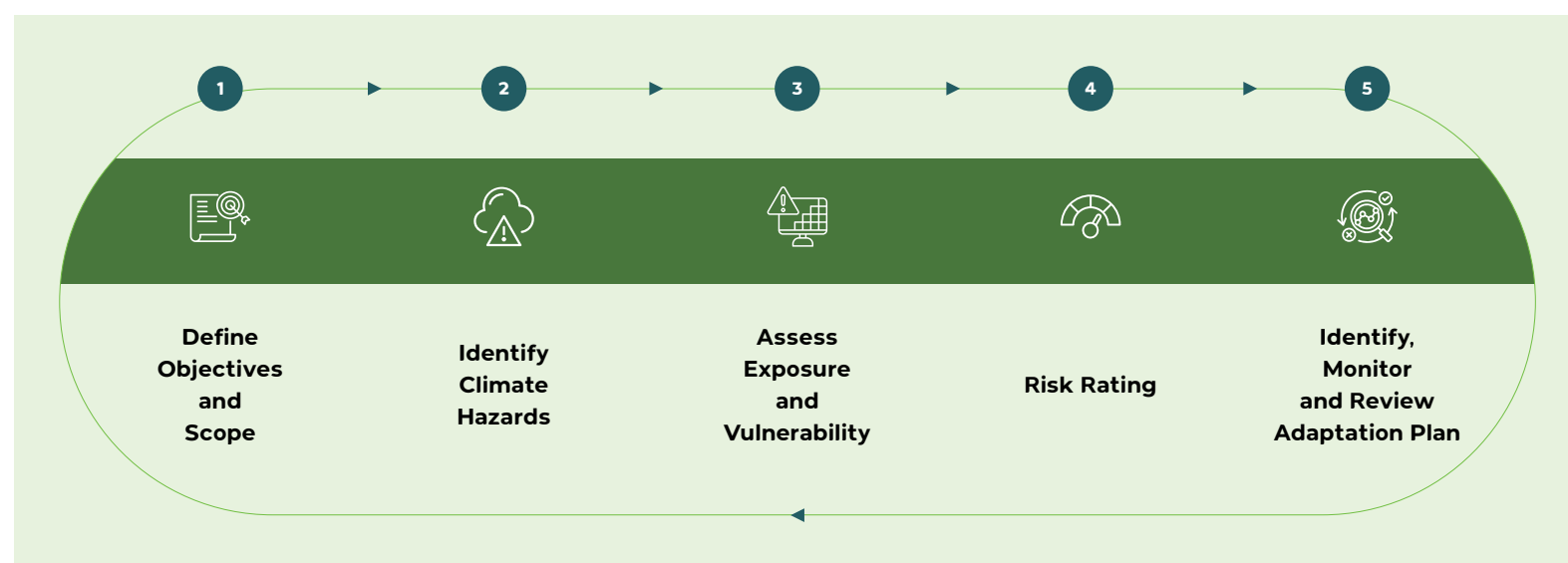
Asset exposure assessments across three (3) climate scenarios (SSP1-2.6, SSP2-4.5 and SSP5-8.5) indicate limited exposure to coastal inundation risks, with potential seawater flooding depths of 0.5 m to 2.5 m (very low to moderate) and no financially material impact identified at the portfolio level. Exposure remains below 10% for thermal power plants and substations, while HV overhead transmission lines remain below 8.5% under worst-case conditions.

We are currently assessing asset exposure across the other four (4) climate hazards under the three (3) IPCC scenarios to test our resilience. While risk levels fluctuate across these scenarios, our strategy remains robust. We prioritise high-risk assets through phased adaptation, ensuring operational continuity and long-term resilience regardless of the climate trajectory.

**RISK MANAGEMENT**

IFRS S1.44(a)(v)(b); IFRS S2.25(a)(ii)(v)(b)

TNB applies a structured approach to identifying, assessing, and managing climate-related physical risks. Aligned with ISO 14091:2021, our TNB Climate Risk Assessment process, guided by the TNB Risk Management Framework, evaluates asset exposure and vulnerability to climate hazards to determine potential impacts across our operations.



Using GIS, we overlay our assets onto climate hazard maps developed from government agency data, including the Malaysian Meteorological Department and the National Water Research Institute of Malaysia (NAHRIM), as well as the Global Climate Model (GCM) datasets. This enables a comprehensive assessment of asset risk exposure and enhances our understanding of potential climate-related impacts.

We also assess the level of asset vulnerability to determine the potential degree of loss should climate hazards occur. This assessment focuses on impacts to electricity supply reliability, asset performance efficiency, and potential financial losses. The insights support the identification of cost-effective adaptation plans to strengthen long-term resilience.

Climate-physical risks are then prioritised based on hazard intensity and potential operational and financial impacts. High-risk assets are further evaluated for adaptation planning to strengthen resilience.

Beginning July 2025, together with our research arm, TNB Research Sdn. Bhd., we are strengthening our climate risk assessment approach to enhance the accuracy of climate-related insights. Leveraging the latest Global Climate Model datasets and IPCC climate scenarios, we are updating our climate hazard maps to better understand the exposure levels of our assets to the five (5) climate hazards. In parallel, we are improving our vulnerability assessment methodology to more accurately evaluate the sensitivity of our assets to the impact of climate hazards and adaptive capacity considerations. These enhancements support a robust and forward-looking approach to safeguarding our operations against climate risks.



## CLIMATE RESILIENCY

### BUSINESS CONTINUITY MANAGEMENT

In the event of a disruption to our operations due to climate-related events, we are committed to preparing and responding effectively, guided by the TNB Business Continuity Management (BCM) Framework. Developed in alignment with ISO 22301, our BCM framework provides a structured approach to managing business continuity within the Group. This enables us to respond quickly and effectively while ensuring the continuity of our operations towards greater resiliency.

Across the Group, proactive pre-crisis preparedness is continually emphasised to minimise impact and ensure timely recovery. For instance, in preparation for floods during the monsoon season, a range of crisis preparedness measures are proactively taken, including:



Our crisis management is led by the TNB Crisis Management Team, chaired by the President/Chief Executive Officer, with the TNB Top Management playing a vital role in ensuring efficient recovery and effective communication. At the operations level, crisis management and response teams activate respective BCM and ERP for immediate response, prioritising the safety of both our assets and those affected. We strategically plan and execute mass communication through channels such as the TNB Careline Facebook page. Additionally, targeted stakeholders engagements are led by the General Manager (Retail & Stakeholders) at the state level to strengthen stakeholder confidence during a crisis.

### OUR PERFORMANCE

| ISSB/Bursa/GRI                 | Metric                                                                   | Units  | FY2023 | FY2024 | FY2025 | Target FY2025 | Future Target | Remarks                                                                                      |
|--------------------------------|--------------------------------------------------------------------------|--------|--------|--------|--------|---------------|---------------|----------------------------------------------------------------------------------------------|
| CLIMATE-RELATED PHYSICAL RISKS |                                                                          |        |        |        |        |               |               |                                                                                              |
| S2 - 29(c)                     | Amount of assets or business activities vulnerable to physical risks     | Number | -      | -      | 696    | -             | -             | Vulnerability to physical risk is defined as assets that have exposure to high physical risk |
|                                | Percentage of assets or business activities vulnerable to physical risks | %      | -      | -      | 0.55   | -             | -             |                                                                                              |

*Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.*



## CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY



### WHY IS IT IMPORTANT?

As a leading electricity utility company, TNB is proud to serve its 10.66 million customers and committed to delivering safe, reliable and high-quality electricity services and sustainable solutions. We continuously innovate and improve customers' experiences through various customer touchpoints based on their needs. Our steadfast commitment is to ensure an affordable and dependable electricity supply that supports the evolving needs of our customers. We supported the government in implementing the new electricity tariff restructuring exercise, effective 1 July 2025, enabling domestic users in Peninsular Malaysia to benefit from fairer electricity rates under the revised tariff schedule.

We empower our customers through innovative and sustainable energy solutions, including rooftop solar, energy storage, electric vehicle chargers and energy efficiency solutions. In support of the national net zero agenda, TNB collaborates with the government to promote and adopt renewable energy (RE) and energy efficiency initiatives through the Solar Accelerated Transition Action Programme (Solar ATAP), Green Energy Tariff (GET) and Malaysia Renewable Energy Certificates (mRECs). In addition, TNB has implemented the Green Lane Pathway to enable faster power connection to data centres. Our digital platform, the myTNB app, connects us to our 8.07 million customers, enhancing engagement and streamlining energy management. This focus on service excellence is reflected in our Customer Satisfaction Index (CSI), where we recorded a score of 90% in 2025, maintaining top-quartile performance for 10 consecutive years.

By prioritising customer satisfaction, TNB strengthens trust, fosters long-term relationships and ensures that its services continue to support the nation's social and economic development.

### OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d):

IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Provision of Sustainable Energy Solutions and Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                 |                                 |                       | Risk: Ineffective Marketing Leading to Slow Uptake of Green Offerings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                            |                                            |                                            |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| Description                                           | <p>TNB has the opportunity to enhance customer experience, energy efficiency and affordability by expanding access to sustainable energy solutions and digital services for its 10.66 million customers. Through current offerings such as rooftop solar, Renewable Energy Certificates (RECs), the GET, energy efficiency and audit programmes, district cooling systems, and the Virtual Energy Manager (VEM) platform, TNB empowers customers to reduce emissions, manage energy use more efficiently, lower energy costs and participate in the green transition.</p> <p>Building on these capabilities, TNB is exploring bundled solutions that combine solar, battery energy storage systems (BESS) and electric vehicle (EV) charging infrastructure, providing integrated, end-to-end clean energy options that deliver greater convenience, resilience, affordability and sustainability for its customers.</p> <p>Digital platforms such as the myTNB app further empower users with real-time insights, personalised energy saving tips and easier access to green products and billing services, strengthening engagement and cost-effective energy management.</p> |                                 |                                 |                       | <p>Effective marketing of TNB's energy-efficient offerings, such as rooftop solar, RECs and the GET, and solutions such as the VEM, is critical to reaching its 10.66 million customers. This approach would drive wider adoption of renewable energy products, providing more affordable energy solutions, supporting the shift towards energy-efficient behaviours and ultimately enhancing overall customer experience.</p> <p>However, marketing efforts may not be impactful if customer needs and preferences are not well understood or if product value propositions are not communicated in a clear, compelling and customer-centric manner. Strong competition from other energy solution providers further increases the risk of customers choosing alternative offerings. Additionally, ineffective use of mass communication channels and digital platforms may limit TNB's ability to engage diverse customer segments at scale.</p> <p>Weak or ineffective marketing may result in low customer uptake of green offerings, constraining TNB's RE growth, limit potential revenue streams and undermine national energy transition efforts.</p> |                                            |                                            |                                            |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Expands TNB's value chain beyond commodity electricity supply into integrated sustainability solutions (solar, BESS, EV infrastructure, RECs, GET, energy advisory and digital energy platforms).</li> <li>Strengthens customer engagement and cost efficiency through personalised digital services that support energy management and accelerate participation in the energy transition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                 |                                 |                       | <ul style="list-style-type: none"> <li>Impedes TNB's renewable energy growth targets and weaken its market competitiveness and brand positioning in energy solutions and services.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                            |                                            |                                            |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Drives prioritisation of customer-centric green products, digital platforms and targeted marketing investments to scale adoption.</li> <li>Guides development of bundled, end-to-end solutions to capture new growth pools across residential, commercial and industrial customer segments.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                 |                                 |                       | <ul style="list-style-type: none"> <li>Leverage customer insights to refine value propositions and accelerate uptake of renewable energy solutions.</li> <li>Deploy targeted digital marketing and focused campaigns to drive adoption and strengthen customer engagement.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                            |                                            |                                            |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Unlocks medium- to long-term revenue uplift from non-regulated energy solutions, improving portfolio diversification and margin resilience.</li> <li>Enhances cash flow stability through subscription-based digital services, energy advisory fees and increased customer retention from integrated offerings.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                 |                                 |                       | <ul style="list-style-type: none"> <li>Lower-than-expected revenue from non-regulated businesses in energy solutions and services.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                            |                                            |                                            |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Short                           | Medium                          | Long                  | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Short                                      | Medium                                     | Long                                       |
| Effect on Financial                                   | Revenue<br>RM135.4 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Revenue<br>RM50 mil – RM450 mil | Revenue<br>RM50 mil – RM450 mil | Revenue<br>>RM450 mil | Cost Increase<br>RM34.7 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Unrealised Revenue<br>RM50 mil – RM450 mil | Unrealised Revenue<br>RM50 mil – RM450 mil | Unrealised Revenue<br>RM50 mil – RM450 mil |

## CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY

### GOVERNANCE IN ACTION

IFRS S1.27(a)(b); IFRS S2.6(a)(b)

The TNB Board and the TNB Board Sustainability and Risk Committee (BSRC) provide oversight by reviewing performance and integrating strategic decision-making with sustainability and risk management considerations, ensuring regulatory compliance and consistent high-quality service outcomes for customers.

At the Management level, the Group Executive Management Committee (GEMC), led by the President/Chief Executive Officer, provides clear direction to ensure effective operational execution and delivery of customer-centric energy solutions that respond to evolving customer needs and expectations.

Our commitment to delivering outstanding service is guided by our Customer Charter, which embeds customer satisfaction into our operations and clearly defines service commitments. These include reliable electricity supply, efficient installation and connection, timely communication on unavoidable service disruptions, transparent billing and responsive customer support. In line with the Guaranteed Service Level (GSL) and Minimum Service Level (MSL) standards set by the Energy Commission, we monitor performance and continuously improve to meet and exceed regulatory benchmarks, ensuring dependable, efficient and trusted energy services for our customers.

### STRATEGY

IFRS S1.29, 30, 31, 33(a)(b)(c); IFRS S2.14(a)(b)(c)

#### ENHANCING CUSTOMER EXPERIENCE

TNB's customer-centric approach delivers a top-rated experience to over 10.66 million customers across four (4) channels: Click, Call, Come Over, and Go Over. Through innovative digital solutions such as the myTNB app, customers gain real-time insights into their energy consumption, supporting their energy efficiency goals and facilitating their transition towards renewable and smart energy choices. For customers who prefer face-to-face engagements, we continue to provide personalised assistance through appointments at our *Kedai Tenaga*.

In addition, our 'phygital' *Kedai Tenaga* concept bridges the physical and digital worlds by guiding customers through their digital transition journey.

#### DIGITALISING CUSTOMER SERVICES AND ENERGY EFFICIENCY

Digital transformation is one of our strategic enablers in our sustainability agenda, enhancing customer responsiveness and experience while driving energy efficiency solutions that support our long-term sustainability goals.



#### myTNB PLATFORMS AS A ONE-STOP DIGITAL SERVICE

myTNB app and myTNB portal digital platforms allow customers to manage service requests, receive real-time updates, explore offerings aligned with their preferences and adopt sustainable energy practices. In 2025, over 8.07 million subscribers had subscribed to this service, an increase of over 11% compared to the previous financial year.

#### DIGITAL BILLING OPTION FOR CUSTOMERS

Customers who prefer e-bills over traditional paper bills can opt for digital billing via the myTNB app, email and WhatsApp. This has significantly reduced paper usage, resource consumption and the associated carbon footprint. In 2025, around 4.42 million customers switched to digital billing, preserving approximately 110,500 trees and reducing 2,431 metric tonnes. This was a two-fold increase compared to the previous financial year.

#### myTNBiz AS A DIGITAL HUB FOR BUSINESS CUSTOMERS

myTNBiz provides payment solutions that include centralising billing, payments and e-Invoice. In 2025, myTNBiz had 242,285 connected customer accounts registered, leading to better operational efficiency and compliance.

## CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY

## myTNB AND MyDigital ID INTEGRATION

The integration of myTNB with MyDigital ID strengthened digital security while providing customers with peace of mind and convenience. In 2025, adoption was highly encouraging, with more than 109,266 unique users using MyDigital ID as their primary login method and reporting improved trust, convenience and overall positive user experience.

## myTNB ENERGY BUDGET

The myTNB Energy Budget feature enables customers with smart meters to set consumption thresholds and receive alerts, promoting more efficient energy use. In 2025, approximately 2.6 million customers adopted this feature, resulting in a reduction of 106 GWh in electricity consumption for that month, equivalent to avoiding 74,293 metric tonnes of carbon emissions. The number of Energy Budget subscribers increased by approximately 83% compared to the previous financial year.

## TIME OF USE TARIFF FOR DOMESTIC AND NON-DOMESTIC LOW VOLTAGE CUSTOMERS

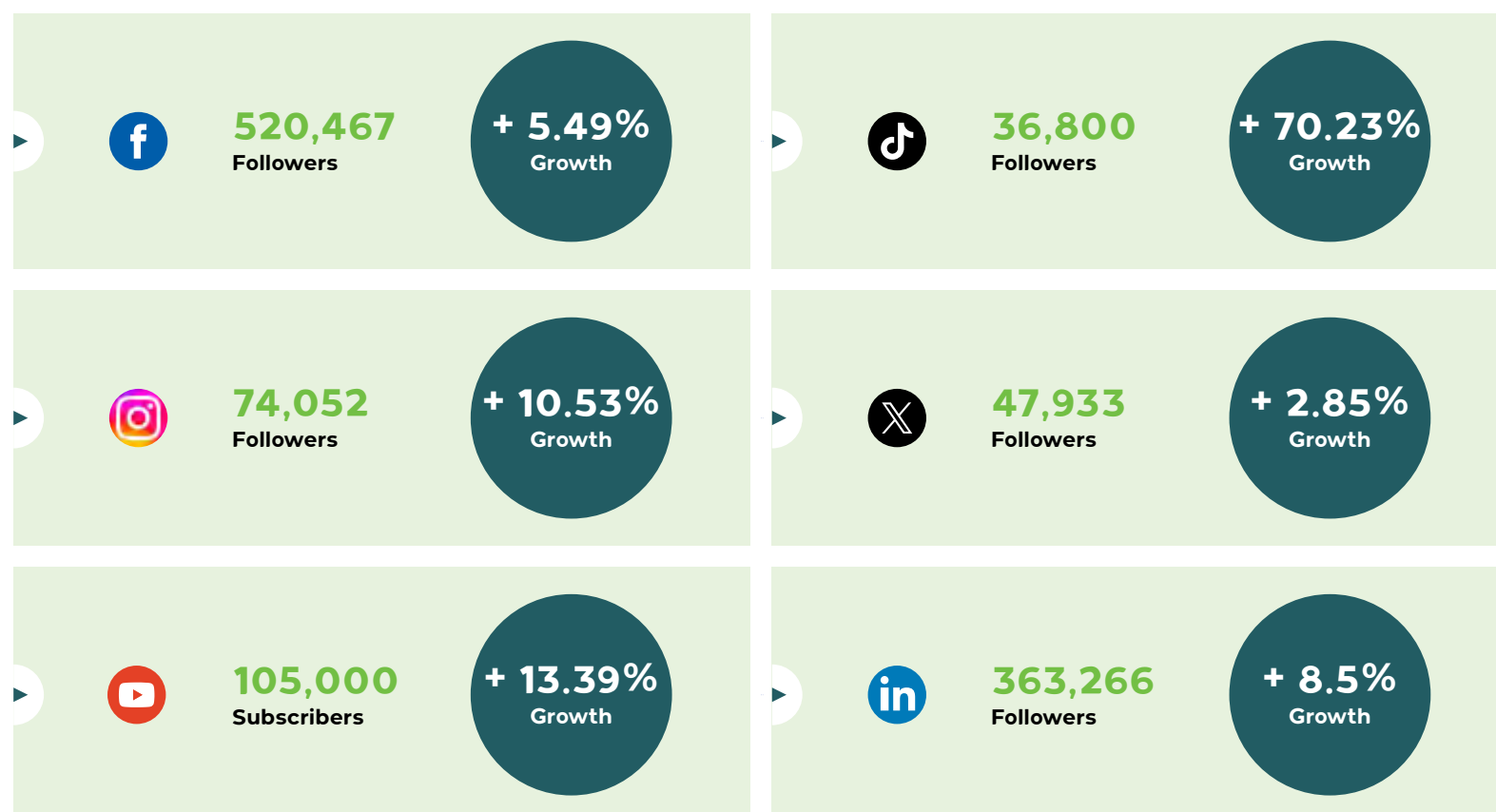
In 2025, TNB introduced a Time-of-Use (ToU) Tariff that encourages Domestic and Non-Domestic Low Voltage Customers to change their electricity consumption pattern by shifting their electricity usage from peak periods to off-peak periods.

Starting from 1 July 2025, all customers under the General Tariff may switch to the ToU Tariff to enjoy a lower rate during off-peak periods. In 2025, around 102,000 customers actively benefited from this scheme.

## EXPANDING DIGITAL REACH ON SOCIAL MEDIA PLATFORMS

Our digital presence on social media platforms strengthens our engagement with customers. It helps us to proactively manage communication with customers and accelerate the adoption of sustainable and energy-efficient practices while mitigating reputational and compliance risks.

In 2025, we reached more than 1.2 million social media followers and more than 207.1 million pieces of feedback, reflecting an 8.7% increase in overall followership on six (6) channels (Facebook, X, Instagram, TikTok, YouTube and LinkedIn). TNB received around 81% positive and neutral sentiment across the social media platforms.



## CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY

### ENHANCING CUSTOMER SATISFACTION

We are committed to delivering a reliable electricity supply to our customers, meeting the Minimum Service Level (MSL) set by the Energy Commission. Guided by our Voice of Customer (VOC), we systematically capture and analyse customer insights to inform decision-making, strengthen service delivery and drive continuous improvement, ensuring that every customer interaction is reliable, responsive and aligned with evolving customer needs.

Reflecting this commitment, in 2025 we resolved 99.0% of enquiries and 98.1% of customer complaints.

#### Number of Customers Subscribed to myTNB



#### Customer Experience Index (%)



### EMPOWERING CUSTOMERS THROUGH ENERGY INNOVATIONS

TNB has strategically positioned its product and service portfolio to deliver green energy and energy efficiency solutions aligned with evolving customer demand and the broader energy transition through its subsidiaries. Through innovative product packaging and targeted marketing, we empower customers to adopt cleaner power solutions and achieve better energy savings.

| Subsidiaries                         | Business Portfolio                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>GSPARX Sdn. Bhd. (GSPARX)</b>     | <ul style="list-style-type: none"> <li>End-to-end rooftop solar solutions, including consultation, design, installation, monitoring and maintenance of solar photovoltaic (PV) systems</li> <li>Investor/developer role in solar PV systems for customers</li> <li>Partnerships to promote clean energy, rooftop, floating and ground-mounted systems in Malaysia</li> <li>Facilitate the national energy transition by enabling solar PV adoption under the national scheme</li> </ul>                                                                                                                                                                                       |
| <b>TNBX Sdn. Bhd. (TNBX)</b>         | <ul style="list-style-type: none"> <li>Supply Agreement – Renewable Energy (SARE) facilitation</li> <li>Malaysia Renewable Energy Certificates (mRECs) platform and trading support</li> <li>Beyond-the-meter renewable and energy efficiency provider</li> <li>Smart-City, EV Mobility and Smart Building solutions</li> <li>Solar PV insurance and asset protection via SuriaShield™, an insurance product for residential solar PV systems in collaboration with an insurer</li> </ul>                                                                                                                                                                                     |
| <b>TNB Energy Services Sdn. Bhd.</b> | <ul style="list-style-type: none"> <li>Energy Performance Contracting (EPC) to provide energy savings to customers via an innovative financing model for Energy Efficiency (EE) upgrades</li> <li>Energy Audit services to identify and evaluate energy conservation opportunities</li> <li>EE consultation and advisory services to support on-site energy management and regulatory compliance</li> <li>Power System Study (PSS) services to evaluate system performance, reliability and safety under various operating and load conditions</li> <li>Power Quality (PQ) assessment and mitigation services addressing power quality issues at customer premises</li> </ul> |



## CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY

**PROMOTING SOLAR PV ROOFTOP AND ENERGY STORAGE**

Our subsidiary GSPARX empowers consumers by enabling residential, commercial and industrial customers to adopt solar PV and Community Energy Storage Systems. Since 2019, a total of 216 MWp rooftop solar PV installations were made at residential and government buildings, universities, and commercial and industrial segments.

To give homeowners peace of mind and ensure the longevity of their solar PV investments, TNBX, acting as a marketing agent, offers SuriaShield, a residential solar PV insurance plan. This coverage, which includes restoration services and compensation for lost savings during breakdowns, saw 745 subscriptions through TNBX in 2025.



*TNB provides solar rooftop installations for its customers and has secured a cumulative capacity of 536 MWp.*

**MARKETING SUPPLY AGREEMENT FOR RENEWABLE ENERGY SOLUTIONS**

TNBX is one of the major players in Supply Agreement for Renewable Energy (SARE) to market and develop this solution. SARE is a government programme designed to facilitate models of solar leasing and Power Purchase Agreements, allowing customers to get solar energy through a third-party financier instead of buying the system outright.

In 2025, TNBX successfully secured a total capacity of 425 MWp across 1,468 solar PV projects. By offering seamless integrated billing and contracting services, SARE has attracted 129 solar PV investors to adopt this solution for their projects. This initiative makes adopting renewable energy easier for customers while actively promoting the growth of solar energy across commercial, industrial and government sectors in Peninsular Malaysia.

**SOLAR ENERGY FOR COMMUNITIES**

GSPARX has collaborated with Sime Darby Property to develop solar-powered homes at Elmina Ilham Residence, where each house is equipped with a pre-installed rooftop solar system. To ensure a stable and reliable electricity supply for this solar-enabled community, TNB supported the initiative by installing three Community Energy Storage Systems (CESS) at the Elmina Ilham substations. These systems help regulate voltage levels when solar energy generation exceeds the community's electricity demand. This approach can be replicated in other townships, contributing to the development of more resilient and climate-adaptive communities across Malaysia.

**ELECTRIC VEHICLE CHARGING SOLUTIONS**

TNB also facilitated the adoption of sustainable transport through electric vehicle (EV) charging infrastructure (TNB Electron stations) installation. The charging stations provide more convenient and accessible EV charging infrastructure. EV users can easily locate and access these chargers via the GO-TO-U mobile app, which has onboarded 21,551 users through the payment terminal and app as of December 2025. Cumulatively, 256 charge points were installed by 2025.

**VIRTUAL ENERGY MANAGER FACILITATING SCOPE 2 EMISSIONS REPORTING**

TNBX developed the Virtual Energy Manager (VEM) to support companies in assessing and consolidating their electricity consumption data for Scope 2 emissions reporting, and empowers customers to optimise energy efficiency, reduce costs and achieve sustainable energy management goals.

## CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY

### FACILITATING GREEN SOLUTIONS INITIATED BY THE GOVERNMENT

TNB, as the national power utility, facilitates the implementation of the solutions provided by the government to promote energy transition and energy efficiency for its customers as follows:

|                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Solutions to Offset Scope 2 Emissions Through the Green Electricity Tariff (GET) and Malaysia Renewable Energy Certificates (mRECs)</b> | <p>▶ The GET and mRECs provide customers with a practical way to support renewable energy development and offset their Scope 2 emissions by purchasing green electricity without the need to install rooftop solar or other on-site renewable energy system.</p> <p>In 2025, a total of 1,580 customers procured 3,925 GWh out of the 6,600 GWh quota available of renewable-backed electricity through the GET, reflecting growing confidence and interest in credible green-power options.</p>                                    |
| <b>Malaysia Green Attribute Trading System (mGATS)</b>                                                                                     | <p>▶ The mGATS serves as the central digital platform for trading, tracking and redeeming mRECs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Net Energy Metering (NEM)</b>                                                                                                           | <p>▶ NEM allows customers to export excess energy produced from their solar PV systems to the national grid. NEM 3.0 has been replaced with the Solar Accelerated Transition Action Programme (Solar ATAP). In 2025, 99,729 NEM participants made up a total installed capacity of around 1.9 GWp.</p>                                                                                                                                                                                                                              |
| <b>Solar Accelerated Transition Action Programme (Solar ATAP)</b>                                                                          | <p>▶ Solar ATAP is Malaysia's new rooftop solar policy, providing customers with the option to export excess solar power to the grid at the energy rate of the System Marginal Price (SMP). Customers are able to install solar panels up to 100% of their maximum demand to encourage larger system adoption. The Solar ATAP scheme was announced in 2025 to replace NEM 3.0.</p>                                                                                                                                                  |
| <b>Solar for Rakyat Incentive Scheme (SolaRIS)</b>                                                                                         | <p>▶ SolaRIS encourages residential customers to embrace clean energy through the installation of solar PV systems at their homes. Under this initiative, eligible customers who submit their NEM <i>Rakyat</i> applications to the Sustainable Energy Development Authority (SEDA) from 1 April 2024 onwards and successfully commission their solar PV installations will receive a cash rebate of up to RM4,000.</p> <p>In 2025, TNB successfully disbursed RM179.3 million of SolaRIS rebates, benefiting 44,899 customers.</p> |

## CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY

## ACCELERATING DATA CENTRE GROWTH THROUGH THE GREEN LANE PATHWAY

As economies become increasingly digital, data centres have evolved to be critical infrastructure, underpinning financial services, e-commerce, government systems and smart technologies. The data centre sector experienced expansion in 2025, with a maximum demand of 2.6 GW.

To support and accelerate growth, data centre operators are prioritising speed to market, scalability and energy efficiency, with strong demand for resilient grid infrastructure, fast-track power connections and access to renewable energy. In response, TNB introduced the Green Lane Pathway initiative that significantly streamlines the grid connection process, enabling electricity supply within as little as 12 months and up to three (3) times faster than the conventional 36 to 48-month timeline. This strategic approach reduces time-to-market, enhances customer experience and supports rapid deployment of data centre operations.

Cumulatively, 35 data centres have been commissioned as of December 2025. A key milestone was the signing of the Heads of Terms for a bilateral energy supply agreement with DayOne Data Center, under which up to 500 MW of renewable energy will be supplied through a Bilateral Energy Supply Contract (BESC). This reinforces TNB's role in enabling sustainable data centre growth and advancing Malaysia's transition towards a low-carbon digital economy.

## RISK MANAGEMENT

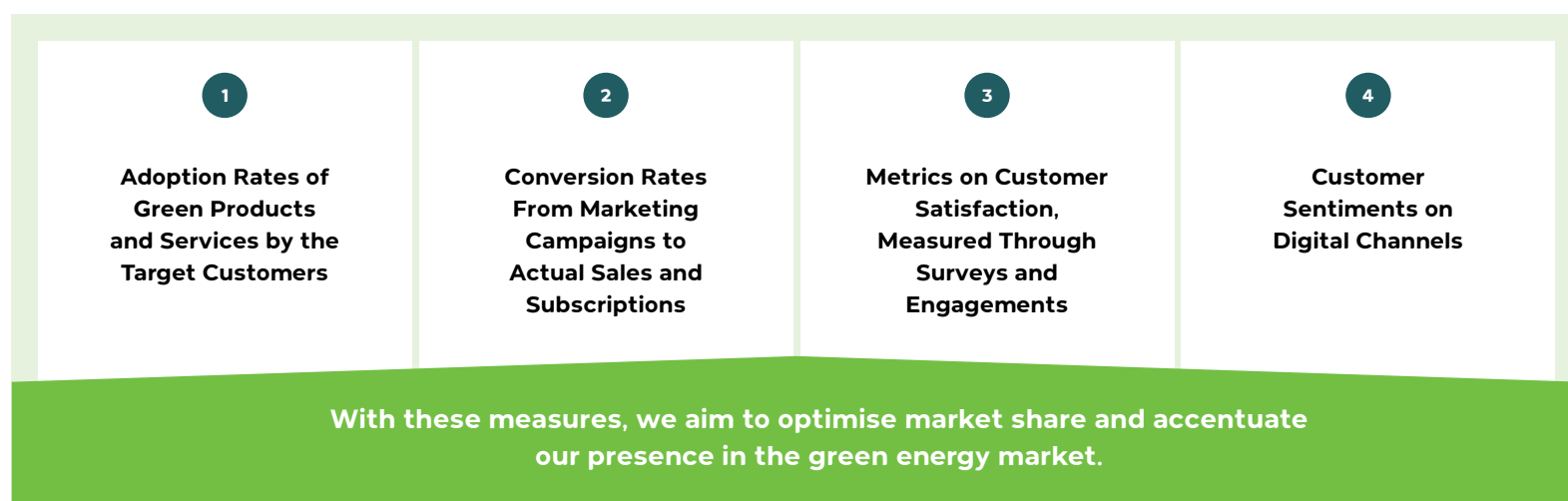
IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)

Effective marketing of TNB's energy-efficient offerings, such as rooftop solar, RECs and the GET, and solutions such as the VEM, is critical to reaching its 10.66 million customers. This approach would drive wider adoption of renewable energy products, providing more affordable energy solutions, supporting the shift towards energy-efficient behaviours, and ultimately enhancing overall customer experience.

However, marketing efforts may not be impactful if customer needs and preferences are not well understood or if product value propositions are not communicated in a clear, compelling and customer-centric manner. Strong competition from other energy solution providers further increases the risk of customers choosing alternative offerings. Additionally, ineffective use of mass communication channels and digital platforms may limit TNB's ability to engage diverse customer segments at scale.

TNB is mitigating the risk by integrating customer analytics, product design and marketing execution. Customer feedback is analysed to derive valuable insights, enabling the creation of compelling, data-driven marketing strategies related to green products and services.

Risk monitoring and effectiveness of mitigation measures are supported through the ongoing tracking of key performance and risk indicators, including:



## CUSTOMER EXPERIENCE AND ENERGY EFFICIENCY

## OUR PERFORMANCE

| ISSB/Bursa/<br>GRI                                                                                     | Metric                                      | Units  | FY2023                      | FY2024                      | FY2025         | Target FY2025   | Future Target   | Remarks |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------|--------|-----------------------------|-----------------------------|----------------|-----------------|-----------------|---------|
| CUSTOMER ACCOUNTS                                                                                      |                                             |        |                             |                             |                |                 |                 |         |
| Number of Residential, Commercial, Industrial and Institutional Customer Accounts                      |                                             |        |                             |                             |                |                 |                 |         |
| IF-EU-000.A                                                                                            | Residential                                 | Number | 8,910,066                   | 9,143,457                   | 9,368,707      | -               | -               |         |
| G4-EU3                                                                                                 | Peninsular Malaysia                         | Number | 8,335,248                   | 8,554,220                   | 8,766,538      | -               | -               |         |
|                                                                                                        | Sabah                                       | Number | 574,782                     | 589,237                     | 602,169        | -               | -               |         |
|                                                                                                        | Commercial                                  | Number | 1,796,239                   | 1,832,642                   | 1,862,093      | -               | -               |         |
|                                                                                                        | Peninsular Malaysia                         | Number | 1,688,615                   | 1,721,968                   | 1,748,735      | -               | -               |         |
|                                                                                                        | Sabah                                       | Number | 107,624                     | 110,674                     | 113,358        | -               | -               |         |
|                                                                                                        | Industrial                                  | Number | 36,051                      | 36,572                      | 36,582         | -               | -               |         |
|                                                                                                        | Peninsular Malaysia                         | Number | 34,390                      | 34,834                      | 34,841         | -               | -               |         |
|                                                                                                        | Sabah                                       | Number | 1,661                       | 1,738                       | 1,741          | -               | -               |         |
|                                                                                                        | Others                                      | Number | 110,445                     | 98,658                      | 112,642        | -               | -               |         |
|                                                                                                        | Peninsular Malaysia                         | Number | 103,668                     | 91,864                      | 105,841        | -               | -               |         |
|                                                                                                        | Sabah                                       | Number | 6,777                       | 6,794                       | 6,801          | -               | -               |         |
|                                                                                                        | Total                                       | Number | 10,852,801                  | 11,111,329                  | 11,380,024     | -               | -               |         |
| Total Electricity Delivered to Residential, Commercial, Industrial and Institutional Customer Accounts |                                             |        |                             |                             |                |                 |                 |         |
| IF-EU-000.B                                                                                            | Residential                                 | MWh    | 35,555,221.60               | 38,682,740.25               | 38,735,998.73  | -               | -               |         |
|                                                                                                        | Peninsular Malaysia                         | MWh    | 33,325,441.00               | 36,293,584.00               | 36,713,306.52  | -               | -               |         |
|                                                                                                        | Sabah                                       | MWh    | 2,229,780.60                | 2,389,156.25                | 2,022,692.21   | -               | -               |         |
|                                                                                                        | Commercial                                  | MWh    | 45,092,218.50               | 48,693,783.64 <sup>1</sup>  | 52,385,318.11  | -               | -               |         |
|                                                                                                        | Peninsular Malaysia                         | MWh    | 42,402,041.00               | 45,807,508.91               | 49,945,598.93  | -               | -               |         |
|                                                                                                        | Sabah                                       | MWh    | 2,690,117.50                | 2,886,274.73                | 2,439,719.18   | -               | -               |         |
|                                                                                                        | Industrial                                  | MWh    | 45,648,645.68               | 46,585,411.95               | 44,489,456.80  | -               | -               |         |
|                                                                                                        | Peninsular Malaysia                         | MWh    | 44,478,159.00               | 45,272,778.00               | 43,343,754.57  | -               | -               |         |
|                                                                                                        | Sabah                                       | MWh    | 1,170,486.68                | 1,312,633.95                | 1,145,702.23   | -               | -               |         |
|                                                                                                        | Others                                      | MWh    | 2,572,516.45                | 2,748,318.81                | 3,409,519.28   | -               | -               |         |
|                                                                                                        | Peninsular Malaysia                         | MWh    | 2,493,161.00                | 2,673,711.00                | 3,347,662.43   | -               | -               |         |
|                                                                                                        | Sabah                                       | MWh    | 79,355.45                   | 74,607.81                   | 61,856.85      | -               | -               |         |
|                                                                                                        | Total                                       | MWh    | 128,868,602.23 <sup>1</sup> | 136,710,254.65 <sup>1</sup> | 139,020,292.92 | -               | -               |         |
| CUSTOMER EXPERIENCE                                                                                    |                                             |        |                             |                             |                |                 |                 |         |
| Results of Surveys Measuring Customer Satisfaction                                                     |                                             |        |                             |                             |                |                 |                 |         |
| N/A                                                                                                    | Customer Satisfaction Index                 | %      | 88                          | 87                          | 90             | 88              | 90              |         |
|                                                                                                        | Customer Experience Index                   | %      | 95                          | 95                          | 95             | 95              | 95              |         |
|                                                                                                        | Complaints resolved                         | %      | 99.7                        | 99.5                        | 98.1           | 100             | 100             |         |
| Total Number of Substantiated Complaints Received Concerning Breaches of Customer Privacy              |                                             |        |                             |                             |                |                 |                 |         |
| Bursa C8(a)<br>[Data Privacy and Security]                                                             | Total number of customer privacy complaints | Number | 0                           | 0                           | 0              | Zero complaints | Zero complaints |         |
| GRI 418-2                                                                                              |                                             |        |                             |                             |                |                 |                 |         |

<sup>1</sup> Updated calculated number

Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.



## WATER AND BIODIVERSITY



### WHY IS IT IMPORTANT?

Managing water resources and protecting biodiversity are vital components of the ecosystems within which TNB operates. The health of these ecosystems ensures long-term operational resilience, secures water availability and strengthens climate adaptability.

Water utilisation at TNB is concentrated at our thermal power plant operations. Thermal power plants require large volumes of water primarily for cooling systems. TNB utilises water resources responsibly through efficient and well-controlled cooling processes, whereby nearly 99% of the water used is treated and safely returned to the environment. This demonstrates our commitment to sustainable water stewardship and the preservation of surrounding ecosystems.

Nature and biodiversity remain integral to TNB's operations, providing essential ecosystem services such as water regulation, soil stability, carbon sequestration and climate resilience. Guided by this understanding, TNB is committed to preserving biodiversity responsibly through the implementation of the TNB Biodiversity Framework. By aligning with leading sustainability frameworks and continuously improving our environmental governance, TNB aims to minimise impacts on biodiversity caused by our operations, protect environmental ecosystem resilience and create shared value for stakeholders.

### OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);

IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Optimising Water Use and Environmental Stewardship in Power Operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                             |                             |                             | Risk: Challenges in Executing Water Optimisation Initiatives in Power Operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                            |                            |                            |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|
| Description                                           | <p>TNB can enhance water efficiency and environmental stewardship across power operations by deploying optimisation technologies that reduce freshwater withdrawal, improve recycling, and strengthen resilience to water scarcity risks. As climate change intensifies rainfall variability and water availability, proactive water management becomes increasingly critical to sustain reliable power generation and safeguard asset performance.</p> <p>By implementing zero-leakage valves in Prai and Southern Power Generation, TNB has directly reduced water consumption while maintaining stable power output. These initiatives mitigate environmental impacts and reduce exposure to climate-related water stress. TNB can progressively extend the programme across its other thermal assets to further strengthen long-term water security.</p> |                             |                             |                             | <p>TNB power plants use water for cooling, steam generation, and other operational processes. Despite this high usage, TNB treats nearly 99% of the water and returns it safely to the environment.</p> <p>Ineffective implementation of water optimisation initiatives, such as recycling, reuse, and efficient process controls, could stem from outdated technologies, inadequate monitoring or inefficient water processing systems or equipment.</p> <p>Such shortcomings can cause excessive water withdrawal, higher operational costs, and increased regulatory or environmental exposure. Therefore, TNB actively monitors water usage, invests in efficiency technologies, and enforces robust water management practices to optimise water consumption and control costs while meeting environmental standards.</p> |                            |                            |                            |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens operational sustainability and water security across generation assets by reducing dependence on freshwater resources and exposure to water scarcity disruptions.</li> <li>Enhances plant reliability and regulatory compliance in water stress regions, supporting long-term licence to operate and resilient electricity supply.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                             |                             |                             | <ul style="list-style-type: none"> <li>Undermines TNB's operational sustainability and reduce stakeholders' confidence in its sustainability and eco-efficiency value proposition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                            |                            |                            |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Prioritises investment in water-efficient technologies and operational practices for assets exposed to high water stress and climate variability.</li> <li>Integrates water-scarcity risk considerations into asset planning, performance management, and environmental stewardship frameworks.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                             |                             |                             | <ul style="list-style-type: none"> <li>Integrate water management considerations into operational planning to reduce consumption and improve resilience.</li> <li>Drive continuous efficiency improvements to manage costs and elevate sustainability performance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                            |                            |                            |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Delivers recurring operational cost savings through reduced water consumption, improved recycling efficiency, and avoidance of scarcity-driven cost escalation.</li> <li>Protects long-term asset value and cash flow by reducing exposure to water supply constraints, tariff increases, and potential operational curtailments.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                             |                             |                             | <ul style="list-style-type: none"> <li>Higher operating costs resulting from increased water consumption and revision of water tariff by authorities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                            |                            |                            |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Short                       | Medium                      | Long                        | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Short                      | Medium                     | Long                       |
| Effect on Financial                                   | Cost Savings<br>RM1.3 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Cost Avoidance<br><RM50 mil | Cost Avoidance<br><RM50 mil | Cost Avoidance<br><RM50 mil | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Cost Increase<br><RM50 mil | Cost Increase<br><RM50 mil | Cost Increase<br><RM50 mil |



## WATER AND BIODIVERSITY

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Biodiversity-Integrated Infrastructure Planning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                 |                            |                            | Risk: Inadequate Assessment and Tracking of Biodiversity Net Positive Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                         |                         |      |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|------|
| Description                                           | <p>TNB can systematically integrate biodiversity and ecosystem considerations across its network planning, asset development, and operational practices. By applying nature-inclusive siting and routing principles, supported by environmental baseline data and impact assessments, TNB can minimise disruption to critical habitats and ecosystem services. This approach reduces permitting challenges, stakeholder opposition, and costly redesign or mitigation later in the asset lifecycle, while supporting national biodiversity commitments under the Global Biodiversity Framework.</p> <p>Enhanced vegetation and corridor management, such as selective clearing, wildlife-friendly tower designs in ecologically sensitive areas, and the use of native species for replanting, can improve soil stability, reduce erosion risks, and maintain carbon-rich landscapes near transmission routes. These practices can also lower the frequency and cost of corrective maintenance over time, provided that interventions are well-targeted and informed by ecological monitoring data.</p> |                 |                            |                            | <p>TNB is committed to preserving ecosystems affected by its operations and to maintaining, restoring, and enhancing ecosystem integrity, resilience, and connectivity, aligned with the TNB Biodiversity Framework. Achieving a net positive impact on biodiversity requires robust baseline data, sustained ecological monitoring, and science-based evaluation of restoration outcomes.</p> <p>However, Malaysia's highly diverse ecosystems, fragmented habitats, and inconsistent ecological datasets make it challenging to establish accurate baselines or verify long-term biodiversity gains. Limited availability of scientific expertise, resource constraints, and the absence of continuous monitoring tools further hinder effective tracking. These gaps increase the risk that biodiversity initiatives may not deliver meaningful ecological improvements, reducing transparency and credibility in meeting national and global biodiversity commitments. Without a structured, evidence-based monitoring framework, TNB may face challenges in demonstrating measurable progress toward achieving net positive biodiversity impact.</p> |                         |                         |      |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Enhances long-term network resilience by reducing risks such as erosion, landslides, sedimentation, and asset degradation in environmentally sensitive corridors.</li> <li>Strengthens the licence to operate through proactive protection of critical habitats and ecosystem services that support uninterrupted power delivery, while reducing environmental liabilities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |                            |                            | <ul style="list-style-type: none"> <li>Undermines TNB's operational sustainability and reduces stakeholders' confidence in its sustainability and eco-efficiency value proposition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                         |                         |      |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Drives wider integration of biodiversity insights into infrastructure routing, vegetation management, and asset planning to mitigate long-term operational risks.</li> <li>Prioritises the adoption of digital ecological assessment tools to support risk-based decision-making and optimise maintenance investments.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |                            |                            | <ul style="list-style-type: none"> <li>Invest in ecological monitoring technologies and apply standardised biodiversity metrics for consistent performance assessment.</li> <li>Integrate biodiversity tracking into sustainability reporting to strengthen transparency and enable informed decision-making.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                         |                         |      |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Reduces recurring operational expenditure such as clearance, restoration, and dredging costs associated with environmental impacts on grid and hydropower assets.</li> <li>Avoids high-cost future liabilities by preventing degradation events that would otherwise trigger costly remediation works and prolonged disruptions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |                            |                            | <ul style="list-style-type: none"> <li>Higher operating costs from TNB's biodiversity-dependent assets, such as hydro power plants resulting from increased expenditure on biodiversity action plans such as dredging activities to manage sedimentation at the reservoir.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                         |                         |      |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Short           | Medium                     | Long                       | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Short                   | Medium                  | Long |
| Effect on Financial                                   | CAPEX RM35.6 mil – RM36.5 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | CAPEX <RM50 mil | CAPEX RM50 mil – RM450 mil | CAPEX RM50 mil – RM450 mil | Cost Increase RM31.6 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Cost Increase <RM50 mil | Cost Increase <RM50 mil | –    |

## GOVERNANCE IN ACTION

IFRS S1.27(a)(b); IFRS S2.6(a)(b)

The TNB Board and the TNB Board Sustainability and Risk Committee (BSRC) oversee the implementation effectiveness of the TNB Sustainability Framework including water and biodiversity management, to achieve strategic objectives and sustainability commitments.

At the management level, the Sustainability & Energy Transition Committee (SETC), chaired by the President/Chief Executive Officer and comprising members of TNB's Top Management, is accountable for the management of water and biodiversity. Water and biodiversity management and performance are presented and deliberated in the SETC to ensure the effective implementation of water and biodiversity initiatives.

## STRATEGY

IFRS S1.29, 30, 31, 33(a)(b)(c); IFRS S2.14(a)(b)(c)

TNB Water and Biodiversity Management are governed by TNB Sustainability Policy and TNB Environmental Policy, which outline TNB's commitment to optimal utilisation of natural resources through effective land use and water management. These policies further promote the minimisation of impacts on biodiversity and the protection of environmental ecosystems.

The TNB Biodiversity Framework serves as a guideline for integrating biodiversity conservation across TNB's operations. This framework provides a systematic approach to managing biodiversity throughout TNB's project lifecycle, from site planning to decommissioning, ensuring that operational growth does not come at the expense of biodiversity ecosystems.

Through these policies and the framework, TNB demonstrates its commitment to water efficiency, biodiversity management, and responsible resource use.

## WATER AND BIODIVERSITY

## WATER MANAGEMENT STRATEGY

IF-EU-140a.3.4

Electricity generation is one of the most water-intensive sectors globally, with thermal power plants relying heavily on water for cooling and other key operational activities. TNB consumed a total of 8,920 megalitres of water in 2025, primarily from seawater and surface water, representing an 8.5% reduction compared to the previous year. Nearly 99% of the total water withdrawals were safely discharged back to the original sources.

TNB commits to reducing water consumption intensity by 15% by 2035 using the 2025 baseline. In achieving this target, TNB has implemented key strategies aimed at reducing freshwater withdrawal through technological enhancements and process optimisation to ensure responsible resource management and improved operational sustainability. Among the key strategies implemented are:

- Town Water Optimisation in Thermal Power Plant Operations
- Alternative Water Sources for Thermal Power Plant Cooling System
- Rainwater Harvesting and Reuse Programmes
- Water Reduction Initiative for TNB Office Buildings

## TOWN WATER OPTIMISATION IN THERMAL POWER PLANT OPERATIONS

Our thermal power plants are designed and operated in alignment with the World Bank Environmental and Social Standards, adhering to stringent water consumption protocols consistent with high-efficiency thermal plant practices.

Notably, at two (2) Combined Cycle Gas Turbine power plants, TNB Prai and Southern Power Generation (SPG), implemented an initiative to reduce feed water consumption by addressing steam leaks in their Heat Recovery Steam Generators (HRSG). Assessments identified that the original drain valves were prone to leakage, leading to excessive demineralised water usage and reduced efficiency. To resolve this, the plants adopted advanced zero-leakage valve technology, engineered to completely prevent steam and water loss even under extreme pressure and temperature.

As a result of the initiative, demineralised water consumption at TNB Prai had reduced by 58% and water consumption at SPG had reduced by 73% while maintaining consistent power output. These outcomes highlight how innovation and adoption of next-generation efficiency technologies can deliver measurable environmental and operational benefits.

## ALTERNATIVE WATER SOURCES FOR THERMAL POWER PLANT COOLING SYSTEM

TNB's power plant cooling systems are designed to optimise water efficiency by utilising alternative sources such as seawater and river water, thereby reducing dependence on town water supplies. Through the open-circuit Main Cooling Water (MCW) system, these water sources are used by the condenser system and the discharged water is returned to the sea, achieving zero net water consumption. This is carried out in full compliance with Department of Environment (DOE) requirements for temperature and chlorine levels. This practice exemplifies TNB's dedication to sustainable operations and environmental responsibility, consistent with global water conservation standards and performance benchmarks outlined by the Electric Power Research Institute (EPRI).

Two TNB gas power plants, Putrajaya and Gelugor, are designed with air-cooled cooling systems, eliminating the need for water withdrawal and ensuring efficient, sustainable cooling well-suited to their urban settings.

## RAINWATER HARVESTING

TNB has progressively deployed rainwater harvesting systems across its operational sites including solar farms, power plants, substations and corporate facilities to enhance water efficiency and circular use. The harvested rainwater is reused for landscape irrigation, equipment cooling, building maintenance, and other industrial applications. Below are the rainwater harvesting systems installed at TNB operations:

| Asset                                                 | Rainwater Harvesting System                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Thermal Power Plant</b>                            | TNB Janamajung and Stesen Janakuasa Tunku Muhriz have installed large-scale rainwater harvesting systems with capacities of 1,375,000 litres and 1,890,000 litres, respectively. The harvested rainwater is utilised for coal yard dust suppression, effectively reducing reliance on freshwater sources. In addition, used water is recirculated into process tanks for reuse, optimising resource efficiency and minimising waste. |
| <b>Large Scale Solar</b>                              | Rainwater harvesting systems with storage capacities of 24,000 litres and 1,000 litres are installed at Sepang Solar and Bukit Selambau, respectively. These systems help reduce ground runoff and mitigate erosion, while providing an essential alternative water source to support photovoltaic (PV) module cleaning, cooling and fire prevention.                                                                                |
| <b>Substation</b>                                     | A rainwater harvesting system with a capacity of 1,800 litres is installed at PMU Brickfields. The system captures and stores rainwater, which is then used for building cleaning and toilet cisterns, reducing dependence on treated water sources.                                                                                                                                                                                 |
| <b>TNB Platinum Building and Balai Islam, Bangsar</b> | Rainwater harvesting systems installed at the TNB Platinum building and Balai Islam in Bangsar are used for landscape irrigation and gardening, reducing reliance on the municipal water supply. Around 8.37 megalitres of rainwater were harvested in 2025.                                                                                                                                                                         |

## WATER AND BIODIVERSITY

### WATER REDUCTION INITIATIVE FOR TNB OFFICE BUILDINGS

The “Drip by Drip, Watt by Watt” initiative is a company-wide programme implemented across 109 TNB office buildings, designed to drive systematic improvements in both water efficiency and energy performance. This initiative integrates behavioural change, infrastructure upgrades and continuous monitoring to reduce resource consumption while supporting TNB’s broader sustainability commitments. In 2025, our water-efficiency initiatives achieved a savings of 2,181 m<sup>3</sup>, representing a 3.3% reduction against the corresponding period in the previous year.

### BIODIVERSITY MANAGEMENT STRATEGY

#### Integrating Biodiversity into TNB’s Operational Lifecycle

The TNB Biodiversity Framework provides structured governance for managing biodiversity-related risks and opportunities in our operations. Developed in alignment with the Kunming-Montreal Global Biodiversity Framework and Malaysia’s National Policy on Biological Diversity 2022-2030, the framework outlines clear goals to embed biodiversity considerations throughout the asset lifecycle, conserve endangered species, enhance degraded ecosystems, promote urban biodiversity through spatial planning, and preserve forests as a nature-based solution to climate change.

Supported by scientific collaborations, capacity building, and public awareness initiatives, the framework is applied across TNB’s operations including solar, hydro, thermal and grid assets to strengthen ecosystem resilience and advance responsible growth.

| TNB BIODIVERSITY FRAMEWORK |                                                                                                                                  |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------|
| Commitment                 | We promote to <b>minimise impact on biodiversity</b> and <b>protect environmental ecosystem</b>                                  |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
| Aspiration                 | We aspire for <b>net positive impact on biodiversity</b> for <b>new high biodiversity risk sites</b>                             |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
| Guiding Principle          | Apply mitigation hierarchy to minimise impact on biodiversity in TNB’s “ <b>Avoid, Minimise, Restore and Offset</b> ” operations |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
| Ecosystem                  | Land Ecosystem                                                                                                                   |                                                                                           |                                                                                           | Aquatic and Marine Ecosystem                                                               |                                                                                           |                 |
| Element                    |  Flora                                        |  Fauna |  Water |  Soil |  Air |                 |
| Goal                       | Embed Biodiversity Conservation Into End-To-End Asset Lifecycle                                                                  |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
|                            | Conserve Endangered Flora and Fauna                                                                                              |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
|                            | Enhance Degraded Ecosystem                                                                                                       |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
|                            | Preserve Forest as Climate Change Mitigation Solution                                                                            |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
|                            | Utilise Land Spatial Planning for Urban Biodiversity Conservation                                                                |                                                                                           |                                                                                           |                                                                                            |                                                                                           |                 |
| Enabler                    | Scientific and Technical Collaborations and Partnerships for Biodiversity                                                        |                                                                                           |                                                                                           | Strengthen Capacity Building, Education and Public Awareness                               |                                                                                           |                 |
| Applicability              | Large Scale Solar                                                                                                                | Floating Solar                                                                            | Thermal Plant                                                                             | Large Hydroelectric                                                                        | Transmission Grid                                                                         | Targeted Sites* |

\* Targeted sites cover degraded areas, high biodiversity value areas and locations with ecotourism potential.

## WATER AND BIODIVERSITY

**Biodiversity Engagement and Collaboration**

As part of TNB's biodiversity conservation strategy, we actively engage with diverse stakeholders across multiple platforms. These partnerships aim not only to conserve and rehabilitate natural habitats but also to promote sustainable livelihoods through activities such as ecotourism development and the mitigation of human-wildlife conflict. Through this integrated approach, TNB contributes to strengthening biodiversity outcomes, supporting local economies and building resilient communities that coexist harmoniously with the environment.

Our engagement opportunities include providing expert views to stakeholders in the development of new national protocols and guidelines, engaging in strategic dialogues with government agencies and regulators and actively participating in biodiversity forums and initiatives at both national and international levels.

**Strengthening Our Positive Contribution to Biodiversity**

TNB applies a site-specific biodiversity approach that considers local ecological characteristics, operational context and surrounding land-use conditions. This adaptive and science-based strategy supports TNB's long-term vision of integrating biodiversity stewardship into sustainable energy development.

In 2025, we invested approximately RM3.4 million to implement biodiversity initiatives across key operational sites and the following are the highlights:

**LARGE HYDROELECTRIC****Nenggiri Hydroelectric Project - Addressing Human-Wildlife Conflict**

TNB proactively manages nature-related risks at the Nenggiri Hydroelectric Project by integrating biodiversity risk mitigation into project delivery, governance and stakeholder engagement. TNB established the Wildlife Rescue and Conservation (WILDREC) Centre at the Nenggiri Hydroelectric Project. It serves as a key operational control for managing material nature-related risks arising from human-wildlife interactions involving protected and endangered species. In collaboration with *Jabatan Perlindungan Hidupan Liar dan Taman Negara Semenanjung Malaysia* (PERHILITAN) and *Jabatan Kemajuan Orang Asli* (JAKOA), TNB implements site-specific measures including wildlife monitoring using GPS collars and camera traps, and native reforestation supported by on-site nurseries to minimise ecological impacts and enhance long-term ecosystem resilience. Meanwhile, wildlife awareness sessions were held, not only to safeguard workers and communities, but also to guide them on the Standard Operating Procedures (SOP) for wildlife conflict mitigation and reporting.

TNB demonstrates a strong collaborative spirit with local authorities such as *Jabatan Pendidikan Negeri Kelantan*, JAKOA, PERHILITAN, *Jabatan Perhubungan Awam* and *Universiti Kebangsaan Malaysia* (UKM), in organising an environmental awareness and educational camp for 60 students from the Gua Musang district.

**COAL POWER PLANTS****Conserving Migratory Waterbirds at Kapar Ash Pond**

Each year, millions of migratory waterbirds travel along the East Asian-Australasian Flyway (EAAF), a major migratory route linking the Arctic with East and Southeast Asia, Australia and New Zealand. Located along the North-Central Selangor Coast, the ash pond at Kapar Power Station has evolved into an important high-tide roosting and wintering site for these birds.

Scientific surveys initiated by TNB in collaboration with Wetlands International, together with long-term monitoring under the Asian Waterbird Census, recorded a peak of 36,692 waterbirds from around 40 species, including globally threatened and near-threatened species. The site demonstrates how operational landscapes can support biodiversity conservation and contribute to the resilience of migratory bird habitats along the EAAF.



## WATER AND BIODIVERSITY

### LARGE SCALE SOLAR

#### Large Scale Solar Projects - Wildlife and Habitat Stewardship

At the TNB Bukit Selambau LSS in Kedah, key biodiversity initiatives implemented are naturalising detention ponds by introducing fish and aquatic plants to transform stormwater ponds into functioning ecosystems, vegetation management using livestock, where goat grazing replaces chemical herbicides and behavioural studies on macaques to develop targeted strategies that reduce human-wildlife conflict.

Beyond Malaysia, our Bomen Solar Farm in Australia incorporates sheep grazing and beehives to support vegetation control and pollination, and our sites in the UK and Ireland apply natural habitat management such as wildflower meadow planting, hedgerow enhancement and native habitat creation, to strengthen ecosystem health.

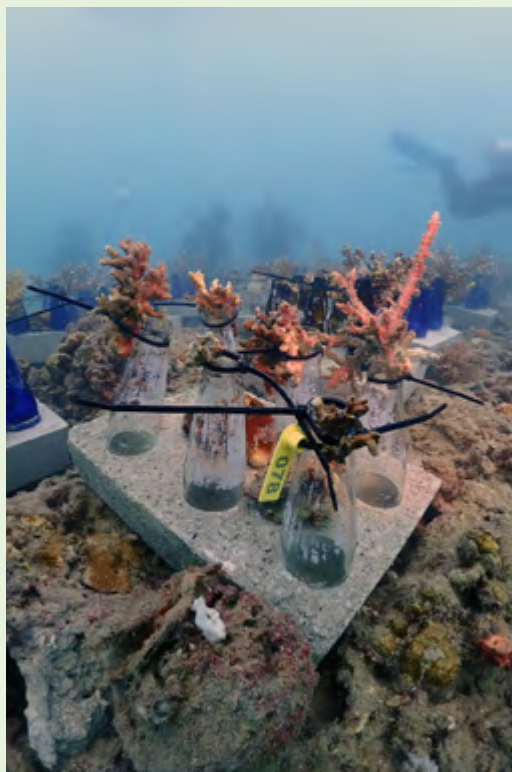
### FLOATING SOLAR

#### Hybrid-Hydro Floating Solar Pilot Project - Social and Environmental Impact Assessment

TNB is spearheading the development of Malaysia's first 2.5 GW Hybrid-Hydro Floating Solar (HHFS) programme across strategic reservoirs, supporting renewable energy integration and national NETR objectives. At Tasik Kenyir, a 100 kWac pilot system has been deployed near the Sultan Mahmud Power Station to assess the technical performance, environmental integrity, and long-term sustainability of the hybrid configuration. The project is supported by comprehensive Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) studies, which provide insight on project design, mitigate environmental and social risks, safeguard the lake ecosystem and community interests, and strengthen regulatory compliance.



#### Empowering Marine Recovery: Coral Restoration Effort in Pulau Tioman



TNB integrates coral restoration measures into its Offshore Floating Solar PV (OFSPV) operations at Pulau Tioman, embedding marine biodiversity risk management alongside renewable energy development. The project involved the transplantation of 132 coral colonies across 22 concrete reef blocks, supported by structured monitoring and maintenance to ensure survival and adaptation to the new habitat. Implemented in close collaboration with the Department of Fisheries as regulatory approver, Universiti Malaya (UM) as technical advisor, and Reef Check Malaysia as the conservation and monitoring partner, the initiative delivers measurable marine biodiversity outcomes while strengthening regulatory compliance and stakeholder engagement. This project also supports local dive centre businesses through their support in the supply of diving equipment and boats.

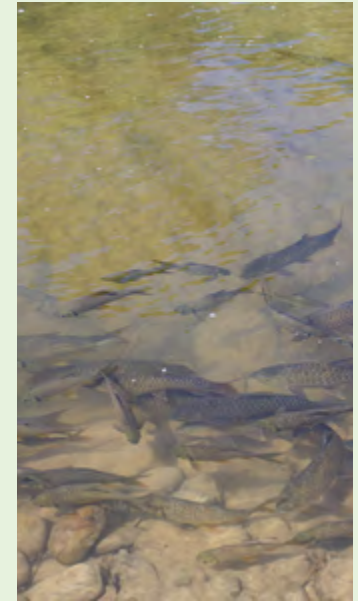


## TRANSMISSION GRID

**Chiling River (*Sungai Chiling*) - Protecting the Native Species**

Located between Kuala Kubu Bharu and Fraser's Hill, the Chiling River is a unique freshwater ecosystem supporting high-value endemic fish species, including *Tor tambroides* (*ikan kelah*) and *Neolissochilus soroides* (*ikan tengas*). In developing a new overhead transmission line through this corridor, TNB integrated biodiversity risk management into project planning and execution.

The Chiling River Fish Monitoring, Nursing, and Rehabilitation Programme was implemented to assess, mitigate, and manage aquatic biodiversity impacts, incorporating scientific monitoring, species rehabilitation, and riverbank ecosystem restoration. Supported by government agencies, academic experts, and local communities, the programme delivered measurable ecological outcomes, including a 93% increase in fish populations and improved water quality while strengthening regulatory compliance, ecosystem resilience, and stakeholder trust. The initiative has been recognised by the Department of Environment and the Department of Fisheries, demonstrating TNB's systematic approach to managing material nature-related risks.



## TRANSMISSION GRID

**Grid Infrastructure - Biodiversity Innovation**

The Tree Hyperspectral Identification System (THySIS) is an advanced tool that detects endangered tree species along proposed transmission routes. This strengthens biodiversity preservation by protecting endangered forest species during route selection and improves data management by providing high-quality ecological insights that support long-term line maintenance and future environmental initiatives.

## OTHERS

**The Bahulu Project - Coral Reef Conservation at Pulau Perhentian**

TNB supports coral reef conservation at Pulau Perhentian under the Projek Pulau Tenaga Hijau initiative, integrating marine biodiversity management with sustainable, low-carbon island operations. The five-year Bahulu Project, implemented in collaboration with Ocean Ranger Malaysia, deploys innovative artificial reef structures to restore coral ecosystems and enhance marine resilience. To date, 50 Bahulu units containing 500 coral nubbins have been installed to accelerate reef recovery. Beyond ecological outcomes, the programme delivers socio-economic value by engaging local communities in reef fabrication, supporting eco-tourism development, and strengthening sustainable fisheries.

**Habitat Conservation for Sustainable Firefly Ecosystem at Sg Chukai, Terengganu**

TNB implements a habitat conservation programme at Sungai Chukai, Terengganu, to protect firefly populations and their riparian ecosystems, integrating biodiversity management with community-based ecotourism. The programme combines population monitoring, mangrove-based habitat rehabilitation, and sustainable tourism enhancement to track ecological outcomes and assess restoration effectiveness. 108 native trees including *berembang*, *bebaru*, and *nipah* were planted along Terusan Zoo Kemaman, to improve habitat quality and supporting long-term ecosystem resilience.

WATER AND BIODIVERSITY

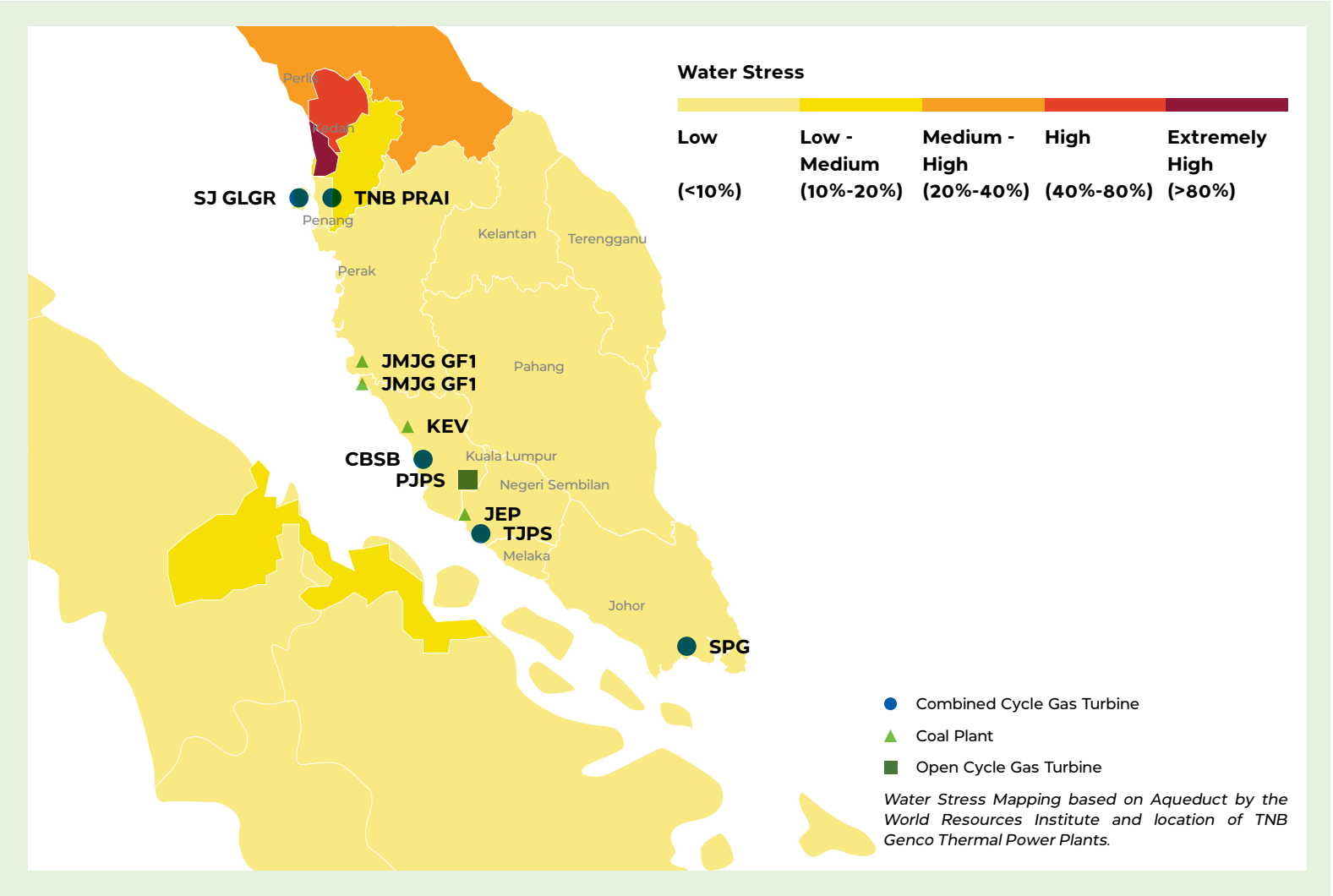
RISK MANAGEMENT

IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)

WATER RISK MANAGEMENT

IF-EU-140a.3.1.2, 3

All our coal and combined-cycle power plants are located in low water-stress areas; none are located in water-stress areas. Therefore, there are zero (0) water withdrawals from water stress regions. This strategic placement highlights our commitment to sustainable resource usage and community harmony, preventing potential conflicts over water resources between industry and local communities. The process begins with the planning and construction of the respective thermal power plants. In addition, all of our coal and combined cycle power plants were built and continue to operate in accordance with the global “World Bank Environmental and Social Standards”, which were established based on the initial project bidding requirements. These standards include water consumption processes that are archetypal of conventional high-efficiency thermal plants.



TNB conducts water stress assessments across all TNB generation assets, including thermal power plants, hydropower plants, and solar power plants, using the World Resources Institute (WRI) Aqueduct framework, confirming that our plants operate in low water stress areas, reducing competition for water resources with local communities. To safeguard long-term water availability, TNB adopts an integrated water-risk management approach that prioritises efficient consumption, minimises freshwater withdrawal and ensures that all water discharged back into nature meets regulatory standards, remains usable and causes no harm to surrounding ecosystems.

TNB maintains strict seawater and river water quality management across all generation facilities to meet Department of Environment requirements, supported by continuous monitoring, real-time systems and well-established emergency response procedures. All major facilities operate under ISO 14001-certified Environmental Management Systems, ensuring systematic control of water use, seawater and river water discharge quality and regulatory compliance. Regular internal and third-party audits further strengthen governance and drive continuous improvement in water efficiency.

## WATER AND BIODIVERSITY

## BIODIVERSITY RISK MANAGEMENT

A comprehensive risk and impact assessment has been initiated to identify high biodiversity risk areas across TNB's thermal, hydro, solar and grid operations. This assessment quantifies the biodiversity impact of our operations to formulate site-specific Biodiversity Action Plans.

The outcome of the biodiversity impact assessment is as follows:

**Legend** ● H High Potential Impact ● M Medium Potential Impact ● L Low Potential Impact

| Ecosystem                                                                                                                      | Elements               | Biodiversity Loss Driver                   | TNB Operation |                |              |               |               |                |      |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------------------------|---------------|----------------|--------------|---------------|---------------|----------------|------|
|                                                                                                                                |                        |                                            | LSS           | Floating Solar | Onshore Wind | Offshore Wind | Thermal Plant | Hydro Electric | Grid |
| <b>Aquatic and Marine Ecosystem</b><br><br> | <b>Flora and Fauna</b> | Use of Aquatic Habitat                     |               | H              |              |               | H             |                | L    |
|                                                                                                                                |                        | Use of Marine Habitat                      |               | H              |              | L             | L             |                | L    |
|                                                                                                                                |                        | Invasive Species                           |               | L              |              |               | H             | L              |      |
|                                                                                                                                |                        | Conflict                                   |               | L              |              |               | M             |                |      |
|                                                                                                                                | <b>Water</b>           | Water Exploitation                         |               |                |              |               | H             | H              |      |
|                                                                                                                                |                        | Water Pollution                            |               | L              |              | L             | H             | L              | L    |
|                                                                                                                                | <b>Air</b>             | Air Pollution                              |               |                |              |               |               | H              |      |
| <b>Land Ecosystem</b><br><br>               | <b>All</b>             | Climate Change                             |               |                |              |               | H             |                |      |
|                                                                                                                                | <b>Flora and Fauna</b> | Land Use Changes and Habitat Fragmentation | H             |                | L            |               | M             | H              | M    |
|                                                                                                                                |                        | Invasive Species                           |               |                |              |               |               | L              |      |
|                                                                                                                                |                        | Conflict                                   | H             |                |              |               |               | H              | L    |
|                                                                                                                                | <b>Air</b>             | Air Pollution                              |               |                |              |               | H             |                |      |
|                                                                                                                                | <b>Soil</b>            | Soil Pollution                             |               |                |              |               | L             |                | L    |

Note:  
Based on TNB's internal high-level analysis.

## WATER AND BIODIVERSITY

TNB also conducts an assessment of the impact of its operation on habitats. We have proactively identified endangered and threatened species listed by the International Union for Conservation of Nature (IUCN) within our operational areas, as follows:

| IUCN Conservation Status          | Flora | Terrestrial | Aquatic | Bird | Total No. of Species |
|-----------------------------------|-------|-------------|---------|------|----------------------|
| <b>Critically Endangered (CR)</b> | -     | -           | -       | -    | 0                    |
| <b>Endangered (EN)</b>            | 1     | 3           | -       | -    | 4                    |
| <b>Vulnerable (VU)</b>            | 8     | 11          | -       | 4    | 23                   |
| <b>Near Threatened (NT)</b>       | 1     | 1           | -       | 4    | 6                    |
| <b>Least Concern (LC)</b>         | 190   | 83          | 27      | 161  | 461                  |
| <b>Data Deficient (DD)</b>        | 14    | -           | 71      | 43   | 128                  |
| <b>Not Evaluated (NE)</b>         | 152   | -           | -       | -    | 152                  |

Subsequent to the biodiversity risk assessments above, we applied the Biodiversity Mitigation Hierarchy in the TNB Biodiversity Framework. The Biodiversity Mitigation Hierarchy provides four (4) guiding principles to ensure that biodiversity considerations are systematically integrated across our business operations. The application of the four (4) guiding principles – Avoid, Minimise, Restore and Offset, is detailed as follows:

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Avoid</b>                       | <p><b>Water</b></p> <ul style="list-style-type: none"> <li>Maintenance of a buffer zone from the river reserve</li> </ul>                                                                                                                                                                                                                                                                                                                                                              | <p><b>Soil, Flora and Fauna</b></p> <ul style="list-style-type: none"> <li>Avoid protected and high biodiversity areas</li> </ul>                                                                                                                                                                                                                                                                               |
| <b>Minimise</b>                    | <p><b>Air</b></p> <ul style="list-style-type: none"> <li>Installation of Flue Gas Desulphurisation (FGD)</li> <li>Low NO<sub>x</sub> Burners</li> <li>Electrostatic Precipitator</li> </ul> <p><b>Water</b></p> <ul style="list-style-type: none"> <li>Manage water quality</li> </ul>                                                                                                                                                                                                 | <p><b>Soil</b></p> <ul style="list-style-type: none"> <li>Prevention of soil pollution</li> <li>Avoid the use of pesticides for vegetation management using livestock</li> </ul> <p><b>Fauna</b></p> <ul style="list-style-type: none"> <li>Installation of a physical barrier and establishment of a buffer zone to prevent wildlife conflict</li> <li>Protection of bird life with sound repellent</li> </ul> |
| <b>Restore/<br/>Remedy</b>         | <p><b>Water</b></p> <ul style="list-style-type: none"> <li>Maintaining riparian release</li> </ul> <p><b>Soil</b></p> <ul style="list-style-type: none"> <li>Soil treatment</li> </ul> <p><b>Flora</b></p> <ul style="list-style-type: none"> <li>Rescue, relocation/translocation &amp; monitoring of flora</li> <li>Nursery of native species seedlings created for reforestation</li> <li>Replanting of native vegetation</li> <li>Rehabilitate the degraded forest area</li> </ul> | <p><b>Fauna</b></p> <ul style="list-style-type: none"> <li>Rescue, relocation/translocation &amp; monitoring of fauna</li> <li>Fish restocking</li> <li>Develop a wildlife corridor</li> </ul>                                                                                                                                                                                                                  |
| <b>Offset<br/>*Other locations</b> | <p><b>Flora</b></p> <ul style="list-style-type: none"> <li>Restoration of mangrove habitat</li> <li>Tree planting</li> </ul>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                 |

## WATER AND BIODIVERSITY

## OUR PERFORMANCE

| ISSB/Bursa/GRI          | Metric                                                                                                 | Units  | FY2023    | FY2024             | FY2025    | Target FY2025 | Future Target                                                | Remarks |
|-------------------------|--------------------------------------------------------------------------------------------------------|--------|-----------|--------------------|-----------|---------------|--------------------------------------------------------------|---------|
| <b>WATER MANAGEMENT</b> |                                                                                                        |        |           |                    |           |               |                                                              |         |
| IF-EU-140a.1            | <b>Total Water Withdrawal From All Areas by Sources</b>                                                |        |           |                    |           |               |                                                              |         |
| GRI 303-3               | Total water withdrawal from all areas                                                                  | ML     | 3,694,205 | 4,235,191          | 4,514,331 | -             | -                                                            |         |
|                         | <b>Sources - Surface water</b>                                                                         |        |           |                    |           |               |                                                              |         |
|                         | Freshwater                                                                                             | ML     | 3,230     | 2,389              | 4,885     | -             | -                                                            |         |
|                         | Other water                                                                                            | ML     | 0         | 0                  | 0         | -             | -                                                            |         |
|                         | <b>Sources - Seawater</b>                                                                              |        |           |                    |           |               |                                                              |         |
|                         | Freshwater                                                                                             | ML     | 0         | 0                  | 0         | -             | -                                                            |         |
|                         | Other water                                                                                            | ML     | 3,679,348 | 4,221,884          | 4,498,783 | -             | -                                                            |         |
|                         | <b>Sources - Third-party water</b>                                                                     |        |           |                    |           |               |                                                              |         |
|                         | Freshwater                                                                                             | ML     | 11,627    | 10,917             | 10,663    | -             | -                                                            |         |
|                         | Other water                                                                                            | ML     | 0         | 0                  | 0         | -             | -                                                            |         |
|                         | <b>Percentage of Water Withdrawn From Location With High or Extremely High Baseline Water Stress</b>   |        |           |                    |           |               |                                                              |         |
|                         | Water withdrawal from areas with High Baseline Water Stress                                            | %      | -         | -                  | 0.004     | -             | -                                                            |         |
|                         | Water withdrawal from areas with Extremely High Baseline Water Stress                                  | %      | -         | -                  | 0         | -             | -                                                            |         |
|                         | Freshwater Withdrawal Intensity                                                                        | ML/GWh | 0.146     | 0.149              | 0.206     | -             | -                                                            |         |
| GRI303-4                | <b>Total Water Discharge to All Areas</b>                                                              |        |           |                    |           |               |                                                              |         |
|                         | Total water discharge to all areas                                                                     | ML     | 3,684,109 | 4,225,957          | 4,505,411 | -             | -                                                            |         |
|                         | <b>Total Water Discharge to All Areas by Category</b>                                                  |        |           |                    |           |               |                                                              |         |
|                         | Category - Freshwater                                                                                  | ML     | 4,762     | 4,073 <sup>1</sup> | 6,628     | -             | -                                                            |         |
|                         | Category - Other water                                                                                 | ML     | 3,679,348 | 4,221,884          | 4,498,783 | -             | -                                                            |         |
|                         | <b>Total Water Discharge to All Areas by Destination</b>                                               |        |           |                    |           |               |                                                              |         |
|                         | Destination - Surface water                                                                            | ML     | 3,230     | 2,389              | 4,885     | -             | -                                                            |         |
|                         | Destination - Seawater                                                                                 | ML     | 3,679,348 | 4,221,884          | 4,498,783 | -             | -                                                            |         |
|                         | Destination - Third-party water                                                                        | ML     | 1,532     | 1,684              | 1,743     | -             | -                                                            |         |
| IF-EU-140a.1            | <b>Total Water Consumption From All Areas</b>                                                          |        |           |                    |           |               |                                                              |         |
| Bursa C9(a) [Water]     | Total water consumption from all areas                                                                 | ML     | 10,096    | 9,234              | 8,920     | -             |                                                              |         |
|                         | <b>Total Freshwater Consumption From All Areas</b>                                                     |        |           |                    |           |               |                                                              |         |
| GRI303-5                | Water Consumption Intensity                                                                            | ML     | 0.127     | 0.126              | 0.118     | -             | 15% reduction in water intensity by 2035 using 2025 baseline |         |
|                         | <b>Percentage of Water Consumed From Location With High or Extremely High Baseline Water Stress</b>    |        |           |                    |           |               |                                                              |         |
|                         | Water consumed from areas with High Baseline Water Stress                                              | %      | -         | -                  | 1.56      | -             | -                                                            |         |
|                         | Water consumed from areas with Extremely High Baseline Water Stress                                    | %      | -         | -                  | 0         | -             | -                                                            |         |
|                         | <b>Water Management Target</b>                                                                         |        |           |                    |           |               |                                                              |         |
|                         | Percentage Reduction in water intensity                                                                | %      | -         | 0.79               | 5.998     | -             | -                                                            |         |
| IF-EU-140a.2            | <b>Incidents of Non-Compliance Associated With Water Quality Permits, Standards and Regulations</b>    |        |           |                    |           |               |                                                              |         |
|                         | Number of Incidents of non-compliance associated with water quality permits, standards and regulations | Number | 0         | 2 <sup>2</sup>     | 0         | -             | -                                                            |         |

<sup>1</sup> Updated calculated number<sup>2</sup> Reinstatement due to notice received by regulators for the financial year

Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.



**IFRS S2 MT 6 NUCLEAR AS A FUTURE CLEAN ENERGY SOURCE**

**WHY IS IT IMPORTANT?**

As Malaysia explores the inclusion of nuclear power as a low-carbon baseload fuel under the 13<sup>th</sup> Malaysia Plan (RMK13), TNB remains vigilant and responsive to both national and global developments in nuclear energy. The Government's intent to establish a comprehensive nuclear readiness framework, covering regulatory enhancement, capability building, and alignment with international safety and governance standards, signifies a major milestone in advancing the country's long-term decarbonisation and energy security goals.

As the nation's leading electricity provider and system operator, TNB fully supports this direction and is proactively preparing for the potential integration of nuclear power into Malaysia's future energy mix. Through these efforts, TNB is ensuring readiness to manage potential safety, environmental, and reputational risks associated with future nuclear development. Our commitment is clear, when Malaysia advances toward nuclear deployment, the nation can do so with full confidence in the resilience, responsibility, and preparedness of its leading utility.

**OPPORTUNITY AND RISK**

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Developer-Owner-Operator of Nuclear Power Facilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |       |        |                                   | Risk: Technology Uncertainty and Public Acceptance Challenges Impeding Nuclear Deployment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |        |                                |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------|--------------------------------|
| Description                                           | <p>TNB is exploring the opportunity to become a developer, owner, and operator of nuclear power facilities in the long term (2031-2050), recognising the potential for low-carbon, reliable electricity generation. This aligns with the Government's long-term policy direction under RMK-13, which outlines the National Nuclear Energy Development Programme targeting commercial operations by 2031.</p> <p>As a technically experienced and regulated power utility, TNB is well-positioned to undertake readiness activities, including feasibility studies, establishing regulatory and safety frameworks and workforce capability development. These efforts aim to ensure that, if pursued, nuclear operations will adhere to the highest safety standards, protect communities and the environment, and demonstrate TNB's operational excellence in managing high-risk energy assets.</p> <p>By investing early in technical expertise, regulatory frameworks, and strategic partnerships with global nuclear agencies, TNB can build institutional readiness to become a credible developer-owner-operator of nuclear assets. From an IFRS S2 perspective, proactive nuclear readiness enhances TNB's ability to manage physical and transition risks associated with a high-renewable energy system, where nuclear plays a stabilising baseload role. Strategically, this positions TNB to support Malaysia's energy transition while maintaining robust nuclear safety and emergency management practices.</p> |       |        |                                   | <p>The Government of Malaysia is actively exploring the inclusion of nuclear energy to strengthen the country's future power generation and support the energy transition. However, modern nuclear technology remains largely unproven at commercial scale, creating uncertainties around cost, supply-chain readiness, and long-term operational performance across the end-to-end nuclear value chain.</p> <p>Deployment is further challenged by nascent regulations, institutional capacity, and societal concerns, including public acceptance, nuclear safety and emergency response plans, and nuclear waste management. Site-specific constraints such as land availability and cooling-water access also add complexity.</p> <p>Collectively, these technology, regulatory, and social challenges could delay or impede the effective implementation of nuclear power in Malaysia.</p> |       |        |                                |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Builds long-term baseload stability and strengthens the energy-system's resilience in a high-renewables future.</li> <li>Enhances TNB's technical and regulatory capabilities through early readiness, partnerships, and institutional development.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |        |                                   | <ul style="list-style-type: none"> <li>Impede energy transition progress and GHG emissions reduction targets to achieve Net Zero by 2050.</li> <li>Loss of strategic advantage for TNB to position itself as a pioneer and leading entity in nuclear within the Southeast Asian region.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |       |        |                                |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Guides phased nuclear readiness planning (technical studies, regulatory frameworks, workforce capability) under long-term decarbonisation strategy.</li> <li>Supports engagement with government, regulators, and global OEMs to shape policy pathways and deployment models for future nuclear assets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |       |        |                                   | <ul style="list-style-type: none"> <li>Collaborate with regulators and OEMs to expedite the progress of feasibility assessments and clarify technical and safety requirements.</li> <li>Conduct structured stakeholder engagement and public consultations, enabling phased nuclear deployment that addresses societal and regulatory expectations.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |       |        |                                |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Creates long-term value through potential future baseload revenue streams, subject to policy clarity and commercial viability.</li> <li>Requires upfront investment in feasibility, capability building, and institutional readiness, with returns dependent on the final investment decision and deployment schedule.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |       |        |                                   | <ul style="list-style-type: none"> <li>Delayed revenue realisation from the investment.</li> <li>Higher upfront costs and delayed returns could affect capital allocation and long-term financial performance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |        |                                |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Short | Medium | Long                              | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Short | Medium | Long                           |
| Effect on Financial                                   | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | –     | –      | Revenue<br>>RM5 bil –<br>RM10 bil | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | –     | –      | Unrealised Revenue<br><RM5 bil |

## NUCLEAR AS A FUTURE CLEAN ENERGY SOURCE

## GOVERNANCE IN ACTION

*IFRS S1.27(a)(b); IFRS S2.6(a)(b)*

As with any emerging technology or major investment, TNB applies structured oversight to its exploration of nuclear power as a future clean energy source. TNB Board maintains its oversight in ensuring all initiatives are evaluated for risk, feasibility, and alignment with national objectives. Decisions on potential energy sources follow TNB's Limits of Authority (LOA) framework, ensuring that feasibility studies, risk assessments, and readiness activities undergo thorough evaluation before progressing. This process supports balanced consideration of financial, operational, environmental, and social impact.

From a risk governance perspective, the Board Sustainability and Risk Committee (BSRC) provides oversight on emerging risks associated with nuclear exploration, reviewing key risk considerations and mitigation approaches as part of the Group's broader enterprise risk management framework.

Future decisions involving investment commitments or joint venture formation for nuclear projects will be escalated to the Investment Executive Committee (IEC)/Finance & Investment Committee (FIC) in accordance with TNB's Limits of Authority (LOA).

At the management level, the Sustainability & Energy Transition Committee (SETC) chaired by the President/Chief Executive Officer, oversees execution of nuclear-readiness initiatives, including capability development, technical assessments, and stakeholder engagement.

In addition to SETC, key decisions related to nuclear development are governed by TNB's Group Executive Management Committee (GEMC), which reviews and approves major strategic proposals.

This multi-tier governance ensures that nuclear readiness activities receive rigorous oversight at both management and Board levels.

This governance structure provides clear oversight, defined accountabilities and transparent decision making, ensuring that TNB's preparation for potential nuclear development remains aligned with Malaysia's long-term energy transition objectives.

## STRATEGY

*IFRS S1.29, 30, 31, 33(a)(b)(c); IFRS S2.14(a)(b)(c); IF-EU-540a.2.4*

Complementing the direction set under the 13<sup>th</sup> Malaysia Plan (RMK-13), TNB, as the national electricity provider, is proactively building the capability and readiness to potentially serve as the Developer-Owner-Operator (DOO) when the nation advances into nuclear generation, supporting Malaysia's economic growth and a just, sustainable energy transition.

While nuclear generation in Malaysia remains at a preparatory stage, TNB continues to build organisational readiness through targeted capability development, feasibility studies, stakeholder engagement, and active collaboration with the Atomic Energy Licensing Board (AELB), Atom Malaysia, and other key national agencies. These proactive measures reflect TNB's role in supporting the nation's long-term low-carbon and energy security agenda, ensuring that the transition into nuclear energy is underpinned by robust planning and readiness.

TNB recognises that the introduction of nuclear technologies will bring new dimensions of safety governance, regulatory oversight, and stakeholder trust. Accordingly, TNB is working towards strengthening our governance, risk management, and technical competency in alignment with International Atomic Energy Agency (IAEA) standards and global best practices in nuclear safety and sustainability. These efforts underscore TNB's commitment to ensuring that, when Malaysia embarks on nuclear power generation, the nation can rely on a resilient, responsible, and ready utility partner to deliver it safely and sustainably.

## BEING PART OF THE NATION'S NUCLEAR DEVELOPMENT JOURNEY

TNB has institutionalised its nuclear development efforts through the establishment of the TNB Nuclear Taskforce in 2023, which serves as the focal point for nuclear-related initiatives and enables the consolidation of technical expertise and cross-divisional collaboration across the Group.

Building on this foundation, TNB further strengthened its institutional readiness with the establishment of a dedicated Nuclear Unit under TNB Genco to drive nuclear programme execution, workforce development, and coordination with regulatory bodies and technology partners.

## NUCLEAR AS A FUTURE CLEAN ENERGY SOURCE

In support of these efforts, TNB has developed a core pool of nuclear-trained specialists across the Group and its academic partner, UNITEN, including degree holders in nuclear engineering and related disciplines from leading international institutions. These professionals are positioned across multiple strategic functions within TNB, with some directly supporting the Nuclear Unit in areas such as technology evaluation, preliminary siting studies, international benchmarking with nuclear utilities, and engagement with global organisations such as the IAEA and World Association of Nuclear Operators (WANO). The Nuclear Unit continues to strengthen TNB's internal capability through targeted training, international collaboration, and workforce development initiatives in partnership with UNITEN and ILSAS.

### PRE-FEASIBILITY STUDIES AND TECHNICAL READINESS

TNB is translating Malaysia's national nuclear aspirations into actionable development plans and has progressed two (2) key technical studies, the Nuclear Power Roadmap and the Siting Study. These studies are vital for defining the long-term development pathway, siting criteria, and project implementation strategy that will prepare TNB to potentially serve as the DOO for Malaysia's inaugural nuclear facility.

At the same time, TNB continues to engage with leading nuclear technology providers and international partners, gaining valuable insights into reactor design, safety performance, regulatory requirements, and deployment models suited to Malaysia's energy landscape. These engagements enhance TNB's technical readiness and strengthen its capability to support the nation's safe, sustainable, and strategic entry into nuclear power generation.

TNB continues to build technical and organisational capabilities through collaborations with AELB, Atom Malaysia, MyPOWER, and international nuclear agencies. These partnerships provide access to best practices in licensing, safety, and operational management, ensuring that TNB is developing the competencies required for safe and reliable nuclear plant operations.

### STAKEHOLDER ENGAGEMENT AND PUBLIC CONFIDENCE

Recognising that stakeholder acceptance and public confidence are critical enablers of nuclear development, TNB works closely with the Government and regulatory bodies to strengthen awareness, transparency, and trust as part of the nation's nuclear readiness efforts.

To date, TNB's engagements have primarily focused on ministries, regulators, industry partners, and academia through technical briefings, coordination platforms, and participation in national energy literacy programmes such as Malaysia Energy Literacy Programme (MELP). While these initiatives contribute to broader understanding, explicit public engagement on nuclear energy will be expanded in alignment with the Government's communication strategy as the programme advances.

This phased approach ensures that nuclear-readiness communication reflects national policy direction and public information needs.

## RISK MANAGEMENT

*IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c); IF-EU-540a.2.2*

The adoption of nuclear energy in Malaysia introduces risks related to stakeholders' confidence and acceptance. Low awareness, safety concerns, or perceptions of inadequate transparency could affect public trust and TNB's reputation.

TNB is working closely with regulators to address stakeholder confidence considerations and will continue to assess these risks and explore appropriate mitigation measures. TNB's engagement with industry partners supports regulatory alignment, while transparent communication on safety, environmental management, and readiness is undertaken in accordance with regulatory expectations. Stakeholder considerations are embedded within TNB's Corporate Risk Management Framework, ensuring responsible, sustainable, and socially informed nuclear development aligned with Malaysia's energy transition objectives.

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# OUR COMMITMENT TO ADVANCING SUSTAINABILITY MANAGEMENT

THIS SECTION INCLUDES THE FOLLOWING:

|       |                                          |     |
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## ENERGY RELIABILITY AND AFFORDABILITY



## WHY IS IT IMPORTANT?

Reliable and affordable electricity is fundamental to Malaysia's economic growth, social equity, and overall quality of life. As the backbone of households, businesses, and public services, electricity supply must remain dependable while tariffs are structured to be fair and transparent. These considerations are central to maintaining public confidence and reinforcing TNB's role as the nation's trusted electricity utility provider.

As Malaysia advances its energy transition, the electricity system is becoming increasingly complex, with growing demand and higher integration of renewable energy. Within this evolving landscape, TNB operates as a regulated utility, working closely with the Government and the Energy Commission (EC) to balance energy reliability, affordability, and sustainability. This collaboration ensures that sector reforms and investments continue to support national development objectives while safeguarding customers from undue tariff volatility.

The Incentive-Based Regulation (IBR) framework, in place since 2014, the regime has proven to provide a foundation for balancing the energy trilemma. Through multi-year regulatory periods, IBR has enabled a sustained investment in grid infrastructure, improved system resilience, and transparent tariff-setting aligned with efficient costs and performance outcomes. The Government's approval of Regulatory Period 4 (RP4), with RM42.8 billion in approved capital expenditure (inclusive of contingent CAPEX) for the period of 2025-2027, reflects continued policy support for strengthening grid reliability and enabling Malaysia's energy transition.

Electricity tariffs in Peninsular Malaysia are determined by the EC within the IBR framework. The introduction of the Automatic Fuel Adjustment (AFA) mechanism further enhances cost transparency and responsiveness by allowing fuel cost variations to be reflected in tariffs in a timely manner. This approach helps stabilise electricity prices amid global fuel price volatility, while maintaining affordability for customers. In addition, the Time of Use (TOU) options were introduced in 2025 to Domestic and Non-Domestic Low Voltage customers, empowering our electricity customers to be flexible and in control of their electricity usage.

TNB remains committed to supporting the regulator in ensuring that the nation's electricity supply remains reliable, sustainable and affordable while supporting long-term economic resilience.

## OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d):

IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Grid Modernisation to Enhance System Reliability, Energy Affordability and Customer Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                   |                   |                   | Risk: Infrastructure Delivery Challenges May Impede Grid System Reliability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                 |                                 |                                 |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Description                                           | <p>TNB has the opportunity to enhance system reliability, energy affordability and customer experience by accelerating grid modernisation through technologies. Rising demand from emerging sectors such as data centres, EVs, and broader electrification also presents a significant revenue opportunity, reinforcing TNB's role as a provider of reliable and affordable electricity.</p> <p>With RM43 billion under RP4 regulated CAPEX, TNB is deploying advanced digital solutions and automation - including smart meters, automated substations, Volt-Var Optimisation, and Battery Energy Storage Systems (BESS).</p> <p>These technologies enable AI-driven monitoring, predictive maintenance, and automated network optimisation to enhance reliability, reduce losses, and improve operational efficiency, helping to moderate tariffs over time. They also strengthen grid readiness for greater integration of renewable and distributed energy, including rooftop solar and battery storage. On the consumer side, smart meters and AI-powered platforms offer greater visibility and control, empowering energy savings, bill optimisation, and active demand participation.</p> |                   |                   |                   | <p>The growing demand from energy-intensive customers, particularly data centres, is driving the urgent need to enhance grid infrastructure. This rapid increase in demand may strain project delivery capacities, potentially leading to completion delays. The anticipated surge in the volume and complexity of infrastructure projects may impact project delivery, driven by potential gaps in contractor capability and readiness, along with increased coordination complexity that reduces the efficiency of planning, permitting, construction and commissioning.</p> <p>While AI-driven technologies offer significant potential to enhance grid management, their adoption may also introduce new risk exposures and affect project delivery, as these technologies often require extensive data integration, validation and testing.</p> |                                 |                                 |                                 |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens end-to-end grid efficiency and resilience through modernised digital and physical infrastructure, supporting higher RE penetration and electrification growth.</li> <li>Enhances customer experience via improved reliability, reduced losses, and expanded digital services across TNB's distribution and retail value chain.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                   |                   |                   | <ul style="list-style-type: none"> <li>Major electricity supply disruptions may weaken TNB's reliability-based value proposition and customer experience.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                 |                                 |                                 |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Prioritises regulated CAPEX allocation toward digital grid technologies (smart meters, automation, Volt-Var optimisation) to deliver RP4/RP5 performance outcomes.</li> <li>Guides long-term planning for network readiness to support emerging load centres (data centres, EVs, distributed generation) and optimise operational performance through AI-enabled analytics.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                   |                   |                   | <ul style="list-style-type: none"> <li>Enhance project management through contractor capability development and adoption of digital and AI-enabled tools for scheduling and monitoring.</li> <li>Strengthen collaboration with regulators and local authorities to improve project approvals and delivery timelines.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                 |                                 |                                 |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Drives long-term EBIT uplift from regulated returns on modernisation investments and improved operational efficiencies.</li> <li>Supports stable and predictable cash flows through regulated revenue mechanisms while moderating system losses and deferring future network reinforcement costs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |                   |                   | <ul style="list-style-type: none"> <li>Loss of revenue (sales of electricity) from electricity supply interruption.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                 |                                 |                                 |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Short             | Medium            | Long              | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Short                           | Medium                          | Long                            |
| Effect on Financial                                   | CAPEX<br>RM0.5 bil – RM0.9 bil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | CAPEX<br><RM5 bil | CAPEX<br><RM5 bil | CAPEX<br><RM5 bil | Unrealised Revenue<br>RM0.69 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Unrealised Revenue<br><RM50 mil | Unrealised Revenue<br><RM50 mil | Unrealised Revenue<br><RM50 mil |



## ENERGY RELIABILITY AND AFFORDABILITY

## GOVERNANCE IN ACTION

IFRS S1.27(a)(b); IFRS S2.6(a)(b)

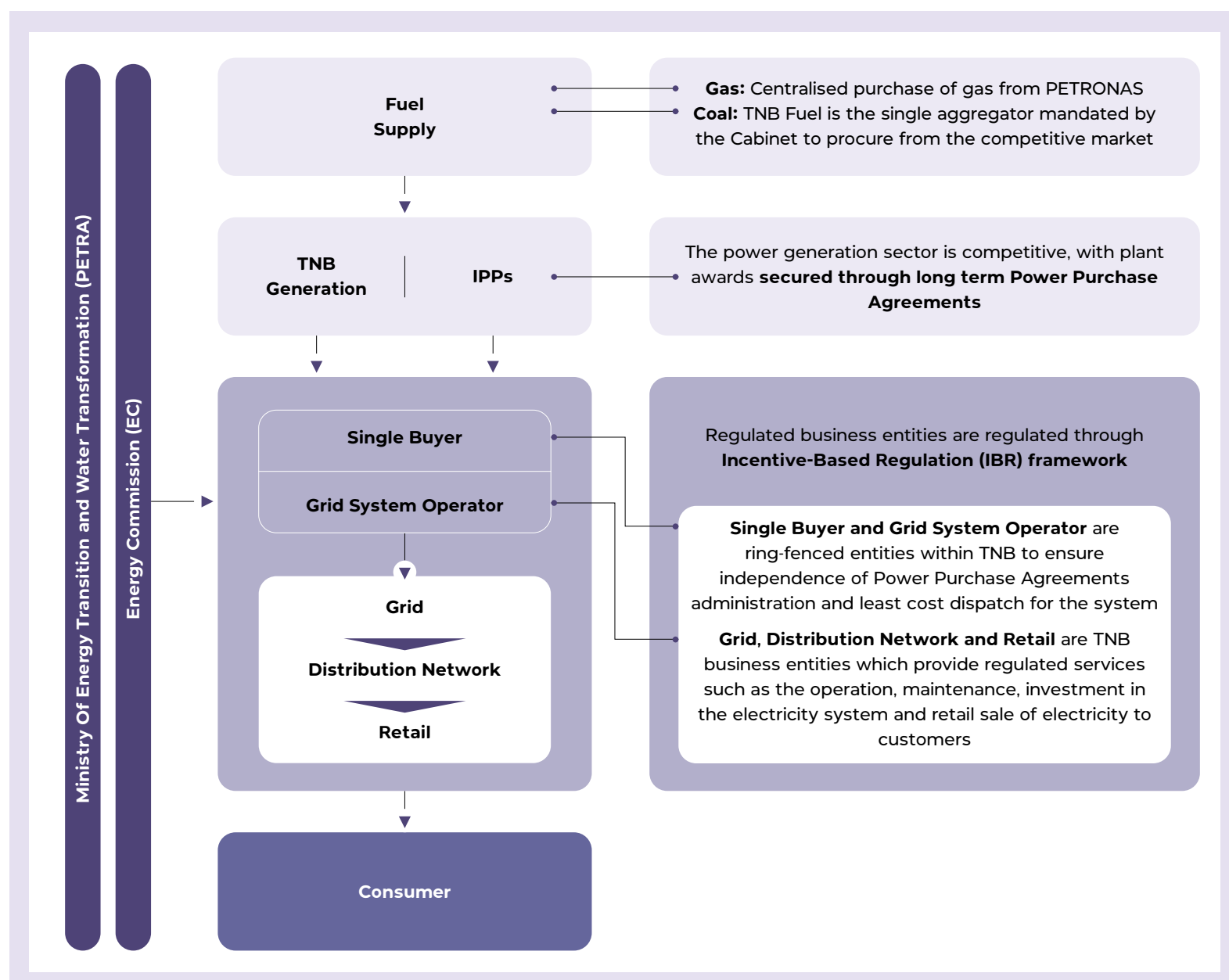
The TNB Board provides strategic oversight of TNB's performance under the Incentive-Based Regulation (IBR) framework. Governance is crucial to ensure capital investments are aligned with the nation's socio-economic goals.

At the management level, the Regulatory Committee (RegC), chaired by the President/Chief Executive Officer, focuses on ensuring technical readiness and operational alignment with the national regulatory framework. The committee serves as a dedicated platform to monitor and ensure effective implementation of regulatory requirements under the IBR framework. By harmonising TNB's activities with national development objectives, the RegC provides the technical integrity and data-driven insights that support the Government's vision for a resilient, transparent, and sustainable electricity supply industry.

## STRATEGY

IFRS S1.29,30,31,33(a)(b)(c); IFRS S2.14(a)(b)(c); IF-EU-240a.4.1

Since 2014, Malaysia's electricity sector has operated under the IBR framework, a globally recognised approach used by regulators to manage infrastructure utilities. IBR is designed to encourage efficiency, optimise cost structures, and ensure cost recovery for electricity and related services, particularly in sectors such as power transmission and distribution, where a single utility can deliver services more efficiently than multiple operators. By linking performance to incentives, IBR motivates utilities to enhance productivity, maintain high-quality service, and invest prudently in critical infrastructure.



ENERGY RELIABILITY AND AFFORDABILITY

ENSURING RELIABLE SUPPLY

The implementation of the IBR over the last three (3) Regulatory Periods has fundamentally shifted the focus toward a performance-driven culture, where maintaining a reliable supply is the primary benchmark of success. By placing stringent performance targets at the forefront of the regime, the IBR ensures that operational excellence is never static; it is a mandatory requirement that has consistently yielded world-class results. In 2025, TNB performance remains world-class results with, SAIDI currently at 46.93 minutes, SAIFI at 0.95 occurrences, and System Minutes at 0.1537 minutes. These outcomes serve as clear evidence that the framework effectively holds the utility accountable to the highest standards of service delivery.

In RP4 (2025-2027), investment is strategically channelled into reinforcing system resilience through grid modernisation and enhanced digital capabilities, ensuring the infrastructure keeps pace with evolving national needs. The IBR framework provides the necessary assurance that the electricity system remains both stable and forward-looking.

By aligning capital investments with rigorous performance monitoring, the regime guarantees that the priority remains a dependable supply for residential consumers to large-scale industries.

A FAIRER, TRANSPARENT AND AFFORDABLE TARIFF FOR RAKYAT MALAYSIA

The electricity tariff restructuring, effective 1 July 2025, represents a progressive step toward a more sustainable and equitable energy landscape for Malaysia. Driven by the strategic vision of the Ministry of Energy Transition and Water Transformation (PETRA) and the rigorous oversight of the EC, TNB facilitates an integrated pricing structure and rates with the established IBR framework. The electricity tariff structure ensures that the electricity system remains resilient while fulfilling its mandate to provide fair and transparent pricing for the *Rakyat*.

The above electricity tariff restructuring is further strengthened by the improved cost-recovery mechanism and the Automatic Fuel Adjustment (AFA) system, which allow for a more responsive and timely reflection of fuel and generation costs. This is essential for maintaining a sustainable energy ecosystem, as it significantly improves cash flow management and reduces the financial lag inherent in the previous model. By ensuring that costs are recovered in a more transparent and prompt manner, the AFA system provides a more stable financial foundation for the utility to continue delivering high-performance service without compromising the nation's energy security.

There are four (4) key highlights of the electricity tariff restructuring as illustrated below:

| Simplified Voltage-Based Structure                                                                                                                                                             | Extended Time of Use (ToU)                                                                                                                                                                         | Incentives & Rebates                                                                                                                                                                                                                | Fair & Transparent Charges                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>Moving away from activity-based tariffs to voltage-based tariffs</li><li>5-tiered band pricing to 2-tiered band pricing for Domestic customers</li></ul> | <ul style="list-style-type: none"><li>Longer Off-Peak periods include Saturday, Sunday and Public Holidays</li><li>Expansion to all registered TNB customers to switch to the ToU Tariff</li></ul> | <ul style="list-style-type: none"><li>Energy Efficiency Incentives channelled to targeted groups, encouraging energy conservation</li><li>Rebates are maintained for eligible social institutions &amp; eKasih recipients</li></ul> | <ul style="list-style-type: none"><li>Clear breakdown of cost components for generating and delivering electricity</li><li>Automatic Fuel Adjustment (AFA) on a monthly basis to reflect the market fuel prices and foreign exchange rates</li></ul> |

Over 23 million *Rakyat* in Peninsular Malaysia, including vulnerable groups, will continue to have access to affordable electricity and benefit from the tariff restructuring as below:

1

**WAIVED RETAIL CHARGE FOR DOMESTIC CUSTOMERS**

Domestic customers consuming 600 kWh and below per month are exempted from the Retail Charge, helping small families and budget-conscious consumers.

## ENERGY RELIABILITY AND AFFORDABILITY

**2 ENERGY EFFICIENCY (EE) INCENTIVE FOR LOW TO MODERATE USAGE HOUSEHOLDS AND LOW USAGE BUSINESSES**

To encourage energy conservation, an EE Incentive is given to:

- Domestic customers with consumption of 1,000 kWh and below.
- Non-Domestic Low Voltage Customers with consumption of 200 kWh and below.
- The amount of EE Incentive varies based on total consumption per month.

**3 CONTINUOUS SUPPORT FOR VULNERABLE GROUPS**

Registered households under the *Miskin Tegar* category in the *eKasih* system will receive a RM40 rebate on their monthly electricity bills, provided they have an active TNB Domestic account. If the eligible household does not have a TNB account under their name, they can still apply by declaring a third-party account. Simply fill in the application form and submit it at the nearest *Kedai Tenaga*.

**4 SUPPORT FOR SOCIAL INSTITUTIONS AND SPECIFIC BUSINESS ACTIVITY**

The 10% electricity bill rebate is still available for eligible social institutions that meet the criteria and are registered with the Government and their respective governing bodies. These include:

**Welfare Organisations**

Welfare institutions such as orphanages and elderly homes, homes for the blind and disabled, spastic centres that are fully funded and administered by the Ministry of Women, Family and Community Development or such institutions with a source of income funded by public donations.

**Institutions of Learning**

All government and private institutions of learning which are fully or partly funded by the Government.

**Places of Worship**

Places of worship registered under Registrar of Societies and/or their respective religious governing bodies such as State/Federal Islamic Religious Council/Department, Malaysian Buddhist Association, Malaysian Hindu Sangam, Sikh Naujawan Sabha, Sikh Youth Movement, *Buku Panduan Katholik* and *Buku Panduan Gereja Malaysia dan Brunei*.

Through this collaborative approach among the government, regulators, and TNB, Malaysia is successfully balancing the need for a modern, cost-reflective energy system with the need for social protection.

 [Read more about Electricity Tariff Restructuring at https://www.mytnb.com.my/tariff](https://www.mytnb.com.my/tariff) for the latest updates.

**STRATEGIC REGULATORY ENGAGEMENT AND PARTNERSHIPS**

TNB consistently engages with regulatory stakeholders to enhance the governance framework of the electricity sector, ensuring a balanced approach to the energy trilemma of security, equity, and sustainability. Through this collaborative process, our teams provide essential technical expertise and advocacy to ensure that national energy policies remain practical, implementable, and aligned with long-term economic growth. By contributing to governmental studies and the refinement of policy formulation, we help shape a resilient energy landscape that remains anchored in the core priority of providing a reliable and affordable supply to the nation.

The strength of this partnership is reflected in the Regulatory Relationship Strength Index (RRSI), which gauges the sentiment and expectations of key ministries, regulators, and government agencies. Building on a consistent upward trend since 2020, we continue to prioritise this engagement, with our latest RRSI performance recording a score of 96% against a target of 92%. This record level of trust, fostered by dedicated personnel at both federal and state levels, ensures that we can proactively address system challenges and maintain a high degree of mutual collaboration, further strengthening the governance and performance of the national electricity provider.

ENERGY RELIABILITY AND AFFORDABILITY

RISK MANAGEMENT

IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)

GRID MODERNISATION TO ENHANCE SYSTEM RELIABILITY

Grid modernisation is crucial to sustain increasing electricity demand and support large-scale renewable energy integration in Malaysia with a target of 70% RE by 2050. TNB recognises the delivery and execution risks associated with the scale and technical complexity of these investments and proactively addresses them through structured planning, strengthened governance, and disciplined execution.

To manage these risks, TNB is reinforcing network resilience through targeted grid reinforcement, asset lifecycle optimisation, and the deployment of digital and AI-enabled solutions to enhance network visibility, demand forecasting, and system control. Project delivery and contractor readiness are supported by enhanced governance and assurance processes, with effectiveness monitored through reliability and performance indicators such as System Minutes, SAIDI and SAIFI, alongside regular management reviews. These measures ensure grid modernisation investments are delivered in a controlled manner, safeguarding reliable electricity supply while enabling Malaysia's energy transition and long-term system resilience.

DRIVE REGULATORY EVOLUTION

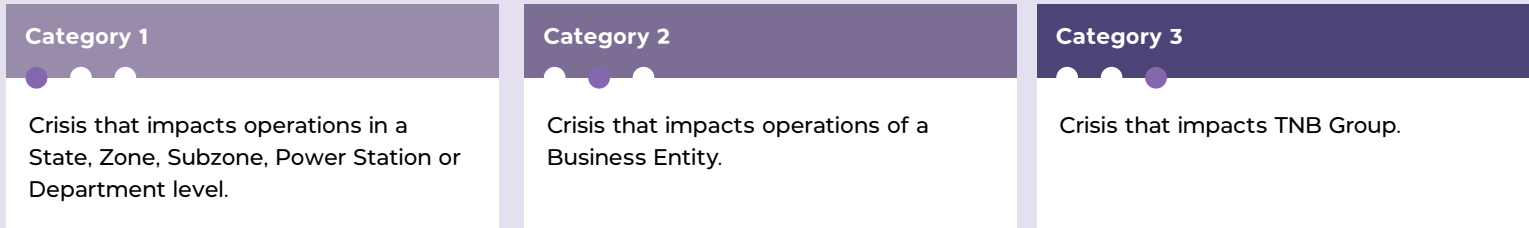
The transition towards a lower-carbon economy and the ongoing evolution of Malaysia's electricity sector create a regulatory environment that requires proactive management. Changes to energy policies, tariff structures, incentive mechanisms, and market design are integral to aligning the sector with national climate commitments and socio-economic priorities. While these developments may influence investment planning and revenue visibility, TNB manages this dynamic landscape through structured regulatory engagement and disciplined strategic planning.

TNB actively collaborates with regulators and government agencies to support policy formulation and regulatory design that balances affordability, system reliability, and long-term sustainability. Regulatory considerations are embedded into capital allocation, scenario planning, and investment appraisal processes to ensure resilience under different policy pathways. Through this approach, TNB enhances investment certainty, supports orderly market evolution, and positions its regulated business to remain financially sustainable while advancing Malaysia's energy transition objectives.

ROBUST BUSINESS CONTINUITY TO ENSURE OPERATIONAL RESILIENCE

TNB recognises that organisations today face a wide range of risks, from climate-related events and pandemics to cyber threats and geopolitical uncertainties. In the event of any disruption to electricity supply, our robust Business Continuity Management (BCM) Framework, aligned with ISO 22301 standards, is designed to activate immediately and manage the situation. Through systematic risk assessments and business impact analyses, we identify potential disruptions, evaluate their impact on customers, assets, and the electricity system, and implement mitigation measures to ensure operational resilience, maintain grid security, and restore a reliable energy supply quickly.

In the event of an electricity supply disruption, TNB assesses the incident's severity of the incident to determine the appropriate scale of response. A hierarchical command system ensures that action is proportionate, from state or business-entity level for less severe incidents (Category 1 and 2) to full corporate-level activation for major disruptions (Category 3). The Corporate Crisis Response Team, led by a designated Crisis Commander, is mobilised to implement mitigation measures, maintain grid stability, protect employees, and ensure reliable electricity supply for customers.



In implementing this BCM framework, TNB not only safeguards the reliability of electricity supply but also reinforces stakeholders' trust.

## ENERGY RELIABILITY AND AFFORDABILITY

## ENSURING FUEL SECURITY

To ensure fuel security and maintain a reliable, uninterrupted power supply, TNB employs an integrated risk management strategy focused on diversifying the national energy mix and fortifying the fuel supply chain against global market volatility. For coal, we mitigate procurement and logistics vulnerabilities by expanding our sourcing reach to include non-traditional geographical regions such as the United States and Kazakhstan, while ensuring operational resilience through strict adherence to Power Purchase Agreements-mandated minimum stockpile requirements.

Simultaneously, gas supply security is anchored by long-term Fuel Supply Agreements with PETRONAS and bolstered by the strategic utilisation of Regasification Terminals (RGTs) in Melaka and Johor, which allow the integration of imported Liquefied Natural Gas (LNG) to supplement domestic production. This security framework is further strengthened by the planned development of additional third RGT Peninsular Malaysia.

## OUR PERFORMANCE

| ISSB/Bursa/GRI                                                                           | Metric                                                                                   | Units   | FY2023 | FY2024 | FY2025 | Target FY2025 | Future Target | Remarks               |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------|--------|--------|--------|---------------|---------------|-----------------------|
| <b>ENERGY AFFORDABILITY</b>                                                              |                                                                                          |         |        |        |        |               |               |                       |
| <b>Average Retail Electric Rate for Residential, Commercial and Industrial Customers</b> |                                                                                          |         |        |        |        |               |               |                       |
| IF-EU-240a.1                                                                             | <b>Average Retail Electric Rate for All Customers</b>                                    |         |        |        |        |               |               |                       |
|                                                                                          | Peninsular Malaysia                                                                      | sen/kWh | -      | -      | 45.40  | -             | -             | Base tariff set by EC |
|                                                                                          | Sabah                                                                                    | sen/kWh | -      | -      | 31.49  | -             | -             |                       |
|                                                                                          | <b>Residential</b>                                                                       |         |        |        |        |               |               |                       |
|                                                                                          | Peninsular Malaysia                                                                      | sen/kWh | -      | -      | 33.25  | -             | -             |                       |
|                                                                                          | Sabah                                                                                    | sen/kWh | -      | -      | 34.25  | -             | -             |                       |
|                                                                                          | <b>Non-Residential (Includes Commercial, Industrial, Agriculture, Mining and Others)</b> |         |        |        |        |               |               |                       |
|                                                                                          | Peninsular Malaysia - Non-Domestic LV                                                    | sen/kWh | -      | -      | 51.55  | -             | -             |                       |
|                                                                                          | Peninsular Malaysia - Non-Domestic MV                                                    | sen/kWh | -      | -      | 49.00  | -             | -             |                       |
|                                                                                          | Peninsular Malaysia - Non-Domestic HV                                                    | sen/kWh | -      | -      | 49.00  | -             | -             |                       |
|                                                                                          | Peninsular Malaysia - Non-Domestic UHV                                                   | sen/kWh | -      | -      | 60.93  | -             | -             |                       |
|                                                                                          | Sabah - Commercial                                                                       | sen/kWh | -      | -      | 32.46  | -             | -             |                       |
|                                                                                          | Sabah - Industrial                                                                       | sen/kWh | -      | -      | 27.75  | -             | -             |                       |
| <b>EFFECTIVE STAKEHOLDER ENGAGEMENT</b>                                                  |                                                                                          |         |        |        |        |               |               |                       |
| <b>Regulatory Relationship</b>                                                           |                                                                                          |         |        |        |        |               |               |                       |
| N/A                                                                                      | Regulatory Relationship Strength Index (RRSI)                                            | %       | 92     | 94     | 96     | >92           | >92           |                       |

Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.



**IFRS S1 MT 8 AIR QUALITY MANAGEMENT**

**WHY IS IT IMPORTANT?**

At TNB, sources of toxic emissions originate primarily from thermal power generation. As we transition our generation portfolio, we continue to invest in innovative solutions to enhance air quality where our assets are operating. We uphold strong environmental stewardship by ensuring that emissions of carbon monoxide (CO), nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>), and particulate matter are controlled within regulatory parameters.

All the TNB thermal power plants operate in compliance with applicable air quality standards and regulatory permit limits, supported by continuous emissions monitoring, robust engineering controls and standardised reporting. Recognising the potential long-term impacts on both environment and health, TNB focuses on managing and reducing emissions at its power plants through a combination of continuous emissions monitoring, robust engineering controls, and strict compliance with applicable air quality standards. Existing mitigation measures include the deployment of emissions control technologies, optimisation of combustion processes, and standardised monitoring and reporting supported by verified data.

Additionally, we are committed to reducing toxic emissions emitted from our vehicle operations through phased electrification of our fleet. TNB targets 30% fleet electrification by 2030, reflecting our planned approach to control and mitigate toxic emissions across all our facilities as well as enhancing operational efficiency, and sustainable mobility.

**OPPORTUNITY AND RISK**

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Enhancing Air Quality Through Transition to Cleaner Fuels                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |       |                          |                          | Risk: Operational and Technological Challenges in Reducing Fossil Fuel Dependency and Improving Air Quality                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |       |                         |                         |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| Description                                           | <p>TNB has the opportunity to enhance air quality and strengthen regulatory resilience by transitioning its generation portfolio from coal to cleaner fuels such as natural gas and biomass, supported by phased coal retirement and selective co-firing during the transition period. This transition materially reduces emissions of SO<sub>x</sub>, NO<sub>x</sub>, particulate matter (PM), and other regulated pollutants that are subject to increasingly stringent enforcement under Environmental Quality (Clean Air) Regulations 2014.</p> <p>As environmental standards tighten and enforcement actions intensify, continued reliance on W increases TNB's exposure to penalties, compliance breaches, and operational restrictions imposed by the Department of Environment (DOE). By accelerating fuel transition and reducing coal utilisation, TNB can proactively avoid recurring penalty costs, unplanned compliance expenditures, and regulatory disruptions, while supporting national decarbonisation objectives under RT 2.0. Building on this, TNB is conducting ammonia co-firing trials at Manjung 4, Manjung 5, and Jimah East Power, demonstrating the potential to displace a portion of coal with cleaner, lower-carbon fuels while maintaining reliability and efficiency. TNB will also progressively retire all coal plants by 2045, with no new coal capacity and transitioning toward a cleaner generation mix dominated by gas and renewables.</p> |       |                          |                          | <p>With ongoing efforts to reduce dependency on fossil fuel such as coal and improve air quality, operational and technological challenges persist, compromising the effectiveness of initiatives aimed at enhancing thermal power plant efficiency and achieving a successful transition toward lower-emissions fuels.</p> <p>Initiatives to improve thermal power plant efficiency are limited by ageing equipment, design, and part-load operations, which reduce thermal performance and increase SO<sub>x</sub>, NO<sub>x</sub>, and particulate matter emissions to the atmosphere. Furthermore, co-firing with ammonia or biomass faces significant technical challenges (such as combustion stability &amp; boiler compatibility) and commercial barriers (such as high fuel cost &amp; unstable supply), collectively impeding TNB's clean fuel transition and air quality improvement goals.</p> <p>Additionally, increasingly stringent environmental regulations are anticipated, requiring TNB to manage higher compliance costs while proactively exploring technological solutions.</p> |       |                         |                         |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Improves operational sustainability and reduces environmental liabilities by lowering SO<sub>x</sub>, NO<sub>x</sub>, CO, and particulate emissions across generation assets.</li> <li>Enhances plant performance and regulatory compliance through cleaner fuels, heat rate optimisation, and co-firing solutions, supporting long-term system reliability.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |       |                          |                          | <ul style="list-style-type: none"> <li>Impede the transition of fossil fuel generation sources to clean energy.</li> <li>Undermines TNB's operational sustainability and reduce stakeholders' confidence in its sustainability and eco-efficiency value proposition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |       |                         |                         |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Guides prioritisation of fuel diversification (gas, biomass, ammonia co-firing) and efficiency improvement programmes to meet air-quality standards and national decarbonisation targets.</li> <li>Supports strategic planning for coal retirement and transition toward a cleaner generation mix aligned with RT 2.0 and long-term emissions reduction pathways.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |       |                          |                          | <ul style="list-style-type: none"> <li>Implement targeted power plant efficiency improvement programmes and adopt phased air quality improvement initiatives, including co-firing.</li> <li>Ensure alignment with the Environmental Quality (Clean Air) Regulations 2014 to support decarbonisation and regulatory compliance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |       |                         |                         |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Delivers financial value through avoidance of DOE penalties, fines, and unplanned compliance costs associated with emissions exceedances.</li> <li>Strengthens long-term financial resilience by moderating compliance-related costs and reducing exposure to future air-quality regulations as coal assets retire.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |       |                          |                          | <ul style="list-style-type: none"> <li>Higher operating costs arising from Department of Environment (DOE) charges imposed for exceeding permitted emissions limits.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |       |                         |                         |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Short | Medium                   | Long                     | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Short | Medium                  | Long                    |
| Effect on Financial                                   | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | –     | Cost Avoidance <RM50 mil | Cost Avoidance <RM50 mil | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | –     | Cost Increase <RM50 mil | Cost Increase <RM50 mil |

## AIR QUALITY MANAGEMENT

## GOVERNANCE IN ACTION

IFRS S1.27(a)(b); IFRS S2.6(a)(b)

The TNB Board and the TNB Board Sustainability and Risk Committee (BSRC) oversee the implementation of the TNB Sustainability Framework, including toxic emissions reduction initiatives.

At the management level, the Sustainability & Energy Transition Committee (SETC), chaired by the President/Chief Executive Officer and comprising members of TNB Top Management, plays a pivotal role in ensuring effective toxic emissions management in line with regulatory requirements and TNB's sustainability objectives.

As part of our contribution to improving air quality, the TNB Electric Vehicle Committee (EVC) chaired by the TNB President/Chief Executive Officer and comprising members of TNB's Top Management, is responsible for guiding and accelerating the company's fleet electrification programme as part of its broader sustainability strategy. The Committee provides strategic direction, governance, and accountability to ensure that the transition toward sustainable mobility is realised.

At the operational level, the air quality management effort is firmly embedded within business operations through the respective governance structure as follows:



## ADHERENCE TO JURISDICTIONAL LAWS &amp; REGULATIONS AND POLICY

TNB complies with the Environmental Quality Act 1974 (Amendment 2024) and the Environmental Quality (Clean Air) Regulations 2014. Compliance with these regulations forms a core element of TNB's governance process, ensuring that all operational sites meet statutory NO<sub>x</sub>, SO<sub>x</sub>, CO and PM emissions limits, maintain robust air quality monitoring systems and report performance transparently in accordance with regulatory requirements.

The TNB Environmental Policy sets the foundation for our environmental stewardship, outlining clear commitments to pollution prevention and compliance with all applicable environmental laws. The policy provides strategic direction to all business entities, ensuring a consistent and disciplined approach to managing air quality, safeguarding ecosystems and embedding sustainability principles into corporate governance and day-to-day decision-making.

## STRATEGY

IFRS S1.29, 30, 31, 33(a)(b)(c); IFRS S2.14(a)(b)(c)

We recognise the need for tailored strategies and mitigation approaches to effectively manage the environmental impacts from two (2) primary sources of air toxic emissions, which are power generation activities and company fleet vehicles.

From a fuel mix perspective, coal-fired generation is the primary source of SO<sub>x</sub> and PM emissions across the fleet, driven by the inherent characteristics of coal combustion and fuel composition. Coal plants also emit NO<sub>x</sub>, with emissions levels influenced by boiler technology, combustion controls and post-combustion treatment systems. Gas-fired generation contributes negligible SO<sub>x</sub> and PM emissions, with NO<sub>x</sub> representing the principal regulated pollutant due to high-temperature combustion in gas turbines, while CO emissions remain low under normal operating conditions but may increase during start-up, shut-down or rapid load changes. Renewable energy assets, including hydro and solar, generate no toxic air emissions during operation and therefore do not contribute to SO<sub>x</sub>, NO<sub>x</sub>, PM or CO emissions.

## AIR QUALITY MANAGEMENT

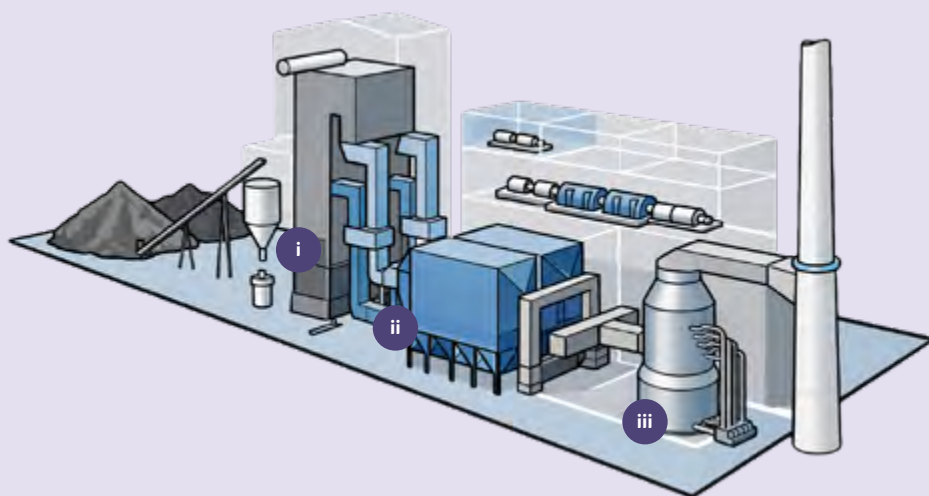
### EMISSIONS REDUCTION THROUGH HIGH-EFFICIENCY GENERATION TECHNOLOGIES

Within coal-fired generation, TNB has progressively shifted away from lower-efficiency subcritical technology towards ultra-supercritical coal plants, which operate at higher steam temperatures and pressures and achieve significantly improved thermal efficiency. Ultra-supercritical units adopted at Manjung 4, Manjung 5 and Jimah East Power (JEP) achieve efficiencies of up to approximately 47%, reducing fuel consumption per megawatt-hour and consequently lowering the formation intensity of  $\text{SO}_x$ ,  $\text{NO}_x$ , PM and CO emissions. When integrated with modern flue gas treatment systems, these plants deliver the lowest toxic emissions profile among coal technologies, providing a structurally lower-emissions pathway and supporting sustained, concentration-based emissions reductions across TNB's coal fleet.

For gas-fired generation, TNB's strategy similarly prioritises advanced gas turbine technology to improve emissions performance. While F-class gas turbines provide high efficiency and low emissions when equipped with dry low- $\text{NO}_x$  combustors, TNB has adopted advanced H-class gas turbine technology at Southern Power Generation (SPG) to further enhance performance. H-class technology operates at higher firing temperatures and pressures, enabling combined-cycle efficiencies of up to approximately 62% and more stable combustion conditions. These characteristics reduce fuel consumption per unit of electricity generated and reduce  $\text{NO}_x$  emissions by up to 40% compared to F-class gas turbine technology, particularly during baseload and steady-state operations.

### LEVERAGE ADVANCED AIR POLLUTION CONTROL TECHNOLOGIES AT POWER PLANTS

TNB Genco leverages the following advanced air pollution control technologies, which are installed as primary and post-combustion mechanisms to minimise the environmental impact of its coal and gas plant operations.



#### i LOW $\text{NO}_x$ BURNERS

Most of TNB Genco's gas plants and supercritical coal plants are equipped with Low  $\text{NO}_x$  Burners (LNB) as a primary combustion control mechanism to reduce  $\text{NO}_x$  formation during combustion. In coal-fired plants, LNB use staged combustion to control fuel and air mixing, lowering flame temperature and minimising  $\text{NO}_x$  emissions while maintaining operational efficiency. In gas-fired plants, LNB apply premixed or staged combustion and Flue Gas Recirculation (FGR) to achieve stable, low-temperature combustion. The adoption of LNB technology enables the reduction of  $\text{NO}_x$  emissions from the power plants as well as improves plant efficiency and compliance with emissions standards.

#### ii ELECTROSTATIC PRECIPITATORS (ESP)

Electrostatic Precipitators (ESP) have been installed at all our coal-fired power plants as a post combustion control mechanism to remove harmful particulate matter from flue gas by using electrically charged plates or electrodes before it is released into the atmosphere.

#### iii THE FLUE GAS DESULPHURISATION (FGD)

Flue Gas Desulphurisation (FGD) systems have been installed across all TNB supercritical and ultra-supercritical coal-fired power plants, as a post-combustion control mechanism to manage  $\text{SO}_x$  emissions. The FGD system operates by treating flue gas downstream of the boiler, where sulphur compounds are chemically absorbed and removed before the gas is discharged to the atmosphere. Equipped with automated process controls and continuous monitoring, the system ensures stable removal efficiency under varying operating conditions. The widespread adoption of FGD has significantly reduced  $\text{SO}_x$  emissions concentrations across the coal fleet and enables TNB's coal-fired plants to consistently comply with applicable  $\text{SO}_x$  emissions standards and support effective toxic emissions management.

## AIR QUALITY MANAGEMENT

**ADOPTION OF ADVANCED MONITORING TECHNOLOGIES**

Recognising the need for innovation, TNB is exploring the use of advanced technologies for both emissions and ambient air quality monitoring. This includes real-time monitoring systems, digital sensors, and data-driven analytical tools that enhance the precision and responsiveness of air quality management. At Southern Power Generation, TNB has moved beyond conventional Continuous Emissions Monitoring Systems (CEMS) by adopting a TNB-Predictive Emissions Monitoring System (T-PEMS), an innovative solution developed by TNB Research (TNBR) in collaboration with Universiti Tenaga Nasional (UNITEN). This locally developed technology enables precise monitoring of emissions concentrations while enhancing early anomaly detection, ensuring high data reliability and availability and significantly reducing maintenance costs. The implementation of T-PEMS reflects TNB's commitment to homegrown innovation, operational excellence, and proactive environmental management.

**IMPLEMENTATION OF ENVIRONMENTAL MANAGEMENT SYSTEMS (EMS)**

TNB adopts an Environmental Management System (EMS) at its operational sites to systematically manage environmental performance, including air quality and emissions control. All TNB power plants are certified with EMS ISO 14001:2015. The EMS provides a structured framework for identifying environmental aspects, assessing potential impacts, and implementing control measures. Through this system, TNB ensures that operational activities, especially on toxic emissions and ambient air quality monitoring, are aligned with company policies and national environmental standards.

In support of the above, the TNB Health, Safety and Environment Management System (HSEMS), provides a tailored and systematic control to track and report air emissions across all power plants.

To maintain high standards of environmental performance, TNB carries out yearly environmental audits and site assessments, particularly for all its power plant operations. These audits evaluate the adequacy of pollution control systems, identify potential non-compliance areas, and recommend corrective or preventive actions. The process supports continual improvement while ensuring readiness for regulatory inspections and third-party verification.

**OPERATIONAL SUPERVISION BY COMPETENT PERSON**

Competent Persons (CP), certified by the Department of Environment (DOE), are employed at all TNB coal power plants to supervise the operation of air pollution control systems, including bag filters and scrubbers. The CP is also responsible for the effective implementation of emissions-reduction measures and for maintaining compliance with regulatory requirements. In 2025, there are 17 Certified Environmental Professionals in Bag Filter Operation (CePBFO) and 18 in scrubber operations. Their expertise enables proactive monitoring, timely intervention, and prompt mitigation of potential air pollution incidents.

**NO NEW COAL-FIRED POWER PLANTS COMMITMENT**

In line with TNB's energy transition strategy, TNB is committed to no longer investing in coal-fired power plants since 2021. This commitment ensures that no additional coal-related toxic emissions, including SO<sub>x</sub> and PM, will be introduced into the generation portfolio. By preventing future exposure to coal-related emissions risks, this strategic decision reduces long-term regulatory, environmental and reputational risks, supports the progressive decarbonisation of the generation mix, and reinforces TNB's pathway towards lower emissions. TNB has also established a coal retirement pathway that prioritises the progressive retirement of older subcritical coal-fired units. Their phased retirement is therefore expected to deliver a material reduction in toxic emissions by permanently removing higher-emitting assets from the fleet.

**SHIFT TOWARDS HIGH-EFFICIENCY GAS TURBINE**

As gas plays a critical role as a transition fuel in Malaysia's low-carbon energy pathway, TNB continues to invest in high-efficiency combined-cycle gas turbine (CCGT) capacity. At TNB Prai and SPG, the installation of high-efficiency gas turbines, achieving efficiencies of 54.16% and 56.49%, respectively, has significantly mitigated the impact of toxic emissions on surrounding air quality. These efforts will be continued with the upcoming 1,400 MW hydrogen-ready plant in Paka and a 2,100 MW CCGT facility in Kapar.

**FLEET ELECTRIFICATION STRATEGY**

Emissions from company vehicles represent less than 1% of TNB's total GHG footprint and toxic emissions. However, fleet electrification is identified as a priority and cost-effective decarbonisation lever under our transition strategy. TNB has embedded fleet electrification into its operational transformation. TNB targets the electrification of 30% of our 4,780 vehicles operational fleet by 2030, covering passenger vehicles, pickups, vans and specialised units. TNB has deployed 401 EVs, comprising 301 technical operational vehicles and 100 corporate vehicles, demonstrating early progress towards our fleet decarbonisation targets.

## AIR QUALITY MANAGEMENT

### RISK MANAGEMENT

IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)

Air quality risks are identified, evaluated, and prioritised based on their potential environmental, operational, and social impacts, integrating both technical assessments and stakeholder considerations.

We continue to assess risks related to air quality through continuous emissions data analysis, performance of air pollution control systems, and compliance checks against the Environmental Quality (Clean Air) Regulations 2014.

**Legend** ● Moderate Contribution Across All Toxic Emissions Parameters ● Low

| Asset                  | Toxic Emissions Risk Exposure                         | Toxic Emissions Level Assessment                                                                                                                                  | Risk Exposure After Mitigation |
|------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Coal-fired Power Plant | ●                                                     | All toxic emissions from plant operations are consistently maintained within regulatory limits prescribed by DOE. Real-time emissions data are transmitted to DOE | ●                              |
| Gas-fired Power Plant  | ●                                                     |                                                                                                                                                                   | ●                              |
| Hydroelectric Plant    | No contribution across all toxic emissions parameters | No contribution                                                                                                                                                   | No risk                        |
| Wind and Solar Farm    | No contribution across all toxic emissions parameters | No contribution                                                                                                                                                   | No risk                        |

### CONTINUOUS AIR EMISSIONS AND AMBIENT AIR QUALITY MONITORING

The Continuous Emissions Monitoring System (CEMS) or Predictive Emissions Monitoring System (PEMS), installed at all coal and gas power plants, continuously monitors toxic emissions released from stacks and reports periodic ambient air quality data to ensure pollutant concentrations remain within permissible limits. The monitoring data are compiled and reported to the DOE on a scheduled basis, demonstrating transparency and accountability in emissions management.

### CONTINUOUS STAKEHOLDER ENGAGEMENT

TNB integrates community feedback, NGO participation, and local stakeholder input into its air quality risk identification process. This approach helps TNB understand air quality issues from both technical and community perspectives, supporting early identification of concerns, fostering constructive dialogue, and promoting continued trust with stakeholders.

### OPTIMISED VEHICLE MAINTENANCE FOR EFFICIENCY AND COMPLIANCE

For company fleet vehicles, air quality-related risks are identified through fleet emissions inspections. TNB manages these risks through a preventive and predictive vehicle maintenance programme, including regular inspections, filter replacements, and emissions system checks supported by digital monitoring to identify issues early. All applicable vehicles undergo mandatory inspections by PUSPAKOM, Malaysia's accredited vehicle inspection authority. In parallel, TNB is progressively transitioning its fleet to low-emission alternatives, with a target of 30% electric vehicles by 2030.

### OUR PERFORMANCE

| ISSB/Bursa/GRI                                   | Metric                             | Units         | FY2023                 | FY2024     | FY2025         | Target FY2025 | Future Target | Remarks                                                                                                                         |
|--------------------------------------------------|------------------------------------|---------------|------------------------|------------|----------------|---------------|---------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>AIR QUALITY</b>                               |                                    |               |                        |            |                |               |               |                                                                                                                                 |
| <b>Significant Air Emissions</b>                 |                                    |               |                        |            |                |               |               |                                                                                                                                 |
| IF-EU-120a.1                                     | Sulphur Oxides (SO <sub>x</sub> )  | Metric Tonnes | 34,977.44              | 115,697.86 | 111,140.00     | -             | -             | Starting in FY2024, the toxic loading value incorporates a revised methodology                                                  |
| GRI 305-7                                        | Particulate Matter (PM)            | Metric Tonnes | 6,539.63               | 6,347.45   | 6,463.00       | -             | -             | Increased emissions due to increased coal capacity factor                                                                       |
| Bursa S4(a) [Emissions - Air quality/ Pollution] | Nitrogen Oxides (NO <sub>x</sub> ) | Metric Tonnes | 41,936.32 <sup>1</sup> | 76,458.23  | 71,604.00      | -             | -             | Starting in FY2024, the toxic loading value incorporates a revised methodology                                                  |
|                                                  | Lead (Pb)                          | Metric Tonnes | -                      | -          | Not Applicable | -             | -             |                                                                                                                                 |
|                                                  | Mercury (Hg)                       | Metric Tonnes | -                      | -          | Not Detected   | -             | -             | The concentration of mercury emitted is too small and negligible                                                                |
| <b>Percentage of Pollutants Near Dense Area</b>  |                                    |               |                        |            |                |               |               |                                                                                                                                 |
| IF-EU-120a.1                                     | Sulphur Oxides (SO <sub>x</sub> )  | %             | -                      | -          | 100            | -             | -             | Dense area is defined, according to the SASB standard, where area with a population of >50,000 people is considered             |
|                                                  | Particulate Matter (PM)            | %             | -                      | -          | 100            | -             | -             |                                                                                                                                 |
|                                                  | Nitrogen Oxides (NO <sub>x</sub> ) | %             | -                      | -          | 100            | -             | -             |                                                                                                                                 |
|                                                  | Lead (Pb)                          | %             | -                      | -          | Not Applicable | -             | -             | Near is defined, according to the SASB standard, as where emissions polluting entities are located within 49 km of a dense area |
|                                                  | Mercury (Hg)                       | %             | -                      | -          | Not Applicable | -             | -             |                                                                                                                                 |

<sup>1</sup> Updated calculated number

Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.





## WASTE MANAGEMENT AND COAL ASH MANAGEMENT



### WHY IS IT IMPORTANT?

At TNB, effective waste management is a key element of our environmental stewardship. As Malaysia's largest electricity utility, we place strong emphasis on maintaining stringent waste management practices and our first priority is to avoid generating waste wherever possible to minimise environmental impacts and ensure full compliance with national regulations.

Our environmental efforts are guided by the TNB Environmental Policy and supported by the TNB Health, Safety and Environmental Management System (HSEMS) and ISO 14001:2015 Environmental Management Systems (EMS). Together, these frameworks provide a structured approach for identifying, managing and mitigating hazardous and non-hazardous waste as well as environmental risks across our operations through proper segregation, treatment and disposal.

As we transition to cleaner energy, we continue to operate our coal plants until their planned retirement for security and reliability of supply. We recognise that coal ash contributes approximately 97% of our total waste and we remain committed to strengthening our coal ash management to minimise its environmental impact. TNB ensures coal ash is safely managed, including responsible disposal and recycle through repurposing into concrete products, cable trench covers, wallboards and other useful materials, turning a waste stream into a valuable resource that reduces our environmental impact. Rigorous controls, such as safe storage, site inspections, monitoring and transparent reporting, are implemented to mitigate risks and ensure full compliance.

Through these proactive measures, we are transforming environmental challenges into opportunities, protecting communities and strengthening our position as a forward-looking and sustainable energy leader.

### OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Transforming Waste and Ash Management Through Coal Phase-Out and Cleaner Generation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                   |                   |      | Risk: Delayed Coal-to-Gas Transition May Elevate Coal Ash Management Risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |       |                         |      |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------|------|
| Description                                           | <p>TNB has the opportunity to reduce waste from ash by replacing coal-fired generation with natural gas and other clean technologies. Currently, fly ash and bottom ash from TNB's coal-fired power plants constitute approximately 99% of the Group's total hazardous waste, requiring storage, transport and disposal. By transitioning to gas-based power plants, TNB can eliminate ash generation entirely, reducing environmental risks from ash ponds, and land use for disposal sites.</p> <p>During the transition period, TNB can further enhance circularity through beneficial reuse of coal by-products, such as repurposing fly ash in cement and construction materials, and by improving ash containment systems to prevent contamination of nearby land and waterways. For example, the Manjung Power Station has successfully supplied processed fly ash for the local construction industry, showcasing how waste can be transformed into valuable input materials. By 2045, as all coal plants are retired in line with the expiry of Power Purchase Agreements, TNB's generation portfolio will eventually be ash-free, significantly reducing waste management costs and environmental liabilities.</p> |                   |                   |      | <p>In line with national aspirations, TNB aims to accelerate the coal-to-gas transition to support the energy transition and reduce waste generation. Currently, fly ash and bottom ash from TNB's coal-fired power plants constitute approximately 99% of the Group's total hazardous waste.</p> <p>A slower-than-expected transition prolongs reliance on coal, increasing the volume of ash that requires management and raising the risk of higher disposal costs. In addition, ineffective coal ash handling may lead to potential regulatory breaches and environmental damage.</p> <p>Notwithstanding, TNB places strong emphasis on effective waste management practices, ensuring compliance with environmental standards and responsible ash handling. As a result, the overall risk exposure remains nominal, despite the high volume of coal ash generated.</p> |       |                         |      |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Converts coal ash from a regulated waste liability into a value-generating by-product through recycling and commercial reuse, creating incremental non-regulated revenue streams.</li> <li>Strengthens downstream value chain integration with the cement, construction and infrastructure sectors, while reducing reliance on landfill disposal and associated operational risks.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                   |                   |      | <ul style="list-style-type: none"> <li>Impedes the transition of fossil fuel generation sources to clean energy.</li> <li>Undermines TNB's operational sustainability and reduces stakeholder confidence in its sustainability and eco-efficiency value proposition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |       |                         |      |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Prioritises coal ash recovery, quality assurance and market development as part of the coal phase-down and transition strategy.</li> <li>Guides investment and partnerships in ash processing, logistics and off-take arrangements to maximise recycling rates and monetisation during the transition period.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                   |                   |      | <ul style="list-style-type: none"> <li>Accelerates coal-to-gas transition planning and enhances ash management practices to meet regulatory expectations.</li> <li>Explores alternative fuels to reduce coal dependency and support Malaysia's broader energy transition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |       |                         |      |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Generates recurring revenue from coal ash recycling and the sale of by-products, partially offsetting declining coal-related margins during the transition.</li> <li>Improves cash flow and cost structure by reducing ash handling, transport and disposal expenses, while lowering long-term environmental and regulatory liabilities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                   |                   |      | <ul style="list-style-type: none"> <li>Incurs higher operating costs due to increased disposal costs and regulatory compliance expenses.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |       |                         |      |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Short             | Medium            | Long | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Short | Medium                  | Long |
| Effect on Financial                                   | Revenue RM33.3 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Revenue <RM50 mil | Revenue <RM50 mil | –    | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | –     | Cost Increase <RM50 mil | –    |

## WASTE MANAGEMENT AND COAL ASH MANAGEMENT

### GOVERNANCE IN ACTION

*IFRS S1.27(a)(b); IFRS S2.6(a)(b)*

The TNB Board and the Board Sustainability and Risk Committee (BSRC) oversee the implementation effectiveness of the TNB waste management and resource efficiency in achieving sustainability commitments and value creation.

At the management level, the Sustainability and Energy Transition Committee (SETC), chaired by the President/Chief Executive Officer and comprising TNB's Top Management, ensures the integration of waste management, coal ash management and resource efficiency into strategic decision-making processes, ensuring that sustainability principles are embedded across all business operations. Through regular performance reviews, the SETC ensures that these initiatives strengthen TNB's long-term business resilience and operational excellence.

At the operational level, the Health, Safety and Environment Committee (HSEC) establishes and enforces operational controls for waste and coal ash management, ensuring that approved strategies and initiatives are effectively implemented, monitored and translated into on-the-ground actions in full compliance with regulatory requirements.

### ADHERENCE TO JURISDICTIONAL LAWS & REGULATIONS AND POLICY

*IF-EU-150a.3.1,2*

We ensure our waste management practices comply with the jurisdictional laws and regulations in the respective countries where we operate. In Malaysia, we comply with the Environmental Quality Act 1974 (as amended in 2024) and the Environmental Quality (Scheduled Wastes) Regulations 2005 for waste and coal ash management.

TNB's Environmental Policy provides a structured framework to guide the operation in mitigating potential environmental impacts. The policy reinforces TNB's commitment to compiling with national waste management laws and regulations, while striving to drive and practise end-to-end waste management principles that promote waste reduction and recycling to minimise disposal and environmental pollution.

### STRATEGY

*IFRS S1.29, 30, 31, 33(a)(b)(c); IFRS S2.14(a)(b)(c)*

TNB implemented a comprehensive waste management strategy to address waste across its operations. It manages two (2) types of waste, categorised as hazardous and non-hazardous waste, each requiring tailored handling to minimise environmental impact. Although the management approaches differ based on the waste type, both are guided by the same overarching objectives, which are to reduce waste generation, increase recycling rates and ensure safe disposal in full compliance with national environmental regulations.

Moving forward, TNB plans to adopt a category-based Waste Management Strategy (WMS), designed to ensure that each waste stream is managed according to its type, following regulatory requirements, if necessary. Rather than applying a uniform approach, waste is categorised and managed in accordance with the waste hierarchy principles of Reduce, Reuse, Recycle, Recovery and Safe Disposal. With the category-based WMS, TNB aims to reduce 20% of the total waste generated by 2030 and achieve a 50% annual recycling rate by 2030 from a 2023 baseline.

TNB continues to enhance operational efficiency through a robust HSEMS framework, supported by competent environmental professionals, which ensures effective waste management, regulatory compliance and continuous improvement across operations. Under this system, divisions, departments and subsidiaries are guided to manage waste systematically, from identification and segregation to storage, handling, transport and disposal in line with legal requirements and internal environmental standards.

### HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM

TNB's Health, Safety and Environment Management System (HSEMS) is aligned with ISO 14001:2015 which provides a structured framework for consistent and responsible environmental management across all TNB operations. It ensures systematic control, monitoring and transparent reporting of waste management across all TNB operational sites. Through the HSEMS, TNB ensures that waste is properly identified, segregated, handled, stored, transported and disposed of in accordance with environmental laws and internal guidelines.

Strong leadership commitment and employee participation are fundamental to the effectiveness of waste management under the HSEMS. Training, competency development, site inspections, audits and continuous monitoring form key elements of the system, ensuring operational discipline, compliance and continual improvement in waste management performance across TNB's operations.

 *For more details on HSEMS, refer to the chapter on Safety, Health and Well-Being.*

## WASTE MANAGEMENT AND COAL ASH MANAGEMENT

## BUILDING COMPETENCY AND DRIVING RESPONSIBLE WASTE PRACTICES

TNB ensures that all waste management personnel are trained and accredited by the Department of Environment (DOE), with regular audits conducted to maintain compliance and support continual improvement. In 2025, the number of DOE-accredited environmental professionals increased to 223, up from 194 in 2024, highlighting TNB's commitment to enhancing environmental competency and operational excellence. Continuous training is provided at ILSAS to equip TNB employees with the necessary skills and knowledge for effective waste handling, ensuring the workforce remains capable and up to date with best practices.

We continuously encourage behaviour change with regard to waste management, including integrating waste management into TNB's business operations, to ensure the organisation complies with the regulatory requirements and achieves the intended outcome.

## DATA COLLECTION AND BASELINING

Effective waste management depends on accurate data. TNB tracks waste generation through key activities such as collection, segregation, processing, treatment and disposal. Data collection enables baseline establishment, progress monitoring and the evaluation of waste reduction initiatives.

TNB developed two (2) digital tools, the E-Waste Inventory System (E-WI) and the TNB Solid Waste Inventory System (TESWI), to capture electrical, electronic and solid waste data. These systems improve data accuracy and traceability, enabling effective monitoring of waste performance.

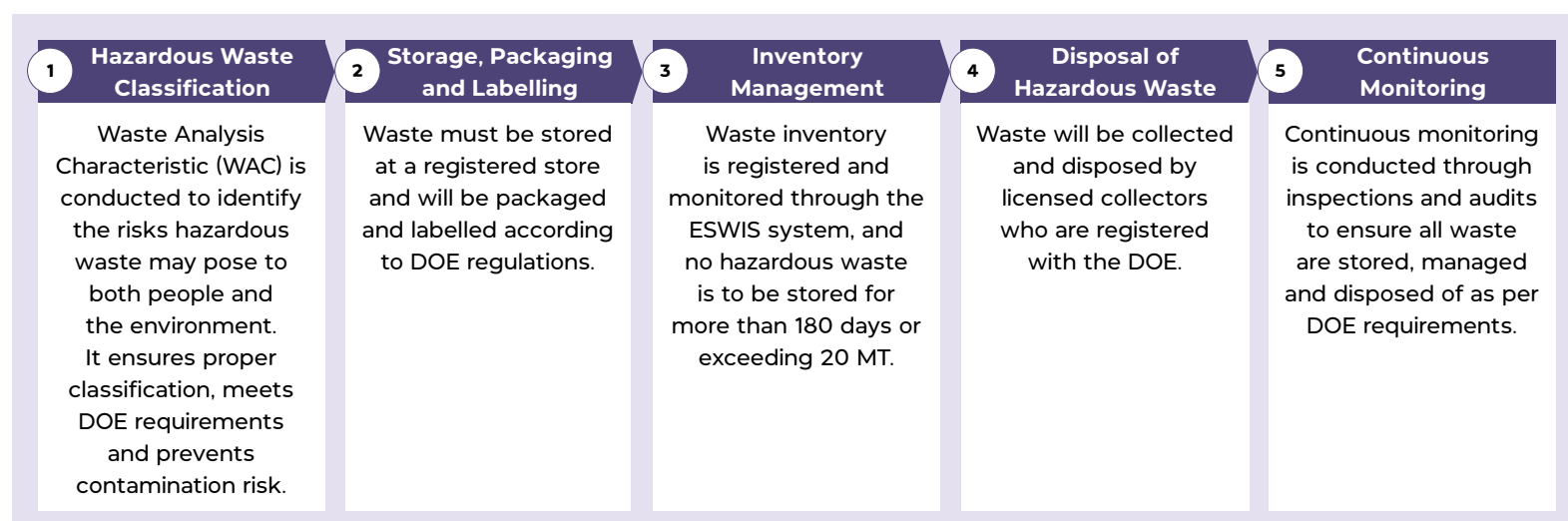
## HAZARDOUS WASTE MANAGEMENT

At TNB, our primary aim is to prevent waste generation that will be directed to landfill. In 2025, hazardous waste contributed 99.85% of our total waste, which comprises different types of hazardous waste, as follows:

| Hazardous Waste                            | Amount (MT)         |
|--------------------------------------------|---------------------|
| Coal ash                                   | 981,530.80          |
| Used equipment – Transformer or switchgear | 7,320.14            |
| Transformer oil                            | 1,705.65            |
| E-Waste                                    | 8,601.90            |
| Others                                     | 11,594.99           |
| <b>Total</b>                               | <b>1,010,753.47</b> |

When hazardous waste is unavoidable in our operations, we manage it responsibly through strict and effective measures. With our robust end-to-end waste management practices and proactive waste prevention initiatives, we are committed to minimising environmental impact and promoting sustainable waste management.

We are dedicated to implementing responsible hazardous waste management across all our operational levels. Our hazardous waste management practices fully comply with the Environmental Quality (Scheduled Wastes) Regulations 2005. Hazardous waste follows a standardised management process, as outlined below.



WASTE MANAGEMENT AND COAL ASH MANAGEMENT

COAL ASH MANAGEMENT

Coal ash contributes approximately 97% of total TNB waste. Ash, including fly ash and bottom ash, is a by-product of coal combustion for electricity generation. To minimise the environmental impact of fly ash and bottom ash, TNB ensures that a significant portion of these materials is safely managed through licensed vendors for recycling, primarily into cement and construction products. The remaining volume is safely disposed of in designated ash ponds in full compliance with the DOE requirements.

Both fly ash and bottom ash are classified as hazardous waste under Malaysia’s Environmental Quality (Scheduled Wastes) Regulations 2005, requiring careful management to prevent environmental impact.

Fly ash is a fine, powdery material captured from flue gases using filtration systems and contains silica, alumina, iron oxide and traces of unburnt carbon. It is often reused in cement and concrete to enhance strength and durability. Bottom ash is heavier, settles at the furnace bottom and can be used in construction, including road base materials and structural fills.

Both types of ash pose environmental risks if not properly handled, including air, soil and water contamination. In TNB’s operations, fly ash and bottom ash make up the majority of hazardous waste, with the remainder comprising used transformers, lubricating oil, batteries and e-waste.

Our approach in handling fly ash and bottom ash is:

- Recycle: Fly ash (from all TNB-owned coal plants) and bottom ash (from TNBJ and JEP only) is recycled through repurposing them into cement as a key ingredient in concrete production, reducing the demand for virgin raw materials.
- Safe disposal: When recycling is not feasible, the ash is transported to secure, licensed landfill sites that adhere to environmental standards stipulated by the DOE.

COAL ASH MANAGEMENT EFFORTS IN TNB

IF-EU-150a.3

As hazardous waste, both ash types undergo waste characterisation studies, with accredited laboratories assessing their physical, chemical and biological properties to determine potential environmental and health risks. A study on physical, chemical and biological toxicity at TNB Janamanjung in 2024 indicated that the fly ash generated contained low levels of hazardous compounds, fell within regulatory limits and did not pose significant risks to human health or the environment.

FLY ASH AND BOTTOM ASH MANAGEMENT PROCEDURES

All fly ash and bottom ash management at TNB is governed by internal procedures established at each power plant, guided by ISO 14001:2015, relevant O&M manuals and applicable scheduled waste regulations to ensure systematic, controlled and compliant waste handling.

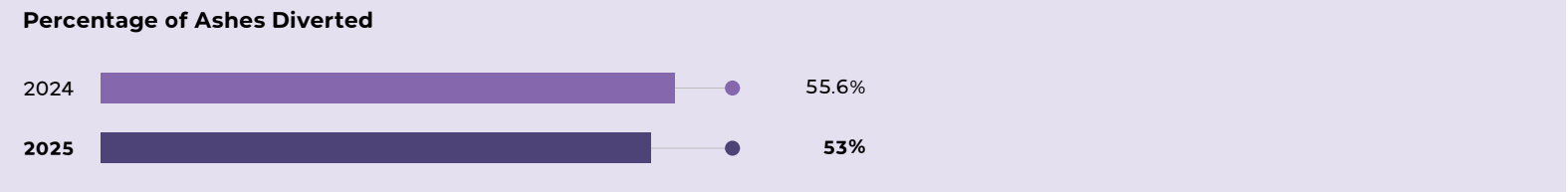
For fly ash, the procedures cover the handling of ash from boilers, Electrostatic Precipitators (ESP) and fabric filters through the Fly Ash Handling System to silos, followed by the transfer to ash ponds via conveyors or the transport to the cement industry for recycling. Each movement is accompanied by DOE consignment notes to ensure full traceability and regulatory compliance.

Bottom ash procedures involve collecting ash from boilers using Submerged Scraper Conveyors and Bottom Ash Conveyor Systems, transferring it to silos and subsequently moving it to ash ponds using conveyors or transporting it to the cement industry for recycling. For bottom ash transport to the cement industry, DOE consignment notes are required in line with scheduled waste requirements.

COAL ASH UTILISATION AND RECYCLE

Beyond the requirement of local jurisdiction, a large portion of coal ash is supplied to licensed, DOE-approved vendors and contractors for use in cement and construction materials, reducing landfill disposal and promoting end-to-end waste management practices.

In 2025, TNB generated 981,530.80 MT of coal ash, of which 523,545.94 MT (53%) was recycled for beneficial use, while 457,984.86 MT (47%) was sent for safe disposal.



## WASTE MANAGEMENT AND COAL ASH MANAGEMENT

## GREEN PRODUCT INNOVATION UTILISING BOTTOM ASH

In addressing the environmental challenges associated with coal combustion and its by-products, TNB Research Sdn. Bhd. (TNBR) has successfully recycled Coal Bottom Ash (CBA) by developing a range of innovative green products such as cable trench covers, underground cable bases, concrete components and bricks. These initiatives not only support the principles of end-to-end waste management, but also align with TNB's ESG commitments and UN SDG No. 12: Responsible Consumption and Production.

This innovation effectively reduces the total amount of our bottom ash disposal. Furthermore, the incorporation of CBA as a reinforcement material within polymer matrices, such as polypropylene (PP), represents an innovative approach in the development of insulation products, such as like Cable Protection Slabs (CCPS). This breakthrough enhances material performance and durability and contributes to resource efficiency.

In addition, products utilising coal ash have the potential to achieve eco-labelling and sustainable product certifications, thereby increasing their market value, acceptance and competitiveness within the green construction and infrastructure sectors.

In 2025, a total of 3,100 units of Polymer CCPS was produced and installed under pilot testing at two (2) key TNB Distribution Network (DN) project sites located at Masjid Tanah, Melaka (1,500 units) and Muar, Johor (1,600 units). These milestones demonstrate tangible environmental benefits through industrial waste valorisation and highlight the effective collaboration between TNBR, KEV Power Station and TNB DN, alongside the manufacturing and implementation teams in driving sustainable innovation within TNB's operations.

## RESPONSIBLE EFFLUENT MANAGEMENT

Effluent generated from TNB operations is identified to be from our thermal power plants, which are governed under ISO 14001-certified Environmental Management Systems. TNB maintains strict effluent and water quality management across all generation facilities through wastewater treatment systems that meet DOE requirements, supported by continuous monitoring, real-time systems and well-established emergency response procedures. All these facilities ensure systematic control of water use, effluent discharge and regulatory compliance. Regular internal and third-party audits further strengthen governance and drive continuous improvement in water efficiency.

In mitigating legal and operational risks and ensuring that effluent generated meets quality standards to protect public health and the environment, we developed the Industrial Effluent Treatment System (IETS) Management Guideline.

Industrial effluent treatment systems are fundamental in managing wastewater generated by TNB to safeguard the environment and ensure compliance with regulatory requirements. These systems encompass various stages and processes designed to remove contaminants from the effluent before its safe discharge into the environment.

Across TNB, the IETS is well-maintained by the competent person to ensure full compliance with DOE requirements and continuous monitoring to comply with water quality standards. In 2025, no environmental non-compliance related to effluent management was recorded.

## NON-HAZARDOUS WASTE MANAGEMENT

In 2025, 1,502.7 tonnes of non-hazardous waste were generated, with mixed waste as the largest category, followed by garden waste, residual waste, paper waste and bulk waste. Of the total, 1,304.6 tonnes (87%) were disposed, while 198.1 tonnes (13%) were recycled. With data analysis and the identification of key waste streams, we can pinpoint opportunities for targeted 4R (Reduce, Reuse, Recycle and Recovery) efforts.

| Non-Hazardous Waste (0.15%)           | Amount (MT)    |
|---------------------------------------|----------------|
| Mixed waste                           | 1,023.7        |
| Garden waste                          | 280.9          |
| Recyclable paper                      | 79.5           |
| Residual waste                        | 63.7           |
| Recyclable tin, aluminium and plastic | 39.8           |
| Bulk waste                            | 14.5           |
| Recyclable glass                      | 0.6            |
| <b>Total</b>                          | <b>1,502.7</b> |



## WASTE MANAGEMENT AND COAL ASH MANAGEMENT

TNB manages non-hazardous (solid) waste in accordance with Malaysia's Solid Waste Regulations. Recyclable waste is carefully segregated, stored and sent to licensed collectors or recycling centres to ensure safe disposal and minimise environmental impact.

Solid waste is categorised into recyclable materials, such as glass, paper and aluminium and non-recyclable waste, which includes mixed waste and food waste.



Food waste serves as an opportunity for TNB to enhance our waste management efforts.

Through the food waste segregation programme at TNB premises, we promote individual responsibility and behavioural change among employees, emphasising conscious consumption and waste reduction practices. By fostering these practices, we empower our workforce to contribute to sustainability at work and at home, creating a collective positive impact on the environment.

TNB is also exploring additional solutions to further reduce food waste, including:

| Food Waste Monitoring                                                                       | Internal Circularity                                                                                                           | Strategic Partnerships                                                                         |
|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Tracking food waste generation across TNB premises, with data recorded in the TESWI system. | Diverting food waste to the TNB Research Anaerobic Digestion system to convert them into biogas and nutrient-rich fertilisers. | Collaborating with technology companies to develop innovative food waste management solutions. |

Our non-hazardous waste management complies with the Solid Waste and Public Cleansing Management Act 2007 (Act 672) and regulations set by *Jabatan Pengurusan Sisa Pepejal Negara* (JPSPN). We are taking a phased approach to improving our non-hazardous waste management. In 2023, we introduced the TESWI system to streamline data collection and the monitoring of non-hazardous waste generation, promoting waste separation and recycling practices.

Initiatives such as source segregation, on-site composting and sustainable landscaping to transform waste into valuable resources are being explored to support our end-to-end waste management goals.

## WASTE MANAGEMENT AND COAL ASH MANAGEMENT

## RISK MANAGEMENT

IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)

As coal ash contributes approximately 97% of our total waste, the monitoring and management of coal ash is pertinent in expediting our decarbonisation efforts. By transitioning to gas-based power plants, TNB can eliminate ash generation entirely, reducing environmental risks from ash ponds and land use for disposal sites. By 2045, all coal plants are to be retired in line with the expiry of Power Purchase Agreements. TNB's generation portfolio will eventually be ash-free, significantly reducing waste management costs and environmental liabilities.

Nevertheless, we continue to place strong emphasis on environmental risk management to ensure compliance with Malaysia's environmental laws. Under Part IVA, Section 34B of the Environmental Quality Act 1974, the handling, storage, transportation, treatment and disposal of scheduled waste are strictly regulated.

To reduce the risk of environmental non-compliance and strengthen sustainability performance, TNB enhanced its management systems through a range of strategic measures. These include implementing an Environmental Management System, standardising internal SOPs, building environmental competencies, conducting regular audits and inspections and advancing environmental programmes that support responsible operations. Together, these efforts reinforce TNB's commitment to sustainable and compliant practices.

## HAZARDOUS WASTE STANDARDISED PRACTICES

In compliance with the Environmental Quality Act 1974, TNB strictly implements and enforces its Scheduled Waste Disposal Management Guidelines across all operations. These guidelines establish a standardised five-step process for managing hazardous waste, covering proper classification, safe storage, packing and labelling, inventory control, disposal and continuous monitoring. This framework ensures a consistent, transparent and fully compliant approach to hazardous waste management throughout our facilities.

The guidelines also outline clear training requirements, roles and responsibilities for all personnel involved in hazardous waste handling. By strengthening competency and accountability at every level, TNB ensures that hazardous waste is managed safely, responsibly and in accordance with regulatory expectations and industry best practices.

## ENVIRONMENTAL COMPETENCY

All personnel involved in scheduled waste management, including Certified Environmental Professionals and Environmental Officers, are trained and accredited by the DOE. Regular audits and inspections are conducted to verify compliance and identify continuous improvement opportunities.

Recognising the importance of building strong competencies in environmental management, TNB increased the number of environmentally competent personnel accredited by the DOE from 194 to 223 in 2025. This increase demonstrates TNB's continuous commitment to enhancing environmental performance, regulatory compliance and operational excellence across its business operations.

These personnel hold various professional certifications, including:

| Environmental Certification                                                                                       | Applicability              | Number of Certified Personnel |            |
|-------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------|------------|
|                                                                                                                   |                            | 2024                          | 2025       |
| <b>Certified Environmental Professional in Scheduled Waste Management (CEPSWaM)</b>                               | Power plants<br>Warehouses | 75                            | 126        |
| <b>Certified Environmental Professionals in the Operation of Industrial Effluent Treatment Systems (CePIETSO)</b> |                            | 21                            | 14         |
| <b>Certified Environmental Professionals in Bag Filter Operation (CePBFO)</b>                                     | Power plants               | 17                            | 17         |
| <b>Certified Environmental Professional in Scrubber Operations</b>                                                |                            | 18                            | 18         |
| <b>Certified Environmental Professionals in Sewage Treatment Plant Operation (CePSTPO)</b>                        | Power plant offices        | 14                            | 14         |
| <b>Certified Professional for Environmental Officer in Environmental Impact Assessment (CePEOEIA)</b>             | EIA projects               | 21                            | 21         |
| <b>Certified Inspector of Sediment and Erosion Control (CISEC)</b>                                                |                            | 28                            | 13         |
| <b>Total</b>                                                                                                      |                            | <b>194</b>                    | <b>223</b> |

## WASTE MANAGEMENT AND COAL ASH MANAGEMENT

Their responsibilities include providing technical advice, planning and implementing effective environmental management practices, and notifying relevant authorities when necessary. By enhancing the competencies of the personnel, TNB strengthens its capacity to manage environmental risks, promotes regulatory compliance and drives continuous improvement in line with its sustainability objectives and environmental policy commitments.

### ENVIRONMENTAL AUDIT AND INSPECTION

TNB ensures effective environmental management through continuous audits and inspections, supported by a structured audit framework that includes the Third-Party HSE Audit, Corporate-level HSE Internal Audit, Operational-level HSE Internal Audit and HSE Inspection.

The TNB HSE Corporate Audit is risk-based, with its scope determined by environmental risks and prior-year performance. Selected divisions are audited to identify gaps and opportunities for improvement, providing independent internal assurance of compliance with hazardous waste legislation and other environmental requirements across all business entities.

In 2025, various audits and inspections were conducted to identify improvement opportunities as follows:

| Type of Audit/Inspection                    | Audit Detail                                                                        | Number of Audit or Inspection Conducted |
|---------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------|
| <b>Third-Party HSE Audit</b>                | Independent Audit conducted by certification body (SIRIM)                           | 7                                       |
| <b>Corporate-level HSE Internal Audit</b>   | Audit of TNB divisions or subsidiaries conducted by HSE Corporate                   | 1                                       |
| <b>Operational-level HSE Internal Audit</b> | Audit of respective divisions or subsidiaries conducted by HSE business partners    | 7                                       |
| <b>HSE Inspection</b>                       | Risk-based spot checks at targeted sites by HSE Corporate and HSE business partners | 369                                     |

To support timely follow-up and resolution of findings, TNB leverages the e-HSE online system, which allows the logging, tracking and review of non-compliance from audits and inspections. The system's Non-conformance Report (NCR) module is widely used across TNB and its subsidiaries, with NCR status monitored closely and reported to Top Management through the monthly HSE Performance Report.

### ENVIRONMENTAL SELF-REGULATION

TNB environmental self-regulation is implemented through the Self Visual Report (SVR) programme. The SVR was implemented across all divisions, departments and subsidiaries. This self-reporting visual report consists of 24 elements, including hazardous waste inventory records, competency records, labelling conditions and overall pictorial assessments of store and waste conditions. In 2025, a total of 996 SVRs were recorded across 83 storage facilities.



### INCULCATING BEHAVIOURAL CHANGE THROUGH THE ESTABLISHMENT OF AN E-WASTE COLLECTION CENTRE

During its first seven (7) months of operation from June to December 2025, the centre collected 452.3 kg of e-waste through more than 300 employee visits, with monthly volumes steadily increasing in the first four (4) months and peaking at 111.6 kg in September. Most items received were small electronic devices, charging cables and laptops, indicating active staff participation and growing awareness of proper e-waste handling.



## WASTE MANAGEMENT AND COAL ASH MANAGEMENT

## OUR PERFORMANCE

IFRS S1.45, 46, 47, 48, 49, 50, 51, 52, 53, B50 [ISSB]

| ISSB/Bursa/GRI                                                | Metric                                               | Units         | FY2023  | FY2024  | FY2025    | Target FY2025                                 | Future Target              | Remarks                                                                     |
|---------------------------------------------------------------|------------------------------------------------------|---------------|---------|---------|-----------|-----------------------------------------------|----------------------------|-----------------------------------------------------------------------------|
| <b>COAL ASH MANAGEMENT</b>                                    |                                                      |               |         |         |           |                                               |                            |                                                                             |
| <b>Amount of Coal Combustion Products (CCPS) Generated</b>    |                                                      |               |         |         |           |                                               |                            |                                                                             |
| IF-EU-150a.1                                                  | Fly ash                                              | Metric Tonnes | -       | -       | 758,674   | -                                             | -                          |                                                                             |
| GRI 306-3                                                     | Bottom ash                                           | Metric Tonnes | -       | -       | 222,857   | -                                             | -                          |                                                                             |
| <b>Percentage of Coal Combustion Products (CCPS) Recycled</b> |                                                      |               |         |         |           |                                               |                            |                                                                             |
| IF-EU-150a.1                                                  | Fly ash                                              | %             | -       | -       | 64.50     | -                                             | -                          |                                                                             |
|                                                               | Bottom ash                                           | %             | -       | -       | 15.10     | -                                             | -                          |                                                                             |
| <b>WASTE MANAGEMENT</b>                                       |                                                      |               |         |         |           |                                               |                            |                                                                             |
| <b>Waste Generated</b>                                        |                                                      |               |         |         |           |                                               |                            |                                                                             |
| Bursa C10(a)<br>[Waste Management]<br><br>GRI 306-3           | Total weight of waste generated                      | Metric Tonnes | 929,123 | 895,996 | 1,012,256 | -                                             |                            | 20% reduction of total waste generated by 2030 compared to FY2023 base year |
|                                                               | Total weight of hazardous waste generated            | Metric Tonnes | 929,123 | 895,038 | 1,010,753 | -                                             | -                          |                                                                             |
|                                                               | Total weight of non-hazardous waste generated        | Metric Tonnes | -       | 958     | 1,503     | -                                             | -                          |                                                                             |
| <b>Waste Diverted from Disposal</b>                           |                                                      |               |         |         |           |                                               |                            |                                                                             |
| Bursa C10(a)<br>[Waste Management]                            | Total hazardous waste diverted from disposal         | Metric Tonnes | 440,595 | 497,452 | 547,246   | -                                             | -                          |                                                                             |
| GRI 306-4                                                     | Total hazardous waste recycling rate                 | %             | 47.42   | 55.58   | 54.14     | 30% recycling rate of hazardous waste by 2025 | 50% recycling rate by 2030 |                                                                             |
|                                                               | Total non-hazardous waste diverted from disposal     | Metric Tonnes | -       | 127     | 198       | -                                             | -                          |                                                                             |
|                                                               | Total non-hazardous waste recycling rate             | %             | -       | 13.25   | 13.18     | -                                             | -                          |                                                                             |
|                                                               | Total waste diverted from disposal                   | Metric Tonnes | -       | 479,579 | 547,444   | -                                             | -                          |                                                                             |
| <b>Waste Directed to Disposal</b>                             |                                                      |               |         |         |           |                                               |                            |                                                                             |
| Bursa C10(a)<br>[Waste Management]                            | Total weight of hazardous waste directed to disposal | Metric Tonnes | 488,528 | 397,586 | 463,508   | -                                             | -                          |                                                                             |
| GRI 306-5                                                     | Total non-hazardous waste directed to disposal       | Metric Tonnes | -       | 831     | 1,304     | -                                             | -                          |                                                                             |
|                                                               | Total waste directed to disposal                     | Metric Tonnes | -       | 398,417 | 464,812   | -                                             | -                          |                                                                             |

**IFRS S1 MT 10 SAFETY, HEALTH AND WELL-BEING**

**WHY IS IT IMPORTANT?**

At TNB, the safety, health and well-being of our employees, contractors, vendors and the communities we serve are fundamental to how we operate and grow. As Malaysia's leading energy utility, our operations span high-risk environments, from power generation and grid operations to field maintenance and project delivery. Ensuring that everyone who contributes to or is impacted by our business returns home safely each day is both a moral responsibility and a business imperative.

A strong safety culture underpins TNB's ability to deliver reliable and sustainable energy. We uphold strict adherence to safety standards and continuously enhance our management systems to minimise risks associated with work-related injuries and illnesses. Beyond compliance with laws and regulations, we integrate proactive safety, health and well-being practices into every aspect of our operations. This includes cultivating awareness, empowering leadership accountability and leveraging technology and data to anticipate and prevent incidents.

We recognise that a healthy and resilient workforce is critical to sustaining operational excellence and driving our energy transition agenda. Our commitment extends to mental health, work-life balance and overall well-being, ensuring that our people can thrive in a safe, inclusive and supportive environment.

Through continuous improvement, transparent reporting and engagement with our employees, contractors, vendors and the communities, TNB aims to uphold the highest standards of safety and health performance. This commitment reflects our core values of integrity, care and excellence, and reinforces the trust placed in us by our employees, customers, shareholders and the wider public.

**OPPORTUNITY AND RISK**

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Enhancing Workforce Safety Through Digital and Engineering Solutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                  |                            |                  | Risk: Anticipated Business Growth and Dispersed Asset Footprint Increases Workplace Safety Risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                         |                         |                         |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Description                                           | <p>TNB has the opportunity to improve workforce safety by deploying digital technologies and engineering solutions across its operations. Drones and remote monitoring tools are used to inspect power lines, substations and other high-risk areas, allowing hazards to be detected remotely and reducing the need for workers to access dangerous locations. Distribution Automation (DA) elevates safety standards during grid switching operations by remote, automated switching. This significantly enhances worker safety by minimising or eliminating the need for field crews to manually operate switches in hazardous, high-voltage environments.</p> <p>By integrating these technologies into daily operations, TNB can reduce workplace incidents, enhance employee well-being and comply with occupational health and safety regulations, while strengthening operational resilience, workforce productivity and its reputation as a safe and responsible employer.</p> |                  |                            |                  | <p>TNB's operations and diverse nature of work that involves over 35,000 employees, approximately 3,000 active vendors and numerous construction, maintenance, and infrastructure projects nationwide, expose the organisation to significant workplace safety risks. With more than 90,000 dispersed assets across Peninsular Malaysia and Sabah, field personnel and contractors are frequently required to work in challenging environments and under varying weather conditions, increasing exposure to hazards such as falls, electrical contact, vehicle incidents and wildlife threats.</p> <p>With anticipated business growth and workforce expansion as TNB accelerates its energy transition journey, this could further heighten the likelihood of workplace safety incidents. Without robust safety governance, effective training and continuous monitoring, the risk of workplace safety incidents may rise, potentially resulting in injuries, operational disruptions, legal liabilities and reputational impact.</p> <p>Notwithstanding, continuous safety enhancement remains a priority to safeguard employees and contractors and maintain operational reliability.</p> |                         |                         |                         |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens operational reliability and productivity by reducing workplace incidents across TNB's extensive field operations, substations, and transmission network.</li> <li>Enhances safety standards and lowers exposure to hazardous environments through automation, remote monitoring and digital engineering tools.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                  |                            |                  | <ul style="list-style-type: none"> <li>Undermines TNB's operational safety and health performance and weaken stakeholder confidence in its safety and health value proposition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                         |                         |                         |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Prioritises investments in digital safety technologies (drones, DA, remote sensing, automated switching) to mitigate high-risk activities and comply with safety regulations.</li> <li>Guides workforce planning and capability development to embed a strong safety culture and support resilient operations across dispersed assets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                  |                            |                  | <ul style="list-style-type: none"> <li>Enhance safety governance and initiatives across key focus areas, including electrical safety, working at heights and road incidents.</li> <li>Leverage digital and automation solutions to enforce compliance more effectively in high-risk work.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                         |                         |                         |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Requires capital investment to deploy digital safety technologies across high-risk operational environments, including substations, transmission networks, and switching operations.</li> <li>Strengthens long-term operational capability and asset performance by embedding advanced safety and automation technologies across the network.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                  |                            |                  | <ul style="list-style-type: none"> <li>Higher operating costs resulting from increased cost associated with accidents such as lost man-hours or productivity, medical treatment, compensation payouts, investigations and corrective actions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                         |                         |                         |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Short            | Medium                     | Long             | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Short                   | Medium                  | Long                    |
| Effect on Financial                                   | CAPEX RM268.8 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | CAPEX >RM450 mil | CAPEX RM50 mil – RM450 mil | CAPEX >RM450 mil | Cost Increase RM1.8 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Cost Increase <RM50 mil | Cost Increase <RM50 mil | Cost Increase <RM50 mil |

Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.



## SAFETY, HEALTH AND WELL-BEING

## GOVERNANCE IN ACTION

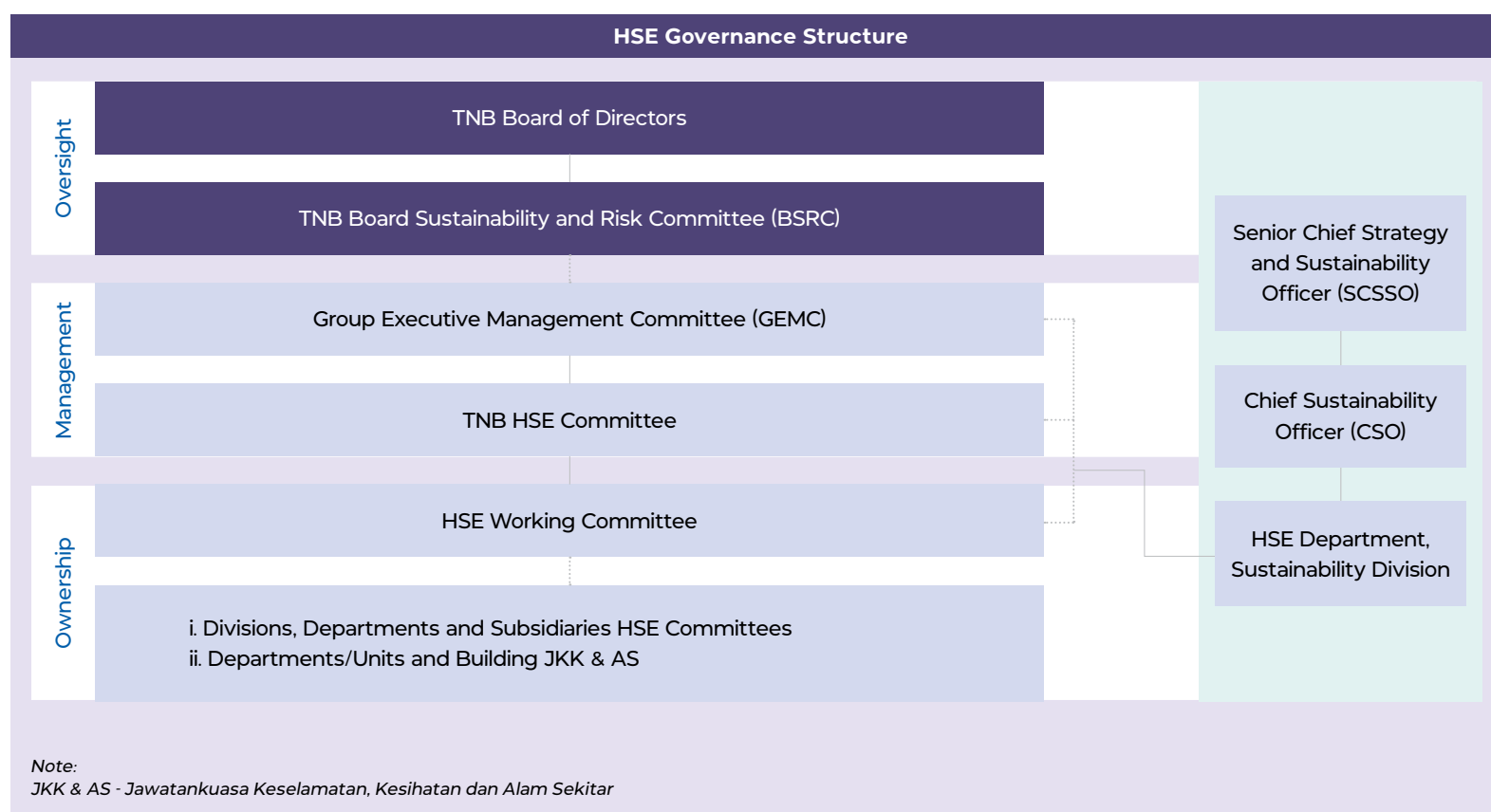
IFRS S1.27(a)(b); IFRS S2.6(a)(b)

TNB's Health, Safety and Environment (HSE) governance structure functions through clear escalation channels, regular performance reviews and integrated decision-making. The Board Sustainability and Risk Committee (BSRC) reviews key HSE indicators, including incident trends, fatality incident (if any), lost-time injury frequency rates (LTIFR) and significant regulatory findings, as part of its oversight of enterprise-wide risks. The HSE-related updates are also shared to the TNB Board through monthly Board Sustainability and Risk Committee (BSRC) chairman reports.

At management level, material incidents and emerging safety issues are reported to the Group Executive Management Committee (GEMC), which ensures timely corrective actions and allocates resources for preventive measures.

At the operational level, the TNB HSE Committee, chaired by the Chief Distribution Network Officer (CDNO) with selected C-suites personnel, meets at least monthly to review HSE performance, share lessons learned and endorse improvement programmes. Each division and subsidiary is required to report on HSE compliance, material incident findings and corrective action progress, ensuring transparency and accountability throughout the organisation. The Corporate HSE Department consolidates these insights and provides data-driven analyses to support management and Board deliberations.

This governance process allows TNB to maintain a consistent and proactive approach to managing health and safety risks. It ensures that policy decisions are informed by frontline insights, and that performance outcomes are continuously monitored against internal benchmarks and regulatory requirements. Through this integrated approach, TNB strengthens its safety culture, embeds accountability at every level, and reinforces its commitment to protecting people, assets and the communities it serves.



## ADHERENCE TO JURISDICTIONAL LAWS &amp; REGULATIONS

TNB upholds full compliance with the Occupational Safety and Health Act (OSHA) 1994 as a fundamental pillar of its Health, Safety and Environment (HSE) management. Guided by the Act's principles of self-regulation, shared responsibility, and hazard prevention at source, TNB embeds OSHA 1994 requirements into all levels of governance, operational controls, and risk-management processes. This commitment is reflected in the Group's systematic identification of workplace hazards, implementation of robust engineering and administrative controls, provision of continuous training and competency development and enforcement of safe work procedures aligned with regulatory standards.

By harmonising its internal HSE policies and frameworks with the provisions of OSHA 1994, TNB ensures that every employee, contractor and partner operates within a safe and healthy environment. This alignment not only strengthens legal compliance but also reinforces the Group's aspiration towards a zero-harm culture, where preventing injury, protecting public safety and promoting worker well-being remain central to operational excellence and sustainable value creation.

## SAFETY, HEALTH AND WELL-BEING

### TNB OCCUPATIONAL SAFETY AND HEALTH (OSH) POLICIES

TNB's approach to occupational safety and health (OSH) is anchored in our Occupational Safety and Health Policy, which outlines our unwavering commitment to provide and maintain a safe, healthy and sustainable working environment for all employees, contractors, vendors, visitors and the communities we serve. This policy reflects TNB's core responsibility to prevent work-related injuries, illnesses and incidents while supporting our mission to deliver reliable and sustainable energy solutions.

In line with the policy, TNB strives to eliminate hazards, reduce occupational risks and foster a culture of prevention and care across all operations. We comply with all applicable laws, regulations, and standards and ensure that OSH considerations are embedded in every phase of our business activities, from planning and design to construction, operation and maintenance.

The implementation of TNB's Occupational Safety and Health (OSH) Policy is guided by a structured governance framework and a systematic management approach that ensures accountability, consistency and continuous improvement across all operations. The Corporate HSE Department leads policy execution, supported by divisional HSE teams and business partners who tailor initiatives to site-specific conditions and operational risks.

TNB has also implemented the Stop Work Intervention Policy, empowering any employee or contractor to immediately halt work if a situation poses an imminent risk to health or safety. This policy fosters a proactive safety culture, ensuring potential hazards are addressed promptly and effectively and aligns with TNB's governance standards.

### ISO CERTIFICATION

TNB reinforces its commitment to a zero-harm workplace through ISO 45001:2018 certification, embedding a proactive safety culture across all operations. The certification ensures systematic risk management, regulatory compliance, and continuous improvement in occupational health and safety, safeguarding employees, contractors and stakeholders while strengthening operational resilience.

A total of nine (9) Business Entities with high risk business operations are currently certified with ISO 45001:2018 Occupational Health and Safety Management Systems:

- |                                                                            |                                                                           |
|----------------------------------------------------------------------------|---------------------------------------------------------------------------|
| 1 TNB Power Generation Sdn. Bhd. (TNB Genco)                               | 6 Tenaga Cable Industries (TCI) Sdn. Bhd.                                 |
| 2 Grid Division                                                            | 7 Tenaga Switchgear (TSG) Sdn. Bhd.                                       |
| 3 Distribution Network Division                                            | 8 Sabah Electricity (Generation, Transmission and Distribution Divisions) |
| 4 Project Management & Control (PMC), TNB Global Business Solutions (TGBS) | 9 Vantage RE Limited, United Kingdom                                      |
| 5 Malaysian Transformer Manufacturer (MTM) Sdn. Bhd.                       |                                                                           |

## STRATEGY

*IFRS S1.29, 30, 31, 33(a)(b)(c); IFRS S2.14(a)(b)(c)*

### OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM (HSEMS)

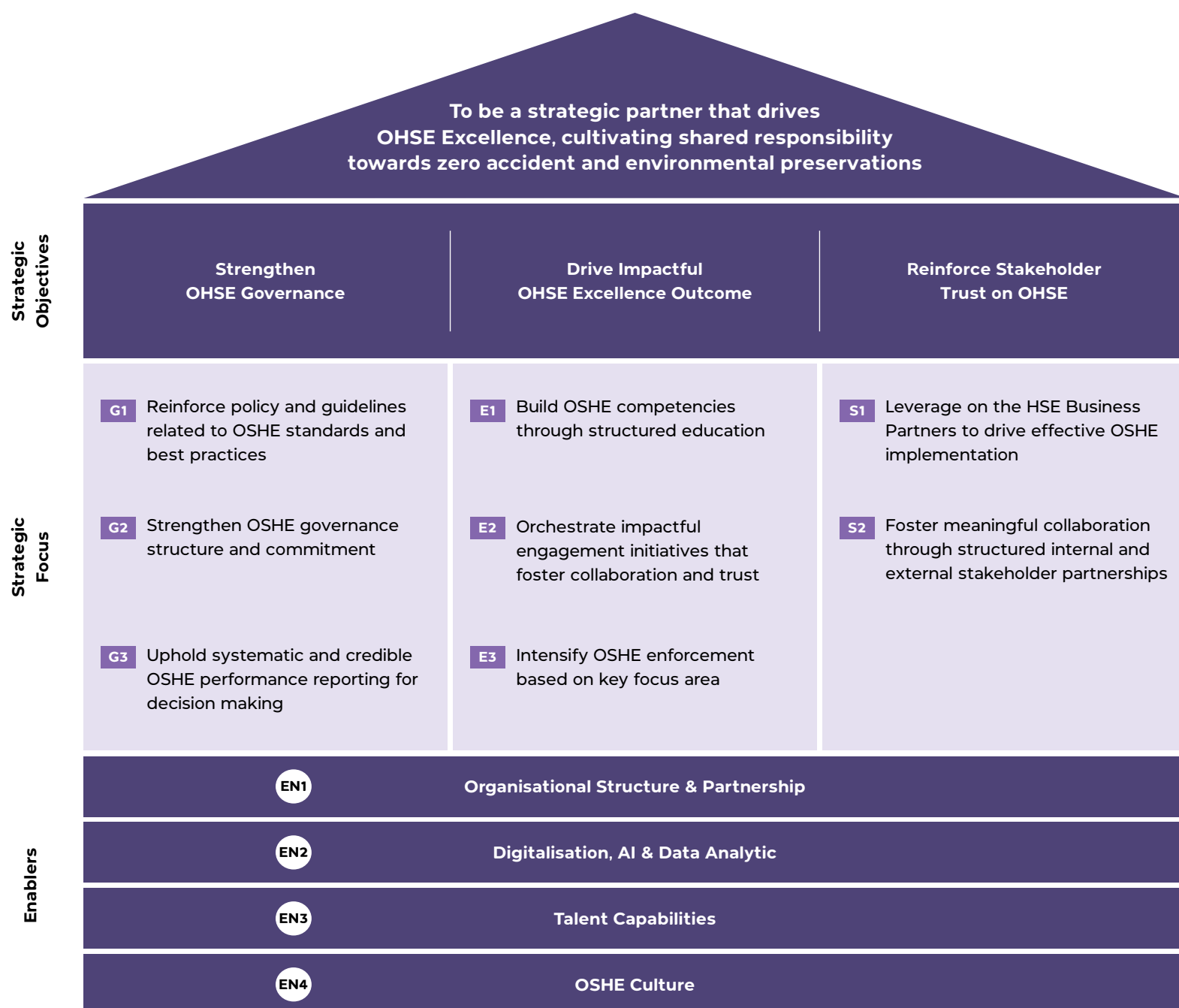
TNB's HSE strategy is operationalised through the Group's Health, Safety and Environment Management System (HSEMS), which serves as the primary mechanism for translating strategic intent into structured, on-the-ground implementation. While the HSE strategy outlines the organisation's long-term direction, anchored on zero harm workplace, regulatory compliance and risk management, the HSEMS provides the systematic processes and performance controls needed to deliver these outcomes consistently across all operations. Established in alignment with the ISO 45001 Occupational Health and Safety Management Systems, it provides the foundation for policy implementation with a systematic approach to identify, evaluate and mitigate safety and environmental risks, while embedding a culture of accountability and proactive intervention. The management system supports national regulations, industry best practices and international standards, ensuring TNB meets both regulatory requirements and global expectations for responsible business conduct. Through HSEMS, TNB not only safeguards its workforce and assets but also demonstrates commitment to sustainable operations, enhancing stakeholder trust and supporting the company's long-term resilience.

## SAFETY, HEALTH AND WELL-BEING

## STRATEGY IN MOTION

As we accelerate our energy transition journey alongside business growth, HSE becomes increasingly prominent and central to our operations. In 2025, we have revised our HSE strategy to elevate HSE's role within the company's evolving vision. The strategy provides a structured framework for achieving operational excellence, zero-harm outcomes and environmental preservation across our business operations. Anchored on three (3) strategic pillars which are strengthening HSE governance, driving impactful outcomes and reinforcing stakeholder trust, the strategy ensures that safety, health and environmental considerations are embedded at every level of the organisation. This high-level framework allows the HSE community within the organisation to design initiatives that meet the stated strategic focuses and objectives with the flexibility to suit their respective operations.

Supporting enablers, including organisational structure, digitalisation and data analytics, talent capabilities and a strong HSE culture, provide the tools and systems to translate strategy into measurable performance.



## SAFETY, HEALTH AND WELL-BEING

Anchoring on the data analytics enabler, we conducted diagnostics exercise on material incidents from 2021 to 2025. The diagnostics highlighted four (4) Key Focus Areas (KFAs) to be prioritised in establishing mitigation efforts, namely electrical, project sites, roadside works and motor vehicle. We identify the mitigations based on the root causes through the 4E1D approach: Education, Engagement, Engineering, Enforcement and Digitalisation.

In terms of Education, Engagement and Enforcement, each KFA identifies targeted assets and hot spot areas for those assets, high-risk work scope in projects as well as target focus groups for customised engagement with the public. Where critical, replacement or modification of assets are conducted as part of Engineering approach. We commit to process efficiency and reporting transparency in these efforts by leveraging on digitalisation and innovation opportunities where suitable and value adding.



### EDUCATION

#### Life Saving Rules Programme

The Life Saving Rules (LSR), introduced in 2017, were established to prevent serious injuries and fatalities among TNB employees and contractors. These rules are mandatory across all divisions, departments, subsidiaries and contractors, with particular emphasis on high-risk environments such as installations, power stations and construction sites. To date, we have implemented six (6) Life Saving Rules (LSR), with the primary objective of preventing serious accidents that could result in fatalities among the employees and contractors. In 2025, TNB HSEC has approved the enforcement of LSR 6 (Caution, Suspended Load) consequence management starting 1 January 2026.

Adherence to LSR requirements is imposed on employees as well as on contractors and sub-contractors. Non-compliance with the LSR may lead to termination and blacklisting for staff and contractors/subcontractors, respectively. However, LSR aims to protect lives rather than to punish. Since the implementation of the LSR, fatal accidents related to LSR violations have significantly decreased. No LSR-related fatality has been recorded for 2025.

#### 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

#### The goals of LSR include:

1

**Maintaining legal compliance**

2

**Saving lives and preventing severe injuries**

3

**Achieving zero accidents**

4

**Promoting a fully generative safety culture**

5

**Improving overall occupational health and safety performance**

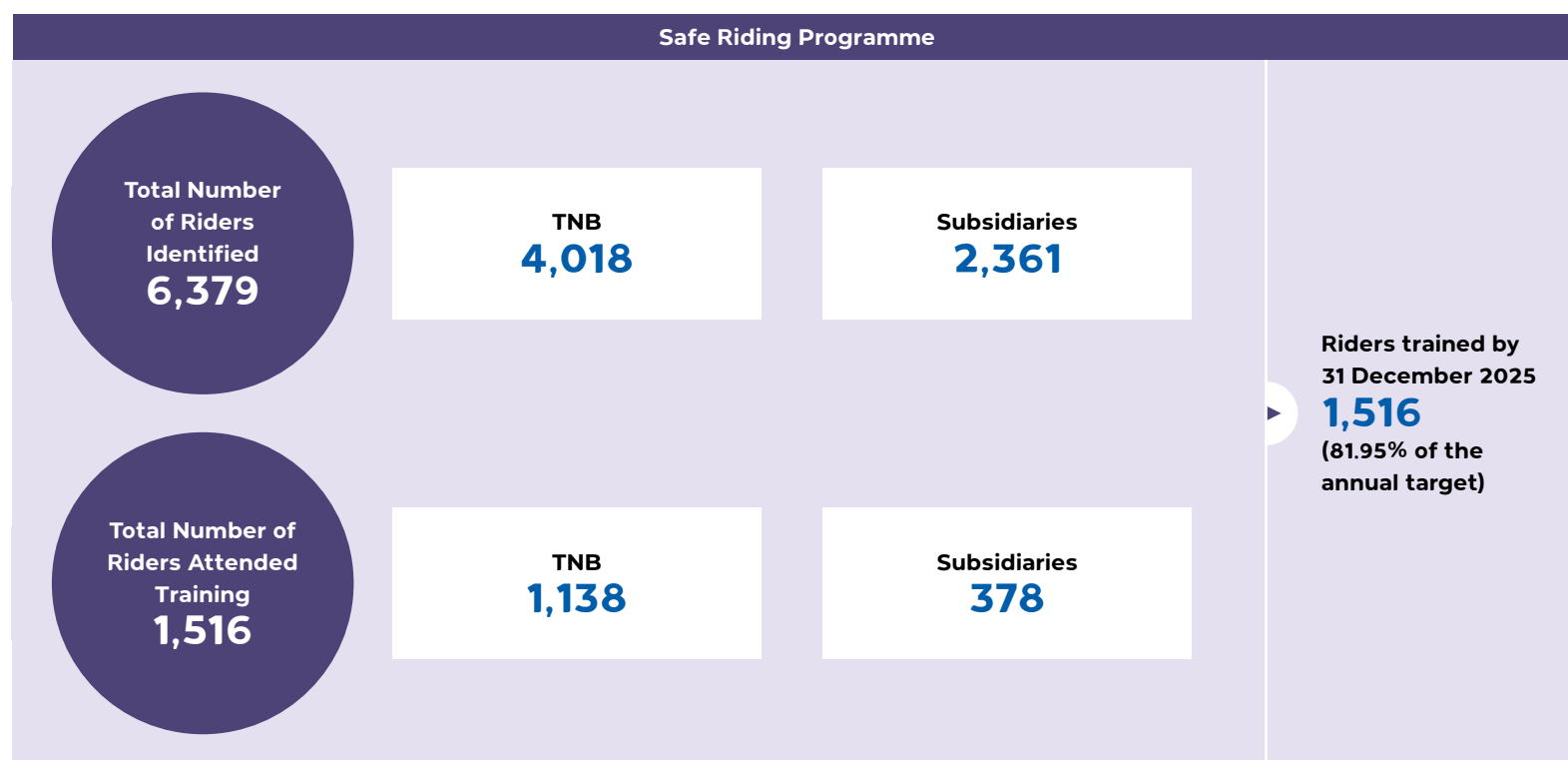
## SAFETY, HEALTH AND WELL-BEING

### Safe Riding

TNB authorises only specific groups of employees to use motorcycles for work-related purposes, for example, meter readers, and these employees are equipped with comprehensive safe riding and risk management training to ensure they can perform their duties safely and confidently. Refresher training is conducted periodically to reinforce safe behaviours, improve hazard recognition and strengthen defensive riding skills, reflecting our commitment to continuous competency development. Beyond traffic-related risks, we also recognise that motorcycle-riding employees often encounter additional hazards during fieldwork, particularly in semi-urban and rural areas. One such risk is animal-related incidents, including dog attacks, which pose real threats to rider safety. To address this, we provide specialised training on how to manage and respond to animal hazards, equipping employees with practical techniques to remain safe and avoid escalation during such encounters.

In addressing safety beyond compliance requirements, we have introduced the Safe Riding Programme for the estimated 15% of TNB employees who commute to work using motorcycles. This effort aligns with our culture of caring that is not bound by law but transcends through genuine concern for humanity and the well-being of our people. It reflects TNB's commitment to safeguarding employees not only within the workplace, but also in the everyday realities they face beyond our premises. By equipping riders with essential skills, defensive riding techniques and heightened risk awareness, TNB demonstrates that our responsibility does not end at the gate, we strive to ensure every employee returns home safely to their families. This initiative reinforces our belief that a truly caring organisation protects its people holistically, valuing their lives, aspirations and long-term safety above all else.

The Safe Riding Programme is carried out in collaboration with our training centre, ILSAS, and targets to enroll more than 6,000 identified employees for training by 2027.





## SAFETY, HEALTH AND WELL-BEING

## Occupational Health Management

In 2025, we established TNB's Occupational Health Framework, a structured and integrated approach to managing health-related risks across the organisation, ensuring strong governance, regulatory compliance, and proactive protection of employee well-being. Anchored on the requirements of Occupational Safety and Health Act (OSHA) 1994 and Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations 2004 (NADOPOD), the framework systematically addresses eight (8) key occupational health hazard categories related to our business operations such as Noise, Ergonomics, Chemical, Indoor Air Quality, Radiation, Heat Stress, Biological and Psychosocial.

| OCCUPATIONAL HEALTH FRAMEWORK                                                                                                                                         |                                                                                                                                                    |                                                                                                                                                                               |                                                                                                                                                                                                         |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Objective</b><br>To ensure strong governance and implementation of Occupational Health (OH) in TNB towards zero occupational disease and zero non-compliance on OH |                                                                                                                                                    |                                                                                                                                                                               |                                                                                                                                                                                                         |  |
| OH Hazard in TNB                                                                                                                                                      | Noise                                                                                                                                              | Ergonomics                                                                                                                                                                    | Chemical                                                                                                                                                                                                |  |
| Regulations and ICOP (Industrial Code of Practice)                                                                                                                    | Noise Exposure Regulations 2019                                                                                                                    | Guidelines on Ergonomics Risk Assessment 2010                                                                                                                                 | <ul style="list-style-type: none"> <li>USECHH Regulations 2000</li> <li>CLASS Regulations 2013</li> </ul>                                                                                               |  |
| Guidance Document                                                                                                                                                     | TNB OSH Policy                                                                                                                                     |                                                                                                                                                                               |                                                                                                                                                                                                         |  |
| Internal Instruction                                                                                                                                                  | <i>Garis Panduan Pendedahan Bising Di Tempat Kerja 2021</i>                                                                                        | <i>Garis Panduan Ergonomik Pejabat 2021</i>                                                                                                                                   | <i>Garis Panduan Pengurusan Bahan Kimia Berbahaya 2019</i>                                                                                                                                              |  |
| Monitoring                                                                                                                                                            |                                                                                                                                                    |                                                                                                                                                                               |                                                                                                                                                                                                         |  |
| a) Risk & Exposure Assessment                                                                                                                                         | <ul style="list-style-type: none"> <li>Excessive Noise Identification</li> <li>Noise Risk Assessment (Personnel &amp; Area)</li> </ul>             | Ergonomic Risk Assessment                                                                                                                                                     | <ul style="list-style-type: none"> <li>Chemical Register</li> <li>Chemical Health Risk Assessment</li> <li>Exposure Monitoring</li> </ul>                                                               |  |
| b) Control Measures                                                                                                                                                   | Noise Control: <ul style="list-style-type: none"> <li>Engineering Control (Enclosure, Damper etc.)</li> <li>Duration Limit</li> <li>PPE</li> </ul> | Ergonomic Control: <ul style="list-style-type: none"> <li>Design &amp; Specification</li> <li>Mechanical Aid (Tools, Trolley etc.)</li> <li>Administrative Control</li> </ul> | Chemical Control: <ul style="list-style-type: none"> <li>Substitution</li> <li>Local Exhaust Ventilation</li> <li>Emergency Response Plan (ERP)</li> <li>Personal Protective Equipment (PPE)</li> </ul> |  |
| c) Training                                                                                                                                                           | Noise Training (Annually)                                                                                                                          | <ul style="list-style-type: none"> <li>Office Ergonomic e-Learning</li> <li>Manual Handling e-Learning</li> </ul>                                                             | Chemical Handling Training (Every 2 Years)                                                                                                                                                              |  |
| d) Medical Surveillance                                                                                                                                               | Audiometry Report                                                                                                                                  | Not Applicable                                                                                                                                                                | Medical Surveillance                                                                                                                                                                                    |  |
| e) Audit                                                                                                                                                              | Audit & Inspection                                                                                                                                 | Audit & Inspection                                                                                                                                                            | Audit & Inspection                                                                                                                                                                                      |  |
| Reporting                                                                                                                                                             | Noise Induced Hearing Loss (NIHL)                                                                                                                  | Musculoskeletal Disorder                                                                                                                                                      | Poisoning, Lung Inflammation. Dermatitis                                                                                                                                                                |  |

## SAFETY, HEALTH AND WELL-BEING

The framework brings together all relevant regulatory references, internal policies, management system components and guidelines to create a clear line of sight from legal obligations to operational practices. For each hazard area, it outlines specific requirements for risk and exposure assessments, control measures, training, medical surveillance, monitoring and reporting. This ensures that every function within TNB applies consistent, evidence-based processes to prevent occupational diseases and minimise health risks.

By consolidating regulations, internal instructions and practical implementation steps into a single, comprehensive structure, TNB's Occupational Health Framework enhances visibility, strengthens accountability and supports continuous improvement. Ultimately, this framework reinforces TNB's commitment to achieving zero occupational disease and zero non-compliance, while fostering a safe, healthy and resilient workforce across all operations.

## \*Legal Requirement

**OSHA 1994 and its regulations** - Responsibility of employer to ensure workplace for employees is safe and without risk to health.

**NADOPOD 2004** - Responsibility of employer to report occupational diseases arising from the workplace

| Indoor Air Quality                                                | Radiation                                                                                                            | Heat Stress                                                               | Biological                                               | Psychosocial                                      |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|
| ICOP Indoor Air Quality (IAQ) 2010                                | Atomic Energy Licensing Act 1984                                                                                     | Guidelines on Heat Stress Management 2016                                 | Prevention & Control of Infectious Diseases Act 1988     | Guidelines on Psychosocial Risk Assessment 2024   |
| HSE Management System                                             |                                                                                                                      |                                                                           | Guidelines/Circular                                      |                                                   |
| Not Yet Available                                                 | <i>Pekeliling Hse Bil 6/2023 Pematuhan Akta Pelesenan Tenaga Atom 1984 (Akta 304) Bagi Bahan Radioaktif</i>          | Not Yet Available                                                         | Not Yet Available                                        | Not Yet Available (Shift/Post Traumatic Disorder) |
| Indoor Air Quality Assessment (If Applicable)                     | Personnel Exposure Monitoring                                                                                        | Heat Stress Assessment                                                    | Not Applicable                                           | Not Yet Available                                 |
| IAQ Control:<br>• Engineering Control<br>• Administrative Control | Radiation Control:<br>• Radiation Protection Officer (RPO)<br>• Shielding (Engineering)<br>• Duration Limit<br>• ERP | Heat Stress Control:<br>• Engineering Control<br>• Administrative Control | Biological Control:<br>• Administrative Control<br>• PPE | Administrative Control                            |
| Not Applicable                                                    | Radiation Protection                                                                                                 | Not Applicable                                                            | Not Applicable                                           | Not Applicable                                    |
| Not Applicable                                                    | Medical Surveillance                                                                                                 | Not Applicable                                                            | Not Applicable                                           | Not Applicable                                    |
| Audit & Inspection                                                | Audit & Inspection                                                                                                   | Audit & Inspection                                                        | Audit & Inspection                                       | Not Applicable                                    |
| Sick Building Syndrome                                            | Cancer Related To Radiation                                                                                          | Heat Stroke                                                               | Hepatitis B, HIV                                         | Post Traumatic Stress Disorder                    |

\* Penalty RM500,000, or imprisonment up to 2 years, or both

## SAFETY, HEALTH AND WELL-BEING

### Ergonomic - Comfort Meets Performance

We continue to strengthen our commitment to occupational health by integrating ergonomic principles across our operations. In office environments, workstations are designed in accordance with our internal ergonomic guidelines to ensure proper posture, reduce musculoskeletal strain and enhance employee comfort. Several plants have also implemented ergonomic enhancements in their control rooms, reflecting local initiatives to optimise work conditions for operational staff.

Beyond workplace design, we apply ergonomics in daily tasks through the adoption of lifting equipment and appropriate tools to minimise manual handling risks. These engineering and administrative measures are complemented by training programmes focused on office ergonomics and safe lifting techniques, fostering awareness and empowering employees to protect their own health. Collectively, these efforts support our goal of reducing work-related musculoskeletal disorders and promoting a healthier, safer and more sustainable workplace.

### Systematic Occupational Health Enhancement Level Programme (SOHELP)

TNB remains committed to upholding occupational health standards by participating in the Systematic Occupational Health Enhancement Level Programme - Do It Yourself (SOHELP DIY), initiated by the Department of Occupational Safety and Health (DOSH), Malaysia.

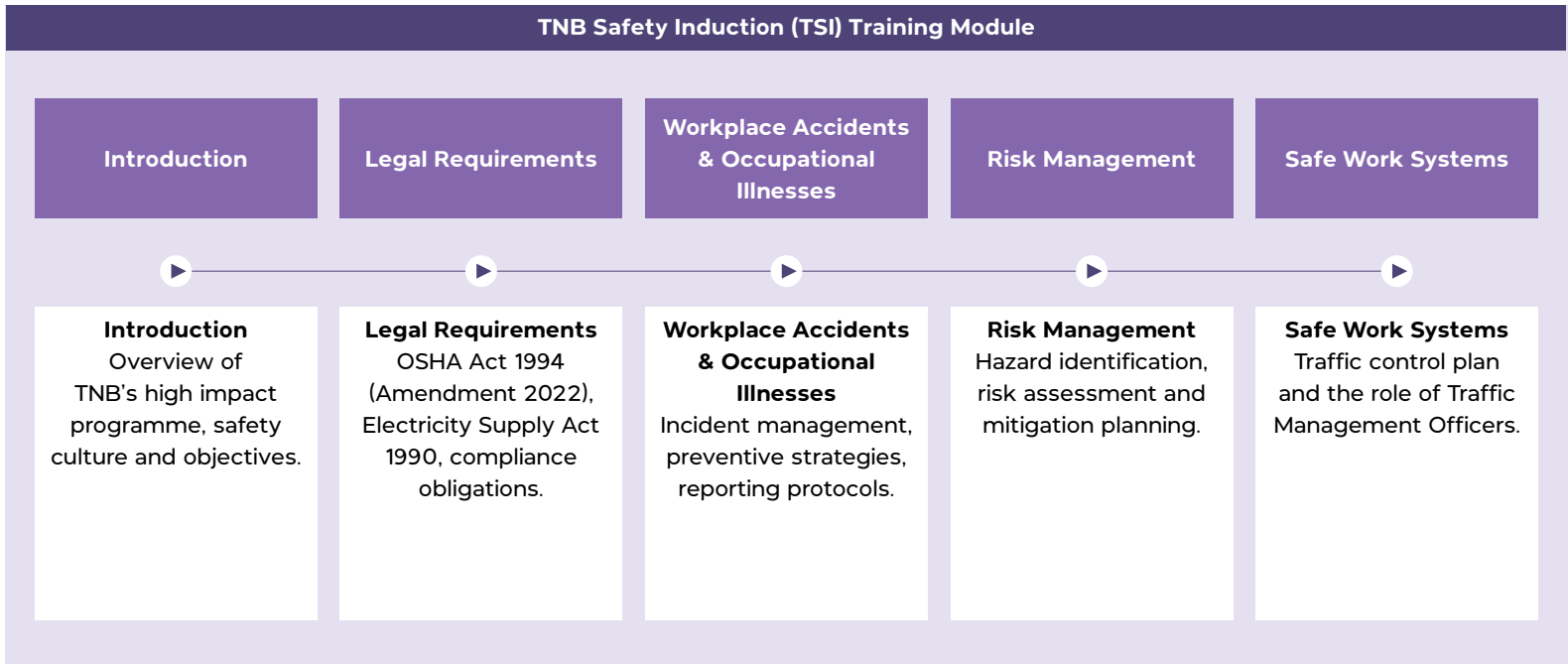
For the 2024/2025 cycle, Distribution Network Division (Kota Bharu, Kelantan) achieved the highest compliance level (Level 5) for both chemical and ergonomics elements.

Continuing this commitment into the 2025/2026 cycle, TNB has nominated Fleet Management Department at Malim Nawar and Lundang to participate in the programme, focusing on noise, ergonomics and chemical elements. The programme is scheduled to conclude by March 2026.

### Health and Safety Training for Employees

We are committed to building employee understanding and awareness in health and safety practices and culture, ensuring that safety remains paramount in all our endeavours and is ingrained in every aspect of our TNB operations.

We have been providing the TNB Safety Passport (TSP) training as mandatory safety and health training for employees Group-wide. In 2025, we migrated our training module to the TNB Safety Induction (TSI) training module which covers the following items:



The TSI was also developed using an online e-learning approach to ensure full reach to all our employees nationwide. In 2025, 100% of TNB Group workforce completed the TSI training.

To enable greater self-regulation among our employees, HSEMS implementation training is also provided to employees to ensure they are adequately trained to implement health and safety practices in their respective workplaces. Our effort in educating our staff extends to additional focused modules which covers occupational health specific scopes such as Office Ergonomics e-learning, Manual Handling and Chemical Handling.

## SAFETY, HEALTH AND WELL-BEING

**Safety Through Certified Competency**

We place strong emphasis on developing and sustaining a highly competent workforce as a core foundation of our safety and operational governance. In line with statutory requirements, the Group ensures that Authorised Persons, Competent Persons, and Safety and Health Officers (SHOs) are properly certified by related statutory bodies such as EC, DOSH and Construction Industry Development Board (CIDB) and equipped with the knowledge required to perform their roles responsibly. Beyond mandatory certifications, we embed continuous capability building through our structured safety learning journey, which provides tailored technical training, refresher modules and leadership-focused programmes that deepen understanding of risk control, safe work procedures and regulatory expectations. This progressive approach ensures that employees not only meet legal obligations but are also empowered with the practical competence needed to prevent incidents and maintain safe system operations. By investing consistently in skills enhancement, professional development and knowledge retention, TNB reinforces a culture of safety excellence and strengthens its long-term capacity to deliver safe, compliant and resilient operations across the organisation.

**Public Education and Engagement on Electrical Safety**

We are committed to promoting public safety and community well being through continuous education and engagement on electrical safety. Recognising our role as a national utility provider, we reach out through awareness programmes, community outreach initiatives, school engagements and social media channels to educate the public on safe use of electricity, prevention of electrical hazards and emergency response preparedness. These initiatives are designed to reduce accidents, enhance community awareness and foster shared responsibility for safety. Through partnerships with local authorities, educational institutions and media platforms, we continuously ensure that safety messages reach diverse audiences across urban and rural areas.

Based on our diagnostics, we identified a few target groups namely plantation workers, paddy field community and fishermen for their exposure to overhead lines and working near wet conditions as well as the public for home electrical hazard involving our service wires. We leverage on Malaysia Energy Literacy Programme (MELP) platform to engage and educate the plantation workers and elevate their interest and awareness in electrical safety.

**Flood Risk Preparedness Engagement**

An integrated public safety campaign during flood season raised awareness about electrical safety before, during and after floods. It engaged customers in flood-affected states through multilingual print media, digital and radio advertisements, personalised myTNB engagements and visits to temporary flood shelters to distribute safety posters. These were further shared on TNB's social media accounts and through collaborations with Key Opinion Leaders (KOL), reinforcing the importance of electrical safety as part of disaster preparedness. Additionally, we work closely with Energy Commission (EC) and local authorities to ensure compliance and safety in house renovations and TNB installations. Through these initiatives, we strive to foster a safer environment and promote sustainable practices within our communities.

**ENGAGEMENT WITH EMPLOYEES****Fostering Healthy Relationship with Unions**

TNB is committed to fostering transparent, constructive and collaborative engagement with its union partners as part of our broader commitment to safeguarding employee safety, health, and well-being. We maintain regular dialogue with both executive and non-executive unions through periodic meetings, consultation platforms and information-sharing sessions, ensuring that union representatives are kept informed of safety developments, emerging risks and ongoing improvement initiatives across our operations. This engagement approach strengthens mutual trust, supports shared responsibility for safe work practices and reinforces TNB's accountability to its employees and the communities we serve.

In 2025, TNB conducted engagement sessions with *Persatuan Eksekutif TNB (PET)*, *Kesatuan Percantuman Pekerja-Pekerja Tenaga Nasional Berhad (K3P)*, *Kesatuan Pegawai Perkhidmatan Sokongan TNB (SSOU)*, TNB Executive Officers Association (EOA) and *Persatuan Unit Keselamatan Tenaga Nasional Berhad (Perunika)* between August and October, focusing on updates to safety governance, implementation progress and collaborative action on workplace health initiatives. Moving forward, TNB is institutionalising these engagements by holding them twice annually and expanding opportunities for unions to participate actively in key safety programmes and corporate initiatives. This strengthened partnership reflects TNB's commitment to inclusive stakeholder engagement and continuous improvement in occupational safety and health performance.

**Supporting Employees' Health and Wellness****Physical Fitness**

We encourage our employees to stay active through various programmes and promotions across all employee platforms.

All TNB employees are provided with a subscription to our wellness platform, BookDoc, a mobile application where they can stay fit and track their daily steps as part of TNB's initiative to promote fitness and an active lifestyle.

## SAFETY, HEALTH AND WELL-BEING

We conduct basic health screening for all employees nationwide to monitor their health status. The health screening provides a baseline for employees to gauge their vital health statistics, such as blood glucose levels, blood pressure and Body Mass Index (BMI). Where necessary, TNB's Wellness Team will provide basic counselling and advice to employees on steps to modify their lifestyle and improve their overall health. Intervention plans are also made available, such as M-Quit, a programme to help employees quit smoking. TNB offices are also equipped with gyms, parks or walking/cycling tracks to further encourage employees. Employees are also encouraged to utilise the 1-hour-a-week allocation for Wellness Hour activities to strengthen their fitness.

For 2025, we collaborated with Naluri to embark on a fitness programme for 100 identified employees. This programme aims to revitalise their fitness journey in all aspects including exercise, diet and leading a healthy lifestyle overall. Participants can check in with their assigned coaches daily and weekly to track their progress and gauge their overall improvements.

Weekly 'Wellness Wednesday' webinars are held throughout the year in collaboration with panel hospitals on health and wellness-related topics, open to all employees and retirees. These webinars, with at least 1,000 participants in each session, aim to increase awareness on holistic well-being and prevention through healthier habits and lifestyle. For 2025, apart from common health issues such as cancer, cardiovascular disease and diabetes, new global health topics were introduced, including TB, dengue, HIV/AIDS, malaria, influenza and hand, foot and mouth disease (HFMD), totaling over 40 varied health topics.

### Mental Health

Recognising the importance of mental health, TNB has initiated activities to recognise and manage mental health. Monthly "Are You OK? Jom Sembang" webinars are our feature webinars, specifically designed to address mental health issues. These webinars, conducted by panel hospitals and our in-house medical doctors cover topics such as Anxiety, 'Hello Minda Bahagia 2025', 'Tua Yang Sihat' and other related mental health topics.



### ENGINEERING

TNB strengthens its safety performance by prioritising engineering solutions, such as safer equipment design, protective systems and physical safeguards, to reduce risks at their source. The Group applies engineering interventions, such as modifications to 11 kV switchgear tripping mechanisms and enhanced Supervisory Control and Data Acquisition (SCADA) automation for remote switching to reduce human error and limit employee exposure to electrical hazards. TNB also manages public safety risks through phased asset replacement, including upgrading bare conductors to insulated conductors in Sabah and replacing steel poles with more durable and non-conductive spun concrete poles. These initiatives improve safety, reliability, and operational efficiency while supporting sustainability goals through longer asset lifespans and reduced environmental impact. Continuous reviews, audits and lessons learned ensure ongoing improvement in our operation.

Other than engineering modification, we also implement phased asset replacement to address safety risks to the public. Replacement of bare overhead conductors to insulated conductors has been our ongoing effort, targeting 9,808 circuit-km by the year 2075 in our Sabah operations. We have also undertaken a systematic initiative to replace conventional steel poles with spun concrete poles across our distribution network. This initiative is driven by the objective of reducing risks associated with corrosion, structural failure and electrical hazards. The adoption of spun concrete poles provides a more durable, non-conductive and low-maintenance alternative that significantly improves the safety of communities and employees alike.

Beyond enhancing reliability and reducing potential incidents, our engineering intervention also supports our broader sustainability goals by extending asset lifespan, reducing maintenance frequency and minimising the environmental footprint of network operations. To ensure continuous improvement, engineering controls are reviewed regularly through safety audits, incident investigations and root-cause analysis for incident investigation, with lessons learned cascaded across business units.



## SAFETY, HEALTH AND WELL-BEING



## INSPECTION AS KEY ENFORCEMENT MECHANISM

TNB strengthens its HSE governance through targeted inspections across its KFAs. As part of a risk-based assurance approach, each operating Business Entities (BE) declares the total number of sites under its responsibility, representing the overall risk exposure for each KFA.

Inspections are carried out independently by three (3) groups Operations, the Corporate HSE team, and HSE personnel at dedicated operating BE. Each party conducts its inspections separately, using randomly selected sites based on the declared KFA exposure. This ensures objectivity, consistency and broad coverage across TNB's operational footprint. Compliance against identified HSE requirements is assessed during these inspections, with any gaps documented and assigned for corrective action. Where findings indicate systemic issues, the corrective actions are reviewed and replicated across the Group to ensure long-term, organisation-wide improvements. Progress, trends, and closure status are monitored and consolidated periodically for reporting to Top Management.

This independent, risk-informed inspection process reinforces TNB's culture of accountability, drives continuous improvement in safety performance and supports our long-term commitment to a zero-harm workplace.

**Mandatory Installation of Dashcam for all TNB vehicles**

As part of strengthening safety enforcement and enhancing road safety practices, TNB has mandated the installation of dashcams in all company vehicles starting 2023. Dashcam is also a mandatory feature that is included in all purchase of new TNB vehicles. This initiative aims to improve driving accountability, support incident investigations and promote safer driving behaviour among employees. The use of dashcams also provides objective evidence in the event of road incidents, enabling timely and accurate assessment while reinforcing TNB's commitment to preventing road-related accidents across its operations.

**Revitalising Safety Excellence Management System (RSEMS)**

Whilst employees' safety is of utmost importance, we also pay close attention to comfort in the workplace to elevate employee experience. Revitalising Safety Excellence Management System (RSEMS) is an initiative continuously implemented in 2025 to address both safety and comfort at the workplace, targeting stores and yards owned by TNB nationwide. The primary objective of RSEMS is to ensure that regulatory requirements and internal standards of health, safety and environment at these locations are adhered to with care and emphasis is also given to workplace comfort. RSEMS assessment is conducted in two (2) parts - verification of technical HSE requirements and interview sessions on employees' satisfaction. In 2025, focus was given on implementation of all corrective actions identified in the last cycle.

In ensuring a stable and consistent implementation, RSEMS initiative, a RSEMS guideline was developed and issued as a guidance document for business entities in implementing RSEMS effectively.

Aligned with TNB's long-term ESG agenda, RSEMS represents a strategic convergence of operational discipline and sustainability values. By safeguarding the safety and well-being of its workforce and minimising environmental risks, RSEMS supports broader goals such as fostering employees' trust and creating a pleasant employee experience whilst minimising environmental risks.

Gaps identified during assessments are followed by a phased timeline for required actions. The progress of actions taken are monitored and reported to the TNB HSE Committee periodically until closure. For 2024 cycle, a total of 104 actions have been identified. 98% of these actions have been resolved in 2025. The remaining 2% is targeted to be completed in Q1 2026.

In 2025, a total of 220 out of 220 locations have been audited, where 49 actions have been identified. These actions are targeted to be resolved in 2026.

## SAFETY, HEALTH AND WELL-BEING

### Quality Potential Incident (QPI) Initiative

TNB continues to strengthen its safety culture through a proactive incident reporting initiative designed to identify risks before they lead to harm. This initiative encourages employees and contractors to report hazards, near misses and unsafe conditions without fear of reprisal, enabling the organisation to capture early warning signals across its operations. By systematically analysing reported cases, TNB can implement timely corrective and preventive actions, enhance engineering and administrative controls, and address behavioural or process gaps that may contribute to risk.

The effectiveness of this initiative is measured by 3 metrics:

Number of QPI Reported

Number of Rectifications  
Completed

Incident Avoidance

This approach not only improves transparency and organisational learning but also reinforces TNB's commitment to a zero-harm workplace. Early detection of potential incidents supports more targeted interventions, reduces the likelihood of serious events and strengthens a culture of shared responsibility for safety. Through continuous monitoring, trend analysis, and cross-business-unit learning, the incident reporting initiative plays a critical role in driving sustained improvements and embedding a prevention-first mindset throughout the organisation.



### OSHA COMPLIANCE

All reported OSH rates calculated based on the number of incidents per 1,000,000 hours. This approach enables consistent benchmarking of safety performance across different operational scales and aligns with recognised international reporting practices.

| OSH Indicators                                                    | Employees | Contractors |
|-------------------------------------------------------------------|-----------|-------------|
| <b>Fatality Rate</b>                                              | 0.03      | 0.04        |
| <b>Total Recordable Incident Rate (TRIR)</b>                      | 4.50      | 0.77        |
| <b>Lost Time Injury Frequency Rate (LTIFR)</b>                    | 0.83      | 0.21        |
| <b>Restricted Work Duty (RWD), Medical Treatment Injury (MTI)</b> | 44        | 7           |
| <b>First Aid</b>                                                  | 49        | 5           |
| <b>Dangerous Occurrence</b>                                       | 12        |             |
| <b>Near Miss Frequency Rate (NMFR)</b>                            | 0.24      | -           |
| <b>Potential Incident Reports</b>                                 | 114,791   | -           |

### Performance Analysis

[SASB: IF-EU-320a.1]

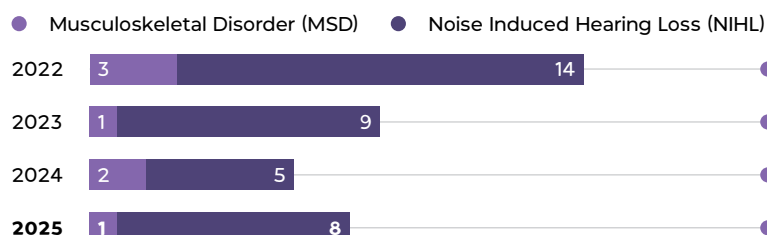
In 2025, three (3) reportable work-related fatal accidents excluding greenfield cases were recorded. We deeply regret the loss of lives and remain committed to preventing such tragedies through continuous improvement in our safety practices through enhanced risk controls, targeted training and stricter enforcement of the Life Saving Rules, with the goal of achieving zero fatalities.

Our online potential incident reporting system generates more precise analyses and improves reporting guides and data collection, enabling us to identify and assess potential incidents for proactive mitigations.

Near misses are defined as incidents that could have resulted in injury, illness, or damage but did not, due to chance or timely intervention. At TNB, near misses are identified through routine observations, inspections, or employee reports. Employees are encouraged to report all near misses promptly through the designated Health, Safety, and Environment (HSE) reporting channels, such as the TNB Safety Information System (TSIS).

## SAFETY, HEALTH AND WELL-BEING

There was a decrease in LTIFR for our employees from 0.87 in 2024 to 0.83 in 2025. We are still achieving our target of LTIFR less than 1.0, indicating a strong safety performance. Noise compliance audits and enhancements for the Specification of Noise Risk Assessment and Audiometry Test resulted in clearer guidance for effective implementation of the Hearing Conservation Programme (HCP). TPGSB has also developed a comprehensive HCP customised for power plant employees.

**Occupational Disease****2025****1 MSD (ERGONOMICS) CASES****8 NIHL (NOISE) CASES****HSE DIGITALISATION**

Technology and data analytics are increasingly integrated into our safety management practices to enhance early detection of hazards and predictive risk management. By reinforcing a safety-first culture and embedding risk ownership in all operations, TNB aims to minimise the likelihood and severity of workplace incidents while ensuring compliance with national and international safety regulations.

In 2025, we have migrated our Tenaga Safety Passport (TSP) training module to the TNB Safety Induction (TSI) training module e-Learning in support of its digitalisation aspirations. Delivered through the People Matters Better Brighter (PMBB) digital platform and Learning Management System (LMS), this initiative aims to reach all employees for basic safety training. The TSI module is mandatory for all employees to complete annually, ensuring consistent awareness and adherence to safety standards. It supports compliance with Section 15 of the Occupational Safety and Health Act 1994, reinforcing employers' responsibility for workplace safety and health.

We also advanced our safety and digital integration efforts by incorporating the Tenaga Safety Induction System (TSIS) platform into the existing eHSE module. This integration enables employees to report safety incidents directly through a centralised digital system, enhancing responsiveness and transparency. The upgraded platform consolidates multiple safety and compliance and compliance online modules, including Non-Conformance Report (NCR), Notice, Compound & Lawsuit (NCL), Safety and Health Committee Online, Chemical Register and Legal Compliance into a one-stop centre. This consolidation simplifies processes, improves data accessibility and empowers employees to contribute to efficient and transparent reporting.

The HSE digitalisation efforts contribute to our broader sustainability goals by aligning safety improvements with environmental efficiency and operational resilience. Investing in safer, smarter technologies fosters a culture of continuous improvement and positions TNB as a forward-looking utility that leverages innovation to protect people, strengthen performance and support a just and responsible energy transition.

**HSE COMPLIANCE EXTENDED TO CONTRACTORS**

As part of Tenaga Nasional Berhad's (TNB) commitment to uphold the highest standards of HSE across its operations and supply chain, we continue to strengthen our contractor management through implementing Contractor Management Plan (CMP). Recognising that contractors play a critical role in the successful delivery of projects and services, TNB has introduced enhanced requirements within our tender documentation to ensure that only capable and responsible partners are engaged.

These enhancements integrate four (4) key elements that reinforce proactive risk management, fair evaluation and sustainable business practices, which are:

**OCCUPATIONAL SAFETY AND HEALTH (OSH) CAPABILITY QUESTIONNAIRE**

The objective of OSH capabilities assessment is to screen potential contractors during contract evaluation process. Through this assessment, TNB can establish a list of contractors who have the OSH capabilities in carrying out the works and managing the associated risk. It covers areas such as OSH policy, leadership commitment, OSH planning & implementation, OSH performance, personnel competency and compliance with legal and regulatory obligations. Through this process, it provides TNB an overview of the status of a contractor's workplace health and safety management system. The questionnaire is intended to indicate whether the contractor has a basic level of commitment and capacity to achieve effective workplace health and safety management.

## SAFETY, HEALTH AND WELL-BEING

### INITIAL RISK ASSESSMENT (IRA)

Initial risk assessment is the first step in evaluating potential risks associated with a project, activity, process or environment. It identifies hazards, evaluates their likelihood and severity and helps determine which risks need mitigation.

By embedding risk assessment at the planning stage, TNB promotes a proactive safety mindset and continuous risk control throughout project execution.

### TNB HSE REQUIREMENTS FOR CONTRACTORS

All prospective contractors must acknowledge and commit to comply with the TNB HSE requirements. These requirements articulate TNB's expectations on HSE governance, performance monitoring, incident reporting and continuous improvement. Incorporating this element in all types of contracts ensures alignment between TNB's HSE requirements and contractor practices, fostering a consistent and transparent approach to safety and environmental stewardship across the supply chain.

### SUB-CONTRACTOR SELECTION CRITERIA

Selecting a subcontractor is a critical decision for the success of a project as it impacts on the overall quality, cost and timeline. Common evaluation criteria include experience and expertise, financial stability, safety record and compliance and environmental considerations. This requirement ensures that all tiers of contracting partners uphold the same level of professionalism, ethical conduct and commitment to HSE as TNB.

The integration of these four (4) elements into the tender document will enhance transparency, accountability and consistency in contractor management. It supports TNB's commitment to achieving a safe and healthy work environment by ensuring that only competent and responsible contractors are engaged in TNB projects.

## RISK MANAGEMENT

*IFRS 51.43(a)(b), 44(a)(b)(c); IFRS 52.24, 25(a)(b)(c)*

Given the nature of TNB's operations across generation plants, transmission networks and distribution systems, our employees and contractors are exposed to inherent occupational hazards such as electrical risks, working at heights, confined spaces and heavy equipment handling. Any workplace accident can have serious consequences, including injury or loss of life, operational disruption and reputational damage. Such incidents could also lead to financial implications in the form of compensation claims, regulatory penalties or legal actions.

In addition, our assets are widely dispersed and embedded within communities, spanning power stations, substations, transmission lines, distribution networks and customer interfaces, resulting in constant interaction with the public. This ubiquitous presence means that members of the public may be exposed to electrical hazards arising from proximity to live equipment, overhead lines, underground cables or damaged infrastructure, particularly during extreme weather events or unauthorised activities. We therefore place strong emphasis on public safety as a core responsibility, extending beyond operational boundaries. This includes rigorous asset design, maintenance and inspection programmes to ensure infrastructure integrity, as well as the implementation of safety features, warning systems and physical controls to minimise risk. Complementing these technical measures, TNB actively conducts public awareness and education initiatives on electrical safety, working closely with communities, schools, local authorities and other stakeholders to promote safe behaviour around electrical installations while ensuring reliable and continuous electricity supply.

This HSE risk is significant as it directly affects TNB's operational continuity, employee morale, stakeholder trust and our ability to deliver energy safely and reliably. To mitigate this, we maintain a comprehensive Occupational Safety and Health (OSH) Management System that is aligned with ISO 45001 standards. We enforce strict safety protocols, conduct regular hazard identification and risk assessments and ensure continuous training and competency development across all levels. Leadership accountability is embedded through structured safety governance, while incident reporting and root-cause analysis are used to drive systemic improvement.

## SAFETY, HEALTH AND WELL-BEING

## HAZARD IDENTIFICATION, RISK ASSESSMENT AND RISK CONTROL (HIRARC)

We meticulously identify all work-related hazards, assess the health and safety risks and establish relevant controls to eliminate hazards and mitigate risks through our Hazard Identification, Risk Assessment and Risk Control (HIRARC) procedure. Our HIRARC procedure is developed based on guidelines from the Department of Occupational Safety & Health (DOSH) and forms the foundation of our safety protocols. HIRARC procedures must be carried out prior to the commencement of any project and maintenance work. We conduct regular training sessions on HIRARC to ensure a comprehensive understanding and implementation of the procedure across our operations.

Mitigation actions for fatality risks are implemented using a structured, risk-based approach. Assets with higher potential for severe consequences are prioritised through diagnostics, condition assessment and risk exposure mapping. This process identifies hotspot areas based on recurring incidents, asset involved, or economic activity exposed to or near electrical hazard such as palm oil plantations, paddy fields and near water, enabling targeted interventions such as engineering controls, enhanced inspections, asset upgrades and focused safety programmes. By concentrating resources on areas of highest risk, TNB aims to effectively reduce fatality exposure and strengthen overall safety performance in our Peninsular Malaysia and Sabah operation.

Specific risk assessments are also conducted to assess exposures related to the workplace and work conditions, including:

| Risk Assessment                               | Description                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Environmental Impact Assessment (EIA)</b>  | The assessment includes a study to identify, predict, evaluate and communicate information about the impact (both beneficial and adverse) on the environment of a proposed development activity and the mitigating measures to protect the environment.                                                                                                                           |
| <b>Chemical Health Risk Assessment (CHRA)</b> | The assessment involves identification of chemical hazards arising from the use, handling, storage or transportation of chemicals in the workplace and recommends controls to reduce exposure and minimise harm to workers. It is part of the compliance with the Occupational Safety and Health (Use and Standard of Exposure to Chemical Hazardous to Health) Regulations 2000. |
| <b>Noise Risk Assessment (NRA)</b>            | The assessment involves identification of noise-related risks in the workplace to prevent hearing loss, ensuring a safe work environment and compliance with legal obligations. It is part of the compliance with the Occupational Safety and Health (Noise Exposure) Regulations 2019.                                                                                           |
| <b>Ergonomic Risk Assessment (ERA)</b>        | Assessment involves evaluation on workplace activities to identify and reduce the risk of muscle injury or discomfort caused by ergonomic risk factors, which includes exposure to repetitive motion, awkward posture, static posture, forceful movements, vibration and contact stress. It is part of the Guidelines on Ergonomics Risk Assessment at Workplace 2017.            |

## INCIDENT INVESTIGATION

We refined our incident investigation process by incorporating the Human Factor Analysis (HFA), a methodology introduced by the Energy Institute, United Kingdom, to effectively identify the cause of human errors in an accident. This effort aims to ensure fair justification when human errors contribute to fatal accidents before the consequence management process takes effect. To effectively implement this initiative, 26 employees from various business entities were trained in-house by a representative from Energy Institute, United Kingdom, where the methodology was originally developed. HFA has then been integrated into our consequence management process. In 2025, one out of two (2) potential LSR cases has been identified as willful negligence.

All fatal incidents involving employees, contractors and the public are presented to JEK and Board Sustainability and Risk Committee (BSRC) where deliberation is made on root causes of the incidents and proposed mitigation plans based on 4E elements (education, engagement, engineering and enforcement). Updates on the action status is provided periodically to the HSE Committee until a resolution is reached.



## SAFETY, HEALTH AND WELL-BEING

## OUR PERFORMANCE

IFRS S1.45, 46, 47, 48, 49, 50, 51, 52, 53, B50

| ISSB/Bursa/GRI                                                   | Metric                                           | Units                | FY2023 | FY2024 | FY2025 | Target FY2025      | Future Target | Remarks |
|------------------------------------------------------------------|--------------------------------------------------|----------------------|--------|--------|--------|--------------------|---------------|---------|
| <b>WORKFORCE HEALTH AND SAFETY</b>                               |                                                  |                      |        |        |        |                    |               |         |
| <b>Number of Fatalities as a Result of Work-Related Injuries</b> |                                                  |                      |        |        |        |                    |               |         |
| Bursa C5(a)<br>[Health and Safety]                               | Employees                                        | Number               | 3      | 0      | 1      | Zero fatalities    | -             |         |
|                                                                  | Contractors                                      | Number               | 2      | 4      | 2      | Zero fatalities    | -             |         |
| GRI 403-9                                                        | Total (Employees and Contractor)                 | Number               | 5      | 4      | 3      | Zero fatalities    | -             |         |
| <b>Fatality Rate</b>                                             |                                                  |                      |        |        |        |                    |               |         |
| IF-EU-320a.1                                                     | Employees                                        | Number               | 0.09   | 0.00   | 0.03   | Zero fatalities    | -             |         |
|                                                                  | Contractors                                      | Number               | 0.08   | 0.01   | 0.04   | Zero fatalities    | -             |         |
| <b>Lost-Time Injuries Frequency Rate (LTIFR)</b>                 |                                                  |                      |        |        |        |                    |               |         |
| Bursa C5(b)<br>[Health and Safety]                               | Employees                                        | Per Million Manhours | 0.74   | 0.87   | 0.83   | <1.0               | -             |         |
|                                                                  | Contractors                                      | Per Million Manhours | 0.27   | 0.53   | 0.21   | -                  | -             |         |
| <b>Total Recordable Incident Rate (TRIR)</b>                     |                                                  |                      |        |        |        |                    |               |         |
| IF-EU-320a.1                                                     | Employees                                        | Per 1,000 Workers    | 3.61   | 3.71   | 4.50   | -                  | -             |         |
|                                                                  | Contractors                                      | Per 1,000 Workers    | 1.35   | 1.53   | 0.77   | -                  | -             |         |
| <b>Near Miss Frequency Rate (NMFR)</b>                           |                                                  |                      |        |        |        |                    |               |         |
| IF-EU-320a.1                                                     | Employees                                        | Per Million Manhours | 0.23   | 0.23   | 0.24   | -                  | -             |         |
|                                                                  | Contractors                                      | Per Million Manhours | N/A    | N/A    | N/A    | -                  | -             |         |
| <b>Employees Trained on HSE Standard</b>                         |                                                  |                      |        |        |        |                    |               |         |
| Bursa C5(c)<br>[Health and Safety]                               | Number of employees trained on HSE standards     | Number               | 14,014 | 13,973 | 34,963 | -                  | -             |         |
|                                                                  | Percentage of employees trained on HSE standards | %                    | 40.57  | 40.06  | 100    | 2% annual increase | -             |         |

Note: For the current reporting period, our disclosure prioritises material business entities and subsidiaries. We are progressively strengthening our data collection and reporting processes to expand coverage to additional subsidiaries with lower financial materiality.

# OUR SHARED PATH TOWARDS SUSTAINABILITY

THIS SECTION INCLUDES THE FOLLOWING:

|       |                                          |     |
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| MT 11 | BUSINESS ETHICS AND CORPORATE GOVERNANCE | 180 |
| MT 12 | LABOUR RIGHTS AND EMPLOYMENT CULTURE     | 188 |
| MT 13 | COMMUNITY DEVELOPMENT AND SOCIAL IMPACT  | 198 |
| MT 14 | SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN | 205 |
| MT 15 | DIGITAL TRUST AND CYBERSECURITY          | 210 |



## MT 11 BUSINESS ETHICS AND CORPORATE GOVERNANCE



### WHY IS IT IMPORTANT?

Conducting our business in a responsible and ethical manner with strong business ethics and corporate governance is essential to generate economic value to the nation and exceed shareholders' expectations.

We are committed to upholding responsible business practices while maintaining solid financial performance. Our strategy aims to foster long-term resilience by leveraging our core activities with excellent business ethics. Our corporate governance structure complies with the Malaysian Code on Corporate Governance (MCCG) and aligns with international best practices and standards in the areas of good governance, compliance and transparency to effectively facilitate our business operations and growth.

### OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Maintaining Good Governance to Drive an Ethical and Accountable Workforce                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                          |                          |                          | Risk: Anticipated Business Growth and Workforce Expansion Increases Risk of Unethical Practices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                         |                         |                         |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Description                                           | <p>TNB has consistently maintained a robust and consistent approach to business ethics and corporate governance in short (Year 2026) and medium (year 2027–2030) term by strengthening human governance principles across the organisation. This includes embedding clear ethical standards, promoting accountability, and enhancing transparency in decision-making processes.</p> <p>By providing ethics training, establishing robust reporting channels, and integrating governance frameworks into daily operations, TNB can cultivate a culture of integrity, reduce the risk of misconduct and improve stakeholder trust. Strengthening human governance not only supports compliance with regulatory requirements but also enhances organisational resilience, employee engagement and long-term corporate reputation.</p> |                          |                          |                          | <p>TNB's extensive operations, with the anticipated business growth and expansion of over 35,000 workforce, in construction, maintenance, and infrastructure projects nationwide combined with a high volume of procurement and payment transactions, expose the organisation to the risk of unethical practices.</p> <p>TNB's nature of operations may give rise to unethical practices by employees or vendors, including false claims, manipulation of contract terms, inflated invoicing, or payments for incomplete or substandard work. Such actions could lead to regulatory fines, legal disputes, increased operating costs, and reputational damage.</p> |                         |                         |                         |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens organisational trust and operational integrity by reducing misconduct, fraud exposure and reputational risks across procurement and workforce processes.</li> <li>Enhances long-term resilience through consistent ethical conduct, transparency and accountable decision-making embedded throughout TNB's value chain.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                              |                          |                          |                          | <ul style="list-style-type: none"> <li>Undermines TNB's credibility, erodes stakeholder trust and damages its brand image and reputation.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                         |                         |                         |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Drives prioritisation of strong governance controls, ethics training, internal audits and zero-tolerance frameworks to safeguard organisational credibility.</li> <li>Informs leadership decisions to reinforce reporting channels, compliance systems and oversight mechanisms aligned with Malaysian Anti-Corruption Commission (MACC) Act and corporate governance standards.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                 |                          |                          |                          | <ul style="list-style-type: none"> <li>Strengthen governance structures in line with the MACC Act through rigorous internal audits and ethics compliance.</li> <li>Deliver comprehensive ethics training and uphold zero-tolerance policies to prevent and mitigate fraudulent behaviour.</li> </ul>                                                                                                                                                                                                                                                                                                                                                               |                         |                         |                         |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Reduces financial leakage, legal liabilities, and fraud-related losses, supporting stable cash flows and improved cost efficiency.</li> <li>Strengthens investor confidence and protects enterprise value by mitigating reputational damage and avoiding regulatory penalties.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                          |                          |                          | <ul style="list-style-type: none"> <li>Higher operating costs resulting from leakage in procurement cost and expenses due to fraud or corruption.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                         |                         |                         |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Short                    | Medium                   | Long                     | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Short                   | Medium                  | Long                    |
| Effect on Financial                                   | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Cost Avoidance <RM50 mil | Cost Avoidance <RM50 mil | Cost Avoidance <RM50 mil | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Cost Increase <RM50 mil | Cost Increase <RM50 mil | Cost Increase <RM50 mil |

## BUSINESS ETHICS AND CORPORATE GOVERNANCE

## GOVERNANCE IN ACTION

## BOARD OVERSIGHT AND ACCOUNTABILITY

Our governance framework establishes clear accountability for ethical conduct, with the TNB Board of Directors providing oversight and setting the tone from the top. The Board defines the Group's core values and approves governance standards to ensure governance principles are embedded across all business operations and operations are conducted with integrity. The corporate integrity function is structured across three (3) levels of Oversight, Management, and Ownership. Strategic oversight is provided by the Board Integrity Committee (BIC), which ensures the organisation's direction aligns with its core integrity goals.

 Refer to the pages 258 to 259 for details of the TNB Corporate Governance, which includes the roles and responsibilities of TNB Board of Directors and sub-Boards.

## MANAGEMENT ROLES AND INTEGRITY GOVERNANCE STRUCTURE

The TNB Board delegates accountability for business ethics and integrity to management committee to ensure these critical areas receive focused oversight and management.

At the management level, integrity-related issues are reported to the Integrity Committee (IC), which ensures compliance and drives continuous improvement in governance. The IC is responsible for proposing practical solutions to address corruption and bribery risks, while reviewing the policies and procedures that maintain the TNB Corporate Integrity Management System (TCIMS). Meetings are conducted quarterly and as and when required.

At operational level, Business Entities are accountable to identify and implement integrity initiatives supported by data-driven insights to strengthen business ethics and practices. Each division, department and subsidiary is responsible for managing related risks and opportunities, ensuring accountability and the continuous improvement of governance standards across the organisation.

The Chief Integrity Development Officer (CIDO), reports functionally to the Board Integrity Committee (BIC), leads the independent Integrity Department and operates across these three (3) levels to establish frameworks for transparency, accountability and ethical compliance. This ensures that strategic direction from the BIC is effectively translated into operational practices across all business entities.



## BUSINESS ETHICS AND CORPORATE GOVERNANCE

### GROUP GOVERNANCE POLICIES AND PROCEDURES

TNB's business ethics and corporate governance practices are governed by a comprehensive set of Group-wide policies, procedures and controls. This is aligned with the MCCG and applicable regulatory requirements. We continuously review our policies, procedures and controls to ensure our business conduct remains aligned with regulatory shifts and maintain the expected ethical behaviour for TNB Group.

### GOVERNANCE, ETHICS AND COMPLIANCE RELATED POLICIES

- TNB Code of Business Ethics
- TNB Ethics & Integrity Policy
- TNB Anti-Bribery Policy
- TNB Gifts, Hospitality and Related Benefits Policy
- TNB Conflicts of Interest Policy
- TNB Whistleblowing Policy
- TNB Confidentiality Policy
- TNB Limits of Authority
- Integrity Pact and Committee Integrity Pledges Policy
- Tax Corporate Governance Framework
- Base Erosion Profit Shifting
- TNB's Group Financial Policies and Procedures (GFPP)

### RISK, SECURITY AND OPERATIONAL RELATED POLICIES

- TNB Risk Management Policy
- TNB Personal Data Protection Policy
- TNB Security Policy
- TNB Investment Process Control: Updated Investment Process and Investment Risk Methodology
- TNB ICT Security Policy and ICT Codes of Practice
- TNB Group Financial Policies and Procedures (GFPP)
- Distribution Network Division Asset Management Policy
- Grid Division Asset Management Policy
- TNB Power Generation Sdn. Bhd. Asset Management Policy

### PEOPLE AND WORKPLACE RELATED POLICIES

- TNB Diversity & Inclusion Policy
- TNB Group Human Resource Circulars and Guidelines
- TNB Communication Policy
- TNB Disciplinary Management Code
- TNB Safety & Health Policy
- TNB Labour Rights Policy Statement

 For more information on our policies, please visit <https://www.tnb.com.my/ethics-governance/board-charter>.

### AUTHORITY DELEGATION MECHANISM

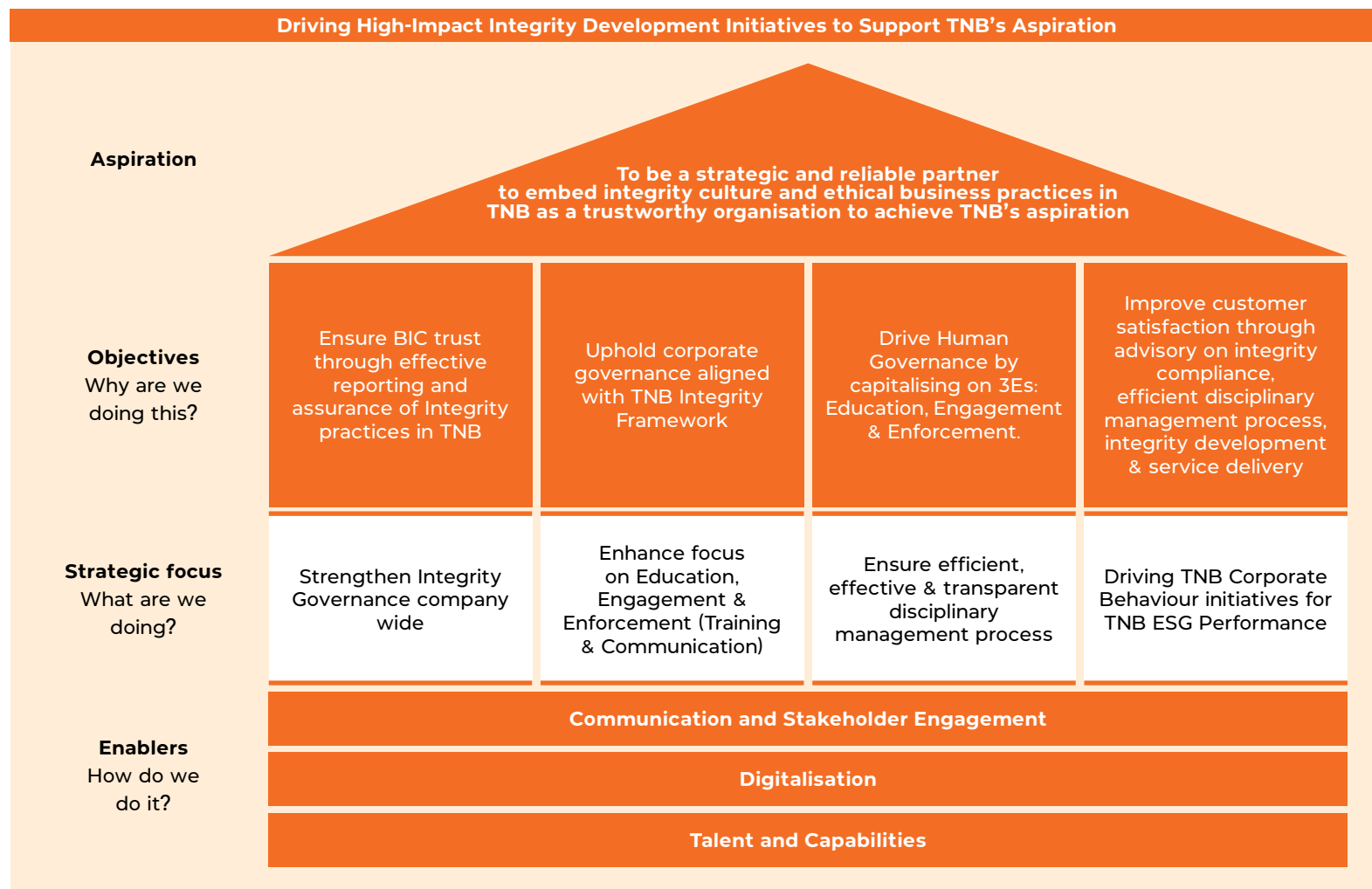
TNB Limits of Authority (LOA) establishes a structured framework for the approval limit across the Group and govern decision-making. This mechanism outlines clear escalation and reporting procedures to the Board, ensuring that strategic oversight is maintained while operational responsibilities are delegated to the President/Chief Executive Officer and senior management. Delegation includes the responsibility to recommend and approve both monetary and non-monetary limits of authority for operational and management decisions before execution. This clear distribution of responsibilities promotes transparency and accountability, balancing effective Board-level control with efficient operational execution.



## BUSINESS ETHICS AND CORPORATE GOVERNANCE

## STRATEGY

TNB Integrity Strategy aims to achieve ethical excellence, strengthen governance and reinforce stakeholder trust, which focuses on four (4) high-impact pillars, translating integrity strategy into tangible actions.



## STRENGTHEN COMPANY-WIDE INTEGRITY GOVERNANCE

The TNB Integrity Framework aims to institutionalise integrity values and promote good business ethics practices across the business. The framework is aligned to the MACC guidelines grounded in the five (5) T.R.U.S.T. principles which provide the foundational standards for anti-corruption compliance.

## T.R.U.S.T PRINCIPLES

**T****Top Level Commitment**

Senior management assumes full accountability for regulatory compliance and promoting an organisational culture of integrity.

**R****Risk Assessment**

The organisation conducts systematic evaluations to identify corruption risks within internal processes and third-party relationships.

**U****Undertake Control Measures**

Robust due diligence and financial controls are implemented to mitigate specific identified corruption risks.

**S****Systematic Review, Monitoring & Enforcement**

Regular audits monitor control effectiveness while disciplinary actions ensure enforcement of ethical standards.

**T****Training & Communication**

Targeted communication and training programmes ensure all stakeholders understand their ethical and legal obligations.

## BUSINESS ETHICS AND CORPORATE GOVERNANCE

### TNB CORPORATE INTEGRITY MANAGEMENT SYSTEM (TCIMS)

The TNB Corporate Integrity Management System (TCIMS) serves as our primary strategy to mitigate business ethics and corruption risks. The TCIMS integrates four (4) policies to govern business operations Group-wide.

#### Anti-Corruption Through TNB Anti-Bribery Policy

- Zero-Tolerance Mandate: Prohibits all forms of bribery and corruption including offering, soliciting, or accepting bribes across all global operations and jurisdictions.
- Universal Accountability: Applies strictly to all business dealings with both government entities and commercial associates, including vendors, partners and consultants.

#### Conflict of Interest (COI) Policy

- Risk Mitigation & Governance: Establishes a board-approved framework for identifying and managing COI in compliance with the Main Market Listing Requirements (MMLR).
- Disclosure Compliance: Mandates annual and ad-hoc integrity pledges for all personnel.

#### Gifts, Hospitality and Related Benefits Policy

- Ethical Engagement Standards: Establishes rigorous boundaries for providing or accepting gifts and hospitality to ensure all business interactions remain transparent and free from undue influence.
- Political Neutrality & Oversight: Prohibits unauthorised political contributions through a board reviewed framework, with zero political donations recorded in 2025.

#### Whistleblowing Policy

- Confidential Reporting & Protection: Provides secure internal and external channels for stakeholders to report misconduct, backed by a guarantee of anonymity and protection against retaliation.

### TNB ANTI-BRIBERY MANAGEMENT SYSTEM (ABMS)

TNB's integrity strategy is built on the TCIMS framework, with the Anti-Bribery Management System (ABMS) as a central component. While ensuring ethical standards remain effective, TNB conducts annual internal and external audits of ABMS across business operations to evaluate compliance with internal policies and assess the effectiveness of risk controls and mitigation measures in addressing corruption and fraud exposures identified through periodic assessments. In 2025, the ABMS audits covered 100% of TNB and three (3) subsidiaries, progressing to achieve full Group-wide coverage by 2027.

In addition, for external assurance, SIRIM conducts surveillance and recertification audits of procurement processes related to electricity supply across the Group. In 2025, there were two (2) recertification audits by SIRIM conducted for Procurement & Supply Chain (P&SC) Division 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. All audit findings are reported to the Integrity Committee (IC) and escalated to the Board Integrity Committee (BIC) for strategic oversight.

To reinforce internal capabilities, TNB partnered with SIRIM STS Sdn. Bhd. to provide ISO 37001:2025 Internal Auditor Training to employees across divisions, equipping them to effectively evaluate the ABMS and uphold TNB's integrity standards.

### TNB CODE OF BUSINESS ETHICS (COBE)

TNB Code of Business Ethics (COBE) provides clear guidance on managing conflicts of interest, exchanging business courtesies and using company resources responsibly. It reinforces our commitment to integrity by governing all ethical decision-making. The COBE sets the ethical principles and behaviours expected in our interactions with stakeholders including shareholders, customers, vendors and the communities where we operate. It applies to all TNB Board of Directors and employees.

The COBE is continuously being reviewed, when necessary, to ensure compliance to regulatory requirements and relevancy to our business operations. In addition, the COBE strictly prohibits money laundering and terrorism financing and any suspicious activities are required to be immediately reported to Management and the Board for action.

 TNB's Code of Business Ethics is publicly accessible at <https://www.tnb.com.my/ethics-governance/tnb-code-of-business-ethics>

## BUSINESS ETHICS AND CORPORATE GOVERNANCE

## INTEGRITY PACT FOR VENDORS AND SUPPLIERS

TNB extends ethical excellence across its value chain by mandating all vendors and suppliers to sign a legally binding Integrity Pact under the Sustainability Procurement Code of Conduct (SPCC). This integrity pact obliges vendors and suppliers to practice ethical procurement, declare compliance with anti-corruption and conflict-of-interest policies, maintain confidentiality and report any misconduct.

## STRENGTHENING ORGANISATIONAL INTEGRITY CULTURE THROUGH HUMAN GOVERNANCE

TNB further strengthened our Integrity culture through Human Governance. It reinforces ethical conduct by aligning leadership behaviour with organisational culture. The Human Governance for Leaders Programme embeds integrity, accountability and responsibility as core expectations for senior management.

Leadership engagement and internal communications serve as primary drivers for cascading these values across the company. Mandatory training programmes ensure the consistent application of ethical standards and support a proactive speak-up culture. These capability-building initiatives foster an environment where integrity is integral to the organisational identity.

## EFFICIENT, EFFECTIVE &amp; TRANSPARENT DISCIPLINARY MANAGEMENT

In 2025, the BIC approved the TNB Disciplinary Management Code, an enhancement to the existing procedures designed to institutionalise a culture of integrity through human governance. During the same year, seven (7) confirmed corruption cases involving seven (7) employees were dealt with in accordance with this enhanced Code, resulting in disciplinary actions including dismissal. These actions demonstrate TNB's unwavering commitment to transparency, good governance and ethical standards. In addition, Management takes proactive actions to identify opportunities for improvement to prevent reoccurrence.

## ENHANCE FOCUS ON EDUCATION, ENGAGEMENT &amp; ENFORCEMENT

TNB implements a Training and Communication Plan (TCP) to embed a robust integrity culture across the organisation. As a key pillar of our anti-corruption strategy, the TCP is planned with initiatives to comply with Section 17A of the MACC Act 2009 and aims to fulfil the 'Training and Communication' component under the T.R.U.S.T. principles.

The TCP utilises findings from the annual Integrity Health Index (IHI) to address performance gaps through targeted initiatives for the Board, management, employees and vendors. Our approach combines tailored ethical training such as seminars and e-learning with broad communication strategies, including integrity bulletins and digital posters. To ensure accountability, the effectiveness of these programmes is reviewed periodically and reported to the BIC.

In 2025, the TCP delivered 21 initiatives with 99.8% participation in anti-corruption training among permanent and contract employees, alongside 1,344 vendors and suppliers, reflecting our proactive commitment to ethical behaviour.

Through collaboration with the Malaysian Anti-Corruption Academy (MACA), TNB Integrity Department also conducts the Chief Integrity Officer (CeIO) Programme to strengthen ethical leadership. This programme equips leaders with understanding of anti-corruption laws and best practices and empowering them to foster transparency. As at 2025, a total of 51 employees from middle and Top Management across TNB and its subsidiaries have completed the certification.

## CONTINUOUS MONITORING OF INTEGRITY PERFORMANCE

The Integrity Health Index (IHI) holistically assesses our integrity infrastructure, corporate culture, ethical conduct, learning and communication. Gaps identified through this annual assessment are addressed with specific improvement strategies. In 2025, TNB achieved an IHI score of 92.44% an improvement over the previous years. This score reflects a holistic integrity culture that serves as a guiding principle for decision-making, fostering accountability and strengthening trust across all levels of the organisation.

## STRUCTURED POLICIES, PROCEDURES AND GUIDELINES ON TAX MANAGEMENT

TNB has established structured policies, procedures and guidelines to oversee tax compliance, planning and risk management. The Chief Financial Officer oversees these activities and the Board Audit Committee reviews key tax initiatives, including the Tax Corporate Governance Framework, Base Erosion Profit Shifting and e-invoice implementation. For significant transactions or decisions, BOD approval is sought. TNB's Group Financial Policies and Procedures (GFPP) provide detailed guidelines to streamline tax compliance across the Group, ensuring uniformity and accountability.

The Group also monitors developments relating to the Economic Co-operation and Development (OECD) Global Minimum Tax (Pillar Two) and evaluates its potential impact on the Group's tax position to ensure timely compliance with applicable regulations.

TNB values its relationship with tax authorities and actively engages in constructive dialogue to support the development of effective tax systems and legislation. We are committed to transparency and cooperation with tax authorities, including the Inland Revenue Board of Malaysia and the Royal Malaysian Customs Department, during tax audits and information requests.

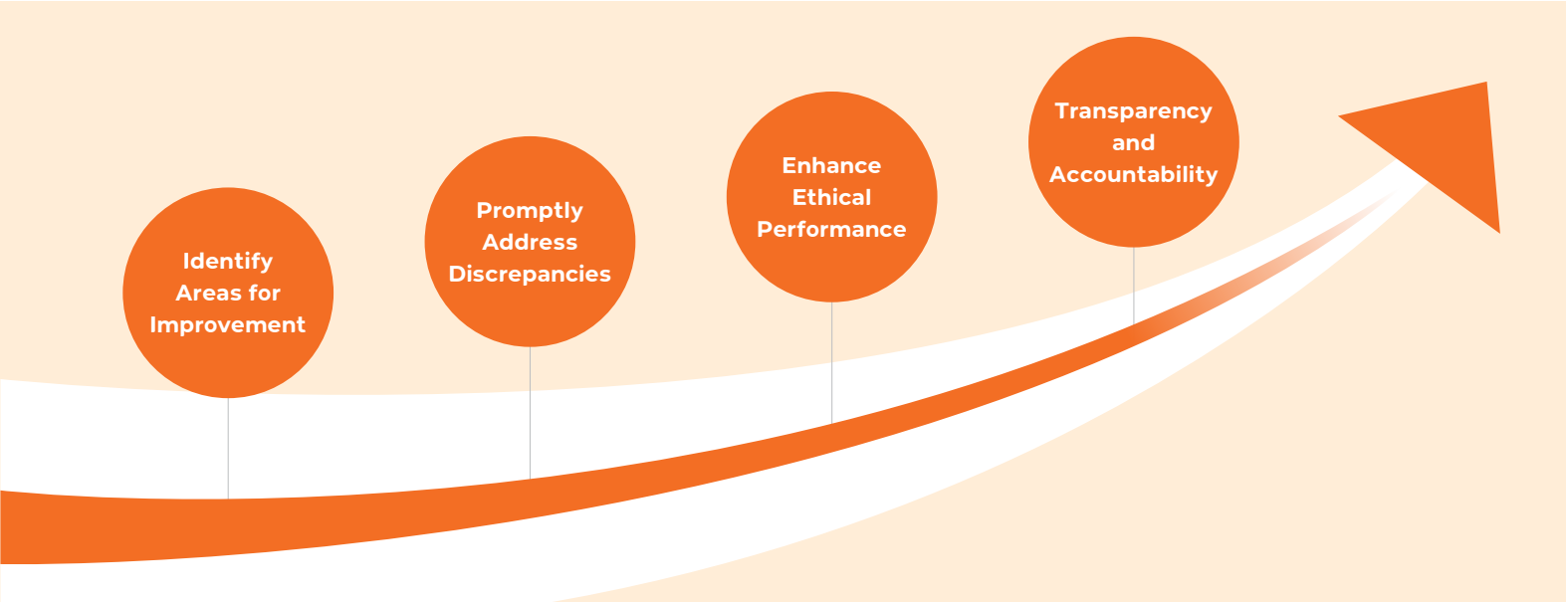
BUSINESS ETHICS AND CORPORATE GOVERNANCE

RISK MANAGEMENT

In a highly regulated and essential service industry, integrity risks including corruption and fraud potentially affect operational continuity and stakeholder trust. Managing these risks safeguards our financial stability and business sustainability.

RISK IDENTIFICATION AND ASSESSMENT

TNB maintains a proactive risk management approach to identify risk exposures and quantify impacts in relation to corruption, fraud and ethical breaches. This ensures deployment of effective mitigation strategies to strengthen our control environment and create a shared integrity culture in TNB. TNB conducts regular risk assessments across all business entities and ensures prompt actions are taken accordingly.



The TNB Risk Information System (TRIS) centralises our oversight, tracking potential root causes related to fraud and bribery risk across the Group. All business entities across the group perform the following:

|                                    |                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk Identification and Assessment | ▶ All business entities conduct risk assessments, update their respective fraud and bribery risk registers in the TRIS and identify root causes related to the risk. In 2025, a total of 685 business-ethics related causes were identified in operational processes across TNB. Specific and targeted mitigation controls were put in place to address the root causes. |
| Annual Review                      | ▶ The mitigation controls are reviewed annually by all business entities and updated in TRIS to ensure their relevance and effectiveness.                                                                                                                                                                                                                                |
| Strategic Monitoring               | ▶ The Integrity Department monitors centralised data from TRIS to provide the Board and management with real-time visibility of the Group's risk profile.                                                                                                                                                                                                                |

In addition, the Integrity Department collaborated with the Malaysian Anti-Corruption Commission (MACC) to conduct a Fraud & Bribery Risk Management Awareness Session for Integrity Coordinators and Risk Managers across the organisation. The session aimed to provide a comprehensive understanding of new requirements under ISO 37001:2025 Anti-Bribery Management System and enhance understanding of Fraud and Bribery Risk Assessment.

## BUSINESS ETHICS AND CORPORATE GOVERNANCE

## CORRUPTION RISK ASSESSMENT AND MITIGATION

## ORGANISATIONAL ANTI-CORRUPTION PLAN (OACP)

TNB operationalises its integrity strategy through the OACP across all divisions. Developed with the Institute of Integrity Malaysia (IIM), this framework identifies structural gaps and prioritises control enhancements through four (4) technical phases:

| Phase 1                                                                                   | Phase 2                                                                     | Phase 3                                                                              | Phase 4                                                                                                             |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>Orientation &amp; Governance Setup</b>                                                 | <b>Data Analysis &amp; Risk Assessment</b>                                  | <b>Scenario Planning</b>                                                             | <b>Refinement &amp; Validation</b>                                                                                  |
| Establishing the OACP Committee, defining timelines, and reviewing the project framework. | Mapping risk areas, analysing information, and building integrity database. | Identifying past, present, and future risk scenarios to shape priority action areas. | Drafting action plans, gathering division feedback, and securing approval from the Board Integrity Committee (BIC). |

Following this assessment, TNB identified 65 initiatives to strengthen our control environment. We prioritised 42 high-impact initiatives to address integrity gaps. At operational level, the business entities carry out their respective initiatives based on the business ethics risk exposures including enhancing financial governance, tightening procurement and asset-management procedures, improving access controls, and reinforcing internal audit coverage across high-risk operational areas.

In addition, organisation-wide initiatives such as staff training, third-party risk management, strengthened document-handling practices, enhanced security screening, and the adoption of digital verification tools, further reduce fraud vulnerabilities and promote a strong culture of integrity.

## FOCUSED INTEGRITY MITIGATION FOR IDENTIFIED HOT JOBS

The risk identification process extends beyond systems and business entities to include identification and monitoring of specific high-risk roles known as 'Hot Jobs.' These positions are defined as roles with an inherent vulnerability to ethical and bribery risk due to their involvement in procurement, contract management, financial approvals, human resources, or negotiations with external parties.

Comprehensive risk mapping has identified 53% or 11,012 out of 20,855 employees within core business entities who are currently working in identified 'Hot Jobs'. Additional interventions are provided, in stages, to these employees focusing on the 3E elements (Educate, Engage, Enforce).

TNB's enhanced approach to business ethics and integrity risk management is more than a compliance exercise, it is a strategic commitment to ensure responsible and transparent governance.

## OUR PERFORMANCE

| ISSB/Bursa/GRI                                                                                                | Metric                                                                  | Units  | FY2023 | FY2024 | FY2025 | Target FY2025 | Future Target | Remarks                                                            |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------|--------|--------|--------|---------------|---------------|--------------------------------------------------------------------|
| <b>ANTI CORRUPTION</b>                                                                                        |                                                                         |        |        |        |        |               |               |                                                                    |
| <b>Percentage of Employees That Have Received Training on Ethics and Anti-Corruption by Employee Category</b> |                                                                         |        |        |        |        |               |               |                                                                    |
| Bursa C1(a)<br>[Anti Corruption]                                                                              | Senior Management                                                       | %      | 1.01   | 1.26   | 1.29   | -             | -             |                                                                    |
|                                                                                                               | Executive                                                               | %      | 17.39  | 27.16  | 27.85  | -             | -             |                                                                    |
| GRI 205-2                                                                                                     | Non-executive                                                           | %      | 56.09  | 71.58  | 70.64  | -             | -             |                                                                    |
|                                                                                                               | Total                                                                   | %      | 74.48  | 100.00 | 99.78  | 100.00        | -             |                                                                    |
| Bursa C1(b)<br>[Anti Corruption]                                                                              | Total number of operations assessed for risks related to corruption     | Number | 32     | 118    | 36     | -             | -             |                                                                    |
| GRI 205-1                                                                                                     | Total percentage of operations assessed for risks related to corruption | %      | 97     | 100    | 97     | 100           | -             | 36 out of 37 entities had registered their fraud and bribery risks |
| <b>Confirmed Incidents of Corruption and Actions Taken</b>                                                    |                                                                         |        |        |        |        |               |               |                                                                    |
| Bursa C1(c)<br>[Anti Corruption]                                                                              | Total number of confirmed incidents of corruption                       | Number | 5      | 4      | 7      | Zero          | -             |                                                                    |
| GRI 205-3                                                                                                     |                                                                         |        |        |        |        |               |               |                                                                    |



## MT 12 LABOUR RIGHTS AND EMPLOYMENT CULTURE



### WHY IS IT IMPORTANT?

TNB is responsible for managing a diverse workforce of more than 35,000 employees and is committed to upholding our employees' rights, well-being and development to foster a high-performing culture that drives innovation, resilience and long-term value creation. We are committed to building an inclusive, equitable and performance-driven work environment that fosters continuous learning and professional growth. The TNB Labour Rights Policy Statement sets the tone of our commitment towards safeguarding our employees' rights, reinforcing our dedication to creating a respectful, safe and inclusive workplace.

In preparation of our workforce towards the energy transition, we provide our employees with targeted training, capability-building and reskilling programmes. In addition, the TNB Reimagining Culture lays the groundwork for a future-ready, skilled and empowered workforce.

### OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Upskilling and Reskilling a Future-Ready Workforce for Energy Transition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                             |                             |                                        | Risk: Challenges Across Diverse Workforce for Future-Ready Capabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                            |                            |                            |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|
| Description                                           | <p>TNB has the opportunity to build a future-ready workforce by upskilling and reskilling over 35,000 employees to meet the demands of Peninsular Malaysia's energy transition. With more than 70 years of industry experience, TNB already has a highly competent workforce, requiring not a rebuild from scratch, but a strategic uplift to develop new capabilities in renewable integration, energy storage, grid modernisation, carbon management, digital operations and AI.</p> <p>To accelerate capability development, TNB has established the TNB Energy Transition Academy (TETA) in collaboration with Universiti Tenaga Nasional (UNITEN) and the National Energy Centre (NEC) serving as a central platform for specialised ET training, certification pathways, and industry-relevant curricula. In parallel, ILSAS continues to scale technical and digital competencies through partnerships with global technology providers and ASEAN utilities under the APG initiative, ensuring knowledge transfer from leading industry players.</p> <p>By investing in its people, TNB enhances innovation capacity, improves operational excellence, and secures the human capital required to sustain growth through the energy transition.</p> |                             |                             |                                        | <p>TNB's strategic ambition to develop a future-ready workforce for the energy transition may be constrained by several workforce capability challenges. The large TNB workforce of over 35,000 employees, spread across multiple regions, business units, and job functions, makes standardised training delivery challenging.</p> <p>Diverse education backgrounds, technical expertise, and digital literacy levels require tailored learning approaches, while rapidly evolving technologies in renewable energy, grid modernisation, AI, and carbon management make it challenging to keep training content current and relevant.</p> <p>In addition, resistance to change or low motivation among some employees may reduce the effectiveness of reskilling and upskilling programmes. If these challenges are not adequately addressed, it may lead to lower morale and productivity, higher turnover rates, and increased operational costs.</p> |                            |                            |                            |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens workforce capability across critical transition areas (renewable integration, grid modernisation, carbon management and digital operations) enhancing long-term operational resilience and execution capacity.</li> <li>Improves productivity, innovation and safety performance by equipping employees with future-ready technical and leadership skills.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             |                             |                                        | <ul style="list-style-type: none"> <li>Limit innovation and execution of strategic energy transition initiatives.</li> <li>Undermines TNB's ability to deliver reliable, affordable and sustainable energy.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                            |                            |                            |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Guides strategic prioritisation of reskilling and digital learning programmes to ensure alignment with evolving energy transition roles and competency requirements.</li> <li>Supports targeted talent planning and succession development to sustain organisational readiness for new technologies and business models.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                             |                             |                                        | <ul style="list-style-type: none"> <li>Evaluate workforce skills and align roles with future needs that meet energy transition goals.</li> <li>Deploy tailored reskilling, digital learning and change-management initiatives to enhance workforce adaptability and readiness.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |                            |                            |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Investment in structured upskilling programmes enables delivery of strategic initiatives (e.g., RT 2.0) through capability uplift while mitigating long-term turnover and recruitment costs.</li> <li>Strengthens financial resilience by reducing productivity loss associated with skills gaps and enhancing workforce efficiency during the transition.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                             |                             |                                        | <ul style="list-style-type: none"> <li>Higher operating costs including cost of productivity, hiring, re-training and other relevant cost resulting from higher turnover rate.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |                            |                            |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Short                       | Medium                      | Long                                   | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Short                      | Medium                     | Long                       |
| Effect on Financial                                   | Cost Savings<br>RM17.4 mil – RM22.7 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Cost Avoidance<br><RM50 mil | Cost Avoidance<br><RM50 mil | Cost Avoidance<br>RM50 mil – RM450 mil | Cost Increase<br>RM18.7 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Cost Increase<br><RM50 mil | Cost Increase<br><RM50 mil | Cost Increase<br><RM50 mil |

## LABOUR RIGHTS AND EMPLOYMENT CULTURE

## GOVERNANCE IN ACTION

IFRS S1.27(a)(b); IFRS S2.6(a)(b)

The TNB Board and the TNB Board Nomination and Remuneration Committee (BNRC), oversee the remuneration policy for Non-Executive Directors, Executive Directors and Top Management, positioning it as key governance mechanism for managing talent-related risks and driving long-term enterprise value. Strategic people-related matters are updated to the TNB Board through monthly BNRC chairman reports.

 The BNRC roles and functions are elaborated in the Corporate Governance section.

At the management level, the Group People Management Committee, chaired by the President/Chief Executive Officer and convening at least monthly, deliberates on strategic people matters that shape the employee experience across the Company. The Committee also manages the implementation of the remuneration policy for TNB employees. In addition, the Committee deliberates upon initiatives surrounding talent management, succession planning, promotions, mobility, career pathways and employee well-being and monitors the effectiveness of its implementation. As employee experience is the core focus, the Committee takes into consideration employees' input through strengthened engagements, with the aim to enhance an organisational culture that supports employees' growth and satisfactions towards their long-term performance.

At the operational level, the Corporate People Committee, chaired by the Chief People Officer, as well as Divisional People Committee, chaired by respective Chiefs, meets at least monthly to review employee performance, drive employee development programmes and resolve people-related matters.

## STRATEGY

IFRS S1.29, 30, 31, 33(a)(b)(c); IFRS S2.14(a)(b)(c)

## UPHOLDING LABOUR RIGHTS PRACTICES

By adhering to Malaysian laws and guided by international standards from the International Labour Organisation (ILO) and United Nations Global Compact (UNGC). TNB upholds our TNB Labour Rights Policy Statement, which encompasses seven (7) core elements. The implementation is applied consistently across the organisation and extended to vendors and their communities.

TNB Group People Division (GPD) is the central lead in adopting and producing guidelines and implementing labour rights initiatives in TNB for employees. In the spirit of the Just Transition, we continuously encourage our vendors and suppliers to adopt the same labour rights principles.



## LABOUR RIGHTS AND EMPLOYMENT CULTURE

### Focus Area

|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Safe &amp; Healthy Workplace</b>                          | <ul style="list-style-type: none"> <li>• Ensure so far as is practicable, the provision of a safe and healthy working environment to prevent work-related injuries and occupational diseases among our employees and vendors.</li> <li>• Provide a safe work environment free from discrimination of any kind and from any form of harassment in the workplace by adopting a zero-tolerance policy.</li> </ul> |
| <b>Against Bribery and Corruption</b>                        | <ul style="list-style-type: none"> <li>• Commit to conduct our business ethically and in full compliance with all applicable laws and regulations related to prevention of bribery and anti-corruption practices in all our business operations.</li> </ul>                                                                                                                                                    |
| <b>Labour Protection and Welfare</b>                         | <ul style="list-style-type: none"> <li>• Prohibit any form of human trafficking, slavery, child labour and forced labour.</li> <li>• Ensure that our operations are in accordance with all applicable laws and regulations related to labour protection and welfare rights, including protection for foreign workers.</li> </ul>                                                                               |
| <b>Wages and Benefits</b>                                    | <ul style="list-style-type: none"> <li>• Ensure our operations fully comply with applicable working hours, uphold the minimum wage rates and provide paid leave as provided under all applicable laws and regulations.</li> </ul>                                                                                                                                                                              |
| <b>Training and Lifelong Learning</b>                        | <ul style="list-style-type: none"> <li>• Empower our workforce through training and lifelong learning, fostering continuous growth through comprehensive training initiatives.</li> </ul>                                                                                                                                                                                                                      |
| <b>Freedom of Association</b>                                | <ul style="list-style-type: none"> <li>• Uphold the right to freedom of association and collective bargaining, empowering employees to engage in organised activities for mutual support and representation.</li> <li>• Enhance and oversee the grievance mechanism, enabling effective communication and reporting of issues.</li> </ul>                                                                      |
| <b>Diversity, Inclusion and Non-Discriminatory Practices</b> | <ul style="list-style-type: none"> <li>• Promote diversity and inclusion across age, gender, religious affiliation and different ability, ensuring equal opportunities for all.</li> <li>• Provide protection against unfair dismissal including any unfair dismissal female employee during pregnancy.</li> </ul>                                                                                             |

### STRENGTHENING TNB DIVERSITY, EQUITY AND INCLUSION (DEI) PRACTICES

At TNB, DEI initiatives are business imperatives that strengthen our ability to serve over 10 million customers, accelerate the nation's sustainable growth, and deliver on our RT 2.0 strategy. Fostering a safe, equitable, diverse and inclusive workforce is essential to drive organisational transformation in our energy transition journey. We are committed to building DEI capabilities through training and programmes for our employees, with focus on human rights, workplace harassment prevention and disability inclusion, including autism awareness. In 2025, 601 employees participated in a webinar on human rights in the business context conducted by Human Rights Commission of Malaysia (SUHAKAM).

We are focusing to build Great Company, Great Job and Great Leaders through five (5) strategic DEI priority areas.

#### GENDER DEI

At TNB, career advancement is based on merit, performance, and leadership capability. Across the Group, women are increasingly represented in board, senior management and executive roles, highlighting a growing talent pool for future leadership.

As of December 31, 2025, women comprise 33% of TNB's Board of Directors, exceeding TNB's target of 30%. At the senior management level, women currently represent 27% across the Group, with the company progressing towards its 30% target by 2025.

Overall, TNB continues to maintain steady progress in fostering gender diversity, equity, and inclusion throughout the organisation.

#### EQUITABLE ACCESS TO LEARNING & DEVELOPMENT

Our learning programmes are inclusive, fostering a multi-generational workforce equipped with future-ready skills, knowledge transfer, and innovation. TNB's 3Es Learning & Development intervention (Education, Exposure, and Experience) provides aspiring women leaders with mentoring, networking, international assignments, executive education and certification opportunities. Initiatives include the Women Leaders Forum (WLF), TNB Women in Energy Network (TWIEN), and PELITAWANIS, all which champion equal opportunities for women, foster inclusivity, and support professional growth, collaboration and leadership development in line with TNB's ESG commitments.

## LABOUR RIGHTS AND EMPLOYMENT CULTURE

## FAIR WAGES

We ensure all employees (permanent, contract and temporary) are compensated fairly and competitively, with pay regularly benchmarked against the market. Equal remuneration is provided to men and women based on job worth, grade and performance, without regard to gender, ethnicity, or other characteristics. Through ongoing monitoring and auditing, we uphold equitable, transparent and socially responsible employment practices, safeguarding the financial well-being and dignity of our workforce.

## PROTECTION AGAINST DISCRIMINATION AND HARASSMENT

TNB Labour Rights Policy Statement outlines our commitment to protect our people against unfair dismissal and harassment. We provide whistleblowing channel to enable employees, contractors and members of the public report instances of unethical, unlawful or inappropriate conduct on a confidential basis without any fear of intimidation or reprisal.

An independent investigation team investigates all reported concerns and where applicable, provides feedback regarding the investigation's outcome. The Board Integrity Committee serves an oversight role to ensure consistent and effective implementation of reporting mechanism through regular monitoring and evaluation.

## FOSTERING AN INCLUSIVE CULTURE: WHERE EVERYONE BELONGS

True to our core value of "Care" (*Prihatin*), we define inclusion by how our employees feel. We are committed to cultivating an environment where everyone can thrive and contribute at their fullest potential. We embed non-discriminatory practices in our recruitment to strive for a diverse workforce with an increase in female new hires to 28% in 2025, up from 24% in 2024.

Since 2024, TNB expanded its Pilgrimage Leave to include all employees, regardless of race or religion, and enhanced medical coverage for spouses of female employees, marking an important milestone in our DEI journey. We also continue to recognise and celebrate the dedication of long-serving employees through the Long Service Award programme, reflecting our appreciation for their loyalty, passion and commitment to growing with TNB.

Throughout our People Experience journey, we bring our people together through a range of engagement initiatives, events and festive celebrations that foster inclusivity and a sense of belonging. These initiatives connect thousands of employees across the country, from different levels, genders and backgrounds through events such as TNB Sports Day, TNB Family Day and TNB Run, as well as festive and cultural engagements including Hari Raya Aidilfitri, Chinese New Year and Deepavali celebrations, Ihya' Ramadan, Quran Recitation Competition, among others.

The GPD oversees the implementation and progress of DEI initiatives across TNB, including monitoring the delivery of DEI training and related programmes, ensuring that initiatives meet organisational objectives and standards. Progress updates are presented to the People Management Committee (PMC) monthly and to the Group People Management Committee regularly.

## TOWARDS LIVING WAGES

The Malaysian Government is advancing the living wage agenda by raising the national minimum wage and encouraging Government-Linked Companies to adopt a living wage benchmark that is higher than the statutory minimum. This initiative promotes fair and sustainable income levels to support workers' wellbeing and economic resilience. We are committed to fair and competitive salary by providing all employees, including contract and temporary workers, the statutory minimum wage of RM1,700 per month in line with Malaysia's Minimum Wages Order 2024. Aligned with the national direction, Tenaga Nasional Berhad is progressively strengthening its employee remuneration framework, implementing phased measures to achieve a living wage for its employees.

TNB continues to provide a range of employment benefits to support all our employees as we believe in going beyond the basics to create a supportive and thriving work environment. We know that a well-taken-care-of TNB family boosts morale and productivity and significantly reduces turnover rates. Our commitment is to regularly review and enhance our policies to support our employees in every possible way.

We offer a variety of essential benefits and ensure the benefits are compliance to Employment Act 1955 e.g. public holidays, annual leave, sick leave, maternity leave and paternity leave. On top of that, TNB also provides other types of leave which can accommodate occasions such as the death of a family member, marriage or study commitments.

These benefits are designed to promote employee well-being, workforce stability and long-term business sustainability. Regular monitoring and auditing mechanisms are in place to ensure consistent compliance across all levels of our operations and promote fair, transparent and socially responsible employment practices. All employees, including non-executive staff, are eligible for performance-based pay, such as bonuses, reflecting their performance and contributions.

## LABOUR RIGHTS AND EMPLOYMENT CULTURE

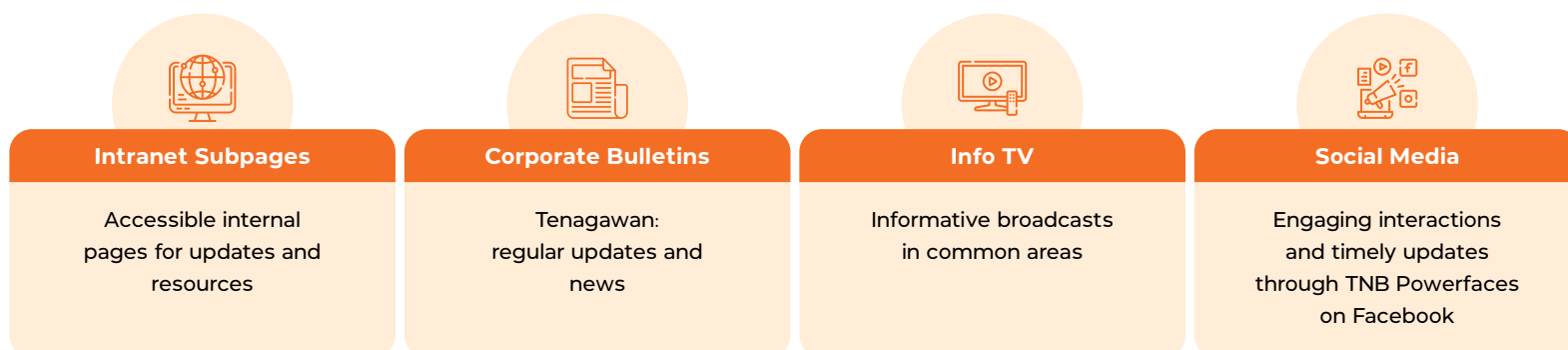
### PERFORMANCE-BASED REMUNERATION

TNB has established an integrated and continuous performance management framework that directly links performance planning, monitoring and evaluation to business priorities and sustainability objectives. Individual KPIs are aligned with company business targets and performance outcomes are systematically reviewed to determine performance-based rewards, reinforcing a strong culture of accountability and performance excellence. In addition, this end-to-end process incorporates ESG-related KPI metrics including carbon emissions intensity reduction, renewable energy capacity and employee capability building to ensure that remuneration outcomes are tied to both financial and sustainability performance.

In addition, TNB offers Long-Term Incentive Plan (LTIP) to all TNB employees subject to performance appraisal. In 2025, more than 90% of our employees were eligible to exercise the LTIP, demonstrating our commitment to rewarding sustained performance and fostering a high-performing, future-focused workforce.

### EMPLOYEE COMMUNICATION AND ENGAGEMENT

At TNB, we value employee feedback to continuously improve employee experience. We conduct direct engagement sessions such as Top Management quarterly engagement sessions. In addition, we continuously provide corporate updates through bulletin and news to our employees. An annual survey is continuously being conducted to identify area of improvement and best practices requested by employees to be continued as part of TNB culture.



Following the above engagements and survey, continuous improvement has been implemented in the areas of office infrastructure, safety tools and equipment, uniforms, employee benefits and employee career development pathways and training.

### EMPLOYEE GRIEVANCE MECHANISM

In TNB, grievance mechanisms are provided through various channels for our stakeholders including customers, employees, vendors and contractors. The grievance mechanisms are handled by independent committees ensuring confidentiality, protection against retaliation and fair handling of all reported cases.

 For Whistle Blowing Information System (WBIS), refer to the Topic: Whistleblowing Procedure, page 285; For Vendor Grievances, refer to Topic: Sustainable and Responsible Supply Chain.

For TNB employees, we provide multiple internal avenues for employees to raise concerns, including the Employee Grievance Form, the Whistleblowing platform and the People Control Tower (PCT). These avenues are designed to be accessible, confidential and fair, ensuring that employees can speak up without fear of retaliation.

Under the Collective Agreement, the Employee Grievance mechanism enables employees to submit formal concerns in writing using the prescribed Employee Grievance Form, which is accessible through the intranet and included in the Collective Agreement booklet. Submitted grievances are documented, reviewed and addressed by the Industrial Relations/Employee Relations (IRER) team in the Group People Division (GPD), with TNB's Chief People Officer kept informed at each stage, ensuring a transparent and structured process.



## LABOUR RIGHTS AND EMPLOYMENT CULTURE

In addition, employees can share feedback or concerns through the Joint Consultative Council (JCC), a dialogue platform that brings together the Business Leadership Team, led by the respective Chief or Head of Division and Union Representatives. All matters raised are carefully recorded, tracked and resolved, ensuring transparency and accountability. Regular JCC sessions across business also provide an open forum to strengthen collaboration, build trust and promote continuous improvement in the workplace.

Complementing this, the Whistleblowing platform provides an additional secure and confidential avenue for reporting concerns or suspected misconduct. Through this channel, 42 recognised grievances were recorded in 2023, 22 in 2024, and 23 in 2025. All cases are reviewed by the *Jawatankuasa Penilaian Aduan & Penentuan Kes* (JPPK), comprising TNB's Chief People Officer, Chief Internal Audit Officer and the Head of Group Legal, while the TNB Board Integrity Committee (BIC) serves an oversight role, ensuring the consistent and effective implementation of reporting mechanisms through regular monitoring and evaluation.

| Employee Grievance Channel | FY2023         | FY2024 | FY2025 |
|----------------------------|----------------|--------|--------|
| Employee Grievance Form    | 0              | 0      | 5      |
| People Control Tower (PCT) | Not Applicable | 17     | 17     |
| Whistleblowing Platform    | 42             | 22     | 23     |
| Total                      | 42             | 39     | 45     |

## AGILE CORPORATE STRUCTURE AS ENABLER FOR ENERGY TRANSITION

In the TNB RT 2.0 strategy, our corporate structure is identified as a critical enabler to achieve our Energy Transition target and Net Zero aspiration by 2050. In 2025, TNB refined its leadership and corporate structure as part of its continued commitment to strong governance, effective business delivery, sustained performance and long-term company resilience in an increasingly complex energy landscape. This reflects TNB's disciplined approach to governance and succession planning, ensuring the organisation remains future-ready, well-led and supported by a strong pipeline of leadership talent to deliver its national responsibilities sustainably.

## SUCCESSION MANAGEMENT IN TNB

We continuously assess and ensure effective succession management for all our employees is diligently planned, implemented and reviewed. This will ensure our business continuity and increase our business competitiveness. In addition, emphasis on succession management is given to TNB Top Management positions and critical positions across TNB. In 2025, TNB enhanced its succession management framework, creating a more robust system that surfaced a larger pool of successors and ensured 94% of current critical positions have ready now successors. This framework process features nomination, selection assessment, appointment and structured development of successors for critical positions across TNB.

This progress highlights TNB's commitment to leadership continuity, talent development and long-term company resilience, aligning with our business goals to drive innovation and deliver sustained value to stakeholders.

## BUILDING ENERGY TRANSITION CAPABILITIES

As the driver of energy transition, the ET capability of our employees is critical because the shift to a low-carbon, decentralised and digital energy system is not only a technology change, but a people, process and governance transformation. Without the right capabilities, ET ambitions cannot be executed effectively and sustainably.

TNB values employees' growth and is committed in investing in employees' education, ensuring employees acquire the essential skills needed for their current and future roles. Hence, TNB provides its employees in the Group with opportunities to further their academic studies to enhance their skills and knowledge to pursue further education.

In 2025, RM203.9 million was invested in 1,988,642 training hours to build ET competencies in TNB employees, which translates to an average of 57.56 training hours per employee, underscoring the breadth and depth of learning opportunities provided across the organisation. Since its implementation, 4,348 TNB executives reskilled and upskilled with ET related capabilities. A Training Effectiveness Index score of 89% was recorded, indicating strong learning outcomes and measurable behavioural impact.

## LABOUR RIGHTS AND EMPLOYMENT CULTURE

### ET-RELATED MASTER'S AND PHD PROGRAMMES

TNB continues to strengthen its internal capabilities in support of the energy transition through postgraduate development programmes at Universiti Tenaga Nasional (UNITEN). Two ET-related Master’s programmes, the Master of Engineering (by Research) and the Master of Energy Management (by Coursework), are currently being pursued on a part-time basis by twenty employees who enrolled in January 2024. As participants progress through their academic and research components, these programmes enhance technical expertise and analytical capabilities in key energy transition areas, equipping employees with deeper insights to contribute to TNB’s sustainability initiatives and operational transformation.

In parallel, the ET-related PhD programme, which commenced in October 2023 as a three-year research-based initiative, continues to progress steadily. The program focuses on advancing specialised research in emerging energy technologies, with participating employees undertaking research that contributes to knowledge development and innovation within the energy sector. Through these efforts, TNB aims to strengthen its internal research capabilities while supporting the development of solutions relevant to the evolving energy landscape. Current PhD research initiatives at UNITEN focus on strategic areas including Home Modular Energy Storage with Smart Management System and Optimal Planning and Scheduling of Energy Storage Systems towards High Penetration of Renewable Energy and Electric Vehicles in Distribution Systems. A total of 10 employees are actively involved in these research projects, generating technical insights that are expected to support future advancements in energy storage integration, renewable energy adoption, and grid optimisation.

Three (3) employees have successfully completed the two-year Global Energy Technology Policy Professionals Program (GETPPP) at Hanyang University, South Korea, graduating in February 2026. The programme, which commenced in March 2024, is a full-time master’s programme under the Ministry of Trade, Industry and Energy (MOTIE) of South Korea. Participation in this international academic programme provided valuable exposure to global best practices, emerging energy policies and innovative technologies, further strengthening TNB’s capabilities in navigating the evolving global energy landscape.

Collectively, these postgraduate programme form part of TNB’s broader effort to cultivate deep technical expertise and research capabilities within the organisation. By strengthening internal knowledge and innovation capacity, these initiatives support TNB’s long-term ambition to drive sustainable energy solutions and remain at the forefront of the energy transition.

### ACCELERATE ET COMPETENCY THROUGH ILSAS

TNB Integrated Learning Solution Sdn. Bhd. (ILSAS), has been a cornerstone for developing human capital tailored for TNB and vendors to meet the evolving needs of TNB and the broader electricity supply industry for over 46 years. With the impending energy transition (ET), the integration of new green technologies becomes imperative for TNB and industry sustainability and that of the industry as a whole. In response to this, ILSAS has expanded its focus to encompass ET-related skill sets and technologies, including battery electric vehicles (BEV), battery storage, and on-grid floating solar PV.

In 2025, ILSAS intensified its focus on ET-related capability development, delivering measurable outcomes aligned with TNB’s strategic priorities:



These initiatives also addressed identified gaps within the ‘Foundation’ persona as benchmarked against the ET Capability Framework targets.

## LABOUR RIGHTS AND EMPLOYMENT CULTURE

## ESTABLISHMENT OF THE TNB ENERGY TRANSITION AND SUSTAINABILITY ACADEMY (ETSA)

TNB Integrated Learning Solution Sdn. Bhd. (ILSAS) as TNB's Corporate Academy, has launched the TNB Energy Transition and Sustainability Academy (ETSA) as a strategic cornerstone to institutionalise capabilities in Energy Transition, Sustainability and Climate Risk Management across the Group.

Since May 2025, ILSAS has undertaken structured engagements to translate this strategic intent into an implementable framework. This includes the definition of ETSA's core disciplines, institutional model and delivery mechanisms, as well as alignment with the Group People Division and Sustainability Division on scope, governance and expected outcomes.

## PARTNERSHIP OF ILSAS WITH UNIVERSITIES TO DEVELOP TRAINING PROGRAMMES FOR TNB EMPLOYEES

ILSAS functions as our training arm that nurtures an inclusive environment that appreciates diverse perspectives and experiences. ILSAS collaborates/partners with universities to provide training for TNB employees to continuously enhance employees' skills and capabilities, preparing them for future challenges and career growth.

## Strategic Partners for ET Capability Development



## UNITEN

## Completed in 2025:

- Professional Executive Development Programme (PEDP) in Engineering Technology (20 people) & Management (20 people)

## UTM

## Completed in 2025:

- Hydrogen 101 (23 people)
- Hydrogen Gas Turbine Technology (17 people)
- Bioenergy (20 people)
- Ammonia Production (19 people)

## UTeM

## Ongoing:

- TNB TVET Learn to Work (L2W) in Solar Photovoltaic (PV) System Installation & Maintenance SKM 2 (25 people) & Single-Phase Electrical Installation and Maintenance - Pencawang SKM2 (14 people)

## RISK MANAGEMENT

IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)

TNB adopted the company-wide risk management framework to evaluate how workforce capability, leadership readiness and talent availability affect organisational performance. As part of the process, we conduct structured assessment on talent readiness, to evaluate potential impacts of the energy transition on our workforce and determine the controls needed to enhance business resilience.

To mitigate the risk of skill mismatch as we accelerate the energy transition strategy, we conduct workforce gap analyses and implement targeted reskilling and academic-industry partnerships. These measures are supported by deliberate investments in human capital and organisational restructuring to ensure workforce readiness and business continuity.

The capability development programmes at ILSAS are effectively implemented to build a future-ready workforce that can adapt to technological changes and sustainability needs. Additionally, high-potential employees are identified and given mentoring as well as job-rotation opportunities to build a stronger and sustainable leadership pipeline.

We aim to balance higher training and transformation costs with long-term gains in retention, innovation and productivity, cultivating a diverse, agile and empowered workforce that anchors Malaysia's low-carbon future.

## LABOUR RIGHTS AND EMPLOYMENT CULTURE

## OUR PERFORMANCE

| ISSB/Bursa/GRI                             | Metric               | Units  | FY2023 | FY2024             | FY2025 | Target FY2025 | Future Target | Remarks |
|--------------------------------------------|----------------------|--------|--------|--------------------|--------|---------------|---------------|---------|
| EMPLOYEE DEMOGRAPHIC                       |                      |        |        |                    |        |               |               |         |
| Total Size of Workforce                    |                      |        |        |                    |        |               |               |         |
| GRI 2-7                                    | TNB Group            | Number | 34,543 | 34,939             | 35,476 | -             | -             |         |
|                                            | TNB Company          | Number | 26,607 | 26,570             | 26,883 | -             | -             |         |
|                                            | Genco (Subsidiaries) | Number | 1,256  | 1,646              | 1,839  | -             | -             |         |
|                                            | Other Subsidiaries   | Number | 6,680  | 6,723              | 6,754  | -             | -             |         |
| Workforce by Gender                        |                      |        |        |                    |        |               |               |         |
| Bursa C3(a)<br>[Diversity]                 | Male                 | Number | 27,084 | 27,353             | 27,688 | -             | -             |         |
|                                            |                      | %      | 78.40  | 78.30              | 78.05  | -             | -             |         |
| GRI 2-7                                    | Female               | Number | 7,459  | 7,586              | 7,788  | -             | -             |         |
|                                            |                      | %      | 21.60  | 21.70              | 21.95  | -             | -             |         |
| EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITIES |                      |        |        |                    |        |               |               |         |
| Workforce by Level and Gender              |                      |        |        |                    |        |               |               |         |
| Bursa C3(a)<br>[Diversity]                 | Senior Management    |        |        |                    |        |               |               |         |
|                                            | Male                 | Number | 336    | 339                | 367    | -             | -             |         |
| GRI 405-1                                  | Female               | Number | 120    | 112                | 139    | -             | -             |         |
|                                            | Total                | Number | 456    | 451                | 506    | -             | -             |         |
|                                            | Male                 | %      | 73.68  | 75.17              | 72.53  | -             | -             |         |
|                                            | Female               | %      | 26.32  | 24.83              | 27.47  | -             | -             |         |
|                                            | Executive            |        |        |                    |        |               |               |         |
|                                            | Male                 | Number | 5,362  | 5,508              | 5,688  | -             | -             |         |
|                                            | Female               | Number | 3,685  | 3,866              | 4,029  | -             | -             |         |
|                                            | Total                | Number | 9,047  | 9,374              | 9,717  | -             | -             |         |
|                                            | Male                 | %      | 59.27  | 58.76 <sup>1</sup> | 58.54  | -             | -             |         |
|                                            | Female               | %      | 40.73  | 41.24              | 41.46  | -             | -             |         |
|                                            | Non-Executive        |        |        |                    |        |               |               |         |
|                                            | Male                 | Number | 21,379 | 21,506             | 21,633 | -             | -             |         |
|                                            | Female               | Number | 3,661  | 3,608              | 3,620  | -             | -             |         |
|                                            | Total                | Number | 25,040 | 25,114             | 25,253 | -             | -             |         |
|                                            | Male                 | %      | 85.38  | 85.63              | 85.67  | -             | -             |         |
|                                            | Female               | %      | 14.62  | 14.37              | 14.33  | -             | -             |         |
| Workforce by Age Group                     |                      |        |        |                    |        |               |               |         |
| Bursa C3(a)<br>[Diversity]                 | <35                  | Number | 11,238 | 10,493             | 10,106 | -             | -             |         |
|                                            |                      | %      | 32.53  | 30.00              | 28.49  | -             | -             |         |
| GRI 405-1                                  | 35 - 50              | Number | 19,065 | 20,248             | 21,080 | -             | -             |         |
|                                            |                      | %      | 55.19  | 58.00              | 59.42  | -             | -             |         |
|                                            | >50                  | Number | 4,240  | 4,198              | 4,290  | -             | -             |         |
|                                            |                      | %      | 12.28  | 12.00              | 12.09  | -             | -             |         |
| Workforce by Level and Age Group           |                      |        |        |                    |        |               |               |         |
| N/A                                        | Senior Management    |        |        |                    |        |               |               |         |
|                                            | <35                  | Number | 0      | 0                  | 5      | -             | -             |         |
|                                            | 35 - 50              | Number | 235    | 218                | 243    | -             | -             |         |
|                                            | >50                  | Number | 221    | 233                | 258    | -             | -             |         |
|                                            | Total                | Number | 456    | 451                | 506    | -             | -             |         |
|                                            | <35                  | %      | 0.00   | 0.00               | 0.99   | -             | -             |         |
|                                            | 35 - 50              | %      | 51.50  | 48.30              | 48.02  | -             | -             |         |
|                                            | >50                  | %      | 48.50  | 51.70              | 50.99  | -             | -             |         |
|                                            | Executive            |        |        |                    |        |               |               |         |
|                                            | <35                  | Number | 3,114  | 3,137              | 3,287  | -             | -             |         |
|                                            | 35 - 50              | Number | 5,150  | 5,400              | 5,520  | -             | -             |         |
|                                            | >50                  | Number | 783    | 837                | 910    | -             | -             |         |
|                                            | Total                | Number | 9,074  | 9,374              | 9,717  | -             | -             |         |
|                                            | <35                  | %      | 34.40  | 33.50              | 33.83  | -             | -             |         |
|                                            | 35 - 50              | %      | 56.90  | 57.60              | 56.81  | -             | -             |         |
|                                            | >50                  | %      | 8.70   | 8.90               | 9.36   | -             | -             |         |

## LABOUR RIGHTS AND EMPLOYMENT CULTURE

| ISSB/Bursa/GRI                                       | Metric                              | Units      | FY2023              | FY2024    | FY2025    | Target FY2025 | Future Target | Remarks |
|------------------------------------------------------|-------------------------------------|------------|---------------------|-----------|-----------|---------------|---------------|---------|
| <b>EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITIES</b>    |                                     |            |                     |           |           |               |               |         |
| <b>Workforce by Level and Age Group</b>              |                                     |            |                     |           |           |               |               |         |
| N/A                                                  | <b>Non-Executive</b>                |            |                     |           |           |               |               |         |
|                                                      | <35                                 | Number     | 8,128               | 7,356     | 6,814     | -             | -             |         |
|                                                      | 35 - 50                             | Number     | 13,679              | 14,630    | 15,317    | -             | -             |         |
|                                                      | >50                                 | Number     | 3,233               | 3,128     | 3,122     | -             | -             |         |
|                                                      | Total                               | Number     | 25,040              | 25,114    | 25,253    | -             | -             |         |
|                                                      | <35                                 | %          | 32.50               | 29.30     | 26.98     | -             | -             |         |
|                                                      | 35 - 50                             | %          | 54.60               | 58.20     | 60.66     | -             | -             |         |
|                                                      | >50                                 | %          | 12.90               | 12.50     | 12.66     | -             | -             |         |
|                                                      | Total (excluding Board Members)     | Number     | 34,543              | 34,939    | 35,476    | -             | -             |         |
| <b>BOARD OF DIRECTORS</b>                            |                                     |            |                     |           |           |               |               |         |
| <b>TNB Company Board Directors by Gender</b>         |                                     |            |                     |           |           |               |               |         |
| Bursa C3(b)                                          | Male                                | Number     | 6                   | 8         | 8         | -             | -             |         |
| [Diversity]                                          | Female                              | Number     | 5                   | 4         | 4         | -             | -             |         |
|                                                      | Total                               | Number     | 11                  | 12        | 12        | -             | -             |         |
| GRI 405-1                                            | Male                                | %          | 54.55               | 66.67     | 66.67     | -             | -             |         |
|                                                      | Female                              | %          | 45.45               | 33.33     | 33.33     | >30 female    | -             |         |
| <b>TNB Company Board Directors by Age</b>            |                                     |            |                     |           |           |               |               |         |
| Bursa C3(b)                                          | <50                                 | Number     | 1                   | 1         | 2         | -             | -             |         |
| [Diversity]                                          | 50 - 60                             | Number     | 5                   | 5         | 5         | -             | -             |         |
|                                                      | ≥60                                 | Number     | 5                   | 6         | 5         | -             | -             |         |
| GRI 405-1                                            | <50                                 | %          | 9.09                | 8.33      | 16.67     | -             | -             |         |
|                                                      | 50 - 60                             | %          | 45.45               | 41.67     | 41.67     | -             | -             |         |
|                                                      | >60                                 | %          | 45.45               | 50.00     | 41.67     | -             | -             |         |
| <b>CAPABILITY BUILDING</b>                           |                                     |            |                     |           |           |               |               |         |
| <b>Training Hours</b>                                |                                     |            |                     |           |           |               |               |         |
| GRI 404-1                                            | Total training hour                 | Hours      | 1,344,621           | 1,346,477 | 1,988,642 | -             | -             |         |
| Bursa C6(a)                                          | Average training hours per employee | Hours      | 46.80 <sup>1</sup>  | 50.47     | 57.56     | -             | -             |         |
| [Labour Practices and Standard]                      |                                     |            |                     |           |           |               |               |         |
| <b>Average Training Hours by Gender</b>              |                                     |            |                     |           |           |               |               |         |
| GRI 404-1                                            | Male                                | Hours      | 48                  | 47.07     | 58.25     | -             | -             |         |
|                                                      | Female                              | Hours      | 46                  | 51.62     | 55.00     | -             | -             |         |
| <b>Total Training Hours by Level</b>                 |                                     |            |                     |           |           |               |               |         |
| Bursa C6(a)                                          | Senior Management                   | Hours      | 15,469              | 15,884    | 35,556    | -             | -             |         |
| [Labour Practices and Standard]                      | Executive                           | Hours      | 421,416             | 416,946   | 605,553   | -             | -             |         |
|                                                      | Non-Executive                       | Hours      | 907,736             | 825,924   | 1,336,065 | -             | -             |         |
| GRI 404-1                                            |                                     |            |                     |           |           |               |               |         |
| <b>Capability Building Investments for Employees</b> |                                     |            |                     |           |           |               |               |         |
| N/A                                                  | Total investment                    | RM million | 189.58              | 197       | 203.87    | -             | -             |         |
| <b>EMPLOYEE DEMOGRAPHIC BY CONTRACT TYPE</b>         |                                     |            |                     |           |           |               |               |         |
| Bursa C6(b)                                          | Total (Permanent)                   | Number     | 31,063 <sup>1</sup> | 31,729    | 33,468    | -             | -             |         |
| [Labour Practices and Standards]                     | Total (Contract)                    | Number     | 3,477               | 3,210     | 2,008     | -             | -             |         |
|                                                      | Total (Contract)                    | %          | 10.07               | 9.19      | 5.66      | -             | -             |         |
| GRI 2-7                                              |                                     |            |                     |           |           |               |               |         |
| <b>NEW EMPLOYEE HIRES AND TURNOVER</b>               |                                     |            |                     |           |           |               |               |         |
| <b>Employee Turnover by Level</b>                    |                                     |            |                     |           |           |               |               |         |
| Bursa C6(c)                                          | Senior Management                   | Number     | 44                  | 40        | 48        | -             | -             |         |
| [Labour Practices and Standards]                     | Executives                          | Number     | 342                 | 327       | 424       | -             | -             |         |
|                                                      | Non-Executives                      | Number     | 756                 | 701       | 637       | -             | -             |         |
| GRI 401-1                                            | Total number of employee            | Number     | 1,142               | 1,068     | 1,109     | -             | -             |         |
| <b>Employee Turnover Rate by Level</b>               |                                     |            |                     |           |           |               |               |         |
| N/A                                                  | Senior Management                   | %          | 3.85                | 3.74      | 4.33      | -             | -             |         |
|                                                      | Executives                          | %          | 29.95               | 30.62     | 38.23     | -             | -             |         |
|                                                      | Non-Executives                      | %          | 66.20               | 65.64     | 57.44     | -             | -             |         |
|                                                      | Annual Employee Turnover rate       | %          | 3.30                | 3.06      | 3.13      | -             | -             |         |
| <b>LABOUR RIGHTS</b>                                 |                                     |            |                     |           |           |               |               |         |
| Bursa C6(d)                                          | Number of substantiated complaints  | Number     | 0                   | 0         | 0         | -             | -             |         |
| [Labour Practices and Standards]                     |                                     |            |                     |           |           |               |               |         |
| GRI 2-25                                             |                                     |            |                     |           |           |               |               |         |

<sup>1</sup> Updated calculated number



## COMMUNITY DEVELOPMENT AND SOCIAL IMPACT



## WHY IS IT IMPORTANT?

As a key driver of Malaysia's Energy Transition, TNB is dedicated to a just and inclusive transition, ensuring no one is left behind. As a responsible organisation, we aim to drive progress with positive social impact on the community by allocating 1% of Profit After Tax (PAT) towards community development in terms of education, economic social, environmental, sports and nation building.

We have long been a part of nation-building, serving national and community growth. This means actively supporting communities, workers and vulnerable groups in adapting to changes brought about by the shift to a low-carbon economy.

Driven by our tagline, "Better World. Brighter Lives", we continue to effectively engage with stakeholders to ensure our community development programmes create value and enhance social impact for responsible and sustainable growth in Malaysia and beyond.

## OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Drive Community Energy Access and Social Empowerment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |        |        |        | Risk: Corporate Social Responsibility Programmes May Deliver Suboptimal Social Impact for Beneficiaries                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                          |                          |                          |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Description                                           | <p>As Malaysia's national power utility, TNB has the opportunity to play a transformative role in driving community energy access and social empowerment, fully aligned with the Malaysia MADANI agenda. Beyond traditional corporate social responsibility (CSR), TNB can embed social value creation within its RE and electrification initiatives, ensuring that the energy transition directly benefits the rakyat. TNB allocates 1% of its PAT towards community development in social, education, environmental and sports.</p> <p>By expanding access to affordable and reliable electricity in underserved areas, promoting community-based solar projects, and supporting rural electrification through innovative off-grid solutions, TNB can enable inclusive participation in the low-carbon economy. These efforts reinforce national aspirations for shared prosperity, sustainability and social justice under the MADANI framework.</p> |        |        |        | <p>TNB plays a pivotal role in advancing electrification in communities and social empowerment, in line with the Malaysia MADANI agenda. By dedicating 1% of PAT to CSR, a range of nationwide programmes are executed to meet the needs of targeted beneficiaries, furthering meaningful development and positive social impact.</p> <p>Notwithstanding, the complexity arising from diverse community needs and numerous CSR opportunities creates a challenge in ensuring programmes are optimally targeted for highest positive social impact. Without clear prioritisation, targeted outreach, and effective beneficiary engagement, the intended outcome from these programmes may not reach communities that need support the most.</p> <p>Programmes that are too broad or low-impact could reduce social value creation, weaken community trust and limit TNB's contribution to national socio-economic development.</p> |                          |                          |                          |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens TNB's social mandate and reinforces long-term licence to operate by uplifting underserved communities through improved energy access.</li> <li>Enhances stakeholder trust and national alignment, supporting a resilient business ecosystem anchored in shared prosperity and inclusive growth.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |        |        |        | <ul style="list-style-type: none"> <li>Undermines TNB's social positioning, erodes stakeholder trust and damages its brand image and reputation.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                          |                          |                          |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Drives prioritisation of community-centric programmes aligned with Malaysia MADANI and national socio-economic goals.</li> <li>Encourages collaboration with government agencies, NGOs and local partners to maximise outreach, impact efficiency, and programme scalability.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |        |        |        | <ul style="list-style-type: none"> <li>Align CSR programmes with national priorities including the Malaysia MADANI agenda, supported by community needs assessments.</li> <li>Collaborate with government agencies, NGOs, local councils and private-sector partners to maximise programme reach and resource efficiency.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                          |                          |                          |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Strengthens long-term reputational capital and social value creation, supporting sustained stakeholder confidence and national development contribution.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |        |        |        | <ul style="list-style-type: none"> <li>Reduced social value may indirectly affect long-term reputational, financial positioning and amount contributed for national socio-economic development.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                          |                          |                          |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Short  | Medium | Long   | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Short                    | Medium                   | Long                     |
| Effect on Financial                                   | Spend                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |        |        |        | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Suboptimal Social Impact | Suboptimal Social Impact | Suboptimal Social Impact |
|                                                       | RM232.3 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1% PAT | 1% PAT | 1% PAT |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 3% of CSR spent          | 2% of CSR spent          | 1% of CSR spent          |

## COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

## GOVERNANCE IN ACTION

The TNB Board and the TNB Board Sustainability and Risk Committee (BSRC) oversees the implementation effectiveness of TNB Sustainability Framework including Community Relations and Corporate Social Responsibility (CSR) to achieve strategic objectives and sustainability commitments.

In line with TNB's commitment to allocate at least 1% of PAT to CSR, the funding is channelled into several key pillars: education, economic social, environment, sports and nation building. Allocations are managed according to the TNB Limit of Authority (LOA) and CSR governance process to ensure clear oversight and accountability. CSR proposals are then reviewed by the TNB Group Executive Management Committee (GEMC), chaired by the President/Chief Executive Officer, to ensure funds are used responsibly and directed to programmes that deliver meaningful impact to the community.

At the operational level, TNB's Management monitors the implementation of CSR programmes, including the total investment made in targeted communities and the number of beneficiaries reached.

## STRATEGY

In 2025, TNB has invested a total of RM232.3 million in our CSR Programme, exceeding our commitment of at least 1% of PAT allocation.

## COMMUNITY INVESTMENT

Our community investment covers four (4) areas:



Education



Economic Social



Environment



Sports

This structure ensures programmes are planned and delivered in a consistent manner, with clear governance and reporting.



## EDUCATION

We aim to transform individuals and their families through the power of education, by providing accessible, high-quality learning opportunities and raising awareness on the importance of energy-efficient practices. Our education programmes, particularly those serving underprivileged and rural communities, are instrumental in promoting equitable access to the green economy, preparing both the workforce and society at large for a sustainable energy transition.

## Yayasan Tenaga Nasional (YTN)

Through Yayasan Tenaga Nasional (YTN), TNB expands access to higher education for Malaysian youth, especially those from marginalised and low-income backgrounds, by easing the financial barriers to tertiary studies locally and abroad. Over the past three (3) decades, YTN has provided educational opportunities to over 20,900 students, with cumulative sponsorships of nearly RM2 billion, helping to uplift families and communities through the power of education.

At YTN, we sponsor students at the higher education level, both locally and internationally, through scholarships and convertible loans. Its flagship schemes are:

## TNB Prime Scholarship

For high academic achievers, regardless of household income, to study overseas, at UNITEN and at public universities.

## TNB Shine Sponsorship

Education loan assistance, regardless of household income, to study at UNITEN, public universities and polytechnics.

## My Brighter Future (MyBF) Programme

Targeting marginalised and low-income youth pursuing STEM and TVET at selected public universities, polytechnics and community colleges, covering tuition, boarding and living expenses.

In 2025, TNB has spent **RM37.6 million** specifically for Tertiary Education Scholarships, making it the largest single programme under Education and a flagship component of Community Investment.

COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

Ceria Ke Sekolah Programme (CKS)

Annually, we organise the *Ceria Ke Sekolah* (CKS) programme to ease the financial burden of school preparation for B40 and low-income families. Originally launched as the Back-to-School programme, CKS has evolved into a key education initiative that provides school essentials such as uniforms, shoes and stationery, helping children from underprivileged households begin the school year with dignity and confidence.

 For 2025, we have spent around **RM2 million** to support **17,450 students** across 154 locations, ensuring they have the necessary supplies.

The reach of this programme spans both rural and urban areas, providing vital resources to students and relieving their families of the financial strain that comes with preparing for a new school year.

Malaysia Energy Literacy Programme (MELP)

MELP strengthens energy literacy and promotes smart and sustainable living across all levels of society in Malaysia.

In 2025, two (2) notable MELP achievements are our learning series and energy literacy collaboration with third parties.

- 1. There were 13 learning series initiatives with 34 learning sessions, engaging around 12,800 participants, which consist of ministries and agencies personnel, students, teachers, associations, public and TNB employees. The topics that were covered included tariffs, electrical safety, energy conservation and efficiency, nuclear, electric vehicle and others.
- 2. We have established strategic collaboration on various education programmes with around 28 third parties i.e. nine (9) strategic MELP partners (PETRA, ST, SEDA, YHM, MGTC, MyPOWER, NUR Power, Edra and Malakoff); nine (9) other ministries and government agencies (eg: MoHE, KBS, KESUMA), eight (8) higher learning institutions (UNITEN, UKM, UniMAP, UTM, UMK, UTHM, UniKL and UUM) offering energy literacy module and education outreach to students and communities.

Based on our recent survey, there were positive behavioural changes in areas like energy efficiency adoption and in daily practice. Around 60% of university students and public that were surveyed practice energy efficiency whereas 74% of school students practice energy efficiency. For FY2025, based on results from Corporate Reputation Survey and other assessments from MELP programmes, there was an increase of 8.94% in energy literacy from 73.36% (2024) to 82.33%.

TNB's Sekolah Angkat Programme

TNB has expanded its *Sekolah Angkat* (School Adoption) Programme as part of its long-term community development strategy. In 2025, the programme covered 51 schools nationwide, up from 36 schools previously, with an investment of about RM2.4 million in targeted interventions such as academic support, digital learning, infrastructure upgrades and co-curricular development. The current portfolio comprises:



These sustained efforts reflect TNB's commitment to building a future-ready Malaysia, where progress is driven not only by reliable and sustainable energy, but also by inclusive opportunities that empower communities, nurture the next generation and strengthen the nation's social fabric.

## COMMUNITY DEVELOPMENT AND SOCIAL IMPACT



## ECONOMIC &amp; SOCIAL

Engaging Local Communities and Indigenous People (*Orang Asli*)

As part of our commitment to upholding community relations, we conducted consultations with local communities and social impact assessments which evaluated the potential socio-economic effects and recommend mitigation measures at the initial stages of our generation projects comprising Project Nenggiri and Project SPARX.

For the Nenggiri Project, TNB actively engages *Orang Asli* communities living near its operation sites to improve their well-being and socio-economic conditions, strengthen resilience and cohesion, and ensure grievances are addressed in a fair and structured manner. We have established a community-based grievance mechanism, supported by two (2) designated officers, to collect and document grievances, feedback and suggestions from the local community. The inputs received are systematically reviewed and analysed, and where applicable, incorporated into Social Impact Management Plan (SIMP) and Resettlement Plan. These efforts are especially important for resettled communities, where the focus is on long-term livelihoods and quality of life, not just physical relocation.

For the SPARX project, we conducted consultations with local communities and a social impact assessment at the early stage of the project. We have established an ongoing grievance mechanism to collect and document grievances, feedback and suggestions from the local community. The inputs received are systematically reviewed and analysed, and where applicable, incorporated into SIMP.

## Home for the Needy

TNB's Home for the Needy programme was introduced as one of the Group's flagship community investment initiatives to support marginalised and B40 families who lack safe and decent housing. Under this programme, TNB works with State Governments to build or refurbish homes with proper electricity, water and sanitation, focusing mainly on single parents, senior citizens and differently-abled individuals.

We have successfully provided 1,122 homes supporting 1,122 families, primarily from the B40 and underprivileged communities, including differently-abled individuals, senior citizens and single parents were benefited.

In 2025, we continue to refurbish and build new homes for underprivileged families, approximately amounting to

**RM8.6 million.**

Through this programme, we are able to provide critical housing assistance and uplift living standards, ensuring that every family has access to a safe and secure home. This reflects our strong commitment to sustainability and socio-economic progress, with the purpose to create lasting, positive impact for communities across the nation.

## Santuni MADANI Programme

In line with the Government's Santuni MADANI initiative, TNB's Top Management has been entrusted with the opportunity to select locations where they can give back to communities. The focus is on practical support-addressing socio-economic challenges, improving local infrastructure and strengthening community well-being.

In 2025, each member of Top Management selected one (1) location, resulting in **15** locations for ongoing engagement. To date, TNB has contributed more than **RM245,000**, and this effort will continue beyond 2025.

## COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

**Better Brighter Shelter Programme**

TNB's Better Brighter Shelter Programme supports families from low- and middle-income groups who need to accompany loved ones receiving treatment at government hospitals. The programme includes:

- Better Brighter Anjung Kasih YKN-TNB facilities at selected government hospitals nationwide, established with Yayasan Kebajikan Negara (YKN) and the Ministry of Women, Family and Community Development.
- Better Brighter Dormitory National Heart Institute (IJN) Foundation – TNB supports families of heart patients undergoing treatment at IJN.

Since 2017, TNB has channelled over RM6.4 million into upgrading, equipping, maintaining and operating four Better Brighter Shelter facilities at IJN, Hospital Serdang, Hospital Melaka and Hospital Raja Perempuan Zainab II in Kota Bharu. TNB has also supported upgrades and equipment for Hospital Sultanah Nur Zahirah in Kuala Terengganu. Through this initiative, TNB provides safe and comfortable temporary accommodation so that families can remain close to patients during critical medical periods without bearing additional financial and emotional strain.

▶ Each year, more than **6,000 families** benefit from these shelters.

By easing the cost of accommodation and providing a safe, reliable place to stay near the hospital, the Better Brighter Shelter Programme directly supports community well-being, reduces hardship for caregivers and helps families focus on recovery. This initiative is reported as part of TNB's CSR and social impact commitments under its sustainability agenda, demonstrating tangible support for public healthcare and vulnerable families nationwide.

**Sumbangan Kendaraan Terpakai Initiative**

TNB's *Sumbangan Kendaraan Terpakai* initiative refurbishes used TNB operational vehicles into service or funeral vehicles, which are then donated to communities to support essential services-especially in rural areas.

▶ In 2025, TNB delivered **45** vehicles, benefiting **45** different communities through this programme.

**ENVIRONMENT**

In 2025, community investments in environmental enrichment encompassed tree planting, river and coastal clean-ups, habitat restoration and firefly conservation as integrated, on-ground climate solutions for local communities, powered by RM3.6 million in environmental CSR funding for the year.

The Firefly Habitat Conservation & Community Empowerment programme in Kampung Kuantan showcased how TNB translates climate action into tangible benefits for people and nature. The initiative brought together 1,123 participants, strengthened eco-tourism through 12 fibreglass sampans for the local boat association and delivered 100 food aid boxes to underprivileged families. It also removed 349 kg of waste from Sungai Selangor and enhanced biodiversity through the planting of 100 pokok berembang and the release of 1,000 juvenile udang galah.

Building on this model, similar integrated firefly and riverine conservation initiatives are being rolled out in communities such as Kampung Yak Yah in Kemaman, Terengganu, Kampung Sungai Timun in Rembau, Negeri Sembilan and Kampung Dew in Taiping, Perak, with activities tailored to local ecosystems and livelihood needs.

▶ In 2025, the My Brighter Green Programme advanced its tree planting efforts with **23,230 trees** planted, expected to sequester approximately 365 tCO<sub>2</sub>e of carbon, while reinforcing natural buffers that safeguard communities from flooding, erosion and extreme heat.

The programme demonstrates how integrated, community-centred initiatives can deliver meaningful social and environmental impact, reinforcing TNB's role as a responsible energy utility and long-term partner to local communities, while directly advancing SDG 13: Climate Action.



## COMMUNITY DEVELOPMENT AND SOCIAL IMPACT



## SPORTS

## Energising Malaysian Hockey Development

TNB's hockey development initiatives focus on creating opportunities for young Malaysians, especially students, to access quality coaching and competitive pathways in the sport. In 2025, coaching programmes such as *Pembangunan Klinik Hoki Remaja Negara* and *Kem Bakat Hoki 2025* were conducted with selected schools and clubs in Penang, Melaka, Pahang and Perak, benefiting approximately 50 teachers and 1,000 students, with TNB employees who are former national players volunteering as coaches and mentors.

Building on this grassroots impact, TNB plays a pivotal role in advancing hockey development in Malaysia and has helped shape many national players of world-class standard. We foster national hockey development through the TNB Thunderbolts programme, which nurtures high-potential youth aged 13 to 17 to become future stars of the game.

▶ In 2025, TNB's total contribution to hockey development amounted to **RM10.2 million**, comprising RM8.2 million in sponsorship to the Malaysian Hockey Confederation (MHC), RM1 million for the TNB Thunderbolts programme and RM0.9 million for *Sumbangan Peralatan Hoki*.

## NATION BUILDING

Under RT 2.0, TNB continues to uphold its role as a nation-builder, contributing to national and community growth by nurturing future-ready talent.

## Technical and Vocational Education and Training (TVET) Transformation Programme

TNB continues to implement the TVET Transformation Programme, a collaborative initiative with the government to strengthen and future-proof the nation's technical and vocational education ecosystem.

Through strategic partnerships with four (4) ministries and four (4) TVET institutions, the TNB TVET Transformation Programme has made strong progress in shaping training module development, trainer development and infrastructure assessment.

▶ The TVET programme delivered measurable impact: improving curriculum quality and infrastructure readiness, as well as upskilled **100** instructors/lecturers and directly benefitting **1,280** students. These outcomes have strengthened TVET graduates employability to **95%** and positioned TVET as a key enabler of Malaysia's Energy Transition goals.

## TNB Better Brighter Internship Programme (BBIP)

Launched in 2014 and upgraded in May 2024, TNB's flagship talent-pipeline initiative now welcomes certificate, diploma, degree, master's and PhD students from accredited institutions nationwide, expanding beyond its original UNITEN-only intake. Structured placements match interns with departments and locations aligned to their fields of study, while a blended curriculum combines job shadowing, project work, site visits to power plants and solar farms and mentorship from experienced professionals.

TNB's internship pathways have engaged almost 33,000 students since 1990, equipping Malaysia's emerging energy professionals with practical skills in renewable generation, smart-grid technology and sustainability leadership.

▶ In 2025, 1,473 students completed their internship at TNB with a total internship allowance of approximately **RM3.2 million**, for an average attachment period of five (5) months.

## COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

### TNB Protege-Ready to Work (PROTEGE-RTW) Programme

TNB's PROTEGE-Ready to Work (RTW) Programme supports national efforts to reduce graduate unemployment and build a skilled workforce for Malaysia's growing energy sector.

The programme adopts a hybrid learning model that combines theoretical knowledge with practical application, delivered in partnership with TNB ILSAS. It strategically prioritises candidates with engineering, IT and business degrees aligned to TNB's operational needs and places them across TNB and the wider electricity-supply value chain for real-world exposure and skills development.

Since its introduction at TNB in 2011, the programme has trained **6,610** graduates, with 546 subsequently absorbed into TNB and its subsidiaries, strengthening both employability outcomes and the Group's talent pipeline. In 2025, **306** proteges have been employed in TNB.

### PROJECT BASED CSR AND ENGAGEMENT

As outlined in the TNB Sustainability Policy, we are committed to engage with local communities in or near areas where we operate with the purpose of promoting their well-being and enhancing socio-economic benefits. In addition to the 1% PAT allocation, TNB also delivers CSR through project-based funding. This budget comes from the overall project budget and is used to address local community needs around project areas, such as improving surrounding communities and supporting initiatives that contribute to TNB's Net Zero aspirations.

In 2025, RM361,000 was invested for the installation of rooftop solar systems at *Sekolah Kebangsaan Pulau Redang* and *Masjid Kampung Baru Pulau Redang*, directly benefiting 723 individuals in the local community as part of *Pulau Tenaga Hijau* CSR Programme. At the school, the solar installation reduces reliance on diesel-based electricity during the day, improves comfort for students and teachers and serves as a practical learning site for sustainability. At the mosque, solar power supports cleaner energy use in an important community space where residents gather daily, showing that low-carbon solutions can fit naturally into everyday island life. In addition, RM843,000 was invested for the installation of solar PV systems and solar street lighting at Kampung Tekek, Kampung Mukut and Kampung Juara in Pulau Tioman, directly benefitting around 300 people.

As part of our responsibilities for community relations, we conduct consultation with local communities at early stage of our generation project, which are Nenggiri Hydroelectric Project and SPARX Project.

### RISK MANAGEMENT

Investing in community development introduces risks related to misallocation of funds, benefits not reaching the right beneficiaries and inadequate monitoring that may result in programmes not achieving intended outcomes.

Robust controls are embedded throughout to ensure accountability and effective risk mitigation. During the planning stage, feasibility assessments and stakeholder mapping are conducted to ensure inclusivity and alignment with strategic objectives. Implementation is closely monitored through budget utilisation reviews and milestone tracking via quarterly GEMC meetings and the TNB Social Impact Dashboard. Monitoring mechanisms include site audits and third-party validations for projects valued at RM1 million and above, ensuring integrity and transparency in delivery.

### OUR PERFORMANCE

| ISSB/Bursa/GRI                                                        | Metric                                                                                                              | Units      | FY2023 | FY2024 | FY2025  | Target FY2025 | Future Target | Remarks |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|------------|--------|--------|---------|---------------|---------------|---------|
| <b>COMMUNITY/SOCIETY</b>                                              |                                                                                                                     |            |        |        |         |               |               |         |
| <b>Total Number of Beneficiaries of the Investment in Communities</b> |                                                                                                                     |            |        |        |         |               |               |         |
| Bursa C2(a), C2(b)<br>[Community/<br>Society]                         | Total amount invested<br>in the community where<br>the target beneficiaries<br>are external to the listed<br>issuer | RM million | 99.04  | 63.78  | 101.34  | -             | -             |         |
| GRI 201-1                                                             | Beneficiaries of<br>investment in<br>communities                                                                    | Number     | 6,635  | 79,581 | 713,748 | -             | -             |         |

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## SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN



## WHY IS IT IMPORTANT?

In our commitment to driving a sustainable future, our procurement and supply chain approach focuses on embedding responsible, transparent and ethical practices across the entire supply chain ecosystem. Enforcing robust ESG standards in partnership with our suppliers and collaborators upholds responsible, transparent and ethical practices throughout the entire supply chain ecosystem driven by the principles of Just Transition to ensure inclusivity and equity. As the national power utility company, we continue to support the government's MADANI Ekonomi framework by onboarding local vendors and suppliers.

We have embarked on a sustainable supply chain approach that goes beyond traditional procurement, emphasising sustainability at every stage. With the implementation of the Value-Based Procurement Policy and Procedure (VbPPP) framework, TNB has shifted from transaction-driven and cost-focused procurement to a value-based approach that considers total value across the procurement lifecycle to meet stakeholders' needs, strengthen sustainable governance and enhance supply chain resilience.

We maintain a strong commitment to ethical dealings that support a fair and responsible supply chain. In 2025, we continued to advance our sustainability journey by promoting environmental stewardship, social responsibility and robust governance throughout our supply chain. Our efforts contribute to building a resilient, inclusive and sustainable future for Malaysia and beyond.

## OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d):

IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Establish Resilient Supply Chain for the Energy Transition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                             |                             |                             | Risk: Vendor Readiness and Cost Competitiveness from Enhanced Sustainability Expectations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                            |                            |                            |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|
| Description                                           | <p>TNB has the opportunity to strengthen supply chain resilience for the energy transition by increasing local sourcing, reducing dependency on imported equipment, and ensuring multiple qualified suppliers for renewable energy projects, grid modernisation, green technologies and digital solutions. Through local procurement development programmes, TNB can elevate vendor ESG standards, improve labour and environmental compliance and build a more responsible supply network.</p> <p>Expanding green procurement and supporting local manufacturing for transformers, cables, solar equipment and grid technologies enable TNB to mitigate global supply disruptions, shorten project timelines, and lower Scope 3 emissions. A resilient, ESG-aligned supply chain enhances delivery of energy transition projects, strengthens operational reliability and supports Malaysia's broader clean energy ecosystem.</p> |                             |                             |                             | <p>TNB aims to empower local vendors in their energy transition journey by strengthening vendor development programmes, increasing local procurement, and expanding local participation in new energy projects. Through the TNB Sustainable Procurement Code of Conduct (SPCC), vendors are encouraged to adopt higher standards in environmental responsibility, sustainable practices and innovation.</p> <p>However, vendors may not yet be ready to meet these heightened expectations, potentially affecting their competitiveness in tenders, consequently increasing reliance on international vendors with greater readiness and capability. Enhanced sustainability expectations may also increase procurement costs, as vendors invest in greener technologies and sustainable materials to reduce carbon footprint across its value-chain, alongside potential exposure to higher foreign exchange costs due to increased transactions with international vendors. These pressures may influence procurement outcomes and limit supplier diversity, which could hinder progress toward TNB's broader sustainability goals.</p> |                            |                            |                            |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Strengthens security and reliability of key fuels and critical components by reducing exposure to global supply shocks and imported material risks.</li> <li>Supports competitive pricing and stable operations through local sourcing, diversified suppliers and lower carbon-intensity inputs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |                             |                             | <ul style="list-style-type: none"> <li>Undermines TNB's ability to deliver reliable, affordable and sustainable energy due to the unavailability or rising costs of critical equipment and materials.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                            |                            |                            |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Drives strategic focus on supplier diversification, localisation, and long-term partnerships to ensure sustained availability of essential equipment and materials.</li> <li>Guides investment into supplier capability development and sustainable procurement practices to align with energy transition needs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |                             |                             | <ul style="list-style-type: none"> <li>Diversify and strengthen the vendor ecosystem to enhance supply chain resilience and competitiveness.</li> <li>Implement vendor capability-building programmes, including technical support, to accelerate sustainability adoption.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                            |                            |                            |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Unlocks cost avoidance from increasing operating costs due to increasing procurement cost.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             |                             | <ul style="list-style-type: none"> <li>Higher operating costs resulting from higher foreign exchange costs due to increased transactions with international vendors.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                            |                            |                            |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Short                       | Medium                      | Long                        | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Short                      | Medium                     | Long                       |
| Effect on Financial                                   | Cost Savings<br>RM5.4 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Cost Avoidance<br><RM50 mil | Cost Avoidance<br><RM50 mil | Cost Avoidance<br><RM50 mil | Cost Increase<br>RM54.2 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Cost Increase<br><RM50 mil | Cost Increase<br><RM50 mil | Cost Increase<br><RM50 mil |

## SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN

### GOVERNANCE IN ACTION

IFRS S1.27(a)(b); IFRS S2.6(a)(b)

TNB's Procurement and Supply Chain governance structure functions through clear escalation channels, regular performance reviews and integrated decision-making. The Board Tender Committee (BTC) provides strategic oversight to ensure integrity, fairness, transparency and resilience across TNB's procurement activities and updates the TNB Board through monthly BTC Chairman reports.

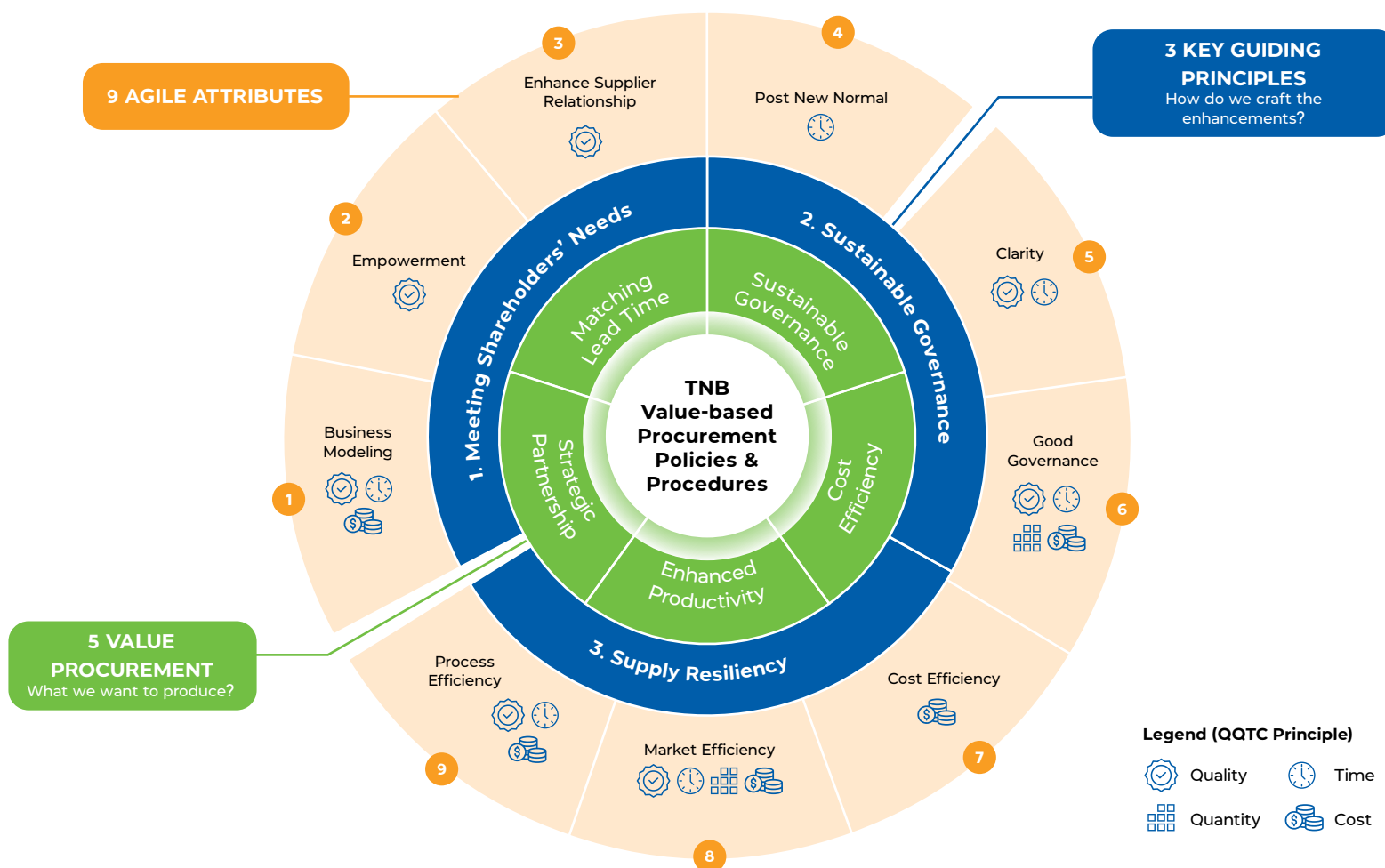
At the management level, procurement and supply chain activities are governed by the Group Management Tender Committee (GMTC) in accordance with the Limits of Authority (LOA). The GMTC, chaired by TNB President/Chief Executive Officer, ensures clear accountability, transparent decision-making, strengthening responsible sourcing practices and reinforcing confidence in the integrity of the company's supply chain.

### STRATEGY

IFRS S1.29, 30, 31, 33(a)(b)(c); IFRS S2.14(a)(b)(c)

In 2025, TNB enhanced and elevated TNB Procurement and Supply Chain Policy and Procedures (PPP) into a Value-Based Procurement Policy and Procedure (VbPPP) framework. This enhancement is a strategic shift from transaction-driven and cost-focused procurement to a value-based approach to meet stakeholders' needs, enforce sustainable governance and enhance supply resiliency. The value-based procurement approach considers total value across the procurement lifecycle, including cost efficiency, quality, sustainability, governance and supply chain resilience.

TNB's sustainable procurement and supply chain strategy is guided by the VbPPP framework and focuses on delivering five (5) key value outcomes: optimised lead times, sustainable governance, cost efficiency, enhanced productivity and strengthened strategic partnerships.



This transforms our procurement and supply chain governance by aligning to evolving business needs, stakeholder expectations and the nation's energy transition agenda.

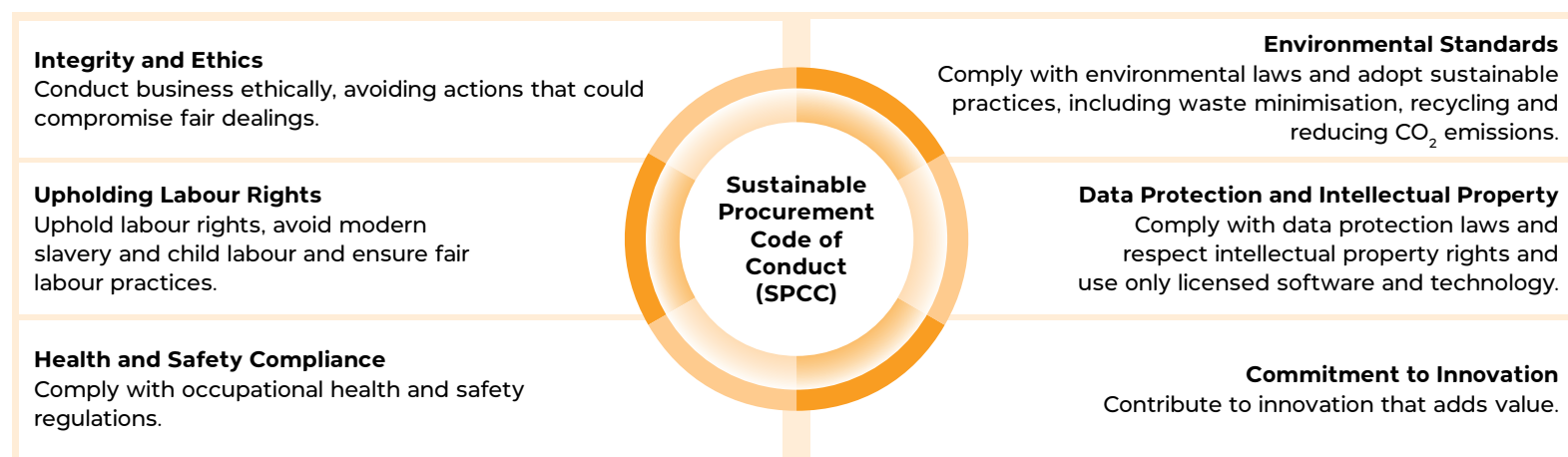
## SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN

## SUSTAINABLE PROCUREMENT CODE OF CONDUCT

TNB's Supplier Principles and Code of Conduct (SPCC) reinforces ethical and responsible sourcing across the supply chain while guiding vendors in strengthening their ESG practices. The SPCC establishes clear expectations and minimum standards for all suppliers, covering key areas such as integrity and ethical conduct, labour rights, health and safety compliance, environmental stewardship, data protection and intellectual property, as well as a commitment to innovation. The inclusion of labour rights provisions sets expectations on fair treatment, responsible employment practices and compliance with applicable labour regulations. Vendors are required to comply with these standards as a condition of doing business with TNB, and any non-compliance may result in corrective actions, including contract suspension or termination.

Beyond setting compliance requirements, TNB also engages vendors as partners in advancing ESG practices and supporting the energy transition across the value chain. Through the SPCC framework and ongoing supplier engagement, TNB works with vendors to strengthen environmental management practices, improve governance standards and align with emerging sustainability expectations associated with the evolving energy landscape. This includes encouraging vendors to adopt responsible operational practices, enhance transparency in their ESG performance and build capabilities to participate in a lower-carbon energy ecosystem.

In support of transparency and accountability, the SPCC also incorporates whistleblowing and grievance reporting channels that allow vendors and their employees to report unethical or non-compliant behaviour confidentially. These mechanisms ensure that concerns are handled through a structured and independent process, enabling fair resolution while maintaining trust and accountability across the supplier ecosystem.



Collectively, effective implementation of both VbPPP and SPCC ensures that every spending contributes to sustainable growth, operational efficiency, ecosystem development and Malaysia's broader energy transition goals.

## LOCAL VENDOR AND SUPPLIER DEVELOPMENT PROGRAMME IN MALAYSIA

We are deeply committed to strengthening Malaysia's industrial ecosystem by cultivating competitive, resilient and future-ready local vendors and suppliers. In alignment with the National Energy Transition Roadmap (NETR), TNB has introduced the Bumiputera Vendor Development Programme (PV 3.0) to significantly increase Bumiputera participation and spending. All Bumiputera companies that meet the required Bumiputera equity threshold are eligible for this programme under the following categories.

| Category            | Component                          | Bumiputera Equity |
|---------------------|------------------------------------|-------------------|
| <b>Manufacturer</b> | All                                | ≥70%              |
| <b>Contractor</b>   | Kontraktor Kerja Bumiputera        | 100%              |
|                     | Kontraktor Perkhidmatan Bumiputera |                   |
| <b>NETR</b>         | Equity                             | ≥70%              |
|                     | EPCC/Contractor                    |                   |
|                     | Consultant                         |                   |
|                     | Digital                            |                   |

As at 2025, the Bumiputera local spend has reached **RM11 billion**, with **1,264** Bumiputera vendors successfully onboarded under the PV 3.0 programme, underscoring our dedication to local growth and sustainable economic development.

In 2025, 15 vendors who benefitted from our PV 3.0 programme, have successfully secured **RM38.2 million** in financing facilities through Bumiputera Expansion and Catalyst Fund (BECF) by *Unit Peneraju Agenda Bumiputra* (TERAJU) and its collaborating partners.



## SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN

TNB is committed to assist in strengthening local supplier capabilities through targeted upskilling programmes and technical competency development initiatives such as the Technical and Vocational Education and Training (TVET) Learn to Work programme. We actively collaborate with the Ministry of Entrepreneur and Cooperatives Development (KUSKOP) to identify high potential suppliers and empower them to participate in international trade missions, fostering global market access and strengthening Malaysia's industrial footprint. Furthermore, TNB facilitates business matching for transmission-related projects and promotes ESG linked innovation initiatives by local suppliers.

### ELEVATED SUPPLIER COMMUNICATION AND COLLABORATION TO STRENGTHEN SUPPLIER ECOSYSTEM

The TNB Supplier Relationship Management (SRM) framework aims to drive mutual performance enhancement and foster a resilient and high-performing supply chain that supports TNB's Energy Transition objectives.

Collaboration across the supply chain is essential to strengthening resilience and accelerating innovation. To support this, TNB engages suppliers through multiple platforms, including face to face sessions, digital communication channels, capability building workshops and structured feedback mechanisms. These engagements involve Vendor Associations, technical dialogues and continuous improvement forums that encourage suppliers to enhance performance in line with evolving expectations on quality, sustainability and energy transition requirements.

In 2025, TNB conducted over 15 engagement sessions with strategic partners and ecosystem stakeholders, including CIDB, TERAJU, MARA, KUSKOP and key vendor associations such as *Persatuan Rakan Niaga Strategik Malaysia* (PERNISMA), *Persatuan Industri Tenaga Boleh Baharu dan Alam Sekitar* (PINTARE), *Persatuan Usahawan Tenaga Malaysia* (PUTM) and the Malaysian Cable Manufacturers Association, along with vendors across TNB subsidiaries. These engagements strengthened shared understanding, capability alignment and collaborative problem-solving across the supplier ecosystem.



Through these strategic engagements and collaborations, the 2025 Vendor Satisfaction Survey scored **91.7%**. TNB remains fully committed in improving performance, guided by the constructive feedback provided by vendors at each event.

### FOSTERING ACCOUNTABILITY THROUGH ROBUST SUPPLIER FEEDBACK AND VENDOR GRIEVANCE MECHANISM

TNB Vendor Grievance Mechanism platform is made available on TNB website to vendors and suppliers and their respective subcontractors. This platform is accessible to voice concerns, share feedback, or seek clarification.

In 2025, **18 out of 20** registered grievances have been resolved or are undergoing structured resolution, while the remaining two (2) are under active review, underscoring our commitment to responsible governance.

### INNOVATING DIGITAL PROCUREMENT AND SUPPLY CHAIN FOR GREATER EFFICIENCY

TNB leverages a suite of digital tools to strengthen procurement efficiency, transparency and supplier collaboration. The centralised demand planning and end-to-end digital procurement systems enhance visibility, traceability and data-driven decision-making across the supply chain. Automation tools are used to improve the management of high-volume orders and geographically distributed procurement activities, while e-commerce platforms shorten lead times from ordering to delivery. Vendor performance is supported through centralised contractor and supplier evaluation tools, complemented by a two-way material feedback system that facilitates defect reporting, warranty management and continuous improvement. In 2025, P&SC Mobile Web with weKNOW AI Chatbot, a mobile web platform with a generative AI-powered procurement chatbot, was launched to enhance self-service support and improve collaborative communication.

## SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN

## RISK MANAGEMENT

IFRS S1.43(a)(b), 44(a)(b)(c); IFRS S2.24, 25(a)(b)(c)

## SUPPLY CHAIN RISK ASSESSMENT AND MITIGATION

Supply chain resilience is critical for TNB to deliver reliable, affordable and sustainable energy, particularly amid potential disruptions, unavailability, or rising costs of critical equipment and materials. To mitigate these risks, TNB adopts a strategic focus on supplier diversification, localisation and long-term partnerships to ensure the sustained availability of essential equipment and materials. Risk exposures related to supply chain resiliency are closely monitored as a key risk indicator for critical materials in the electricity supply chain such as substation equipment, underground cables and accessories and power plant spares.

For strategic and operationally critical equipment, TNB maintains spare inventory and contingency arrangements to minimise the risk of supply disruptions and support operational continuity.

In addition, TNB implements vendor capability-building programmes and sustainable procurement practices, including technical support, to align suppliers with energy transition requirements and enhance long-term supply chain resilience.

## SUPPLY CHAIN SUSTAINABILITY ASSESSMENT

Aligned with this approach, TNB has conducted a comprehensive Vendor Sustainability Assessment (VSA), a self-declaration ESG questionnaire designed to evaluate suppliers' sustainability performance and ethical business practices. The assessment reinforces sustainability as a shared responsibility and fosters collective action to reduce carbon emissions, improve waste management and support responsible sourcing.

▶ A total of **935** respondents from the Group's active vendor base participated in the 2025 assessment, representing **RM5.4 billion** in total procurement spending. The results provided insights into suppliers' environmental performance, labour and human rights practices, governance systems and their readiness to support future energy transition requirements.

Based on these insights, the company identified suppliers with potentially elevated ESG-related risks and initiated a structured mitigation and improvement programme. This targeted engagement helps address key risk drivers, strengthen compliance and performance expectations and enhance overall supply chain resilience.

## CONTRACTOR ASSESSMENT AND SUPPLIER EVALUATION (CASE)

Maintaining trust and accountability in procurement is fundamental to our operations, with supplier risk management being a key priority. Through the CASE process, TNB systematically monitors supplier quality, compliance and performance, enabling early identification of operational, financial and ethical risks. Suppliers can access their CASE scores via the TNB Supplier Self-Service Portal, allowing them to track performance and understand potential areas of concern. TNB proactively engages suppliers to address gaps and implements targeted support and capability development, mitigating the likelihood of supply chain disruptions.

▶ In 2025, over **3,000 active vendors** were evaluated, with **more than 95%** demonstrating strong and consistent performance across key risk criteria. TNB has been closely supporting **10 active suppliers** with improvement opportunities through continuous monitoring and collaborative interventions. We look forward to engaging more suppliers in the future to further strengthen overall supply chain resilience and ensure sustainable, long-term value.

## OUR PERFORMANCE

| ISSB/Bursa/GRI                                   | Metric                         | Units  | FY2023 | FY2024 | FY2025 | Target FY2025 | Future Target | Remarks |
|--------------------------------------------------|--------------------------------|--------|--------|--------|--------|---------------|---------------|---------|
| <b>SUPPLY CHAIN MANAGEMENT</b>                   |                                |        |        |        |        |               |               |         |
| <b>Proportion of Spending on Local Suppliers</b> |                                |        |        |        |        |               |               |         |
| Bursa C7(a)<br>[Supply Chain Management]         | Total spend on local suppliers | RM bil | 17.18  | 19.21  | 20.80  | -             | -             |         |
|                                                  | Percentage of local suppliers  | %      | 46.45  | 52.81  | 57.08  | >35           | -             |         |
| GRI 204-1                                        |                                |        |        |        |        |               |               |         |

## MT 15 DIGITAL TRUST AND CYBERSECURITY



### WHY IS IT IMPORTANT?

Digitalisation and Artificial Intelligence (AI) are crucial to enable TNB's energy transition, enhancing operational efficiency, customer experience and the resilience of Malaysia's electricity supply and power grid. Cybersecurity is central in protecting Information Technology (IT) and Operational Technology (OT) systems while ensuring reliable electricity supply for over 10 million customers. Robust cybersecurity safeguards both business operations continuity and stakeholder trust, which are essential for sustainable growth in an increasingly digital energy ecosystem.

TNB integrates digital trust and cybersecurity into operational and digital strategies through continuous risk assessments, threat monitoring and robust incident response measures. Oversight from the TNB Board and strong management commitment ensures that IT and OT systems are resilient and prepared for critical situations. In addition, we comply with regulatory requirements and adopt industry best practices to protect the confidentiality, integrity, privacy and availability of customer and stakeholder data.

### OPPORTUNITY AND RISK

IFRS S1.29(a)(b)(c)(d), 30(a)(b)(c), 31, 32(a)(b), 33(a), 34(a)(b), 35(a)(b)(c)(d);  
IFRS S2.9(a)(b)(c), 10(a)(b)(c)(d), 11, 12, 13(a)(b), 14(a)(b), 15(a)(b), 16(a)(b)(c)(d), 17, 18(a)(b)

\*Short: 2026; Medium: 2027–2030; Long: 2031–2050

| Opportunity and Risk                                  | Opportunity: Strengthen Cybersecurity and Data Protection Across TNB's Value Chain                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                        |                                        |                                        | Risk: Challenges in Maintaining a Proactive Cybersecurity Posture                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                            |                            |                            |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|
| Description                                           | <p>TNB has a strategic opportunity to strengthen cybersecurity and data protection across its value chain, safeguarding both Malaysia's national critical infrastructure and the data of over 10 million customers amid accelerating digitalisation and increasing adoption of Artificial Intelligence (AI).</p> <p>By enhancing cybersecurity resilience across IT, OT and AI-driven systems (through continuous monitoring, threat intelligence, and compliance with global standards), TNB can prevent service disruptions, financial losses, and reputational risks.</p> <p>Robust data protection enables the utility to maintain data integrity and unlock new business value, including personalised energy solutions and energy-transition offerings, and improved operational efficiencies.</p> |                                        |                                        |                                        | <p>As TNB accelerates its digital transformation and integrates Artificial Intelligence (AI) and other advanced technologies across its business model and value chain, the organisation is exposed to vulnerabilities in an evolving cyber threat landscape.</p> <p>The increasing convergence between IT and OT, together with the integration of AI-driven systems into operational processes, exposes critical infrastructure to cybersecurity threats such as ransomware, data breaches and system manipulation. Moreover, as TNB's customer base is anticipated to grow, the corresponding increase in sensitive and personal data creates a heightened responsibility for its protection.</p> <p>A successful cyberattack could compromise grid reliability, disrupt electricity supply, expose sensitive operational or customer data, resulting in financial loss and adverse reputation.</p> |                            |                            |                            |
| Impact on Business Model & Value Chain                | <ul style="list-style-type: none"> <li>Enhances resilience of IT and OT systems by reducing vulnerability to cyber incidents, ensuring continuity of grid operations and safeguarding sensitive customer and operational data.</li> <li>Strengthens trust in digital platforms, enabling secure delivery of emerging energy-transition solutions such as personalised services, advanced analytics and smart-grid applications.</li> </ul>                                                                                                                                                                                                                                                                                                                                                               |                                        |                                        |                                        | <ul style="list-style-type: none"> <li>Undermines TNB's ability to deliver reliable energy and compromising the confidentiality of sensitive information and customer data.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                            |                            |                            |
| Effect on Strategy & Decision Making                  | <ul style="list-style-type: none"> <li>Prioritises targeted investments in threat monitoring, OT/IT hardening, data governance, and workforce cybersecurity capability development to proactively manage evolving risks.</li> <li>Reinforces integration of cybersecurity in digital transformation programmes, guiding enterprise-wide protocols for secure system design and incident response.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                             |                                        |                                        |                                        | <ul style="list-style-type: none"> <li>Strengthen TNB's cybersecurity posture through continuous threat monitoring and workforce capability development.</li> <li>Enhance incident response planning to proactively safeguard critical infrastructure and protect operational data.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                            |                            |                            |
| Effect on Financial Performance, Position & Cash Flow | <ul style="list-style-type: none"> <li>Avoids significant financial losses associated with service disruptions, data breaches and incident response, while reducing long-term insurance and recovery costs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                        |                                        |                                        | <ul style="list-style-type: none"> <li>Higher operating costs resulting from increase in insurance premium and potential losses from cyber incidents.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |                            |                            |
| Time Horizon                                          | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Short                                  | Medium                                 | Long                                   | Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Short                      | Medium                     | Long                       |
| Effect on Financial                                   | Cost Savings<br>RM65.8 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Cost Avoidance<br>RM50 mil – RM450 mil | Cost Avoidance<br>RM50 mil – RM450 mil | Cost Avoidance<br>RM50 mil – RM450 mil | Cost Increase<br>RM9.4 mil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Cost Increase<br><RM50 mil | Cost Increase<br><RM50 mil | Cost Increase<br><RM50 mil |

## DIGITAL TRUST AND CYBERSECURITY

## GOVERNANCE IN ACTION

TNB Board provides oversight and safeguards business continuity and digital resilience to ensure that digitalisation, AI and cybersecurity strategies align with corporate objectives. The Energy Commission of Malaysia sets sector regulatory requirements for secure and reliable energy operations.

At the management level, the Digital & Artificial Intelligence Committee, chaired by the TNB President/Chief Executive Officer and composed of senior TNB management, deliberates and approves the organisation's cybersecurity and ICT strategic direction. The Cyber Security Council, chaired by Chief Digital & Information Officer and senior cybersecurity management, aligns, reviews and oversees the implementation of cybersecurity initiatives across the organisation, translating strategic direction into tactical execution. The Council ensures cross-functional coordination, monitors risk posture, evaluates programme progress and addresses issues that may impact the enterprise. Both committee and council convene biannually or as required to ensure continuous oversight and timely decision-making.

TNB operates a dedicated Security Operations Centre (SOC) that provides 24/7 monitoring of networks, systems and applications to detect and respond to cybersecurity threats. The SOC enhances the resilience of TNB's digital and operational infrastructure through timely incident response, continuous threat analysis and enforcement of cybersecurity controls, while ensuring compliance with applicable regulatory and data protection requirements.

At operational level, the Cyber Security Working Group, chaired by the Head of Cybersecurity and composed of several management-level cybersecurity professionals executes and reviews cybersecurity controls, projects and remediation efforts across IT and OT environments. The Working Group ensures technical implementation, operational readiness, and compliance with approved frameworks and standards, while providing periodic updates to governance bodies on risks, incidents and ongoing initiatives.

## REGULATORY COMPLIANCE AND DATA PROTECTION

## CYBERSECURITY ACT 2024

The Cyber Security Act 2024 governs the protection of Malaysia's critical information infrastructure by setting out standards for cyber risk management and coordinated incident response. Key enhancements include mandatory reporting of cybersecurity incidents to Energy Commissions, National Cyber Security Agency (NACSA) and TNB Board regularly, strengthening regulatory supervision. In line with national requirements, TNB adopts measures consistent with the Cyber Security Act 2024.

TNB cybersecurity management is guided by the TNB ICT Security Policy and guidelines, ensuring employees understand their responsibilities in safeguarding critical ICT assets. Through 24-hour cyber threat monitoring, we support the protection of the national grid and the continuity of electricity supply.

## PERSONAL DATA PROTECTION ACT 2010

The Personal Data Protection Act 2010 (PDPA) governs the processing of personal data in commercial transactions by data controllers. After more than a decade in effect, the PDPA has been amended through the Personal Data Protection (Amendment) Act 2024, introducing enhanced requirements to strengthen data privacy and security.

TNB's personal data protection framework aligns with the PDPA, its subsidiary legislation including the Personal Data Protection Code of Practice for the Utilities Sector (Electricity) Version 2.0 and internal policies. This framework underpins accountability, transparency and responsible data handling, supporting stakeholder trust and operational compliance.

As a data controller, TNB processes significant volumes of personal data, including information related to customers, employees and vendors. Therefore, it is crucial to ensure compliance with the applicable legislation governing personal data protection. Pursuant to it, TNB has appointed five (5) Data Protection Officers (DPOs) to oversee and monitor adherence to the PDPA requirements. Their role is essential in safeguarding personal data, mitigating risks of non-compliance and promoting a culture of accountability and transparency within the organisation. Proper handling of personal data is critical to maintaining public trust, safeguarding privacy and mitigating reputational risks.

## STRATEGY

## CYBERSECURITY APPROACH

The Cyber Security Operating Model (CSOM) serves as TNB's cybersecurity framework, designed to manage cyber risks in a structured and consistent manner. It defines clear governance, risk management and compliance practices, ensuring alignment with business objectives, regulatory requirements and enterprise risk management principle. As part of the cybersecurity practices, employees and TNB contractors follow strict onboarding and offboarding protocols, ensuring access is properly managed throughout the personnel lifecycle. These controls are reinforced by TNB's enterprise risk management practices, where cyber risks are identified, assessed and mitigated in line with the organisations' business objectives and digital transformation priorities.

## DIGITAL TRUST AND CYBERSECURITY

### PERSONAL DATA PROTECTION ACT APPROACH

To ensure compliance with the Personal Data Protection (Amendment) Act 2024, TNB has implemented the following initiatives:

- 1 Issuance of Legal Updates and Guidance Materials**  
 Comprehensive legal updates, circulars and guidance notes were developed and disseminated across TNB's communication platforms. These materials include a detailed legal update outlining the key changes brought about by the PDPA Amendments, a revised TNB Personal Data Protection (PDP) Notice for customers, a newly developed PDP Notice for TNB's employees and job applicants and updated contractual clauses to ensure alignment with regulatory requirements. These PDP Notices were made available via TNB's website and various digital platforms, ensuring transparency and accessibility for all stakeholders.
- 2 Engagement with the Personal Data Protection Commissioner**  
 TNB actively engages with the Personal Data Protection Commissioner's Office, providing feedback on amendments and public consultation papers, seeking guidance and participating in discussions to align strategic direction with regulatory expectations.
- 3 Appointment of TNB Data Protection Officer**  
 TNB has appointed five (5) Data Protection Officer (DPO) and the DPOs are entrusted with overseeing and ensuring the security and integrity of TNB's personal data, reinforcing TNB's commitment to legal compliance and personal data protection.
- 4 Continuous compliance activities**  
 As part of our ongoing commitment to regulatory alignment and operational excellence, we continuously implement a series of compliance initiatives including, continuous engagement sessions with data controller forum for the Utility Sector (Electricity) and conducting Personal Data Protection Observation Audits.

### CUSTOMER DATA MANAGEMENT APPROACH

TNB applies structured processes to enable customers to manage their personal data effectively. Through Data Access and Correction Request Forms, customers can request access to or correct their information, ensuring that data remains accurate and complete. Controls are supported by a structured data retention framework aligned with corporate policies and contractual agreements, which ensures that data is retained only for the duration necessary to protect stakeholder interests and comply with legislative requirements. Oversight and monitoring are provided by dedicated teams including Customer Care and the respective DPO to ensure that customer enquiries and concerns are handled promptly and transparently. These measures contribute to maintaining trust and confidence among TNB's customers.

By applying these processes, controls, and monitoring, TNB supports responsible management of customer data. These measures help ensure that customer information is accurate, complete and handled in a transparent manner.

### CYBERSECURITY AWARENESS THROUGH TRAINING

Cybersecurity awareness programmes are implemented across the Group through multiple learning modalities, including e-learning modules, newsletters and hybrid engagement sessions. Mandatory Cybersecurity training is provided annually for all permanent and contract employees, ensuring team members at all levels are equipped with knowledge of cybersecurity risks and mitigation strategies. As part of these continuous awareness and capability-building efforts, cybersecurity drill programmes provide hands-on, simulated training throughout TNB.

In 2025, a cybersecurity tabletop simulation drill was conducted to strengthen decision-making, incident-response coordination and crisis-management readiness. This scenario-based drill allows key personnel to discuss and walk through their roles, responsibilities and response actions in a controlled environment, helping to enhance TNB's preparedness for real-world cybersecurity incidents.

These comprehensive risk management measures provide a strong foundation for TNB's holistic approach to cybersecurity, data privacy and customer data protection.





## STATEMENT OF ASSURANCE

### Assurance Undertaken

TNB's Sustainability Statement for FY2025 was subjected to internal review by the Group Internal Audit Department (GIA) as part of the assurance process to enhance the credibility and reliability of the disclosures.

### Subject Matter

The Review covered the following elements of the Sustainability Statement:

- Effectiveness of materiality assessment process and identification of material topics, sustainability-related risks and opportunities and climate-related risks and opportunities.
- Accuracy of information on management of risks and opportunities relating to GHG emissions and energy resource planning including the governance, strategy and risk management pillars.
- Adequacy and effectiveness of controls underpinning the data collection processes for accurate and complete reporting of Scope 1 and Scope 2 emissions.

### Scope

The boundary of GIA's internal review includes TNB Company and Genco.

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| Sustainability Matter              | Metric                                                                    | Measurement Unit | 2025      | Target | Assurance    | Remarks               |
|------------------------------------|---------------------------------------------------------------------------|------------------|-----------|--------|--------------|-----------------------|
| Energy Reliability & Affordability | Average retail electric rate for all customers: Peninsular Malaysia       | sen/kWh          | 45.40     | -      | No assurance | Base tariff set by EC |
| Energy Reliability & Affordability | Average retail electric rate for all customers: Sabah                     | sen/kWh          | 31.49     | -      | No assurance | -                     |
| Energy Reliability & Affordability | Average retail electric rate for Peninsular Malaysia: Residential         | sen/kWh          | 33.25     | -      | No assurance | -                     |
| Energy Reliability & Affordability | Average retail electric rate for Sabah: Residential                       | sen/kWh          | 34.25     | -      | No assurance | -                     |
| Energy Reliability & Affordability | Average retail electric rate for Peninsular Malaysia: Non-Residential LV  | sen/kWh          | 51.55     | -      | No assurance | -                     |
| Energy Reliability & Affordability | Average retail electric rate for Peninsular Malaysia: Non-Residential MV  | sen/kWh          | 49.00     | -      | No assurance | -                     |
| Energy Reliability & Affordability | Average retail electric rate for Peninsular Malaysia: Non-Residential HV  | sen/kWh          | 49.00     | -      | No assurance | -                     |
| Energy Reliability & Affordability | Average retail electric rate for Peninsular Malaysia: Non-Residential UHV | sen/kWh          | 60.93     | -      | No assurance | -                     |
| Energy Reliability & Affordability | Average retail electric rate for Sabah: Commercial                        | sen/kWh          | 32.46     | -      | No assurance | -                     |
| Energy Reliability & Affordability | Average retail electric rate for Sabah: Industrial                        | sen/kWh          | 2775      | -      | No assurance | -                     |
| Energy Reliability & Affordability | Total net energy output                                                   | GWh              | 75,373.46 | -      | No assurance | -                     |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Gas               | GWh              | 19,769.21 | -      | No assurance | -                     |

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| Sustainability Matter              | Metric                                                               | Measurement Unit | 2025       | Target | Assurance    | Remarks                                                                        |
|------------------------------------|----------------------------------------------------------------------|------------------|------------|--------|--------------|--------------------------------------------------------------------------------|
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Coal         | GWh              | 46,158.96  | -      | No assurance | -                                                                              |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Hydro        | GWh              | 7,380.92   | -      | No assurance | -                                                                              |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Diesel       | GWh              | 412.82     | -      | No assurance | -                                                                              |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Solar        | GWh              | 1,023.61   | -      | No assurance | -                                                                              |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Biomass      | GWh              | 15.61      | -      | No assurance | -                                                                              |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Biogas       | GWh              | 9.90       | -      | No assurance | -                                                                              |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Wind         | GWh              | 44.717     | -      | No assurance | -                                                                              |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Oil          | GWh              | 10,768     | -      | No assurance | -                                                                              |
| Energy Reliability & Affordability | Net energy output broken down by primary energy source: Solar Hybrid | GWh              | 4,758      | -      | No assurance | -                                                                              |
| Air Quality Management             | Significant air emissions: Sulphur Oxides (SOx)                      | Metric Tonnes    | 111,140.00 | -      | No assurance | Starting in FY2024, the toxic loading value incorporates a revised methodology |
| Air Quality Management             | Significant air emissions: Particulate Matter (PM)                   | Metric Tonnes    | 6,463.00   | -      | No assurance | Increased emissions due to increased coal capacity factor                      |

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| Sustainability Matter  | Metric                                                            | Measurement Unit | 2025           | Target | Assurance    | Remarks                                                                                                                                                                                                                  |
|------------------------|-------------------------------------------------------------------|------------------|----------------|--------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Air Quality Management | Significant air emissions: Nitrogen Oxides (NOx)                  | Metric Tonnes    | 71,604.00      | -      | No assurance | Starting in FY2024, the toxic loading value incorporates a revised methodology                                                                                                                                           |
| Air Quality Management | Significant air emissions: Lead (Pb)                              | Metric Tonnes    | Not Applicable | -      | No assurance | -                                                                                                                                                                                                                        |
| Air Quality Management | Significant air emissions: Mercury (Hg)                           | Metric Tonnes    | Not Detected   | -      | No assurance | -                                                                                                                                                                                                                        |
| Air Quality Management | Percentage of pollutants near dense area: Sulphur Oxides (SOx)    | Percentage       | 100            | -      | No assurance | Dense area is defined according to SASB standard where area with population >50,000 is considered. Near is defined according to SASB standard where emissions polluting entities are located within 49 km of dense area. |
| Air Quality Management | Percentage of pollutants near dense area: Particulate Matter (PM) | Percentage       | 100            | -      | No assurance | Dense area is defined according to SASB standard where area with population >50,000 is considered. Near is defined according to SASB standard where emissions polluting entities are located within 49 km of dense area. |
| Air Quality Management | Percentage of pollutants near dense area: Nitrogen Oxides (NOx)   | Percentage       | 100            | -      | No assurance | Dense area is defined according to SASB standard where area with population >50,000 is considered. Near is defined according to SASB standard where emissions polluting entities are located within 49 km of dense area. |

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| Sustainability Matter                    | Metric                                                             | Measurement Unit | 2025           | Target          | Assurance    | Remarks                                                                                                                                                                                                                  |
|------------------------------------------|--------------------------------------------------------------------|------------------|----------------|-----------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Air Quality Management                   | Percentage of pollutants near dense area: Lead (Pb)                | Percentage       | Not Applicable | -               | No assurance | Dense area is defined according to SASB standard where area with population >50,000 is considered. Near is defined according to SASB standard where emissions polluting entities are located within 49 km of dense area. |
| Air Quality Management                   | Percentage of pollutants near dense area: Mercury (Hg)             | Percentage       | Not Applicable | -               | No assurance | Dense area is defined according to SASB standard where area with population >50,000 is considered. Near is defined according to SASB standard where emissions polluting entities are located within 49 km of dense area. |
| Waste Management and Coal Ash Management | Amount of coal combustion products (CCPs) generated: Fly Ash       | Metric Tonnes    | 758,674        | -               | No assurance | -                                                                                                                                                                                                                        |
| Waste Management and Coal Ash Management | Amount of coal combustion products (CCPs) generated: Bottom Ash    | Metric Tonnes    | 222,857        | -               | No assurance | -                                                                                                                                                                                                                        |
| Waste Management and Coal Ash Management | Percentage of coal combustion products (CCPs) recycled: Fly Ash    | Percentage       | 64.50          | -               | No assurance | -                                                                                                                                                                                                                        |
| Waste Management and Coal Ash Management | Percentage of coal combustion products (CCPs) recycled: Bottom Ash | Percentage       | 15.10          | -               | No assurance | -                                                                                                                                                                                                                        |
| Safety, Health and Well-being            | Fatality rate: Employees                                           | Number           | 0.03           | Zero fatalities | No assurance | -                                                                                                                                                                                                                        |
| Safety, Health and Well-being            | Fatality rate: Contractors                                         | Number           | 0.04           | Zero fatalities | No assurance | -                                                                                                                                                                                                                        |
| Safety, Health and Well-being            | Total Recordable Incident Rate (TRIR): Employees                   | Per 1000 Workers | 4.50           | -               | No assurance | -                                                                                                                                                                                                                        |

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| Sustainability Matter         | Metric                                             | Measurement Unit     | 2025 | Target | Assurance    | Remarks |
|-------------------------------|----------------------------------------------------|----------------------|------|--------|--------------|---------|
| Safety, Health and Well-being | Total Recordable Incident Rate (TRIR): Contractors | Per 1000 Workers     | 0.77 | -      | No assurance | -       |
| Safety, Health and Well-being | Near Miss Frequency Rate (NMFR): Employees         | Per Million Manhours | 0.24 | -      | No assurance | -       |

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| Sustainability Matter                   | Metric                                                                   | Measurement Unit | 2025          | Target                | Assurance    | Remarks                                                                                             |
|-----------------------------------------|--------------------------------------------------------------------------|------------------|---------------|-----------------------|--------------|-----------------------------------------------------------------------------------------------------|
| Response to Climate Change              | Amount of assets or business activities vulnerable to physical risks     | Number           | 696           | -                     | No assurance | Vulnerability to physical risk is defined as assets that have exposure to high physical risk        |
| Response to Climate Change              | Percentage of assets or business activities vulnerable to physical risks | Percentage       | 0.55          | -                     | No assurance | -                                                                                                   |
| GHG Emission & Energy Resource Planning | Total direct GHG emissions (Scope 1)                                     | Million tCO2e    | 39.31         | -                     | Internal     | Excluding external factors that contribute to GHG emissions                                         |
| GHG Emission & Energy Resource Planning | Indirect (Scope 2) GHG Emissions                                         | Million tCO2e    | 0.314         | 1% reduction annually | Internal     | -                                                                                                   |
| GHG Emission & Energy Resource Planning | Other Indirect (Scope 3) GHG Emissions: Business travel                  | Million tCO2e    | 0.056         | 1% reduction annually | No assurance | -                                                                                                   |
| GHG Emission & Energy Resource Planning | Other Indirect (Scope 3) GHG Emissions: Employee commuting               | Million tCO2e    | 0.112         | 1% reduction annually | No assurance | -                                                                                                   |
| GHG Emission & Energy Resource Planning | Total Scope 3 GHG emissions                                              | Million tCO2e    | 0.168         | -                     | No assurance | Total Scope 3 of Category 6 and 7                                                                   |
| GHG Emission & Energy Resource Planning | Gross Global Scope 1 GHG Emissions: CO2                                  | Metric Tonnes    | 41,135,914.05 | -                     | No assurance | GHG emissions breakdown by types of gases is based on total emissions inclusive of external factors |
| GHG Emission & Energy Resource Planning | Gross Global Scope 1 GHG Emissions: CH4                                  | Metric Tonnes    | 43,723        | -                     | No assurance | GHG emissions breakdown by types of gases is based on total emissions inclusive of external factors |
| GHG Emission & Energy Resource Planning | Gross Global Scope 1 GHG Emissions: N2O                                  | Metric Tonnes    | 819.65        | -                     | No assurance | GHG emissions breakdown by types of gases is based on total emissions inclusive of external factors |
| GHG Emission & Energy Resource Planning | Gross Global Scope 1 GHG Emissions: HFCs                                 | Metric Tonnes    | 117           | -                     | No assurance | GHG emissions breakdown by types of gases is based on total emissions inclusive of external factors |

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| Sustainability Matter                   | Metric                                                                   | Measurement Unit           | 2025          | Target | Assurance    | Remarks                                                                                                                                                                                                               |
|-----------------------------------------|--------------------------------------------------------------------------|----------------------------|---------------|--------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GHG Emission & Energy Resource Planning | Gross Global Scope 1 GHG Emissions: SF6                                  | Metric Tonnes              | 3.73          | -      | No assurance | GHG emissions breakdown by types of gases is based on total emissions inclusive of external factors                                                                                                                   |
| GHG Emission & Energy Resource Planning | Percentage of GHG emissions covered under emissions-limiting regulation  | Percentage                 | 0             | -      | No assurance | None of TNB reported emissions fall within emissions limiting regulatory body                                                                                                                                         |
| GHG Emission & Energy Resource Planning | Percentage of GHG emissions covered under emissions-reporting regulation | Percentage                 | 0             | -      | No assurance | None of TNB reported emissions fall within emissions reporting regulatory body                                                                                                                                        |
| GHG Emission & Energy Resource Planning | GHG emissions associated with power deliveries                           | Million tCO <sub>2</sub> e | 98,679,238.61 | -      | No assurance | GHG emissions associated with power delivery include emissions from electricity generated by TNB's power plants and electricity purchased from Independent Power Producers, calculated using the Grid Emission Factor |
| GHG Emission & Energy Resource Planning | Total net energy output                                                  | GWh                        | 75,373.46     | -      | No assurance | -                                                                                                                                                                                                                     |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Gas              | GWh                        | 19,769.21     | -      | No assurance | -                                                                                                                                                                                                                     |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Coal             | GWh                        | 46,158.96     | -      | No assurance | -                                                                                                                                                                                                                     |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Hydro            | GWh                        | 7380.92       | -      | No assurance | -                                                                                                                                                                                                                     |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Diesel           | GWh                        | 412.82        | -      | No assurance | -                                                                                                                                                                                                                     |

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| Sustainability Matter                   | Metric                                                                    | Measurement Unit         | 2025     | Target | Assurance    | Remarks |
|-----------------------------------------|---------------------------------------------------------------------------|--------------------------|----------|--------|--------------|---------|
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Solar             | GWh                      | 1,023.61 | -      | No assurance | -       |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Biomass           | GWh                      | 15.61    | -      | No assurance | -       |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Biogas            | GWh                      | 9.90     | -      | No assurance | -       |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Wind              | GWh                      | 44.717   | -      | No assurance | -       |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Oil               | GWh                      | 107.68   | -      | No assurance | -       |
| GHG Emission & Energy Resource Planning | Net energy output broken down by primary energy source: Solar Hybrid      | GWh                      | 47.58    | -      | No assurance | -       |
| Energy Transition and Grid Resiliency   | Percentage of electric load served by smart grid technology               | Percentage               | 52.20    | -      | No assurance | -       |
| Energy Transition and Grid Resiliency   | System Average Interruption Duration Index (SAIDI): Peninsular Malaysia   | Minutes/ Customers/ Year | 46.93    | ≤47    | No assurance | -       |
| Energy Transition and Grid Resiliency   | System Average Interruption Frequency Index (SAIFI): Peninsular Malaysia  | Minutes/ Customers/ Year | 0.95     | -      | No assurance | -       |
| Energy Transition and Grid Resiliency   | Customer Average Interruption Duration Index (CAIDI): Peninsular Malaysia | Minutes/ Customers/ Year | 49.61    | ≤60    | No assurance | -       |
| Energy Transition and Grid Resiliency   | System Average Interruption Duration Index (SAIDI): Sabah                 | Minutes/ Customers/ Year | 18.713   | ≤220   | No assurance | -       |

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| Sustainability Matter                 | Metric                                                                                              | Measurement Unit       | 2025    | Target | Assurance    | Remarks |
|---------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------|---------|--------|--------------|---------|
| Energy Transition and Grid Resiliency | System Average Interruption Frequency Index (SAIFI): Sabah                                          | Minutes/Customers/Year | 9.88    | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Customer Average Interruption Duration Index (CAIDI): Sabah                                         | Minutes/Customers/Year | 18.94   | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Number of incidents of non-compliance with physical standards and regulations                       | Number                 | 0       | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Number of incidents of non-compliance with cybersecurity standards and regulations                  | Number                 | 0       | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Total number of incidents of non-compliance with physical or cybersecurity standards or regulations | Number                 | 0       | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Total generation and transmission capacity impacted by disruption: TNB                              | MW                     | 892     | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Total population affected by disruption: TNB                                                        | Number                 | 367,462 | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Total generation and transmission capacity impacted by disruption: SE                               | MW                     | 657     | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Total population affected by disruption: SE                                                         | Number                 | 215,180 | -      | No assurance | -       |
| Energy Transition and Grid Resiliency | Length of above and underground Transmission lines by regulatory regime (TNB)                       | Circuit-km             | 26,592  | -      | No assurance | -       |

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| Sustainability Matter                     | Metric                                                                        | Measurement Unit | 2025      | Target | Assurance    | Remarks |
|-------------------------------------------|-------------------------------------------------------------------------------|------------------|-----------|--------|--------------|---------|
| Energy Transition and Grid Resiliency     | Length of above and underground Distribution lines by regulatory regime (TNB) | Circuit-km       | 715,976   | -      | No assurance | -       |
| Energy Transition and Grid Resiliency     | Total wholesale electricity purchased (TNB)                                   | GWh              | 133,350   | -      | No assurance | -       |
| Energy Transition and Grid Resiliency     | Length of above and underground Transmission lines by regulatory regime (SE)  | Circuit-km       | 3,150     | -      | No assurance | -       |
| Energy Transition and Grid Resiliency     | Length of above and underground Distribution lines by regulatory regime (SE)  | Circuit-km       | 27,252    | -      | No assurance | -       |
| Energy Transition and Grid Resiliency     | Total wholesale electricity purchased (SE)                                    | GWh              | 6,518     | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total number of Customer Accounts: Residential                                | Number           | 9,368,707 | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Number of Customer Accounts: Residential in Peninsular Malaysia               | Number           | 8,766,538 | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Number of Customer Accounts: Residential in Sabah                             | Number           | 602,169   | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total number of Customer Accounts: Commercial                                 | Number           | 1,862,093 | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Number of Customer Accounts: Commercial in Peninsular Malaysia                | Number           | 1,748,735 | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Number of Customer Accounts: Commercial in Sabah                              | Number           | 113,358   | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total number of Customer Accounts: Industrial                                 | Number           | 36,582    | -      | No assurance | -       |

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| Sustainability Matter                     | Metric                                                                         | Measurement Unit | 2025          | Target | Assurance    | Remarks |
|-------------------------------------------|--------------------------------------------------------------------------------|------------------|---------------|--------|--------------|---------|
| Customer Experience and Energy Efficiency | Number of Customer Accounts: Industrial in Peninsular Malaysia                 | Number           | 34,841        | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Number of Customer Accounts: Industrial in Sabah                               | Number           | 1,741         | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total number of Customer Accounts: Others                                      | Number           | 112,642       | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Number of Customer Accounts: Others in Peninsular Malaysia                     | Number           | 105,841       | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Number of Customer Accounts: Others in Sabah                                   | Number           | 6,801         | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total number of Customer Accounts                                              | Number           | 11,380,024    | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total electricity delivered to Customer Accounts: Residential                  | MWh              | 38,735,998.73 | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Electricity delivered to Customer Accounts: Residential in Peninsular Malaysia | MWh              | 36,713,306.52 | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Electricity delivered to Customer Accounts: Residential in Sabah               | MWh              | 2,022,692.21  | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total electricity delivered to Customer Accounts: Commercial                   | MWh              | 52,385,318.11 | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Electricity delivered to Customer Accounts: Commercial in Peninsular Malaysia  | MWh              | 49,945,598.93 | -      | No assurance | -       |

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| Sustainability Matter                     | Metric                                                                        | Measurement Unit | 2025           | Target | Assurance    | Remarks |
|-------------------------------------------|-------------------------------------------------------------------------------|------------------|----------------|--------|--------------|---------|
| Customer Experience and Energy Efficiency | Electricity delivered to Customer Accounts: Commercial in Sabah               | MWh              | 2,439,719.18   | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total electricity delivered to Customer Accounts: Industrial                  | MWh              | 44,489,456.80  | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Electricity delivered to Customer Accounts: Industrial in Peninsular Malaysia | MWh              | 43,343,754.57  | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Electricity delivered to Customer Accounts: Industrial in Sabah               | MWh              | 1,145,702.23   | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total electricity delivered to Customer Accounts: Others                      | MWh              | 3,409,519.28   | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Electricity delivered to Customer Accounts: Others in Peninsular Malaysia     | MWh              | 3,347,662.43   | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Electricity delivered to Customer Accounts: Others in Sabah                   | MWh              | 61,856.85      | -      | No assurance | -       |
| Customer Experience and Energy Efficiency | Total electricity delivered to Customer Accounts                              | MWh              | 139,020,292.92 | -      | No assurance | -       |
| Water and Biodiversity                    | Total water withdrawal from all areas                                         | ML               | 4,514,331      | -      | No assurance | -       |
| Water and Biodiversity                    | Water withdrawal sources - Surface water: Freshwater                          | ML               | 4,885          | -      | No assurance | -       |
| Water and Biodiversity                    | Water withdrawal sources - Surface water: Others                              | ML               | 0              | -      | No assurance | -       |
| Water and Biodiversity                    | Water withdrawal sources - Seawater                                           | ML               | 4,498,783      | -      | No assurance | -       |

This report was generated on the Bursa Malaysia CSI Platform on 2026-04-16 18:09:08

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PREScribed TABLE

Date & Time: 2026-04-16 18:09:08  
FYE 31/12/2025

Tenaga Nasional Berhad  
IFRS S2

| Sustainability Matter  | Metric                                                                                                 | Measurement Unit | 2025   | Target                                                       | Assurance    | Remarks |
|------------------------|--------------------------------------------------------------------------------------------------------|------------------|--------|--------------------------------------------------------------|--------------|---------|
| Water and Biodiversity | Water withdrawal sources - Third party water: Freshwater                                               | ML               | 10,663 | -                                                            | No assurance | -       |
| Water and Biodiversity | Water withdrawal sources - Third party water: Others                                                   | ML               | 0      | -                                                            | No assurance | -       |
| Water and Biodiversity | Water withdrawal from areas with High Baseline Water Stress                                            | Percentage       | 0.004  | -                                                            | No assurance | -       |
| Water and Biodiversity | Water withdrawal from areas with Extremely High Baseline Water Stress                                  | Percentage       | 0      | -                                                            | No assurance | -       |
| Water and Biodiversity | Freshwater Withdrawal Intensity                                                                        | ML/GWh           | 0.206  | -                                                            | No assurance | -       |
| Water and Biodiversity | Total water consumption from all areas                                                                 | ML               | 8,920  | -                                                            | No assurance | -       |
| Water and Biodiversity | Water Consumption Intensity                                                                            | ML               | 0118   | 15% reduction in water intensity by 2035 using 2025 baseline | No assurance | -       |
| Water and Biodiversity | Water consumed from areas with High Baseline Water Stress                                              | Percentage       | 1.56   | -                                                            | No assurance | -       |
| Water and Biodiversity | Water consumed from areas with Extremely High Baseline Water Stress                                    | Percentage       | 0      | -                                                            | No assurance | -       |
| Water and Biodiversity | Reduction in water intensity                                                                           | Percentage       | 5.998  | -                                                            | No assurance | -       |
| Water and Biodiversity | Number of incidents of non-compliance associated with water quality permits, standards and regulations | Number           | 0      | -                                                            | No assurance | -       |



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**TAN SRI ABDUL RAZAK BIN ABDUL MAJID**  
Chairman  
Non-Independent Non-Executive Director

**DATUK IR. TS. SHAMSUL BIN AHMAD**  
President/Chief Executive Officer  
Non-Independent Executive Director  
(Appointed w.e.f. 1 March 2026)

**DATUK RAMZI BIN MANSOR**  
Non-Independent Non-Executive Director

**ROHAYA BINTI MOHAMMAD YUSOF**  
Non-Independent Non-Executive Director

**MUAZZAM BIN MOHAMAD**  
Non-Independent Non-Executive Director

**ONG AI LIN**  
Senior Independent Non-Executive Director

**JUNIWATI RAHMAT HUSSIN**  
Independent Non-Executive Director

**GOPALA KRISHNAN K.SUNDARAM**  
Independent Non-Executive Director

**DATO' MERINA BINTI ABU TAHIR**  
Independent Non-Executive Director

**DATO' ZULKIFLI BIN IBRAHIM**  
Independent Non-Executive Director

**ALAN HAMZAH SENDUT**  
Independent Non-Executive Director

**DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN**  
President/Chief Executive Officer  
Non-Independent Executive Director  
(Cessation of Office as Director w.e.f. 28 February 2026)

**EFFIZAL FAIZ BIN ZULKIFLY**  
Non-Independent Non-Executive Director  
(Appointed w.e.f. 30 September 2025)  
(Resigned w.e.f. 16 January 2026)

**MOHAMAD HANAFI BIN SALEHUDDIN**  
(Alternate Director to Effizal Faiz bin Zulkifly)  
Non-Independent Non-Executive Director  
(Appointed w.e.f. 30 September 2025)  
(Cessation of Office as Alternate Director to Effizal Faiz bin Zulkifly w.e.f. 16 January 2026)  
(Alternate Director to Selvendran Katheerayson)  
Non-Independent Non-Executive Director  
(Appointed w.e.f. 28 August 2025)  
(Cessation of Office as Alternate Director to Selvendran Katheerayson w.e.f. 30 September 2025)

**SELVENDRAN KATHEERAYSON**  
Non-Independent Non-Executive Director  
(Resigned w.e.f. 30 September 2025)

**ELAINE ONG YEE LYNN**  
(Alternate Director to Selvendran Katheerayson)  
Non-Independent Non-Executive Director  
(Resigned as Alternate Director to Selvendran Katheerayson w.e.f. 15 August 2025)

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

**Ong Ai Lin**  
Email : [ongailin.integrity@tnb.com.my](mailto:ongailin.integrity@tnb.com.my)

### COMPANY SECRETARY

**Ali Munawar bin Haji Salim**  
(MAICSA 7021901)  
(SSM Practicing Certificate No. 201908002911)

### SHARE REGISTRAR

**Boardroom Share Registrars Sdn. Bhd.**  
199601006647 (378993-D)  
11<sup>th</sup> 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](http://www.boardroomlimited.com/my)  
Email : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

### DIVIDEND SERVICE PROVIDER

**Bursa Malaysia Depository Sdn. Bhd.**  
198701006854 (165570-W)  
9<sup>th</sup> 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](http://www.tnb.com.my)  
TNB Careline : 15454  
(for power outage or  
TNB street light complaint)  
One Stop : 1-300-88-5454  
Engagement Centre (for billing and account  
(OSEC) enquiries)  
Email : [CareLine@myTNB.my](mailto:CareLine@myTNB.my)  
Online : [wbis.tnb.com.my](http://wbis.tnb.com.my)  
Whistleblowing  
Information System  
Toll Free : 1-800-888-862

### 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](mailto: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

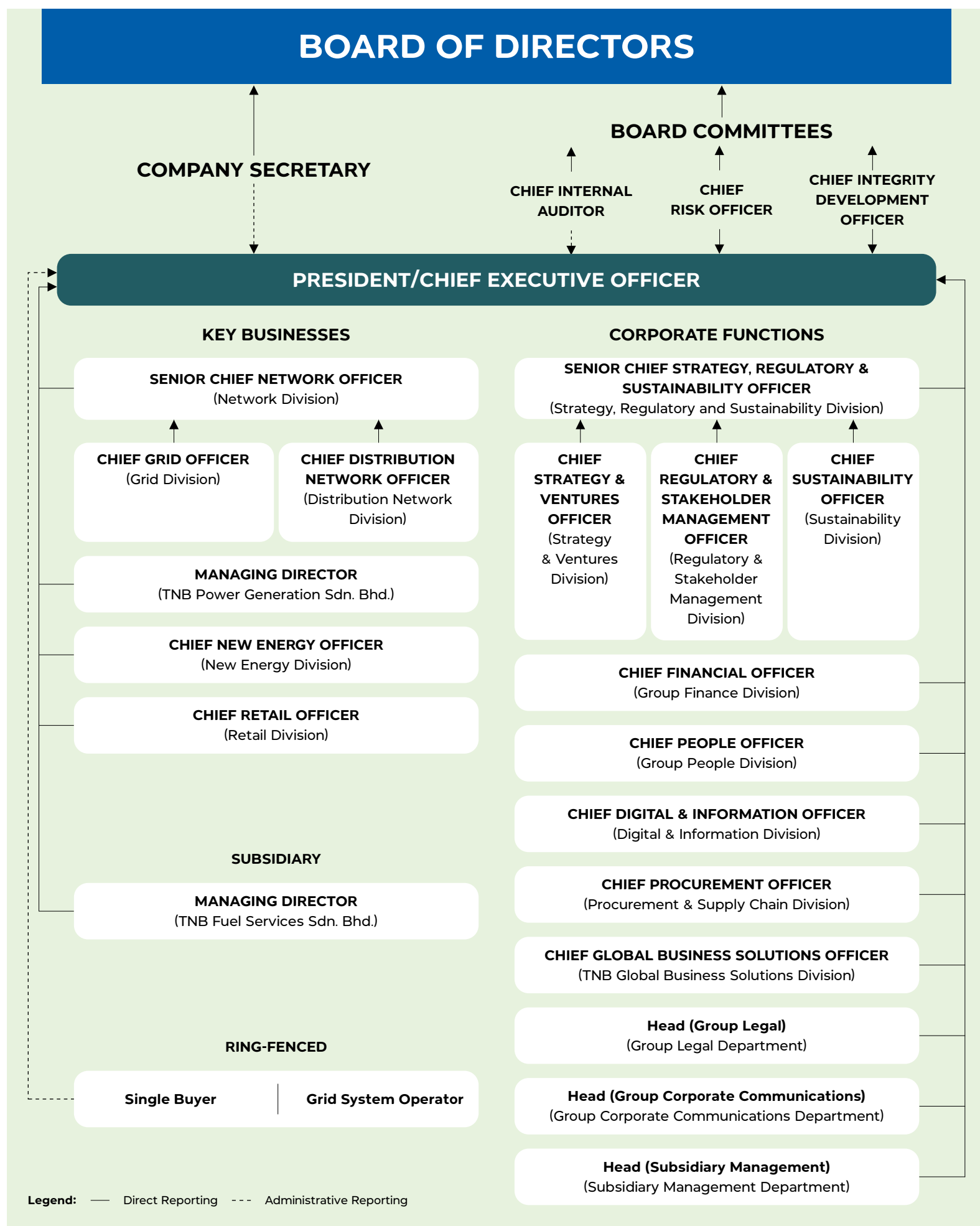
### ANNUAL GENERAL MEETING HELP DESK

Telephone : +603-2108 3594/3765/3766/3574  
Share Administration Section  
Company Secretary's Office  
Tenaga Nasional Berhad

 @TNB CareLine  
 @Tenaga\_Nasional  
 @TENAGAofficial

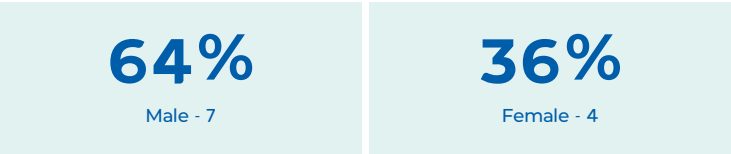
 @tenaga\_nasional  
 @Tenaga Nasional Berhad  
 @tenaga\_nasional

# ORGANISATIONAL STRUCTURE

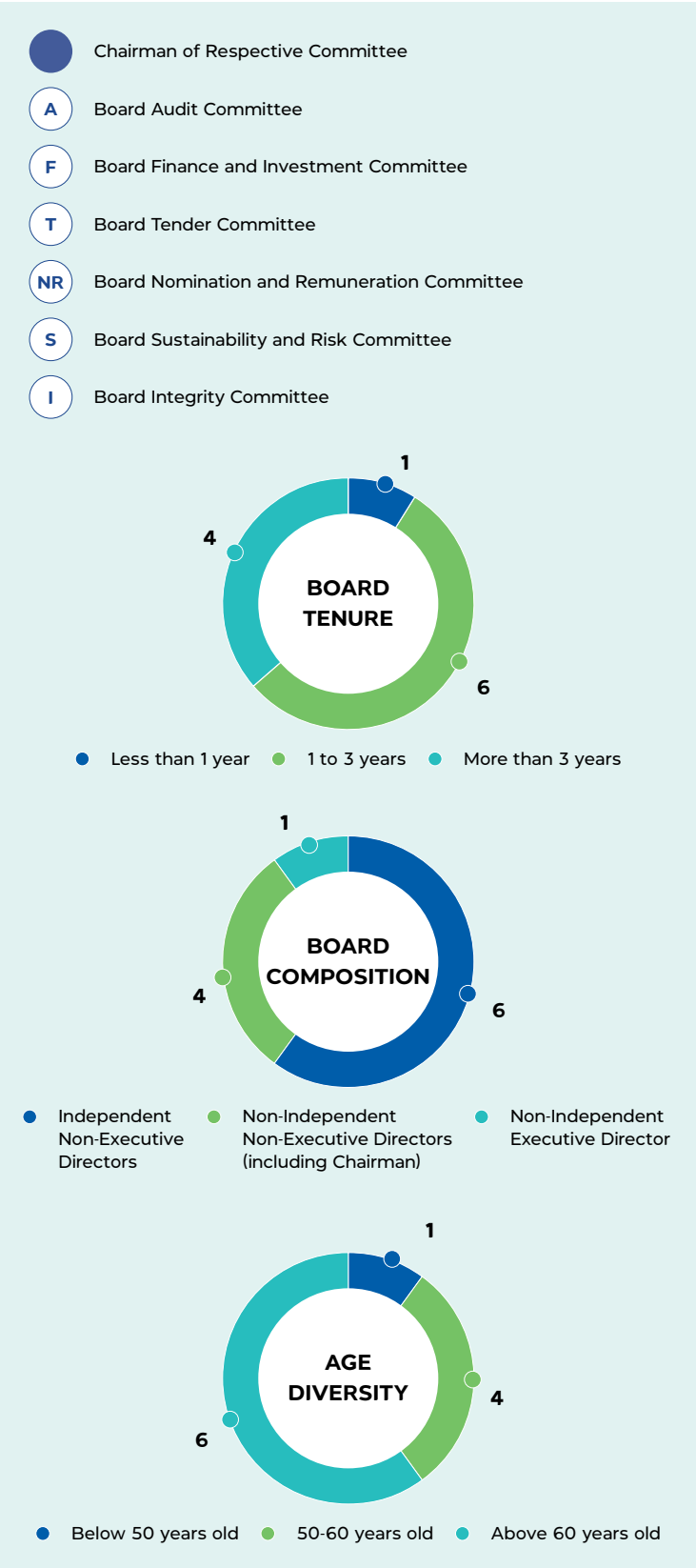


OUR BOARD AT A GLANCE

GENDER DIVERSITY



BOARD COMMITTEES



BOARD SKILLS & EXPERIENCE MATRIX



Note:  
The above information disclosed represents the number of Directors as at 12 March 2026.

## BOARD OF DIRECTORS' PROFILE

### TAN SRI ABDUL RAZAK BIN ABDUL MAJID

*Chairman, Non-Independent Non-Executive Director*

- ▶ **Date of Appointment:**  
27 March 2023
- ▶ **Date of Last Re-Election:**  
18 May 2023
- ▶ **Year(s) of Directorship:**  
Three (3) years
- ▶ **Board Committee(s):**  
Nil

**Board meetings attended in the  
Financial Year:**

27/27



75

M

#### BOARD SKILLS AND EXPERIENCE

##### (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Energy/Utilities Sector
- Renewable Energy
- Gas
- Stakeholder Management
- Regulatory & Compliance

#### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

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

#### RELEVANT WORKING EXPERIENCE:

- Member of the Independent Advisory Panel, Malaysia Petroleum Resources Corporation (2021 - Present)
- Chairman of two (2) Energy Commission Committees (Supply Chain and Licensing) (2022 - 2024)
- Member of the Action Committee in National Energy Centre (2022 - 2024)

- Senior Independent Non-Executive Director (February 2023 - March 2023) and Independent Non-Executive Director (2018 - 2023), PETRONAS Gas Berhad
- Chief Executive Officer, MyPOWER Corporation (1<sup>st</sup> term) (2009 - 2014) & (2<sup>nd</sup> term) (2018 - 2020)
- Chairman, Energy Commission of Malaysia (2014 - 2018)
- Senior Vice President (Corporate Affairs), Tenaga Nasional Berhad (TNB) (2008 - 2009)
- Vice President (Generation), TNB (2004 - 2008)
- Served Lembaga Letrik Negara/TNB for 36 years since 1973, where his career achievements in TNB included assignments in Planning, Construction and Operations in all three (3) core divisions of Generation, Transmission and Distribution
- Seconded to the Economic Planning Unit, Prime Minister's Department (1998 - 2001)

#### OTHER DIRECTORSHIP(S):

Other than his directorships in TNB Group of Companies, Tan Sri Abdul Razak does not hold any directorships in public companies or other listed issuers.

## BOARD OF DIRECTORS' PROFILE

# DATUK IR. TS. SHAMSUL BIN AHMAD

*President/Chief Executive Officer  
Non-Independent Executive Director*

- ▶ **Date of Appointment:**  
1 March 2026
- ▶ **Date of Last Re-Election:**  
N/A
- ▶ **Year(s) of Directorship:**  
Less than one (1) year
- ▶ **Board Committee(s):**  
Attends Board Committees' Meetings (By Invitation)

**Board meetings attended in the  
Financial Year:**

N/A



60

M

## BOARD SKILLS AND EXPERIENCE (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Energy/Utilities Sector
- Gas
- Leadership, Entrepreneurship & Innovation
- Stakeholder Management
- International Experience
- Regulatory & Compliance
- People
- Culture
- Health, Safety & Environment

## ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Certified Professional Engineer, Board of Engineers Malaysia (BEM)
- Professional Technologist, Malaysia Board of Technologists (MBOT)
- Master of Business Administration, Universiti Tenaga Nasional, Malaysia
- Bachelor of Science in Mechanical Engineering, North Carolina A&T State University, United States of America

## RELEVANT WORKING EXPERIENCE:

- Datuk Ir. Ts. Shamsul's impressive tenure at TNB spans over 37 years, during which he has held a myriad of significant roles in generation business experience
- Prior to his appointment as President/Chief Executive Officer, he was Chief Regulatory & Stakeholder Management Officer. Datuk Ir. Ts. Shamsul was instrumental in shaping the Malaysia's electricity supply industry regulatory framework and oversees the full spectrum of regulatory strategy from economic and policy matters, including the Incentive-Based Regulation (IBR) framework, tariff design proposals and system planning

- His role was also pivotal in leading strategic stakeholder engagement across both domestic and international arenas, fostering high level of trust, that is crucial to realise TNB's long term vision and aspirations
- He was the Managing Director of TNB Fuel Services Sdn. Bhd., a wholly owned subsidiary of TNB (2021 - 2022), and the Managing Director of TNB Janamanjung Sdn. Bhd., a wholly owned subsidiary of TNB (2013 - 2021)
- He serves as Malaysia Country Coordinator for Heads of ASEAN Power Utilities/Authorities (HAPUA) and is actively involved in other regional energy cooperation platforms such as Association of the Electricity Supply Industry of East Asia and Western Pacific (AESIEAP), and supporting government initiatives and policy alignment across the energy sector through high-level ministerial platform such as Senior Officials Meeting on Energy (SOME) and ASEAN Ministers on Energy Meeting (AMEM)
- He is an Adjunct Professor at UNITEN Business School (UBS) and Chairman of Industry Advisory Panel, Department of Mechanical Engineering, College of Engineering at Universiti Tenaga Nasional, Malaysia

## OTHER DIRECTORSHIP(S):

Other than his directorships in TNB Group of Companies, Datuk Ir. Ts. Shamsul does not hold any directorships in public companies or other listed issuers.



## BOARD OF DIRECTORS' PROFILE

# DATUK RAMZI BIN MANSOR

*Non-Independent Non-Executive Director*

▶ **Date of Appointment:**  
1 March 2024

▶ **Date of Last Re-Election:**  
21 May 2024

▶ **Year(s) of Directorship:**  
Two (2) years

▶ **Board Committee(s):**

T

NR

**Board meetings attended in the Financial Year:**

22/27



58

M

## BOARD SKILLS AND EXPERIENCE

### (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Finance/Accounting
- Corporate Strategy
- Regulatory & Compliance
- People

## ACADEMIC/PROFESSIONAL QUALIFICATION(S):

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

## RELEVANT WORKING EXPERIENCE:

- Deputy Secretary General of Treasury (Management), Management Sector, Ministry of Finance (2024 - April 2026)
- Deputy Secretary General (Management), Management Sector, Ministry of Education (2021 - 2024)
- Under Secretary, Finance Division, Ministry of Education (2018 - 2021)
- Deputy Director of Budget, Budget Management Division, Ministry of Finance (2014 - 2018)

- Head of Section, Budget Management Division, Ministry of Finance (2011 - 2014)
- Principal Assistant Director, Budget Management Division, Ministry of Finance (2008 - 2011)
- Senior Assistant Director, Budget Management Division, Ministry of Finance (2005 - 2008)
- Assistant Director, National Economic Action Council Secretariat, Prime Minister's Department (1998 - 2002)
- Assistant Director, Distribution Section, Economic Planning Unit, Prime Minister's Department (1996 - 1998)
- Assistant Director, Administration Section, Economic Planning Unit, Prime Minister's Department (1994 - 1995)

## OTHER DIRECTORSHIP(S):

Datuk Ramzi does not hold any directorships in public companies or other listed issuers.

## BOARD OF DIRECTORS' PROFILE

# ROHAYA BINTI MOHAMMAD YUSOF

*Non-Independent Non-Executive Director*

▶ **Date of Appointment:**  
20 March 2023

▶ **Date of Last Re-Election:**  
22 May 2025

▶ **Year(s) of Directorship:**  
Three (3) years

▶ **Board Committee(s):**



**Board meetings attended in the  
Financial Year:**

**27/27**



60

F



## BOARD SKILLS AND EXPERIENCE

### (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Finance/Accounting
- Audit
- Risk & Compliance
- Banking
- Corporate Strategy
- Investments
- Leadership, Entrepreneurship & Innovation
- Risk Management
- Stakeholder Management
- International Experience
- Corporate Governance
- Talent Management
- People
- Compensation
- Sustainability/ESG
- Health, Safety & Environment

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Associate Member of CPA Australia
- Bachelor of Commerce (Accountancy), Australian National University, Canberra, Australia

## RELEVANT WORKING EXPERIENCE:

- Chief Investment Officer, Employees Provident Fund (EPF) (2020 - 2025)
- Head of Private Market, Investment Division, EPF (2017 - 2020)
  - managed global investments in private equity, infrastructure and real estates
- Head of Capital Market Department, EPF (2011 - 2017)
  - investment in global and domestic fixed income
- Head of Corporate Finance, Investment Division, EPF (2008 - 2010)
- Executive Vice President, Corporate Investment Banking, Maybank Investment Bank (2005 - 2008)
- Held various positions in Corporate Investment Banking, Maybank Investment Bank (previously known as Aseambankers Malaysia Berhad) (1990 - 2005)
- Senior Financial Consultant, Audit Division, Arthur Andersen & Co. (1988 - 1990)

## OTHER DIRECTORSHIP(S):

### Listed Issuers:

- Malayan Banking Berhad

### Public Companies:

- Malaysia Airports Holdings Berhad

## BOARD OF DIRECTORS' PROFILE

**MUAZZAM BIN MOHAMAD***Non-Independent Non-Executive Director*

43

M

▶ **Date of Appointment:**

1 July 2023

▶ **Date of Last Re-Election:**

21 May 2024

▶ **Year(s) of Directorship:**

Two (2) years

▶ **Board Committee(s):**

NR

S

I

**Board meetings attended in the  
Financial Year:**

27/27

**BOARD SKILLS AND EXPERIENCE****(HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):**

- Finance/Accounting
- Corporate Strategy
- Investments
- Stakeholder Management
- Regulatory & Compliance
- Corporate Governance
- Talent Management
- Compensation
- Sustainability/ESG

**ACADEMIC/PROFESSIONAL QUALIFICATION(S):**

- Fellow of Investments and Securities, Financial Services Institute of Australasia (FINSIA)
- Bachelor of Engineering (Electronics Engineering) (First Class), University of Southampton, United Kingdom
- Diploma in Applied Finance and Investment, FINSIA

**RELEVANT WORKING EXPERIENCE:**

- Presently, he is the Senior Vice President and Head of Investment Stewardship at Permodalan Nasional Berhad (PNB) who oversees institutional governance, corporate and investment sustainability as well as shareholder activism functions respectively
- Has over 15 years of experience in PNB, specialising in Corporate Finance, Mergers & Acquisitions, Corporate Strategy and Governance across various industries including industrial, automotive, financial services, telecommunication, property and plantation sectors
- Spearheaded the establishment of stewardship framework for PNB Group and had been involved heavily in sustainability initiatives and events for PNB
- He is also currently a member of the International Corporate Governance Network (ICGN)'s Global Policy Committee and is the only member of the ICGN Committee representing Malaysia, as well as being one of the 13 members of the Asia Pacific Accreditation Cooperation (APAC)

**OTHER DIRECTORSHIP(S):**

Muazzam does not hold any directorships in public companies or other listed issuers.

## BOARD OF DIRECTORS' PROFILE

## ONG AI LIN

Senior Independent Non-Executive Director

▶ **Date of Appointment:**  
1 August 2018

▶ **Date of Last Re-Election:**  
21 May 2024

▶ **Year(s) of Directorship:**  
Seven (7) years

▶ **Board Committee(s):**



**Board meetings attended in the Financial Year:**

27/27



70

F

## BOARD SKILLS AND EXPERIENCE

## (HIGH COMPETENCY, KNOWLEDGE &amp; EXPERIENCE):

- Finance/Accounting
- Audit
- Risk & Compliance
- Risk Management
- Cybersecurity

## ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Fellow Chartered Accountant (FCA) of the Institute of Chartered Accountants in England and Wales (ICAEW)
- Member of the Malaysian Institute of Accountants (MIA)
- Certified Business Continuity Professional (CBCP)
- Bachelor of Arts (Hons) in Economics, University of Leeds, United Kingdom

## RELEVANT WORKING EXPERIENCE:

- Ong has had an extensive career in audit and risk management, holding various positions at PricewaterhouseCoopers (PwC) Malaysia. At PwC, she was appointed as a Partner/Senior Executive Director from 1993 to 2016 and was the Business Continuity Management and Information Security Practice Leader for PwC Malaysia
- As a Partner at PwC Malaysia - Risk Assurance Services, she led and implemented projects across diverse industry sectors, including energy, utilities, telecommunications, financial services, aviation and regulatory bodies. Her work spanned multiple regions, including the United Kingdom, Sri Lanka, Malaysia, Singapore and other Southeast Asian countries. She was responsible for implementing risk management projects in the areas of enterprise risk management, operational risk management, business continuity management, technology risk, and cybersecurity
- Her previous experience includes roles at Kassim Chan & Co. (DH&S Malaysia) and DH&S Singapore from 1986 to 1991, as well as at Deloitte Haskins & Sells (DH&S) London, United Kingdom from 1978 to 1986

## OTHER DIRECTORSHIP(S):

## Listed Issuers:

- RHB Bank Berhad

## Public Companies:

- RHB Islamic Bank Berhad



## BOARD OF DIRECTORS' PROFILE

# JUNIWATI RAHMAT HUSSIN

*Independent Non-Executive Director*

▶ **Date of Appointment:**  
1 June 2017

▶ **Date of Last Re-Election:**  
22 May 2025

▶ **Year(s) of Directorship:**  
Eight (8) years

▶ **Board Committee(s):**

NR

I

T

**Board meetings attended in the Financial Year:**

26/27



67

F

## BOARD SKILLS AND EXPERIENCE

### (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Energy/Utilities Sector
- Corporate Strategy
- Investments
- Stakeholder Management
- International Experience
- Talent Management
- People
- Culture
- Compensation

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Science (Hons) in Chemistry, University of Kent, Canterbury, United Kingdom
- Completed Certificate in International Management, GE
- Attended Senior Management Development and Advanced Management Programmes at INSEAD and HENLEY Business School

### RELEVANT WORKING EXPERIENCE:

- Vice President and Venture Director, Pengerang Integrated Complex and Chief Executive Officer, PETRONAS Refinery and Petrochemical Corporation Sdn. Bhd. (2013 - 2016)
- Vice President, Human Resource Management Division, PETRONAS (2010 - 2012)
- Vice President, Education Division, PETRONAS (2009 - 2010)

- Chief Executive Officer, Malaysian Philharmonic Orchestra & Dewan Filharmonik PETRONAS (2005 - 2009)
- General Manager (Marketing and Trading - Chemicals), MITCO Sdn. Bhd. (2003 - 2005)
- Senior Manager (Marketing and Trading - Chemicals), MITCO Sdn. Bhd. (2001 - 2003)
- Manager, Human Resource Management, PETRONAS (1997 - 2001)
- Manager, Petrochemicals Business Planning Unit, Petrochemical Division and Manager, Business Evaluation Department, Corporate Planning Division, PETRONAS (1994 - 1997)
- Executive (Analyst), Refining & Marketing Planning Unit, PETRONAS (1991 - 1994)
- Executive (Refinery), PETRONAS Penapisan (Melaka) Sdn. Bhd. (1991)
- Production Planner (Refinery), PETRONAS Penapisan (Terengganu) Sdn. Bhd. (1988 - 1990)
- Chemist, Process Engineering and Technical, PETRONAS Penapisan (Terengganu) Sdn. Bhd. (1982 - 1987)
- Chemist, Laboratory Services, PETRONAS (1981 - 1982)
- She has a wide range of hands-on experience in Refinery Operations, Project Management, Corporate Planning, Human Resource, 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*

▶ **Date of Appointment:**  
4 July 2018

▶ **Date of Last Re-Election:**  
22 May 2025

▶ **Year(s) of Directorship:**  
Seven (7) years

▶ **Board Committee(s):**



**Board meetings attended in the  
Financial Year:**

**27/27**



## BOARD SKILLS AND EXPERIENCE

### (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Risk & Compliance
- Banking
- Corporate Strategy
- Risk Management
- Stakeholder Management
- Legal
- Regulatory & Compliance

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Advocate and Solicitor of the High Court of Malaya
- Bachelor in Law LL.B. (Hons), Universiti Malaya, Malaysia

### RELEVANT WORKING EXPERIENCE:

- Partner, Abdullah Chan & Co., Advocates & Solicitors (2012 - Present)
- Consultant, Asian Development Bank (2018 - 2021)
- Leading Adviser for the Financial Services Act 2013 and Islamic Financial Services Act 2013

- Independent International Consultant, World Bank (2017 - 2018)
- Director, Kuwait Finance House (Malaysia) Berhad and Chairman of the Board Risk Management Committee, Kuwait Finance House (Malaysia) Berhad (2012 - 2016)
- Held various positions in Bank Negara Malaysia (BNM) (1982 - 2012):
  - Project Advisor (2011 - 2012)
  - Assistant Governor (2006 - 2011)
  - Assistant Manager/Deputy Director/Director, Legal Department (1990 - 2006)
  - Senior Executive/Assistant Manager, Secretary's Department (1985 - 1990)
  - Senior Executive, Banking Department (1982 - 1985)
  - Member of BNM Risk Committee

### OTHER DIRECTORSHIP(S):

#### Listed Issuers:

Nil

#### Public Companies:

- MCIS Insurance Berhad
- YTL Digital Bank Berhad

## BOARD OF DIRECTORS' PROFILE

# DATO' MERINA BINTI ABU TAHIR

*Independent Non-Executive Director*

▶ **Date of Appointment:**

1 February 2022

▶ **Date of Last Re-Election:**

22 May 2025

▶ **Year(s) of Directorship:**

Four (4) years

▶ **Board Committee(s):**

A

F

NR

**Board meetings attended in the  
Financial Year:**

27/27



## BOARD SKILLS AND EXPERIENCE

### (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Finance/Accounting
- Audit
- Risk & Compliance
- Corporate Strategy
- Investments
- Leadership, Entrepreneurship & Innovation
- Risk Management
- Stakeholder Management
- International Experience
- Corporate Governance
- Sustainability/ESG

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Fellow Member of the Association of Chartered Certified Accountants (ACCA), FCCA (UK)
- Member of the Malaysian Institute of Accountants (MIA), C.A.(M)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA), CPA
- Member of the ASEAN Chartered Professional Accountant (ASEAN CPA)
- Professional Member of the Institute of Internal Auditors Malaysia (IIAM), CMIIA

## RELEVANT WORKING EXPERIENCE:

- ACCA - Global Council Member (2022 - Present)
- ACCA - Global Forum Member on Governance, Risk & Performance (2020 - Present)
- ACCA - Chairman of Malaysia Advisory Committee (2017 - 2019)
- MIA - Council Member, (2016 - 2019)
- Lembaga Tabung Haji - Chief Financial Officer (2020 - 2021)
- Malaysia Airlines Berhad/Malaysian Airline System Berhad - Leadership roles in Malaysia and Middle East/Africa/South America (MEASA) Region in Finance, Commercial, Corporate Services and Internal Audit (2004 - 2020)
- Amanah Capital Partners Berhad/Amanah Capital Malaysia Berhad - Leadership roles in Group Finance, IT and Property (1997 - 2004)
- Sime Darby Berhad - Key positions in Internal Audit, Finance and Business Development (1991 - 1997)
- Messrs Price Waterhouse (now known as Messrs PricewaterhouseCoopers PLT) - Audit Semi-Senior (1991)
- Messrs Ivor Barry & Co., England - Audit Senior (1988 - 1991)
- IBM (UK) Ltd., England - Reconciliation Analyst (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*

▶ **Date of Appointment:**  
1 April 2024

▶ **Date of Last Re-Election:**  
21 May 2024

▶ **Year(s) of Directorship:**  
Two (2) years

▶ **Board Committee(s):**



**Board meetings attended in the Financial Year:**

**27/27**



70

M



## BOARD SKILLS AND EXPERIENCE

### (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Energy/Utilities Sector
- Gas
- Corporate Strategy
- Leadership, Entrepreneurship & Innovation
- Risk Management
- Talent Management
- People
- Culture
- Compensation

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Member of the Institution of Engineers, Malaysia
- Bachelor of Science (Honours) Degree in Electrical and Electronics Engineering, Leeds University, United Kingdom

### RELEVANT WORKING EXPERIENCE:

- He was an Independent Director, Ranhill Holdings Berhad (2015 - 2018)
- He had served in a few electric utilities where he played a key role in power plant developments
- In 2002 he left Malakoff Berhad to lead the development of 3x700 MW Tg. Bin power plant until its injection into Malakoff. In 2003, he led the development of 2x700 MW Jimah Power Plant until its successful commercial operations. In 2014, he left Jimah as Managing Director

- He was promoted as the Chief Operating Officer (COO) of Malakoff in 1997 where he was instrumental in the entire operation of Malakoff Berhad
- He left TNB in 1993 and involved in the development and operations of five (5) gas and coal power plants projects in total 5,525 MW. He set up the first successful 100% Malaysian owned and managed Operations and Maintenance (O&M) company, Teknik Janakuasa Sdn. Bhd., the most successful local power plant O&M company in the country
- He began his career with the National Electricity Board (now known as TNB) in 1979 as an Electrical Engineer. He has over 14 years' experience in power plant division, both in projects and operations. He had a total of six (6) oil, gas and coal fired power plant design, construction and commissioning experience with a total 2,400 MW and operational experience of 600 MW coal fired power plant
- He was extensively trained in Control and Instrumentation field with Siemens in Germany, CGE Alsthom in France and Control Bailey in Japan. He was attached for seven (7) months with steam turbine manufacturer, Parsons in Newcastle, UK under the CBI scholarships in 1991

### OTHER DIRECTORSHIP(S):

Dato' Zulkifli does not hold any directorships in public companies or other listed issuers.



## BOARD OF DIRECTORS' PROFILE

# ALAN HAMZAH SENDUT

*Independent Non-Executive Director*

▶ **Date of Appointment:**  
2 December 2024

▶ **Date of Last Re-Election:**  
22 May 2025

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

▶ **Board Committee(s):**

A

T

**Board meetings attended in the Financial Year:**

27/27



66

M

## BOARD SKILLS AND EXPERIENCE (HIGH COMPETENCY, KNOWLEDGE & EXPERIENCE):

- Finance/Accounting
- Audit
- Risk & Compliance
- Banking
- Corporate Strategy
- Investments
- Risk Management
- Stakeholder Management
- Regulatory & Compliance
- Corporate Governance

## ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Chartered Accountant, Institute of Chartered Accountants England and Wales (ICAEW)
- Bachelor of Science (Hons.) (Accountancy and Computer Science), University of Wales, Aberystwyth, United Kingdom

## RELEVANT WORKING EXPERIENCE:

- Has over 35 years of finance and business experience across multiple industries and approximately 25 years of serving in the capacity of C-Suite and Senior Management positions
- Had served in companies involved in motor and heavy equipment distribution, manufacturing, plantations, corporate services, corporate strategy, corporate finance, business development and mergers and acquisitions
- Trustee for Khyra Legacy Berhad (2020 - Present)
- Trustee for Cancer Research Malaysia (2011 - Present)
- Independent Non-Executive Director of Hong Leong Islamic Bank Berhad (2016 - 2025)
- Independent Non-Executive Director of Hengyuan Refining Company Berhad (2017 - 2024)

- Independent Non-Executive Director of Tradewinds Plantation Berhad (2021 - 2023)
- He has held a number of senior roles including as:
  - Managing Director, Energy and Utilities (Non-China) Division, Sime Darby Berhad (2015 - 2016)
  - Executive Vice President, Group Corporate Finance, Strategy and Business Development, Sime Darby Berhad (2010 - 2014)
  - Global Operations Manager, Payment Services, BHP Billiton (2009 - 2010)
  - Group Finance Director, Consolidated Plantations Berhad (2002 - 2004)
  - Group Finance Director, Tractors Malaysia Holdings Berhad (1996 - 2001)
- He had served various companies including Shell Companies in Malaysia (1986 - 1991), CarnaudMetalbox Malaysia (1992 - 1996) and had joined Sime Darby Group in 1996
- He started his career with Price Waterhouse, London, United Kingdom (1982 - 1986)

## OTHER DIRECTORSHIP(S):

### Listed Issuers:

- Velesto Energy Berhad
- Hong Leong Bank Berhad

### Public Companies:

- Khyra Legacy Berhad

## BOARD OF DIRECTORS' PROFILE

### DECLARATION BY THE BOARD:

Save as disclosed below, 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 FY2025:

- i. Tan Sri Abdul Razak bin Abdul Majid, Datuk Ir. Ts. Shamsul bin Ahmad and Datuk Ramzi bin Mansor are Appointed Directors of TNB's Special Shareholder, the Minister of Finance (Incorporated) (MoF Inc.). They will recuse themselves from participating in discussions, deliberations and abstain from voting on matters involving the interest of MoF Inc. Group and TNB Group at Board and Board Committee meetings.
- ii. Rohaya binti Mohammad Yusof is a Nominee Director of Employees Provident Fund (EPF), a Major Shareholder of TNB and an Independent Non-Executive Director of Malayan Banking Berhad (Maybank). She will recuse herself from participating in discussions, deliberations and abstain from voting on matters involving the interest of EPF Group, Maybank Group and TNB Group at Board and Board Committee meetings.
- iii. Muazzam bin Mohamad is a Nominee Director of Permodalan Nasional Berhad (PNB) (including shares registered with AmanahRaya Trustees Berhad and Funds managed by PNB), a Major Shareholder of TNB. He will recuse himself from participating in discussions, deliberations and abstain from voting on matters involving the interest of PNB Group and TNB Group at Board and Board Committee meetings.
- iv. Ong Ai Lin is an Independent Non-Executive Director of RHB Bank Berhad and RHB Islamic Bank Berhad. She will recuse herself from participating in discussions, deliberations and abstain from voting on matters involving the interest of RHB Group and TNB Group at Board and Board Committee meetings.
- v. Dato' Merina binti Abu Tahir is an Independent Non-Executive Director of S P Setia Berhad and AEON Co. (M) Bhd. (the Companies). She will recuse herself from participating in discussions, deliberations and abstain from voting on matters involving the interest of the Companies as well as its group of companies and TNB Group at Board and Board Committee meetings.
- vi. Alan Hamzah Sendut is an Independent Non-Executive Director of Hong Leong Bank Berhad. He will recuse himself from participating in discussions, deliberations and abstain from voting on matters involving the interest of Hong Leong Group and TNB Group at Board and Board Committee meetings.





# THE ENERGY TRANSITION CONFERENCE

## ENERGY & AI

THE SYNERGY FOR  
ENERGY TRANSITION

3-5 JUNE 2026  
Kuala Lumpur Convention Centre

Join TNB's conference and be part of  
the conversation on:



### Energy for AI

Providing clean, reliable  
and scalable electricity for  
an AI-enabled world



### AI for Energy

Leveraging AI to optimise,  
manage and transform  
the energy system



### Energy Transition For People

Ensuring that progress remains  
inclusive, responsible and centred  
on improving quality of life for all

**2,000+**

Conference Delegates

**50+**

Exhibitors

**80+**

Conference Speakers

**60+**

Countries Represented



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The Future of Energy  
Starts Here



**TENAGA  
NASIONAL**

*Better. Brighter.*

## SENIOR MANAGEMENT PROFILE

**1 DATUK IR. TS. SHAMSUL  
BIN AHMAD**  
President & Chief Executive Officer

**2 BADRULHISYAM  
BIN FAUZI**  
Chief Financial Officer

**3 ALI MUNAWAR  
BIN HAJI SALIM**  
Group Company Secretary

**7 DATUK IR. AZMI  
BIN MD YUSOF**  
Chief Global Business Solutions  
Officer

**8 AZLAN  
BIN AHMAD**  
Chief Digital and Information Officer

**9 LEO PUI YONG**  
Chief Sustainability Officer

**13 MOHAMED AZRIN  
BIN MOHAMED ALI**  
Chief Risk Officer

**14 DATUK KAMAL ARIFIN  
BIN A.RAHMAN**  
Chief Retail Officer

**15 DATO' SHAHRIR  
BIN ABDUL LATIFF**  
Managing Director,  
TNB Power Generation Sdn. Bhd.





## SENIOR MANAGEMENT PROFILE

- |                                                                                                      |                                                                                                                                      |                                                                                                 |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <p><b>4</b> <b>IR. DR. MOHD FADZIL<br/>BIN MOHD SIAM</b><br/>Chief Strategy and Ventures Officer</p> | <p><b>5</b> <b>IR. HASMARIZAL<br/>BIN HASSAN</b><br/>Chief Grid Officer</p>                                                          | <p><b>6</b> <b>IR. AHMAD SAZREE<br/>BIN ABD AZIZ</b><br/>Chief Distribution Network Officer</p> |
| <p><b>10</b> <b>IR. MAHATHIR NOR<br/>BIN ISMAIL</b><br/>Senior Chief Network Officer</p>             | <p><b>11</b> <b>DATO' IR. MUHAMAD NAZRI<br/>BIN PAZIL</b><br/>Senior Chief Strategy, Regulatory &amp;<br/>Sustainability Officer</p> | <p><b>12</b> <b>MOHD ZARIHI<br/>BIN MOHD HASHIM</b><br/>Chief New Energy Officer</p>            |
| <p><b>16</b> <b>IR. AMIR MAHMOD<br/>BIN ABDULLAH</b><br/>Chief Procurement Officer</p>               | <p><b>17</b> <b>FELDATUN<br/>BINTI SHARIF</b><br/>Chief People Officer</p>                                                           |                                                                                                 |



**SENIOR MANAGEMENT PROFILE****DATUK IR. TS. SHAMSUL BIN AHMAD**

President/Chief Executive Officer



**Date of Appointment:**  
1 March 2026

**Governance Committee(s):****QUALIFICATION(S):**

- Certified Professional Engineer with the Board of Engineers Malaysia (BEM)
- Professional Technologist with the Malaysia Board of Technologists (MBOT)
- Master of Business Administration from Universiti Tenaga Nasional, Malaysia
- Bachelor of Science in Mechanical Engineering from North Carolina A&T State University, United States of America

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Provides decisive leadership as the President/Chief Executive Officer of TNB, with a strong focus on execution, delivery and people empowerment.
- Drives TNB's transformation as Malaysia's national energy champion, guiding the Group's transition toward sustainable energy and national carbon neutrality aspirations.
- Strengthens stakeholder trust and strategic engagement at both domestic and international levels.
- Leads regional energy cooperation through high-level platforms including HAPUA, AESIEAP and ASEAN Senior Officials and Ministerial Meetings (SOME and AMEM).

**CAREER JOURNEY:**

- Appointed as President and Chief Executive Officer on 1 March 2026, following a distinguished 37-year tenure at TNB.
- Previously served as Chief Regulatory & Stakeholder Management Officer, where he shaped the electricity supply industry's regulatory framework and oversaw economic and policy-related strategies.
- Served for a decade as Managing Director of TNB Janamanjung Sdn. Bhd., focusing on operational excellence and performance optimisation at one of the nation's largest generation assets.
- Formerly Managing Director of TNB Fuel Services Sdn. Bhd., where he was instrumental in strengthening fuel strategy and supply resilience.
- Began his career at various power generation plants, building a strong foundation in engineering fundamentals and deep operational experience.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Contributes to industry development as an Adjunct Professor at UNITEN Business School and Chairman of the Industry Advisory Panel for Mechanical Engineering programmes.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

Other than his directorships in TNB Group of Companies, Datuk Ir. Ts. Shamsul does not hold any directorships in public companies or other listed issuers.

**IR. MAHATHIR NOR BIN ISMAIL**

Senior Chief Network Officer



**Date of Appointment:**  
1 January 2026

**Governance Committee(s):****QUALIFICATION(S):**

- Executive Program at Stanford Graduate School of Business, USA
- 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

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Dedicated to enhancing the resilience and controllability of the transmission and distribution networks to ensure a secure power supply.
- Drives investments in advanced technologies to increase network flexibility and facilitate the seamless integration of solar photovoltaics (PVs), Electric Vehicles (EVs) and distributed energy resources.
- Integrates technical excellence with regulatory discipline and commercial performance to lead the transformation of Grid and Distribution Networks.

**CAREER JOURNEY:**

- Appointed as Senior Chief Network Officer on 1 January 2026, with over 26 years of service at TNB across engineering and managerial functions.
- Previously served as the Chief Distribution Network Officer, where he led the division responsible for the Group's downstream operations.
- Held top leadership positions as Managing Director of TNB Energy Services Sdn. Bhd. and TNB Engineering Corporation Sdn. Bhd. (TNEC).
- Proven track record in governance, currently serving as Chairman of TNEC and a board member of Integrax Berhad, TNB Retail Sdn. Bhd., TNB Integrated Learning Solution Sdn. Bhd., TNB EnerLink Sdn. Bhd. (a wholly owned subsidiary of TNB) and MY Energy Alliance Sdn. Bhd.
- Also serves as an Adjunct Professor at Universiti Tenaga Nasional since 1 May 2024.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Serves as Chairman of CIRED Malaysia and represents the industry as a member of the International Electrotechnical Commission - National Committee of Malaysia (IEC NC).

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

Other than his directorship in Integrax Berhad, Ir. Mahathir Nor does not hold any directorships in other public companies or listed issuers.

## SENIOR MANAGEMENT PROFILE

## DATO' IR. MUHAMAD NAZRI BIN PAZIL

Senior Chief Strategy, Regulatory &amp; Sustainability Officer



**Date of Appointment:**  
1 January 2026

**Governance Committee(s):****QUALIFICATION(S):**

- Executive MBA from Melbourne Business School
- Master of Science from Strathclyde University
- 1<sup>st</sup> Class Honours Bachelor's degree in Electro-Mechanical Power Engineering from Loughborough University

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Responsible for driving the Group's overarching strategy, regulatory affairs and sustainability agenda to ensure long-term value creation.
- Focuses on navigating the complex energy landscape by integrating strategic planning with regulatory compliance and sustainable business practices.

**CAREER JOURNEY:**

- Appointed as Senior Chief Strategy, Regulatory & Sustainability Officer on 1 January 2026, with over 33 years of experience at TNB across the energy, utility and manufacturing sectors.
- Previously served as the Managing Director of TNB Power Generation Sdn. Bhd., where he led initiatives to position the division as a leading clean energy provider in Southeast Asia.
- Served as Managing Director of TNB Repair and Maintenance Sdn. Bhd., where he drove the aggressive expansion of the company's overseas business in the Middle East.
- Served as Managing Director of Malaysian Transformer Manufacturing Sdn. Bhd., with the mandate to turn around the company.
- Served as Project Director, responsible for commissioning one of the world's largest and most efficient gas turbines in Pasir Gudang, Johor.
- Held a key leadership role within Sabah Electricity Sdn. Bhd., focusing on improving grid, transmission and distribution (GTD) operations and system reliability.
- Contributed to the formation and development of TNB Janamanjung Sdn. Bhd. and played a significant role in the transition and assumption of operations for Saudi Arabia's first Independent Water and Power Producer.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Contributes to the academic community as an Adjunct Professor at the College of Engineering, Universiti Tenaga Nasional since 2024, bridging industry expertise with higher education.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## DATO' SHAHRIR BIN ABDUL LATIFF

Managing Director, TNB Power Generation Sdn. Bhd.



**Date of Appointment:**  
1 March 2026

**Governance Committee(s):****QUALIFICATION(S):**

- Master of Business Administration (MBA), University of South Australia
- Bachelor of Engineering (Mechanical Engineering), University of Brighton, United Kingdom

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Leads Malaysia's largest power generation portfolio, focusing on ensuring operational reliability, portfolio diversification and driving the energy transition.
- Spearheads the "Brown to Green" initiative to increase earnings and shareholder value while transitioning towards cleaner energy sources.
- Oversees the development of a diversified generation pipeline across hydro, solar, CCGT and energy storage projects, supporting the Group's Net Zero 2050 aspirations.
- Drives the strengthening of TNB Power Generation Sdn. Bhd. (TNB Genco)'s project pipeline, ensuring the delivery of maintenance, repair, overhaul and technical advisory services across a global operational capacity of 19.4 GW.

**CAREER JOURNEY:**

- Appointed as Managing Director of TNB Power Generation Sdn. Bhd. (TNB Genco) in March 2026, bringing over 37 years of experience within the Group.
- Previously served as the Chief Development Officer of TNB Genco, where he was responsible for long-term generation growth strategy and securing key project awards.
- Led enterprise-wide Technical Services as Head (Technical Services) from October 2020, enhancing plant reliability and maintenance excellence across the generation fleet.
- Served in senior leadership roles within the Energy Ventures Division from 2013, including Head (Project Execution) and Head (Project Development).
- Led the delivery of major generation projects, notably the 2,000 MW Jimah East Power Plant and the 1,440 MW Southern Power Generation CCGT.
- Served as the Managing Director of TNB Energy Services Sdn. Bhd. (TNBES) from 2010 to 2013.
- Began his career with LLN/TNB in 1988 within the Generation Division, holding various operational and leadership roles at power plants and the division headquarters.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

Other than his directorship in Integrax Berhad, Dato' Shahrir does not hold any directorships in other public companies or listed issuers.



## SENIOR MANAGEMENT PROFILE

## MOHD ZARIHI BIN MOHD HASHIM

Chief New Energy Officer



**Date of Appointment:**  
12 January 2022

**Governance Committee(s):**

GEMC GPC SETC IEC  
APGC REBCC ESC

**QUALIFICATION(S):**

- Master of Business Administration from INSEAD
- Bachelor of Engineering (Honours) in Electrical and Electronic Engineering from University College London
- Designing and Executing Corporate Revitalization at Harvard Business School, USA

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Supports the expansion of the Group's renewable energy portfolio both in Malaysia and internationally, aligning with national energy transition priorities.
- Provides strategic oversight for the development and deployment of clean energy technologies, including solar, wind and energy storage systems to strengthen grid reliability and energy security.
- Advances Large Scale Solar (LSS) initiatives across Peninsular Malaysia and Sabah as part of the Group's broader clean energy expansion strategy.
- Drives the continued growth of international renewable energy investments, specifically focusing on the United Kingdom and Australian markets.

**CAREER JOURNEY:**

- Began his professional career as an engineer at a leading semiconductor company before moving into management and IT consultancy.
- Prior to joining TNB, he held senior roles in investment and private equity.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- He serves as Chairman of TNB Renewables Sdn. Bhd, Board Member of TNB International Sdn. Bhd., Vantage RE Ltd UK and Spark Renewables Pty Ltd Australia.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## IR. HASMARIZAL BIN HASSAN

Chief Grid Officer



**Date of Appointment:**  
16 April 2024

**Governance Committee(s):**

GEMC GPC IEC APGC  
RC GMTC GLTC ESC  
HSEC

**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
- Executive Program in Strategy & Organisation at Stanford Business School, USA
- Corporate Member, Board of Engineers Malaysia (BEM) & Registered Professional Engineer (Malaysia)

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Responsible for ensuring the long-term sustainable growth and profitability of the Grid Division through resource management and optimisation.
- Plays a major role in driving the Energy Transition agenda and guiding TNB towards the realisation of the ASEAN Power Grid.
- Instrumental in strengthening grid infrastructure, improving system reliability and advancing Grid of the Future (GoTF) initiatives.
- Vital in ensuring TNB provides a timely and reliable supply to Data Centres.

**CAREER JOURNEY:**

- Brings over 29 years of extensive experience within the Grid Division, specifically in Engineering & Design, Operation & Maintenance, Asset Development and Business Strategy.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- He serves as Board Member and Chairman of TNB Research Sdn. Bhd., Board Member of Sabah Electricity Sdn. Bhd., Chairman of the Board of Elopura Power Sdn. Bhd., and Board Member of TNBPG Hydro Nenggiri Sdn. Bhd.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## SENIOR MANAGEMENT PROFILE

## IR. AHMAD SAZREE BIN ABD AZIZ

Chief Distribution Network Officer



**Date of Appointment:**  
1 March 2026

**Governance Committee(s):****QUALIFICATION(S):**

- Master of Business Administration from UNITEN
- Master of Electrical Engineering (Power) from Universiti Teknologi Malaysia (UTM)
- Bachelor of Electrical Engineering from Indiana University Purdue University, Indianapolis

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Dedicated to enhancing distribution network reliability, operational excellence and asset performance to ensure a resilient, efficient and customer-focused power supply.
- Drives continuous improvements in network efficiency and digital transformation.
- Enables greater integration of Renewable Energy (RE) to support Malaysia's energy transition agenda and TNB's Net Zero 2050 aspiration.

**CAREER JOURNEY:**

- Over two decades of service with TNB, building extensive experience in distribution operations, asset management and business transformation.
- Previously served as Head of Operations, Distribution Network, where he was instrumental in strengthening system reliability, improving SAIDI and CAIDI performance and optimising operating expenditure.
- Held key leadership roles including Managing Director of Tenaga Switchgear Sdn. Bhd. and General Manager of Distribution at Sabah Electricity Sdn. Bhd.
- Held various regional and maintenance positions, grounding his leadership in strong technical expertise and enterprise-wide operational experience.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Provides strategic oversight to the industry through board memberships at TNB Research Sdn. Bhd. and TSG Ormazabal Sdn. Bhd.
- Serves as Deputy Chairman 1 for the International Community on Electricity Distribution (CIRED) Malaysia for the 2025 – 2027 term.
- Contributes to professional standards as a member of the Engineering Technology Accreditation Council (ETAC) for the 2025 – 2026 term.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## DATUK KAMAL ARIFIN BIN A. RAHMAN

Chief Retail Officer



**Date of Appointment:**  
3 October 2022

**Governance Committee(s):****QUALIFICATION(S):**

- Master of Business Administration from Ohio University, Athens, Ohio, United States
- Bachelor of Science in Electrical Engineering from the University of Texas at El Paso (UTEP), United States
- Chairman of HAPUA's Forum on Customer Service 2025
- Adjunct Professor, UNITEN Business School (since October 2025)

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Leads TNB's transformation into a customer-centric and future-ready energy retailer aligned with Malaysia's Net Zero 2050 ambition.
- Expands business beyond traditional electricity sales into sustainable solutions like solar, e-Mobility infrastructure and energy efficiency services.
- Accelerates digital transformation to deliver a smarter, simpler and greener customer experience.

**CAREER JOURNEY:**

- Over 36 years of leadership experience within TNB across strategic operations, customer experience and organisational transformation. Formerly Head of Centralised Centre of Excellence in the Retail Division before his appointment as Chief Retail Officer in 2022. Previously held roles as Special Officer to the TNB Chairman, COO of Malaysia Transformer Manufacturing and State General Manager for TNB Distribution in Negeri Sembilan.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Datuk Kamal Arifin serves as the Chairman of GSPARX Sdn. Bhd., TNBX Sdn. Bhd. and Fibrecomm Network (M) Sdn. Bhd.
- He served as Chairman of HAPUA's Forum on Customer Service 2025, facilitating discussions on the enhancement of customer service within ASEAN, regional information exchange and strategic planning.
- Since October 2025, he has held the role as Adjunct Professor at the UNITEN Business School, providing the academia a wealth of practical know-how gained through his years of industry experience.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## SENIOR MANAGEMENT PROFILE

## IR. DR. MOHD FADZIL BIN MOHD SIAM

Chief Strategy and Ventures Officer



**Date of Appointment:**  
1 March 2026

**Governance Committee(s):****QUALIFICATION(S):**

- PhD in Electrical Engineering, Heriot-Watt University, Edinburgh
- Master of Business Administration (MBA), UNITEN-Melbourne Business School
- Bachelor of Engineering (First-Class) in Electrical Engineering, University of Southampton, United Kingdom

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Responsible for shaping and delivering the Group's corporate strategy and investment agenda, with a focus on addressing business challenges, sustainability and growth.
- Oversees group-wide investment reviews, capital allocation and portfolio prioritisation to ensure long-term value creation and organisational resilience.
- Drives holistic strategy execution as Chief Strategy & Ventures Officer, embedding ESG and energy transition across growth areas such as green energy, electric mobility and smart grid technologies.
- Leads key transformation frameworks and innovation-led ventures, including the Energy Transition roadmap and Reimagining TNB 2.0 (RT2.0) delivery.

**CAREER JOURNEY:**

- Brings more than 25 years of experience within TNB, undertaking a range of leadership and technical roles across corporate strategy, sustainability, ventures and innovation.
- Served as the Chief Strategy Officer and Managing Director of TNB Research Sdn. Bhd. (TNBR) until 2019.
- Previously held the position of General Manager (Transmission), leveraging deep technical expertise in power systems.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Contributes technical and industry expertise as an Adjunct Professor at Universiti Tenaga Nasional within the field of Electrical and Power Systems.
- Serves as Board Member of TNB Power Generation Sdn. Bhd., overseeing power generation operations; TNBR, focusing on energy research and innovation; TNB Fuel Services Sdn. Bhd., responsible for fuel sourcing and management; and UNITEN R&D Sdn. Bhd., which undertakes research and development in engineering and energy technologies.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## LEO PUI YONG

Chief Sustainability Officer



**Date of Appointment:**  
1 June 2023

**Governance Committee(s):****QUALIFICATION(S):**

- Master in Energy & Power System from University Malaya (UM)
- Bachelor Degree in Electrical & Electronic Engineering from Universiti Tenaga Nasional (UNITEN)
- Certified Internal Auditor (CIA)
- RIMS Certified Risk Management Professional
- Associate Business Continuity Professional (ABCP)

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Leads the Group's sustainability efforts to ensure all operations align with the strategic goal of achieving Net Zero Emissions by 2050.
- Responsible for the institutionalisation of sustainability within the Group's operations, resulting in upgrades to international ESG benchmarks, including an A rating from MSCI ESG Research and a 4-star rating in the FTSE Russell index.
- Spearheaded the modernisation of the Group's sustainability governance architecture through the establishment of the Board Sustainability and Risk Committee (BSRC).
- Oversees the operationalisation of critical frameworks including the TNB Sustainability Policy & Framework, the Labour Rights Policy, the Group Biodiversity Framework and the Sustainable Procurement Code of Conduct.
- Advances the Carbon Management Plan toward a 35% reduction in emission intensity by 2035 and ultimate Net Zero goals for 2050.

**CAREER JOURNEY:**

- Has served for more than two decades at TNB, building a multifaceted professional background across engineering, internal auditing and managerial roles.
- Previously served as the Chief Risk Officer of TNB, where she was responsible for the Group's risk management and functional oversight.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Provides strategic oversight to key subsidiaries through board directorships at TNB Power Generation Sdn. Bhd., TNB Janamanjung Sdn. Bhd. and TNB Research Sdn. Bhd.
- Currently chairs the board of TNB Global Captive (L) Ltd.
- Since November 2025, she has served as an Adjunct Professor at Universiti Tenaga Nasional's College of Engineering, where she integrates global sustainability practices and industry expertise into the academic curriculum.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## SENIOR MANAGEMENT PROFILE

## BADRULHISYAM BIN FAUZI

Chief Financial Officer



**Date of Appointment:**  
1 January 2025

**Governance Committee(s):****QUALIFICATION(S):**

- Fellow, Chartered Institute of Management Accountants (CIMA)
- Member, Malaysian Institute of Accountants (MIA)
- Member, Chartered Financial Analyst (CFA) Institute
- Bachelor of Engineering in Computing from Imperial College London

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Oversees the Group Finance Division to drive financial sustainability, operational excellence and strategic value creation.
- Acts as a strategic business partner supporting TNB's long-term aspirations and corporate objectives.
- Focuses on strengthening financial policies, enhancing system efficiencies, managing strategic financial risks and developing staff competency.

**CAREER JOURNEY:**

- Appointed on 1 January 2025, bringing over two decades of experience in financial transformation, strategic planning and governance enhancements across multiple industries.
- Previously served as Group Chief Financial Officer at MMC Corporation Berhad and Covering CEO of Alam Flora Sdn. Bhd.
- He currently serves as Board Member of TNB Janamanjung Sdn. Bhd., TNB Fuel Services Sdn. Bhd. and TNB Global Captive (L) Ltd.
- Held key investment roles at Permodalan Nasional Berhad (PNB) early in his career contributing to portfolio management and strategic investment activities.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## FELDATUN BINTI SHARIF

Chief People Officer



**Date of Appointment:**  
1 April 2024

**Governance Committee(s):****QUALIFICATION(S):**

- Bachelor of Art, Art & Social Science (Majoring in Social Administration), with Honours, Universiti Malaya, Malaysia

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Responsible for crafting and deploying effective people management strategies to drive TNB's workforce towards its corporate aspirations.
- Focuses on fostering a high-quality employee experience through high-impact policies and programmes.
- Leads the transformation of talent and capability to ensure the organisation remains agile and future-ready.

**CAREER JOURNEY:**

- Began her 29-year career at TNB gaining extensive experience in strategy, organisational development, end-to-end HR operations, and change management in various business units as well as at enterprise level in TNB.
- Spearheaded the Organisation Design and Workforce Planning Workstream in the 2015 Value Unlocking Programme, a key initiative in the Corporate Group's Transformation.
- Appointed as Project Director for the formation and operationalisation of TNB Integrated Shared Service Centre in 2018.
- Played a key role in the 2020 reorganisation of TNB Macro Structure under Project Needle that established TNB Power Generation Sdn. Bhd. and TNB Retail Sdn. Bhd.
- Entrusted with various pivotal positions in TNB, including People Strategy & Organisation Effectiveness in 2021 and Head of Operations for TNB Global Business Solutions in 2023.
- Appointed as Chief People Officer in 2024 to lead the Group's overarching human capital strategy.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Since 2024, she has served as an Adjunct Professor at the UNITEN Business School, contributing industry insights and practical experience in the academic environment.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers



**SENIOR MANAGEMENT PROFILE****AZLAN BIN AHMAD**

Chief Digital &amp; Information Officer



**Date of Appointment:**  
18 July 2022

**Governance Committee(s):****QUALIFICATION(S):**

- Master of Business Administration (MIS), International Islamic University Malaysia (IIUM), Malaysia
- Bachelor of Science (Computation), University of Manchester Institute of Science and Technology (UMIST), United Kingdom
- BTEC National Diploma in Computer Studies, Coventry Technical College, United Kingdom
- Additional learning experiences include Harvard Premier Business Management Program, Gartner Leadership Development Academy, BCG Leadership Institute, G20Y Summit and the Advanced Management Program at Melbourne Business School

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Orchestrates the Group's digital and AI roadmaps to cement TNB's position as a technological leader in the global energy transition.
- Oversees the end-to-end IT/OT value chain, harmonizing infrastructure and telecommunications to create a seamless, data-driven utility.
- Leads the fortification of the Group's cybersecurity posture, safeguarding critical national energy infrastructure against an evolving global threat landscape.
- Drives the integration of emerging technologies to optimize operational performance, support strategic growth, and deliver superior customer value.

**CAREER JOURNEY:**

- A TNB veteran with over 32 years of service, Azlan leverages profound institutional depth to spearhead the Group's digital transformation.
- Throughout his distinguished tenure, he has held pivotal leadership roles across the ICT value chain in areas such as Enterprise Resource Planning (ERP) implementation & integration, ICT strategy, and digital advisory, providing him with a comprehensive understanding of the Group's operational DNA.
- With a mastery of application development and solutioning, he has established a proven track record of delivering high-performance, scalable platforms.
- Azlan's professional legacy is defined by a commitment to architecting integrated digital solutions that serve as the primary catalyst for the Group's operational excellence and long-term business value.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Azlan serves on the Board of Directors for TNB-IT Sdn. Bhd., Allo Technology Sdn. Bhd., and Tenaga Switchgear Sdn. Bhd., driving digital integration and strategic alignment across the Group's subsidiaries.
- Extending his industry influence regionally, he is a member of the Advisory Board of the ASEAN Innovation Business Platform (AIBP), contributing insights on digital transformation and innovation across ASEAN.
- Committed to the future of the industry, he is an Adjunct Professor at Universiti Tenaga Nasional's College of Computing and Informatics and Chairman of the Advisory Panel for the Tan Sri Leo Moggie Distinguished Chair in Energy Informatics.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

**IR. AMIR MAHMUD BIN ABDULLAH**

Chief Procurement Officer



**Date of Appointment:**  
1 January 2020

**Governance Committee(s):****QUALIFICATION(S):**

- Master of Science in Engineering Business Management (Integrated Graduate Development Scheme, IGDS), University of Warwick, United Kingdom/Universiti Teknologi Malaysia (UTM)
- 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

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Leads the transformation of TNB's Procurement and Supply Chain (P&SC) into a strategic partner that drives value across the Group.
- Spearheads digital innovation across the supply chain, specifically through e-Commerce and advanced supply chain systems, to enhance operational efficiency.
- Drives the sustainability agenda in the supply chain, representing the Group at international climate forums such as COP30 to align procurement practices with global standards.
- Strengthens the Malaysian energy ecosystem by chairing the GLC Procurement Circle and mentoring the next generation of leadership through academic and industry engagements.

**CAREER JOURNEY:**

- Commenced his career in 1988 with LLN/TNB, accruing extensive experience across Customer Service, Maintenance, Planning and Construction.
- Led several critical cost and profit centres, including roles as Head of TNB Metering and Revenue Management (2009) and Director of TNB' Smart Meter Program under Advanced Meter Infrastructure (AMI).
- Appointed as Chief Procurement Officer (CPO) on 1 January 2020, where he has since transformed the P&SC function, earning regional such as CPO of the Year, top six finalist Asia-Pacific CPO Award and his e-commerce team recognised as Top 3 Most Innovative in South East Asia.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Appointed as an Adjunct Professor at Universiti Tenaga Nasional and is actively involved in delivering leadership and industry talks to students at the UNITEN Business School. He also participated in the Cambridge Advanced Leadership Programme and regularly delivers leadership talks to young executives contributing to talent development and leadership succession within the organisation. He was also re-elected as a Chairman to GLC Procurement Circle for the next two years.
- Ir. Amir Mahmud 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 IR. AZMI BIN MD YUSOF

Chief Global Business Solutions Officer



**Date of Appointment:**  
15 November 2024

**Governance Committee(s):****QUALIFICATION(S):**

- Bachelor of Electrical (Power) Engineering, Hanyang University, Seoul, Korea
- Diploma (Electrical Engineering), Dong Yang Technical College, Seoul, Korea
- Professional Engineer, Board of Engineer Malaysia (BEM)
- Asean Chartered Professional Engineer
- Competent Electrical Engineer (275 kV – Terhad), Suruhanjaya Tenaga, Malaysia
- Competent/Authorisation Certificates for 500 kV Substation and 132/275 kV Lines/Cables

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Leads TNB's shared services operations, encompassing Service Delivery, Security, Property, HealthCare, Fleet and Corporate Affairs.
- Focuses on achieving operational excellence and cost efficiency while positioning TNB Global Business Solutions (TGBS) as a global leader in the field.
- Drives strategic leadership across integrated business support functions to enhance the Group's overall agility.

**CAREER JOURNEY:**

- Appointed as Chief Global Business Solutions Officer on 15 November 2024, bringing over 25 years of experience within TNB.
- Built a strong operational foundation starting as a Maintenance Engineer in 1997, later rising through various leadership roles in grid maintenance and regional operations.
- Previously served in key senior positions including Head of Grid Maintenance and Head of State Stakeholder Affairs for Penang, Kedah and Perlis.
- Held leadership roles as Pengurus Negeri and Cawangan across several states, gaining extensive experience in stakeholder engagement and infrastructure management.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## MOHAMED AZRIN BIN MOHAMED ALI

Chief Risk Officer



**Date of Appointment:**  
1 December 2025

**Governance Committee(s):****QUALIFICATION(S):**

- Master of Science (MSc) in Information Technology, University of Warwick, England
- Bachelor of Electrical Engineering (BEng), University of Warwick, England

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Ensures integrated governance, regulatory compliance and business continuity across the Group through robust oversight and crisis preparedness.
- Strengthens long-term organisational resilience by proactively managing strategic and climate-related risks.
- Oversees risk monitoring systems to navigate an increasingly complex energy landscape and ensures the Group's stability against emerging operational threats.

**CAREER JOURNEY:**

- Accumulates over 30 years of experience in digital and technology innovation as well as green energy solutions.
- Successfully led major transformation initiatives that enhanced ESG outcomes and long-term competitiveness.
- Previously held senior leadership roles within the Group, including Head of Digital & Customer Transformation and Head of Solutions.

**BOARD LEADERSHIP & INDUSTRY CONTRIBUTIONS:**

- Contributes to the strategic oversight of key subsidiaries through board memberships at TNBX Sdn. Bhd., GSPARX Sdn. Bhd. and TNB Engineering Corporation Sdn. Bhd.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

## SENIOR MANAGEMENT PROFILE

## ALI MUNAWAR BIN HAJI SALIM

Group Company Secretary



**Date of Appointment:**  
1 January 2024

**Governance Committee(s):**

GEMC GPC SETC DAIC  
IC CC

**QUALIFICATION(S):**

- Chartered Company Secretary, Institute of Chartered Secretaries and Administrators, United Kingdom
- Associate of Malaysian Institute of Chartered Secretaries and Administrators
- Diploma Agribusiness, Universiti Putra Malaysia

**CURRENT MANDATE & STRATEGIC FOCUS:**

- Serves as Company Secretary for TNB and its group of companies, overseeing corporate compliance and ensuring adherence to applicable regulatory requirements.
- Provides advice to the Board and key subsidiaries on the Group's policies and procedures, while supporting governance processes to promote effective oversight.

**CAREER JOURNEY:**

- Appointed as Group Company Secretary on 1 January 2024, has over 29 years of experience at TNB particularly in corporate secretarial matters, corporate governance, compliance, special projects and due diligence exercises.
- Served as Senior Manager (Corporate Compliance) for more than 10 years.
- Formerly carried the role as Assistant Company Secretary for various TNB Board Committees and Management Committee namely, Board Finance and Investment Committee, Board Nomination and Remuneration Committee, Board Long Term Incentive Plan Committee and the Group Executive Management Committee.

**DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS:**

No directorships in public companies and listed issuers

**ADDITIONAL INFORMATION ON OUR MANAGEMENT TEAM:**

- None of our Management Team has any family relationship with any Director and/or major shareholder of TNB.
- 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.
- 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.

**GOVERNANCE COMMITTEE(S):**

|                                                               |                                                            |
|---------------------------------------------------------------|------------------------------------------------------------|
| <b>GEMC</b> Group Executive Management Committee              | <b>SETC</b> Sustainability and Energy Transition Committee |
| <b>GPC</b> Group People Committee                             | <b>IEC</b> Investment Executive Committee                  |
| <b>GLTC</b> Green Lane Tender Committee                       | <b>ESC</b> Energy Supply Committee*                        |
| <b>COMPEC</b> Commodity Procurement Executive Committee       | <b>SMC</b> Smart Meter Committee*                          |
| <b>TC</b> Technology Committee*                               | <b>APGC</b> ASEAN Power Grid Committee                     |
| <b>CC</b> TNB Communication Committee                         | <b>RC</b> Regulatory Committee                             |
| <b>EVC</b> Electric Vehicle Committee                         | <b>HSEC</b> Health Safety Environment Committee*           |
| <b>DAIC</b> Digital & AI Committee                            | <b>GMTC</b> Group Management Tender Committee              |
| <b>REBCC</b> Renewable Energy Business Coordination Committee | <b>IC</b> Integrity Committee*                             |

\* Committees are required to provide Chairman's report to GEMC on a regular basis, except for Committees chaired by Chief Executive Officer.

## CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

### TAN SRI ABDUL RAZAK BIN ABDUL MAJID

Chairman



Dear Shareholders,

**The Board regards governance as a foundational discipline that enables TNB to create sustainable values and mitigate risks, while advancing national strategic objectives centred on economic development and societal wellbeing. Within the context of a dynamic energy sector, our priorities have focused on clarity of roles, quality of judgement and organisational accountability. This Corporate Governance Overview Statement articulates the integration of these priorities within TNB's Board governance framework, including Board processes, oversight mechanisms and strategic decision-making, thereby establishing a coherent framework for how the Company is governed, controlled and managed.**

#### EXCELLENCE IN GOVERNANCE PRACTICES

External recognition affirms TNB's strategic direction in strengthening governance. I am pleased to share that TNB was ranked within the top tier of the top 50 public listed companies at the Minority Shareholders Watch Group (MSWG) National Corporate Governance and Sustainability Awards 2025 (NACGSA 2025), achieving 8<sup>th</sup> position in the Overall Excellence Award category and receiving the Industry Excellence Award for Utilities. These accolades substantiate the Company's disciplined governance approach, consistent and transparent disclosures as well as rigorous oversight of organisational performance and risk management.

#### BOARD COMPOSITION, CHANGES AND CONTINUITY

The Board is committed to maintaining a diverse composition of skills, experience, and expertise among its members to effectively discharge its fiduciary duties and responsibilities to shareholders and the broader stakeholder community. With primary focus on Board succession planning and strengthening Board dynamics, the Company has established a robust and streamlined process for the selection, nomination, and appointment of Board candidates.

The current mix of Independent and Non-Independent Directors not only exceeds the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad but also aligns with the Malaysian Code on Corporate Governance 2021, supporting objective judgement and constructive challenge in Board deliberations. As at today, the Board comprised six (6) Independent Non-Executive Directors, four (4) Non-Independent Non-Executive Directors and one (1) Non-Independent Executive Director, with Independent Directors forming the majority.

This balance is reinforced through a structured approach to succession planning and appointments, enabling continuity while ensuring the Board is well positioned to respond to evolving business and regulatory priorities. In supporting this, the Board Skills Matrix serves as a key reference in assessing competencies across areas such as energy/utilities, regulatory & compliance, human capital, sustainability and technology & digitalisation.

Board effectiveness is further strengthened through the annual Board Effectiveness Assessment, which provides a comprehensive evaluation of the Board, its Committees and Individual Directors through self and peer assessment. Insights from the assessment during the year highlighted areas relating to strengthening the oversight of the Company's strategy, improving the structure and roles of Board Committees and enhancing Board management and operations. These were followed through with focused actions, including one-on-one engagement sessions between the Chairman and individual Directors to obtain deeper feedback, alongside capability-building initiatives.

In addition, particular emphasis was placed on strengthening technical understanding of the energy sector through a one-day programme entitled "Energy 101: Concepts, Systems, and Sustainability" for the Board, specifically for Directors with non-engineering background, complemented by technical briefings and site visits led by key Divisions to deepen operational insight. The Board provided positive feedback on the programme and has committed to its continuation.

Several movements took place on the Board. Datuk Ir. Megat Jalaluddin bin Megat Hassan completed his tenure as the President/Chief Executive Officer on 28 February 2026. He was succeeded by Datuk Ir. Ts. Shamsul bin Ahmad, who was appointed as the new President/Chief Executive Officer and Non-Independent Executive Director, effective 1 March 2026.

## CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

Separately, Selvendran Katheerayson, the representative of Khazanah Nasional Berhad resigned as Non-Independent Non-Executive Director effective 30 September 2025. On the same date, Effizal Faiz bin Zulkifly was appointed as Khazanah Nominee Director together with his Alternate Director. Both later stepped down on 16 January 2026.

The Board recorded its appreciation to all departing members for their contributions and dedicated service. Special acknowledgement is extended to Datuk Ir. Megat Jalaluddin bin Megat Hassan for his leadership, particularly in enhancing the depth and quality of Board deliberations and guiding the organisation through a period of transformation.

These transitions were carried out in an orderly manner, reflecting the effectiveness of the Board's succession framework and governance processes. Throughout these changes, continuity was preserved, with deliberations continuing to be rigorous and oversight sustained through established governance structures together with the support of Board Committees.

### LEADERSHIP STRUCTURE AND ACCOUNTABILITY

Leadership refinement extended beyond appointments. TNB introduced two (2) Senior Chiefs' roles to ensure clear delineation of responsibilities, while also strengthening the succession planning effort for the Top Management of the Company.

The Senior Chief Strategy, Regulatory and Sustainability Officer integrates strategy, sustainability, and long-term planning under a unified leadership scope. This enables a more cohesive approach to navigating regulatory developments, energy transition pathways, while exploring future growth opportunities.

The Senior Chief Network Officer, on the other hand, oversees execution and delivery, including operational performance, network reliability, and system resilience, providing a clear point of accountability for core operational outcomes. The separation between strategic direction and operational execution establishes clearer decision rights and enables more effective oversight, thereby strengthening the governance framework.

### GOVERNANCE ENHANCEMENTS AND INTERNAL CONTROLS

During the Financial Year, the Board, Top Management and its Boards of Subsidiaries submitted their Conflict Of Interest (COI) declarations on annual and as-required basis in accordance with TNB COI Policy and the Guideline on COI Management for the Board of Directors and Key Senior Management of TNB. The Board, supported by the Board Audit Committee, monitored COI and potential COI matters affecting the Board of Directors, Key Senior Management, and Boards of Subsidiaries, and endorsed the appropriate mitigation strategies.

Governance and internal control practices were further strengthened during the year to enhance oversight, consistency and accountability across the Group. The Board exercised active supervision through regular deliberations on key risk areas and the effectiveness of control mechanisms, reinforcing disciplined governance across operations.

Particular attention was directed towards procurement governance, with enhancements to processes and documentation to improve transparency and reduce exposure to operational and compliance risks. These improvements are supported by established integrity practices, where all Tender Committee members are required to sign an Integrity Pledge covering bribery, conflict of interest, collusion and confidentiality. Declarations of interest are mandatory, supported by clear protocols for recusal where conflicts arise. At the same time, Board members are also required to sign an Integrity Pledge in relation to Board Tender Committee matters and Board deliberations, reinforcing accountability at the highest level.

Strengthening governance also extended to sustainability oversight. At Board level, the National Sustainability Reporting Framework Adoption Plan was approved on 20 August 2025 through the Board Sustainability and Risk Committee. At Management level, several key Group-wide policies and frameworks were endorsed, including the Carbon Management Strategy, emissions intensity reduction target, Diversity, Equity and Inclusion Policy, Sustainable Supply Chain Framework and International Sustainability Standards Board (ISSB) Adoption Plan, reflecting a more structured approach to sustainability integration.

Further refinements were made to governance structures during the year, including the disbandment of the Board Long-Term Incentive Plan Committee following the expiry of the scheme. Oversight continued through regular reporting on risk management and internal controls, providing clear visibility over key risks and the corresponding mitigation measures.

These developments strengthen the Group's capacity to respond to an evolving risk landscape while reinforcing accountability, transparency and stakeholder confidence.

### LOOKING AHEAD

Governance will continue to be shaped by a clear focus on accountability, transparency and responsiveness to a changing operating landscape. Priority will be placed on strengthening the integration of sustainability considerations into risk management, decision-making and performance monitoring, alongside advancing alignment with evolving regulatory and reporting requirements. Ongoing refinement of policies, frameworks and controls will support greater consistency across the Group, while digitalisation initiatives are expected to enhance oversight, data quality and reporting efficiency.

Attention will also be directed towards embedding a strong culture of governance across all levels of the organisation, supported by continuous capability building, clear lines of accountability and effective assurance processes. This approach is intended to strengthen resilience, enable timely identification of emerging risks as well as support informed and balanced decision-making.



**Tan Sri Abdul Razak bin Abdul Majid**  
Chairman

## CORPORATE GOVERNANCE OVERVIEW

Sound corporate governance underpins the way Tenaga Nasional Berhad (TNB) is directed, managed, and positioned for sustainable value creation. This Corporate Governance Overview Statement (CG Overview) sets out the Group's governance practices for the Financial Year under review, with reference to the principles, guidance and best practices prescribed in the Malaysian Code on Corporate Governance 2021 (MCCG). It is intended to provide shareholders and stakeholders with clear insight into how governance is applied across the organisation.

The Statement explains the framework through which the Board exercises leadership and oversight, supported by defined policies, Committees and management structures. It outlines how responsibilities are allocated, decisions are made and performance is monitored to promote accountability, transparency and integrity in all aspects of the Group's operations.

This Statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is to be read together with the Corporate Governance Report 2025 (CG Report) of the Company, which may be accessed on the Company's website at [www.tnb.com.my](http://www.tnb.com.my).

### The CG Report details out on how the Company has applied each practice as set out in the MCCG during the Financial Year 2025.

During the year under review, TNB's corporate governance practices were consistent and compliant with the following guidelines and best practices



TNB has applied 46 out of the 48 recommended practices in the MCCG for the Financial Year under review, save for Practice 8.2: Disclosure on named basis the top five (5) Senior Management's remuneration and Step Up 8.3: Disclosure of detailed remuneration of each member of Senior Management on a named basis.

TNB on 20 January 2026 was recognised among the top 50 public listed companies under the Minority Shareholders Watch Group (MSWG)'s National Corporate Governance & Sustainability Awards (NACGSA) 2025 in the following category:

- Overall Excellence Award (Top 10) - Ranked #8
- Industry Excellence Award (Utilities)



BOARD LEADERSHIP & EFFECTIVENESS

SUPPORTS  
EFFECTIVE  
DECISION  
MAKING AND THE  
DELIVERY OF OUR  
STRATEGY

TOTAL HOURS OF BOARD  
MEETINGS  
70

OVERALL PERCENTAGE  
OF BOARD MEETINGS  
ATTENDED BY DIRECTORS  
96%

TOTAL HOURS OF BOARD  
AND BOARD COMMITTEES  
MEETINGS  
309

Notes:

<sup>1</sup> Appointed as Director and Member of BSRC and FIC w.e.f. 30 September 2025.

<sup>2</sup> Appointed as Alternate Director to Effizal Faiz bin Zulkifly w.e.f. 30 September 2025.

<sup>3</sup> Resigned as Director and ceased as Member of FIC and BSRC w.e.f. 30 September 2025.

<sup>4</sup> Appointed as Alternate Director to Selvendran Katheerayson w.e.f. 28 August 2025 and ceased to hold office as Alternate Director w.e.f. 30 September 2025.

<sup>5</sup> Resigned as Alternate Director to Selvendran Katheerayson w.e.f. 15 August 2025.

<sup>6</sup> Ceased as Member of BAC w.e.f. 30 September 2025.

<sup>7</sup> Appointed as Member of BAC w.e.f. 30 September 2025 and appointed as Member of BTC w.e.f. 27 January 2025.

<sup>a</sup> The BLTIP was disbanded as approved by the Board on 29 September 2025 due to the expiration of the Long Term Incentive Plan scheme.

<sup>A</sup> Reflects the number of meetings attended during the time the Director held office/was Chairman/Member of Committee(s).

<sup>\*</sup> Reflects the number of meetings since his/her respective appointment to the Board/relevant Board Committee(s).

All Directors have attended more than 75% of the Board and relevant Committees meetings held during the Financial Year, in accordance with Clause 2.12.8 of the Board Charter.

All Directors have also 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.

BOARD OF DIRECTORS

Key Roles and Responsibilities

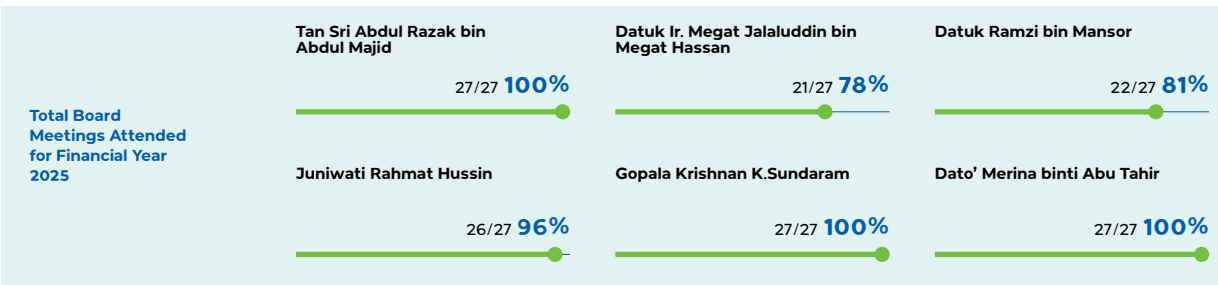
The Board provides leadership to the Company and sets the overall direction for Management. It carries collective responsibility and accountability to shareholders for the long-term success of the Group. In discharging its duties, the Board reviews Management's performance as well as the operating and financial results of the Group, establishes strategic priorities and defines the Group's risk appetite.

The Board also oversees the governance framework of the Company and deliberates on, and approves, the sustainability strategy and pathway. Oversight of sustainability implementation and performance forms part of the Board's responsibilities in guiding the Group's business conduct and future development.

**Chairman**  
The Chairman leads the Board and promotes effective deliberation by encouraging constructive contributions and challenge from Directors. The role includes fostering an environment that supports balanced discussion and sound judgement, as well as facilitating communication between the Group and its shareholders.

**President/Chief Executive Officer (CEO)**  
The President/CEO holds executive responsibility for the day-to-day management of the Group's operations. This includes making recommendations to the Board and carrying out approved strategies, applying Group policies and promoting the desired organisational culture and standards. The role also involves providing Directors with timely and sufficient information to support informed decision-making.

The positions of Chairman and President/CEO are held by two (2) separate individuals, reflecting a clear division of responsibilities between leadership of the Board and executive management of the Group.



TNB BOARD COMMITTEES

| Board Audit Committee (BAC)         |                          |
|-------------------------------------|--------------------------|
| Total 50 meeting hours              |                          |
| Directors                           | Attendance               |
| Dato' Merina binti Abu Tahir        | 15/15 (100%)             |
| Ong Ai Lin                          | 15/15 (100%)             |
| Dato' Zulkifli bin Ibrahim          | 15/15 (100%)             |
| Alan Hamzah Sendut <sup>7</sup>     | 4/4* (100%)              |
| Juniwati Rahmat Hussin <sup>6</sup> | 10/11 <sup>A</sup> (91%) |

| Board Finance and Investment Committee (FIC) |              |
|----------------------------------------------|--------------|
| Total 46 meeting hours                       |              |
| Directors                                    | Attendance   |
| Rohaya binti Mohammad Yusof                  | 17/17 (100%) |
| Effizal Faiz bin Zulkifly <sup>1</sup>       | 4/5* (80%)   |
| Mohamad Hanafi bin Salehuddin <sup>2</sup>   | 1/1 (100%)   |
| Dato' Merina binti Abu Tahir                 | 17/17 (100%) |
| Dato' Zulkifli bin Ibrahim                   | 17/17 (100%) |
| Selvendran Katheerayson <sup>3</sup>         | 8/12* (67%)  |
| Mohamad Hanafi bin Salehuddin <sup>4</sup>   | 1/1 (100%)   |
| Elaine Ong Yee Lynn <sup>5</sup>             | 3/3 (100%)   |

| Board Tender Committee (BTC)    |               |
|---------------------------------|---------------|
| Total 44 meeting hours          |               |
| Directors                       | Attendance    |
| Datuk Ramzi bin Mansor          | 16/17 (94%)   |
| Juniwati Rahmat Hussin          | 16/17 (94%)   |
| Gopala Krishnan K.Sundaram      | 17/17 (100%)  |
| Alan Hamzah Sendut <sup>7</sup> | 16/16* (100%) |

Legend: ● Chairman

Key Roles and Responsibilities

The BAC oversees the integrity of the Group's financial statements in accordance with legal and regulatory requirements and applicable accounting standards. It evaluates the effectiveness of the internal control framework as well as the performance of both internal and external audit functions.

The Committee also reviews the effectiveness of systems established to monitor compliance with laws and regulations. In addition, it promotes consistency and connectivity of sustainability-related disclosures across financial reporting and other public communications, ensures that sustainability risks are appropriately incorporated into the internal audit plan, and oversees the assurance process for the Sustainability Statement, including approving the assurance plan and Statement of Assurance.

The FIC reviews and endorses to the Board, or approves where delegated, proposals on investments and divestments recommended by Management, taking into account strategic objectives, financial considerations, risk and return profiles.

The Committee reviews and approves investment risks and proposed risk treatments for transactions with a value of up to RM200 million per transaction. For transactions exceeding RM200 million, it reviews and endorses the associated risks and mitigation measures for Board approval. The Committee also reviews, monitors and makes recommendations to the Board on financial matters, including budgets and funding activities.

The BTC establishes the framework for TNB's Procurement and Supply Chain Policy and Procedures. It is authorised to approve procurement activities within the designated limit in accordance with TNB's Procurement and Supply Chain Policy and Procedures. It advises the Board on the detailed design and application of this framework and supports the Board in monitoring compliance by Top Management and Executive Directors.

The Committee also oversees adherence to applicable laws, regulations, rules and guidelines in the procurement of equipment, materials, works and services, with the objective of promoting sound procurement practices and accountability.

The key roles and responsibilities of BAC are set out in detail on pages 273 to 275 of the BAC Report.



## BOARD LEADERSHIP &amp; EFFECTIVENESS

**Senior Independent Non-Executive Director (SID)**

The Senior Independent Non-Executive Director (SID) serves as a sounding board to the Chairman and acts as an intermediary for other Directors, where necessary. The SID provides an independent channel for the escalation of concerns that may not be appropriately addressed through the usual governance processes and is available to shareholders for raising matters of concern relating to the Company.

**Non-Executive Directors**

Non-Executive Directors provide independent oversight and constructive challenge to Management across the Group's operations. These Directors monitor Management's performance, review and guide the implementation of the Group's strategic plan and consider the long-term sustainability of the business. These Directors also ensure the integrity of financial reporting, evaluate the effectiveness of risk management and internal controls and oversee the remuneration of Top Management.

**Chief Financial Officer**

The Chief Financial Officer is responsible for overseeing the management of the Group's finance function and leading the Group's financial activities, including matters relating to risk and internal controls. The role supports the Board and Management in safeguarding the Group's financial integrity and sustainability. The Chief Financial Officer also represents the Group in engagements with key stakeholders, including shareholders, customers, suppliers, regulators, government authorities, and the wider community.

**Company Secretary**

The Company Secretary plays a key role in supporting the Board by advising on corporate disclosures and ensuring compliance with the Companies Act, 2016, MMLR, securities regulations, and other applicable rules/regulation. Working closely with the Chairman, the Company Secretary facilitates the review of governance processes and provides guidance on corporate governance matters.

**Effizal Faiz bin Zulkifly<sup>1</sup>**7/7\* **100%****Mohamad Hanafi bin Salehuddin<sup>2</sup>**(Alternate Director to Effizal Faiz bin Zulkifly)  
(N/A)**Rohaya binti Mohammad Yusof**27/27 **100%****Muazzam bin Mohamad**27/27 **100%****Ong Ai Lin**27/27 **100%****Dato' Zulkifli bin Ibrahim**27/27 **100%****Alan Hamzah Sendut**27/27 **100%****Selvendran Katheerayson<sup>3</sup>**19/20<sup>^</sup> **95%****Mohamad Hanafi bin Salehuddin<sup>4</sup>**  
(Alternate Director to Selvendran Katheerayson)1/1 **100%****Elaine Ong Yee Lynn<sup>5</sup>**(Alternate Director to Selvendran Katheerayson)  
(N/A)**Board Nomination and Remuneration Committee (BNRC)****Total 39 meeting hours**

| Directors                    | Attendance   |
|------------------------------|--------------|
| Juniwati Rahmat Hussin       | 12/12 (100%) |
| Datuk Ramzi bin Mansor       | 10/12 (83%)  |
| Muazzam bin Mohamad          | 12/12 (100%) |
| Gopala Krishnan K.Sundaram   | 12/12 (100%) |
| Dato' Merina binti Abu Tahir | 12/12 (100%) |

**Board Sustainability and Risk Committee (BSRC)****Total 45 meeting hours**

| Directors                                  | Attendance   |
|--------------------------------------------|--------------|
| Ong Ai Lin                                 | 13/13 (100%) |
| Effizal Faiz bin Zulkifly <sup>1</sup>     | 3/4* (75%)   |
| Mohamad Hanafi bin Salehuddin <sup>2</sup> | 1/1 (100%)   |
| Muazzam bin Mohamad                        | 13/13 (100%) |
| Gopala Krishnan K.Sundaram                 | 13/13 (100%) |
| Dato' Zulkifli bin Ibrahim                 | 13/13 (100%) |
| Selvendran Katheerayson <sup>3</sup>       | 7/9* (78%)   |
| Elaine Ong Yee Lynn <sup>5</sup>           | 2/2 (100%)   |

**Board Long Term Incentive Plan Committee (BLTIP)<sup>^</sup>****Total 1 meeting hours**

| Directors                            | Attendance |
|--------------------------------------|------------|
| Gopala Krishnan K.Sundaram           | 1/1 (100%) |
| Rohaya binti Mohammad Yusof          | 1/1 (100%) |
| Muazzam bin Mohamad                  | 1/1 (100%) |
| Selvendran Katheerayson <sup>3</sup> | 1/1 (100%) |

**Board Integrity Committee (BIC)****Total 14 meeting hours**

| Directors                   | Attendance |
|-----------------------------|------------|
| Juniwati Rahmat Hussin      | 6/6 (100%) |
| Rohaya binti Mohammad Yusof | 6/6 (100%) |
| Muazzam bin Mohamad         | 6/6 (100%) |
| Ong Ai Lin                  | 6/6 (100%) |

The BNRC identifies and recommends suitable candidates for appointment to the Board, Board Committees and the boards of TNB Group. It also reviews succession planning for Executive Directors and Top Management.

The Committee evaluates the balance of skills, experience and other attributes required of the Board, including sustainability-related competencies relevant to sustainability-related risks and opportunities and climate-related risks and opportunities. It implements processes established by the Board to assess the effectiveness of the Board, Board Committees and individual Directors.

The Committee recommends to the Board the remuneration packages for Non-Executive Directors, and determines the performance contracts, targets, and reward structure for the Executive Director. The Committee also recommends to the Board the remuneration framework for the Executive Director and Top Management, incorporating sustainability-related Key Performance Indicators where appropriate.

The BSRC oversees the effective implementation of the Group's sustainability and risk management framework, including related policies, strategies, and initiatives, to support business objectives and sustainability commitments.

It also monitors sustainability performance against approved targets and ensures that material risks are appropriately assessed, managed, and effectively monitored through the Group's enterprise risk management framework.

 The key roles and responsibilities of BSRC are set out in detail on pages 276 to 278 of the BSRC Report.

The BLTIP Committee oversees the administration of the Group's Long Term Incentive Plan and the shares granted under the plan in accordance with the By-laws.

It approves and determines the manner in which incentive shares are granted and vested to selected employees, including decisions on eligibility, grant levels, terms of acceptance, vesting conditions, performance criteria and other terms set at its discretion within the approved framework.

The BIC oversees disciplinary governance matters involving personnel of the Group. This includes acting on Management's recommendations, hearing and deciding on appeals and taking action in cases of misconduct.

The Committee reviews and recommends measures to foster a culture of integrity and ethical conduct in the Group's business activities. It also oversees the effectiveness of the Integrity Department in carrying out its functions, including complaint management, detection and verification processes, and the strengthening of integrity and governance practices.

**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

**REBCC**  
Renewable Energy Business  
Coordination Committee

**DAIC**  
Digital & AI  
Committee

**ESC**  
Energy Supply  
Committee

**APGC**  
ASEAN Power  
Grid Committee

**EVC**  
Electric Vehicle Committee

**SMC**  
Smart Meter Committee

**HSEC**  
Health, Safety & Environment  
Committee

**IC**  
Integrity Committee

**CC**  
Communication Committee

## BOARD LEADERSHIP & EFFECTIVENESS

### TNB GOVERNANCE FRAMEWORK

A structured governance framework guides how authority is exercised and how responsibilities are carried out across TNB. Through defined delegation of powers to the Board Committees, the President/CEO and Management Committees, the framework supports disciplined oversight and effective execution of the Board's mandate.

Corporate governance is an essential driver of sustainable performance, shaped by obligations to shareholders and a wider community of stakeholders. The Board regards governance as an enabler of long-term value creation, taking into account the interests of all parties affected by the Group's activities. A strong organisational culture and a well-established governance structure are therefore viewed as vital in supporting orderly and efficient operations.

The framework is anchored in the Board Charter and the Terms of Reference of the Board Committees (TORs), supplemented by the Limits of Authority and reinforced through Management Committees, policies and procedures. These arrangements are subject to oversight through both internal and external audit functions.

Distinct lines of responsibility and accountability support effective supervision of the Company's affairs and reflect the independent roles required for proper stewardship. Authority is delegated to the Board Committees and the President/CEO in accordance with approved governance instruments.

Ongoing attention is given to the relevance and suitability of the governance structure, with periodic reviews undertaken to reflect developments in regulatory expectations and the operating environment in which the Group conducts its business.

### SUSTAINABILITY GOVERNANCE

Delivery of sustainability priorities and progress towards the Net Zero 2050 ambition are guided by a governance framework embedded within the Group's overall governance structure and aligned with the MCCG, supporting oversight, decision-making and implementation across all levels.

The Board holds overall accountability for approving sustainability strategies and overseeing their performance, supported by the BSRC in monitoring the effectiveness of the sustainability and risk management framework, including performance against targets, resource allocation and sustainability and climate-related risks and opportunities.

At management level, the SETC, chaired by the President/CEO, approves sustainability strategies, initiatives and targets, while overseeing implementation and integration into business operations and disclosures. Execution is driven by the Senior Chief Strategy, Regulatory and Sustainability Officer who is appointed effective 1 January 2026, together with the Chief Sustainability Officer and Sustainability Division, while business entities manage sustainability and climate-related risks and opportunities within their operations.

Assurance on sustainability-related disclosures is conducted internally by Group Internal Audit, with oversight from the BAC, which reviews the Statement of Assurance and approves the assurance methodology and scope.

During the financial year, the Board, through the BSRC, approved the National Sustainability Reporting Framework Adoption Plan, while key Group-wide policies and targets were endorsed at management level, including the Carbon Management Strategy, emissions intensity reduction target, Diversity, Equity and Inclusion Policy, Sustainable Supply Chain Framework and International Sustainability Standards Board (ISSB) Adoption Plan.

 Further information is presented in the Sustainability Governance section of the Sustainability Statement on pages 67 to 69.

### OPERATIONS OF THE BOARD

Deliberation and endorsement from the Board Committees are communicated to Directors in advance of each scheduled Board meeting through the respective Chairman's Reports, providing visibility of key deliberations and recommendations. This enables Directors to participate in discussions with a full understanding of matters considered at Committee level.

Each Committee Chair presents a report to the Board, outlining observations and proposals for consideration and approval. This approach supports informed dialogue between the Board and its Committees and allows the Board to contribute perspectives on Committee findings. All Committee deliberations and outcomes are documented and endorsed before being submitted to the Board.

Discussions at Board level are conducted openly under the leadership of the Chairman. Advice is drawn from Senior Management/Executives and external advisers where required to support decision-making. During the year, the Board considered a broad spectrum of matters covering strategy, sustainability and operational performance across the Group and its principal subsidiaries, financial performance, legal and regulatory compliance, human capital, sustainability, governance practices and risk management.

## BOARD LEADERSHIP &amp; EFFECTIVENESS

Meetings of the Board and Board Committees are held at selected operating locations and major or newly developed project sites, to provide Directors with direct exposure to project progress and operational challenges.

During the Financial Year under review, the respective Board Committees visited the following business operations/ongoing projects/asset:

**17 July 2025**

Site Visit by BAC to Customer Management Center, Sabah Electricity Sdn. Bhd., Kota Kinabalu, Sabah

**10 September 2025**

Site Visit by BSRC to TNB ICT Division Security Operation Centre, Kawasan Perindustrian Temasya, Shah Alam, Selangor

**24 September 2025**

Site Visit by FIC and BAC to Universiti Tenaga Nasional (UNITEN) Campus, Selangor

**17 November 2025**

Site Visit by BAC to TNB Smart Meter Operation Center And Smart Utility Experience Center, Wisma TNB Jalan Timur, Petaling Jaya, Selangor

**BOARD COMPOSITION AND INDEPENDENCE**

An assessment of the independence status of each Independent Non-Executive Director was carried out by the Board/BNRC for the Financial Year under review. Based on this assessment, no material business relationships or circumstances were identified that could impair the independence of character or judgment of the Independent Non-Executive Directors, in accordance with the principles of MCCG and the MMLR.

Tenure is an integral component of the Board's evaluation of independence. In line with Step Up 5.4 of the MCCG, Independent Non-Executive Directors are subject to a cumulative tenure limit of nine (9) years without further extension. None of the Independent Non-Executive Directors exceeded this threshold during the financial year under review.

A meeting between the Senior Independent Director and the Independent Directors was held on 30 June 2025, without management present, enabling open and constructive discussion of concerns and sensitive matters.

**SUMMARY OF BOARD ACTIVITIES IN 2025****MATTERS DELIBERATED BY THE BOARD AND ITS COMMITTEES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

During the financial year, the Board and its Committees focused on key strategic priorities to strengthen TNB's long-term value creation, resilience, and sustainability. The deliberations centred on the following key areas:

**BOARD****Strategic Business Direction, including strategic projects and future growth**

- Approval of TNB's strategic investments, divestments, and major projects to support future growth
- Oversight of operational performance across TNB and its Group to ensure alignment with strategic objectives
- Progress of strategic initiatives, including the development of data centre capabilities in Malaysia and participation in the ASEAN Power Grid
- Approval of generation-related projects to strengthen energy capacity and portfolio
- Alignment of leadership performance through the proposed FY2026 Key Performance Indicators (KPIs) for the President/CEO

**Financial Performance and Capital Management**

- Monitoring of financial and operational performance to ensure delivery against targets
- Oversight of capital management initiatives, including dividend considerations and funding strategies such as the proposed Sukuk Programme
- Consideration of key financial matters, including tax positions and financial reporting integrity

**Human Capital and Organisational Transformation**

- Oversight of Board and senior leadership succession planning to ensure continuity and depth of leadership
- Review of organisational structure to enhance agility and support strategic transformation

## BOARD LEADERSHIP & EFFECTIVENESS

### Sustainability and Energy Transition

- Steering TNB's energy transition and sustainability agenda, including carbon management and biodiversity strategies
- Oversight of sustainability reporting and alignment with national and international standard and guidelines
- Oversight of progress on national energy transition initiatives and flagship projects

### Risk Management and Digital Transformation

- Review of key enterprise risks impacting the Group and ensuring appropriate mitigation strategies
- Define the Group's risk appetite, providing clear guidance and accountability for business entities to manage risks
- Focus on digital transformation priorities, including cybersecurity and responsible adoption of emerging technologies

### Governance and Board Effectiveness

- Enhanced governance frameworks, policies, and Board processes to support effective decision-making
- Review of Board effectiveness and implementation of continuous improvement initiatives
- Oversight of corporate governance disclosures to ensure transparency and adherence to best practices

### FIC

- Oversight of TNB's investment strategy, with a focus on renewable energy and both domestic and international growth opportunities
- Review and evaluation of strategic investment proposals, including new investments, divestments, and long-term growth plans across the Group
- Monitoring of value creation through performance analysis and post-investment reviews of commercialised assets
- Oversight of the Group's capital structure and financing strategy to support sustainable growth
- Review of key financial frameworks, including hurdle rates and the Risk-Adjusted Rate of Return, to ensure alignment with strategic and risk considerations

### BTC

- Approval of procurement activities within the Committee's delegated authority, supporting TNB's strategic objectives
- Oversight and approval of procurement decisions and awarding strategies within the Committee's delegated authority
- Review of procurement issues and implementation of improvements to strengthen governance, compliance, and performance

### BLTIP

- Approval on Vesting of LTIP Shares

### BIC

- Review and approve the organisation's integrity governance documents
- Review the performance and achievement of Integrity Department annually in discharging its responsibilities encompassing Complaint Management, Detection and Verification, strengthening integrity and governance
- Oversight of TNB Anti-corruption and integrity initiatives, including the bi-annual reporting to Malaysian Anti-Corruption Commission (MACC)
- Oversight of training and communication plans effectiveness through periodic reporting
- Governance review of ISO 37001 Anti-Bribery Management System to ensure compliance and continuous improvement
- Monitor the implementation and progress of Organizational Anti-Corruption Plan across the divisions and departments to ensure its effectiveness

### 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 &amp; EFFECTIVENESS

## MATERIAL MATTERS RESERVED FOR THE BOARD

## ► Formulating, reviewing and approving the Company's strategic business plan

## Matters Considered by the Board

The Board plays a pivotal role in setting the strategic direction of TNB and in approving key corporate strategic initiatives proposed by Management.

On an annual basis, the Board reviews and deliberates on the Company's strategic and business plans, including the proposed capital and operating budgets for the ensuing financial year, as well as the associated KPIs. This review ensures alignment with the Company's long-term strategic objectives and value creation agenda. In doing so, the Board rigorously evaluates Management's assumptions, underlying methodologies, and strategic perspectives to support sound and informed decision-making.

In addition to formal Board meetings, the Board and Management engage through an informal strategic forum known as the Board Breakout Session (BBO). Coordinated by the Company Secretary's Office, with inputs from relevant Divisions as required, the BBO serves as a platform among others, for strategic dialogue and exchange of views, in-depth discussion of corporate plans, consideration of emerging risks and key operational matters as well as monitoring progress against approved strategies.

During the Financial Year under review, four (4) BBOs were conducted:

- **15 February 2025 & 5 May 2025:** Deliberation on Corporate Structure and Reimagining People Experience
- **3 June 2025:** Incentive-Based Regulation (IBR) Regulatory Period 4 (RP4) Delivery Strategy and Quarter 1 Status Update
- **1 December 2025:** Delivering Reimagining Tenaga 2.0 (RT 2.0) Through Strategy Driven Budget

Recently a BBO session was held on 9 February 2026 on the proposed Customer Transformation Programme. The session highlighted TNB Retail's evolution from a traditional utility to a customer-centric retailer, underpinned by strong customer trust and technology-enabled capabilities. Looking ahead, the initiative is pivotal in reinforcing TNB's market position and ensuring continued relevance amid a rapidly evolving energy landscape.

Through these sessions, TNB strengthened and refined its leadership and corporate structure, which was subsequently approved by the Board on 28 July 2025. This refinement reflects the Company's continued commitment to strong governance, effective business delivery, sustained performance, and long-term organisational resilience in an increasingly complex and evolving energy landscape. Management also updated the Board on the RP4 Delivery Strategy and Quarter 1 performance status across the Grid, Distribution Network, and Retail Divisions. These updates enabled the Board to assess implementation progress, operational performance, and alignment with regulatory commitments.

Following the Board's approval of the RT 2.0 strategy in the previous Financial Year, emphasis was placed on embedding a strategy-driven budget approach to ensure optimal allocation of financial and operational resources in support of Business Entities' plans. The FY2026 Business Plan and Budget in alignment with RT 2.0 targets were approved by the Board on 1 December 2025.

Based on the evaluation for the Financial Year under review, 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.

## MATERIAL MATTERS RESERVED FOR THE BOARD

## ► Identifying and managing principal risks affecting the Company

## Matters Considered by the Board

The Board, through the BSRC, is mandated to oversee the robustness of the Group's sustainability and risk management frameworks, as well as the effectiveness of their implementation in achieving strategic objectives and sustainability commitments.

During the Financial Year, the BSRC convened 13 times, with deliberations centred on key sustainability and risk management matters. These included strategic business and sustainability risks monitored through forward-looking Key Risk Indicators aligned with the Group's risk appetite, encompassing key risks across TNB business entities, National Energy Transition Roadmap (NETR) projects, safety and health, legal matters, digitalisation and cyber security.

Together with the BAC, the BSRC jointly endorsed the Statement on Risk Management and Internal Control, which outlines the Group's risk management practices and internal control framework.

The execution of the Group's sustainability strategies and initiatives is driven through close collaboration with business entities across the Group, led by the Chief Sustainability Officer and the Sustainability Division.

Following the refinement of the corporate structure during the Financial Year, the Chief Risk Officer (CRO) leads the Risk Management Department with joint reporting to the President/CEO and BSRC, reflecting heightened focus on enterprise risk management.

## BOARD LEADERSHIP & EFFECTIVENESS

The Risk Management Department ensures the effective implementation of TNB Risk Management Framework, aligned with ISO 31000:2018, to facilitate informed decision-making.

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 that it 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 for the Company's sustainability.

### 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 is responsible for establishing and maintaining a robust reporting framework for internal controls and regulatory compliance across the Company. In discharging this responsibility, the Board, through the BAC, regularly reviews and assesses the adequacy and effectiveness of the Company's system of internal controls, including financial, operational, compliance and information technology controls.

During the Financial Year under review, regular meetings were held to evaluate the effectiveness of the internal control framework, with due regard to regulatory requirements, risk management practices, and recognised best practices, to ensure the integrity of the Company's operations and financial reporting.

Following the evaluation of the Financial Year, the Board collectively affirmed its fulfilment of these responsibilities through the diligent efforts of the BAC and BSRC.

### 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 is responsible for overseeing the Company's day-to-day operations and for executing the Group's strategies and policies as approved by the Board. He is well supported by dedicated Management Committees that facilitate effective decision-making and operational oversight.

The performance of Management is evaluated on a regular basis, with primary emphasis on the quarterly financial performance of the Company and the Group. The Board is kept informed through regular updates on the progress of strategic initiatives, key operational matters and overall Group performance, all of which are measured against approved KPIs.

### MATERIAL MATTERS RESERVED FOR THE BOARD

#### ▶ Succession Planning

##### Matters Considered by the Board

The Board, with the support of the BNRC, is responsible for identifying the required mix of skills, competencies, experience, expertise and diversity of Directors, as well as establishing succession plans to ensure an effective and well-balanced Board.

The selection and appointment of Independent Non-Executive Directors are undertaken by the Board, upon the recommendation of the BNRC, and are supported by independent consultants where necessary to ensure objectivity, rigour and best governance practices.

The Board and the BNRC also oversee the appointment and succession planning of Top Management to support leadership continuity and organisational sustainability.

The Board Skills Matrix continues to serve as a key reference for assessing the breadth of competencies across the Board, identifying capability gaps, and supporting effective succession planning in alignment with the Company's strategic objectives.

The review conducted during the year identified the capabilities required across relevant sectors namely Energy/Utilities, Regulatory & Compliance, Human Capital, Sustainability and Technology & Digitalisation, including the desired level of proficiency. This enhances Board succession planning by guiding the selection and development of directors, ensuring the Board remains well-positioned to support and deliver the Company's evolving strategic priorities.

## BOARD LEADERSHIP &amp; EFFECTIVENESS

During the Financial Year under review, there were several changes to the Board. This included the resignation of Elaine Ong Yee Lynn, Alternate Director to Selvendran Katheerayson, effective 15 August 2025 and the appointment of Mohamad Hanafi bin Salehuddin as Alternate Director to Selvendran Katheerayson with effect from 28 August 2025.

The Board on 29 September 2025, accepted the resignation of Selvendran Katheerayson, a Non-Independent Non-Executive Director, representing Khazanah and the cessation of office of his Alternate Director, Mohamad Hanafi bin Salehuddin, effective 30 September 2025. Subsequently, Effizal Faiz bin Zulkifly was appointed as Non-Independent Non-Executive Director representing Khazanah, in place of Selvendran Katheerayson with effect from 30 September 2025, while Mohamad Hanafi bin Salehuddin was concurrently appointed as Alternate Director to Effizal Faiz bin Zulkifly on even date.

Based on Effizal Faiz's educational background and experience, his appointment was appropriate and expected to add significant value to the Company. Through his insights and advice, particularly in investment, portfolio rationalisation, value creation, stakeholder management, transformation and strategy development, as well as through his expertise in the energy and utility industry, had contributed to strengthening the Board's decision-making.

While Mohamad Hanafi bin Salehuddin brought knowledge and experience in investment, portfolio rationalisation, value creation and transformation that had assisted the Board in making informed decisions.

The Board on 16 January 2026 accepted the resignation of Effizal Faiz bin Zulkifly and cessation of office of his Alternate Director, Mohamad Hanafi bin Salehuddin, effective on even date.

Upon the expiry of tenure of Datuk Ir. Megat Jalaluddin bin Megat Hassan as President/CEO, Datuk Ir. Ts. Shamsul bin Ahmad was appointed as President/CEO and Non-Independent Executive Director of TNB for a period of one (1) year, effective from 1 March 2026 until 28 February 2027, with an option to extend for one (1) year.

The Board believed that his in-depth understanding of the Company's business and strategy, as well as the industry, would facilitate effective decision-making and provide continued leadership stability.

With the approval of the Board, the BNRC streamlined structured appointment processes for appointments by the Special Shareholder and for filling casual vacancies by the Board during the Financial Year. These processes are documented in the Board Charter.

The Board and the BNRC deliberated extensively on succession planning for critical positions in TNB, with the objective of identifying and managing the development of TNB's future leaders.

During the Financial Year under review, TNB refined its leadership and corporate structure as part of its continued commitment to strong governance, effective business delivery, sustained performance and long-term organisational resilience in an increasingly complex energy landscape.

The leadership refinement reflected TNB's disciplined approach to governance and succession planning, ensuring the organisation remains future-ready, well-led and supported by a strong pipeline of leadership talent to deliver its national responsibilities sustainably.

As part of this enhancement, TNB introduced two (2) senior leadership roles namely, the Senior Chief Network Officer and the Senior Chief Strategy, Regulatory & Sustainability Officer, providing clear focus, strengthen accountability and reinforce the separation between strategic direction and operational execution.

The refined structure enables the President/CEO to provide clear overall leadership and stewardship, while empowering senior leaders with well-defined responsibilities to drive performance, transformation and long-term value creation.

Ir. Mahathir Nor bin Ismail was appointed as Senior Chief Network Officer, effective 1 January 2026. He oversees the majority of execution and delivery responsibilities, providing clear ownership of operational performance, network reliability and system resilience. This ensures strong focus on the core mandate of delivering safe, reliable and resilient electricity supply for the nation.

Dato' Ir. Muhamad Nazri bin Pazil was appointed as Senior Chief Strategy, Regulatory & Sustainability Officer effective 1 January 2026. He consolidates strategy, sustainability and long-term planning functions under a single leadership umbrella. This strengthens strategic coherence, enhances stakeholders' communication and ensures sustainability considerations are fully embedded into TNB's long-term decision-making and business direction.

Following the new appointments of the respective Senior Chiefs, Ir. Ahmad Sazree bin Abd Aziz was appointed as Chief Distribution Network Officer with effect from 1 March 2026, to lead the Distribution Network Division replacing Ir. Mahathir Nor bin Ismail. Dato' Shahrir Abdul Latiff was made Managing Director, TNB Power Generation Sdn. Bhd. in place of Dato' Ir. Muhamad Nazri bin Pazil effective 1 March 2026, while Ir. Dr. Mohd Fadzil bin Mohd Siam was appointed as Chief Strategy & Ventures Officer on even date.

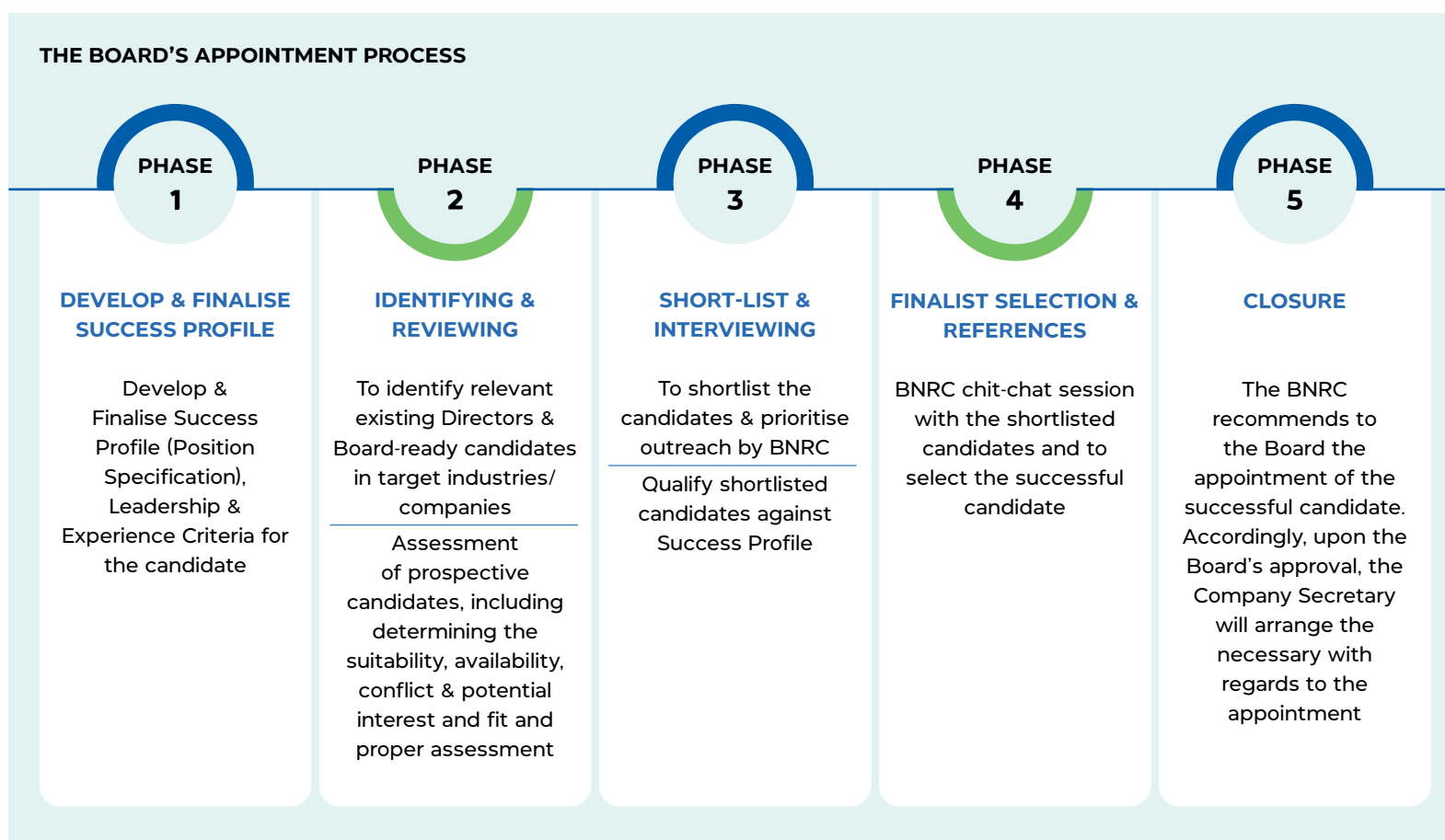
Apart from that, Mohamed Azrin bin Mohamed Ali was appointed as Chief Risk Officer effective 1 December 2025. He previously held senior roles including Head, Solutions and Head, Customer Experience Solutions, under Retail Division. He leads the Risk Management Department and joint reporting to the President/CEO and BSRC.

These appointments were made after intensive assessments by an independent expert, BNRC chit chat session and deliberations process as well as considering their qualifications, working experience, expertise, professionalism, knowledge of the Company and industry.

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.

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.

## BOARD LEADERSHIP & EFFECTIVENESS



Detailed Board's appointment process by the Board and the Special Shareholder are available in the Board Charter on the Company's website at [www.tnb.com.my](http://www.tnb.com.my).

### SUPPLY OF INFORMATION AND ACCESS TO ADVICE

The Board is provided with timely, accurate and quality information to support informed deliberation and effective oversight. Prior to each Board meeting, a Pre-Board session is held to facilitate engagement between Management and the Chairman, enabling early discussion of key matters and alignment of the agenda with strategic priorities.

Board meeting materials, including the agenda and Board papers, are circulated securely to Directors at least five (5) working days in advance to allow adequate time for review. Management presentations are provided where appropriate to enhance Directors' understanding and support effective decision-making. Directors may request additional information or clarification as required.

The Board and its Committees operate based on a forward agenda, with matters arising monitored and followed up to ensure accountability and continuity. Specific time is allocated for each agenda item and paper tabled to ensure the smooth conduct of each meeting. The Company Secretary advises the Board on governance matters, coordinates information flow, and supports compliance with applicable regulatory and corporate governance requirements.

The Board and individual Directors may obtain independent professional advice at the Company's expense, where necessary, in the discharge of their duties.

### BOARD OF DIRECTORS' FIT AND PROPER POLICY

The Board of Directors' Fit and Proper Policy sets out the criteria for the appointment and re-appointment of Directors of TNB and its subsidiaries, based on three (3) key pillars: character and integrity, experience and competence and time and commitment. The Policy is available on the Company's website at [www.tnb.com.my](http://www.tnb.com.my).

## BOARD LEADERSHIP &amp; EFFECTIVENESS

## DIVERSITY

The table below shows the gender diversity of the Board and TNB workforce as at 31 December 2025:

| Category                                                                   | Gender        |            |              |            | Total         |
|----------------------------------------------------------------------------|---------------|------------|--------------|------------|---------------|
|                                                                            | Male          | %          | Female       | %          |               |
| TNB Board (excluding Alternate Director)                                   | 8             | 67%        | 4            | 33%        | 12            |
| Top Management (GEMC, C-Suite, Senior General Managers & General Managers) | 299           | 72%        | 116          | 28%        | 415           |
| Senior Managers                                                            | 711           | 65%        | 389          | 35%        | 1,100         |
| Managers                                                                   | 1,504         | 60%        | 1,023        | 40%        | 2,527         |
| Executives                                                                 | 1,557         | 54%        | 1,301        | 46%        | 2,858         |
| Non-Executives                                                             | 17,156        | 86%        | 2,827        | 14%        | 19,983        |
| <b>Total</b>                                                               | <b>21,235</b> | <b>79%</b> | <b>5,660</b> | <b>21%</b> | <b>26,895</b> |

## 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 the 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.

Tan Sri Abdul Razak bin Abdul Majid, Muazzam bin Mohamad and Ong Ai Lin 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 the Directors' performance are used as basis in recommending their re-election to the shareholders. This, in turn, is determined through their annual evaluation assessment 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 Ong Ai Lin, the Senior Independent Non-Executive Director (SID) who is retiring at the coming AGM, the Board/BNRC were satisfied that she had complied with the independence criteria as prescribed by the MMLR and had fulfilled her duties as SID and continued to bring independent and objective judgement to the Board.

They continued to exercise their duty of care and diligence as Directors in the best interest of the Company, its shareholders and stakeholders. Through the Board Effectiveness Assessment for FY2025, the retiring Directors on average, had received excellent rating, and had met the performance criteria required of an effective and high-performance Board.

Tan Sri Abdul Razak bin Abdul Majid is the Non-Independent Non-Executive Chairman and an Appointed Director by Minister of Finance (Incorporated) (MoF Inc.). While Muazzam bin Mohamad is a Non-Independent Non-Executive Director who represents Permodalan Nasional Berhad on the Board.

In respect of the new appointment made to the Board prior to the upcoming AGM, Datuk Ir. Ts. Shamsul bin Ahmad shall retire at the forthcoming AGM in accordance with Clause 63(2) of the Company's Constitution and being eligible, have offered himself for re-election. Datuk Ir. Ts. Shamsul bin Ahmad is an Appointed Director of MoF Inc.

Based on the declaration of conflict of interest by the retiring Directors, the respective Directors shall take necessary mitigation plan/measures to address the 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. They will recuse themselves from participating in any discussions pertaining to the matters involving the interest of respective Companies with TNB Group and will abstain from deliberation and voting on such matters at the Board and Board Committee meetings.

Having considered their fit and proper assessment including declaration of conflict of interest, due diligence for the newly appointed Director, professionalism, vast experience, material relationship, competency, commitment and individuals' contributions in performing their respective duties, the Board and the BNRC were satisfied that all Directors who are standing for re-election at the 36<sup>th</sup> 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 36<sup>th</sup> AGM.



## BOARD LEADERSHIP & EFFECTIVENESS

### DIRECTORS' DEVELOPMENT AND INDUCTIONS

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 process. The programme includes regular presentations by Management and informal engagement sessions, fostering a deeper understanding of the business, industry dynamics and areas recognised for their technical complexity.

These initiatives are designed not only to enhance Directors' knowledge and effectiveness, but also to provide Non-Executive Directors with meaningful insights into how TNB's practices compare with those of its peers, thereby supporting informed oversight and strategic decision-making.

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 practices.

During the Financial Year under review, the Directors' Induction Programmes were held for the Directors who were appointed during the Financial Year, Effizal Faiz bin Zulkifly and Mohamad Hanafi bin Salehuddin (Alternate Director to Effizal Faiz bin Zulkifly) where the Top Management from respective Divisions, presented their businesses overview and functions/roles within TNB.

Effizal Faiz bin Zulkifly had attended the Mandatory Accreditation Programme Part I (in relation to a Director's roles, duties and liabilities) (MAP Part I) and the Mandatory Accreditation Programme Part II in relation to sustainability and the related roles of a Director (MAP Part II). While Mohamad Hanafi bin Salehuddin (Alternate Director to Effizal Faiz bin Zulkifly) attended MAP Part I on 12 and 13 November 2025.

Facilitating the Board in organising both internal and external programmes and seminars relevant to Directors' needs is under the purview of 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.

During the Financial Year, the Integrity Department, in collaboration with TNB Leadership Development Centre (LDC) organised a seminar "Governance, Leadership and Culture for Board of Directors and Senior Management" on 7 November 2025, at Leo Moggie Convention Centre, TNB Platinum, Bangsar, Kuala Lumpur which was attended by the Board and Top Management.

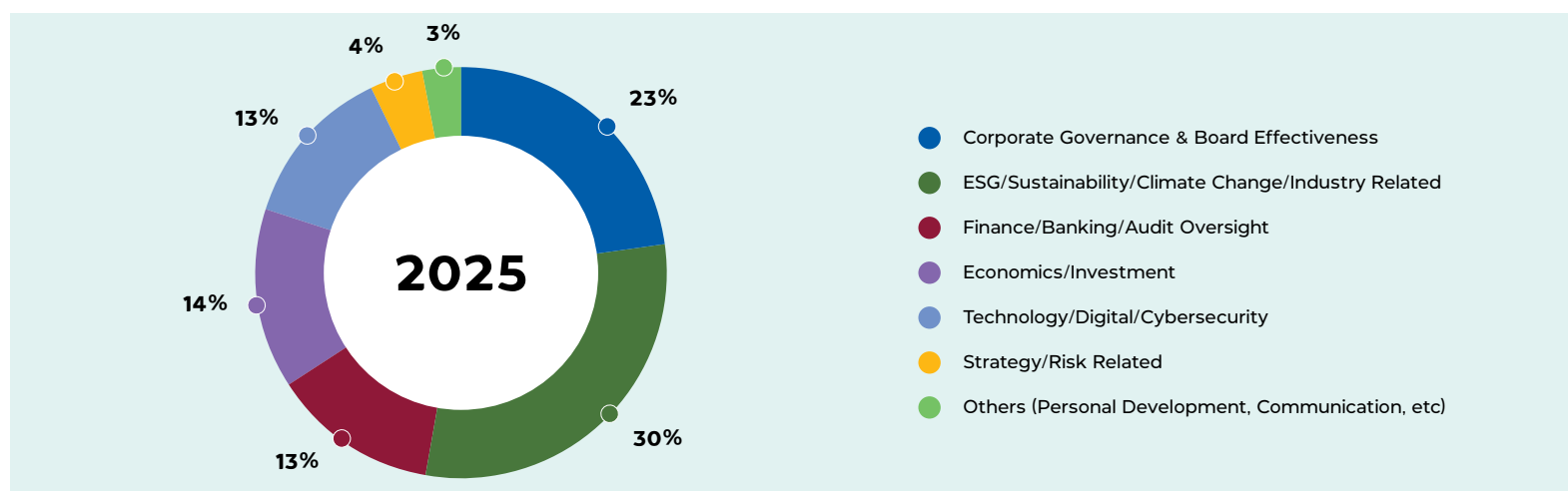
Following the findings of the Board Effectiveness Assessment 2024, the Board agreed that a structured training module be developed for the Board, specifically for Non-Technical Directors.

The objective of this initiative is to enhance the knowledge and understanding of Board Members on the energy sector in general, and the electricity supply industry in particular. Considering the increasing complexity of the energy landscape including evolving regulatory frameworks, energy transition imperatives, technological advancements, and sustainability commitments, it is essential that all Board members possess a sufficiently robust foundational understanding of the sector.

Through this initiative, Directors are better equipped to engage in more informed and strategic deliberations, thereby strengthening the effectiveness of Board discussions and supporting the Board's commitment to continuous improvement and governance excellence.

In line with this objective, on 6 February 2026, a one-day programme entitled "*Energy 101: Concepts, Systems, and Sustainability*" was conducted by Universiti Tenaga Nasional Sdn. Bhd. (UNITEN), co-organised by the Institute of Power Engineering (IPE), UNITEN Ventures, the College of Engineering, and TNB Company Secretary's Office. Several Directors attended the programme and it was concluded with closing remarks delivered by TNB Chairman.

The breakdown of conferences and professional trainings (by topics) attended by the Directors in the course of the Financial Year:



## BOARD LEADERSHIP &amp; EFFECTIVENESS

## BOARD EVALUATION

Acknowledging the transformative potential of an objective and well-managed Board evaluation process, the Board recognises its pivotal role in enhancing overall effectiveness and, in turn, delivering sustainable value to the Company. This commitment is reflected through the conduct of annual performance evaluations, thoughtfully structured induction programmes for newly appointed Directors, and a continuous stream of Board development initiatives.

TNB fully supports Practice 6.1 of the MCCG, which recommends that Large Companies engage independent experts at least once every three (3) years to facilitate objective and candid Board evaluations. In line with this recommendation, the previous Board Effectiveness Assessment facilitated by an independent external expert was conducted in Financial Year 2023.

## 2025 BOARD EFFECTIVENESS ASSESSMENT (BEA) RESULTS

The 2025 Board Effectiveness Assessment (BEA) was conducted internally and facilitated by the Company Secretary through a comprehensive set of online questionnaires.

The 2025 BEA questionnaires comprised the following components:

- Assessment of Overall Board Effectiveness
- Assessment of the Chairman of the Board
- Assessment of each Board Committee and its respective Chairman
- Individual Directors' Self and Peer Assessment (SPA)

The overall effectiveness of the Board was assessed across the following key areas:

- Corporate Strategy and Direction Setting
- Board Governance and Oversight
- Board Committees' Relevance
- Board Dynamics and Composition
- Board Management and Operations
- Board's key priorities

Each Board Committee was evaluated in terms of its structure and processes, accountabilities and responsibilities, as well as its composition and dynamics. The effectiveness of the respective Chairmen of the Board Committees was also assessed.

The Directors' SPA framework, assesses each member's contribution, performance, calibre, and personal attributes, including the skills, experience, and qualities brought to the Board and respective Committees.

Based on the 2025 BEA results, the Board continued to demonstrate solid performance, achieving excellent average rating across key effectiveness indicators.

The Directors' SPA results reflected excellent average ratings, indicating that each Director was generally effective in discharging his or her responsibilities and contributing meaningfully to Board deliberations.

Similarly, the respective Board Committees and their Chairmen achieved excellent average ratings, demonstrating that members of the Committees had effectively discharged their roles in accordance with their respective TORs. The Committees were assessed as adding significant value to the Board and the Company, with members possessing the requisite qualifications, skill sets, competencies, knowledge, and expertise necessary to contribute to the overall effectiveness of the respective Committees.

Building upon insights from the 2024 BEA, the Board continued to exhibit strong and effective leadership in 2025. The assessment highlighted a clear distinction in the roles and responsibilities of the Chairman and the President/CEO, reflecting robust governance practices and effective leadership in guiding the Company's strategic direction. Tan Sri Abdul Razak bin Abdul Majid was rated as an excellent and effective Chairman, demonstrating decisiveness and an action-oriented approach, while fostering an open, consultative, and constructive Board environment.

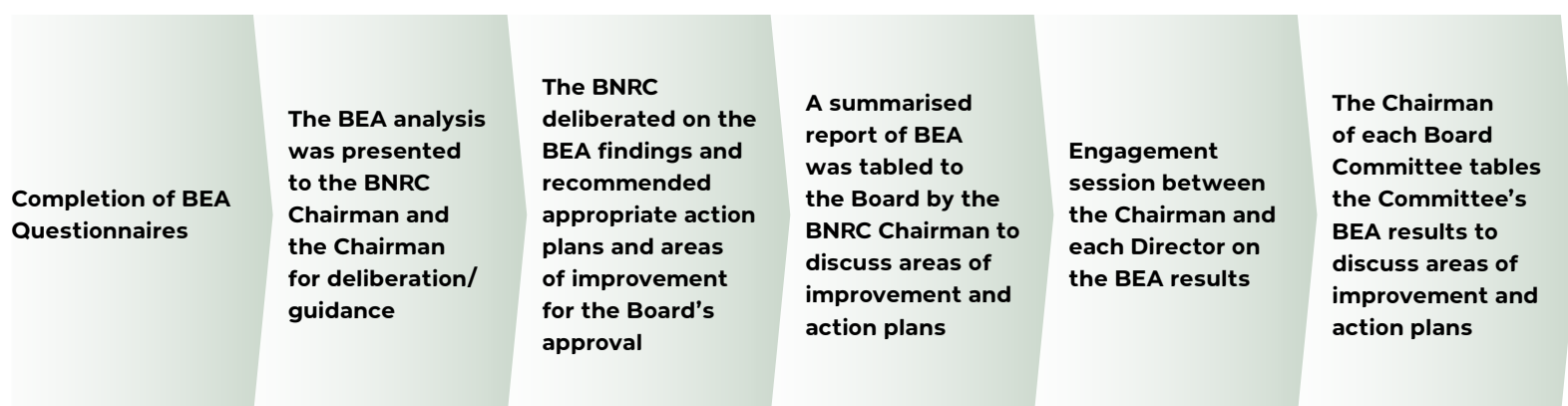
The Board was also regarded as effective in upholding the integrity of the Company, ensuring alignment with regulatory requirements, internal standards and best practices. The Directors remained steadfast in fulfilling their fiduciary duties, including reviewing and monitoring the Group's strategic plan, overseeing and evaluating the conduct and performance of the Group's business and establishing sound risk management and internal control frameworks across the Group.

## BOARD LEADERSHIP & EFFECTIVENESS

Following the 2025 BEA outcomes, action plans were identified by the BNRC and subsequently approved by the Board on 26 February 2026. Key focus areas include the continued strengthening of oversight over the Company's strategic direction, enhancements to the composition and scope of the respective Board Committees, and improvements to Board management and operational processes, including the continuation of structured training programmes for Non-Technical Directors.

These initiatives will be undertaken by the Board and Top Management to address identified areas for enhancement and to ensure the Board remains effective in discharging its roles and responsibilities in the best interests of the Company.

| Responsibility and Conduct                                                                                                                                                                                                               | Process and Administration                                                                                                                                                                                                             | Composition                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Business strategy and governance and implementation oversight</li> <li>• Risk management and integrity</li> <li>• Implementation oversight and monitoring of strategies and policies</li> </ul> | <ul style="list-style-type: none"> <li>• Board Charter and Committee TORs</li> <li>• Agenda and frequency of meetings</li> <li>• Sufficient information, availability and on a timely basis</li> <li>• Culture and dynamics</li> </ul> | <ul style="list-style-type: none"> <li>• Diversity</li> <li>• Competencies of the members</li> <li>• Composition of Board and its Committees</li> </ul> |



## EXECUTIVE DIRECTOR AND TOP MANAGEMENT REMUNERATION

The remuneration structure for the Executive Director is designed to align rewards with both corporate and individual performance outcomes. The total compensation package comprises salary, allowances, performance-based bonuses and customary benefits benchmarked against industry standards.

A significant portion of the Executive Director's remuneration is variable and contingent upon annual performance against individual KPIs, as set out in a scorecard aligned with Board-approved corporate objectives. The Executive Director shall abstain from participating in any discussion or decision-making relating to his remuneration or rewards at Board meetings.

The BNRC undertakes an annual performance evaluation of the Executive Director and submits its views and recommendations to the Board regarding any proposed adjustments to remuneration or rewards, taking into account the Executive Director's contributions to the Group's performance and achievements for the Financial 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 determined competitively, based on scope of responsibilities, experience, competencies, and expected performance. Fixed allowances are provided separately from the base salary to cover 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 and qualitative targets 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. The current LTIP scheme is no longer in effect due to expiry of the scheme on 29 April 2025.

## BOARD LEADERSHIP &amp; EFFECTIVENESS

TNB places strong emphasis on fostering a performance-driven culture. Its remuneration policy is designed to ensure competitive compensation for sustained high performance, while aligning management's interests with those of shareholders and the long-term success of the Company.

In line with Practice 8.2 of the MCGG, the Company has opted not to disclose the detailed components of Top Management's remuneration, on the basis that such disclosure may place the Company at a competitive disadvantage. Further information is provided in the Corporate Governance Report.

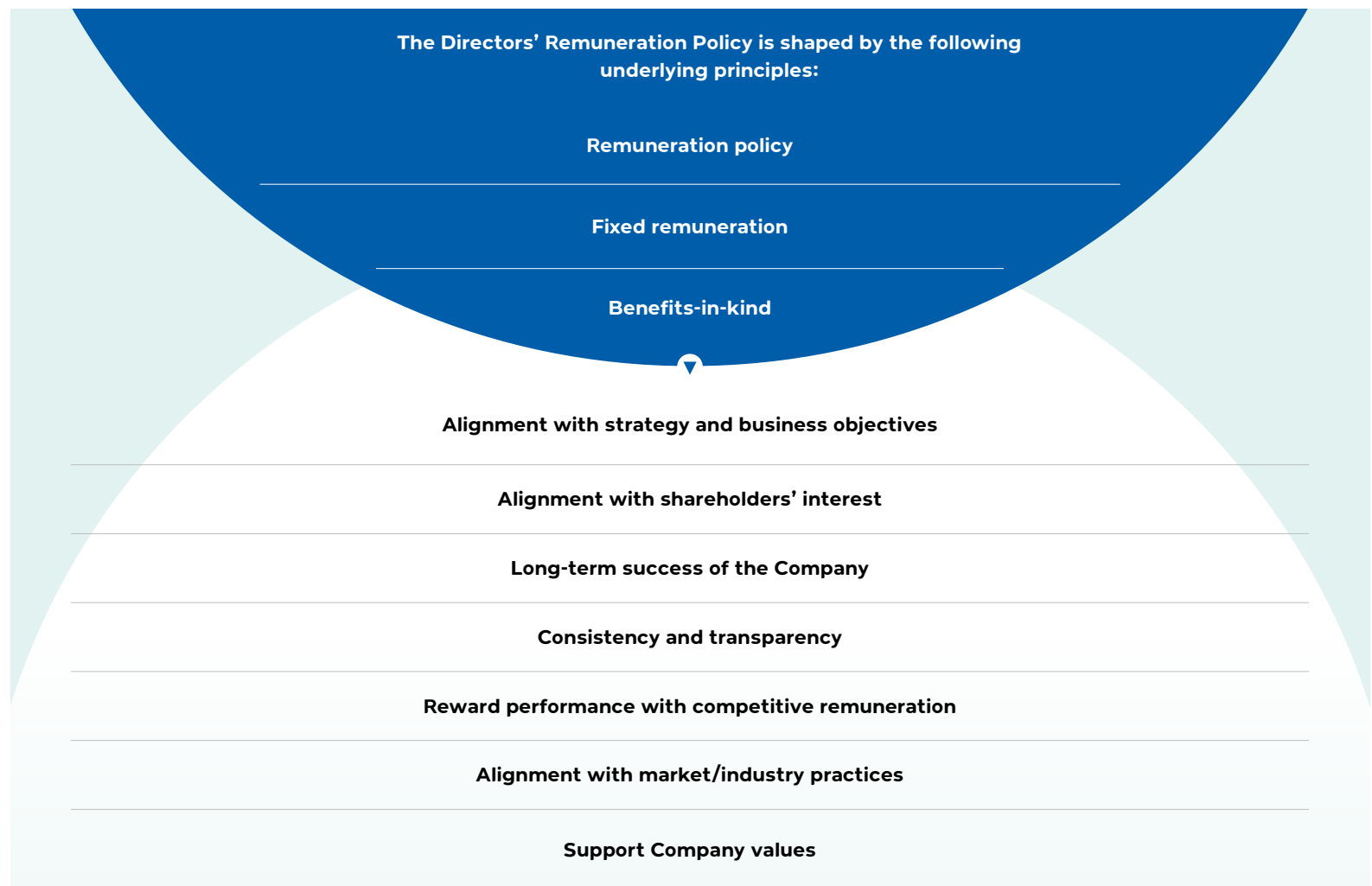
#### NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-Executive Directors receive remuneration in the form of fixed monthly fees, meeting allowances and benefits-in-kind, covering items among others, such as the reimbursement of medical, utilities bills, directors' perquisites, travelling and telecommunication.

The Non-Executive Directors' Remuneration is structured to reflect the complexity, responsibility and accountability of the Board's and the Board Committees' roles in complying with increasing regulatory demands, to be competitive and to retain the required talent as well as recognising their skills that are highly sought after and to ensure it reflects the time and effort dedicated by the Chairman and Directors as part of their roles on the Board and Board Committees. The remuneration structure takes into account the intricacies of the Company's operations and the industry at large. Notably, the remuneration for Non-Executive Directors was last reviewed in 2025.

In determining the estimated total amount of benefits payable to Non-Executive Directors, the Board considered various factors, of which include, meeting allowances based on the respective Board Committees' scope of responsibilities and accountabilities, the frequency of scheduled and ad-hoc Board and Board Committees' meetings, meetings of subsidiary boards and the number of Non-Executive Directors involved.

Details of each Director's remuneration for the Financial Year ended 31 December 2025 are disclosed in the Corporate Governance Report 2025, which is available on the Company's website at [www.tnb.com.my](http://www.tnb.com.my)



## BOARD LEADERSHIP & EFFECTIVENESS

### BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

#### BOARD NOMINATION AND REMUNERATION COMMITTEE

##### Chairman

##### JUNIWATI RAHMAT HUSSIN

Independent Non-Executive Director

##### Members

##### DATUK RAMZI BIN MANSOR

Non-Independent Non-Executive Director

##### MUAZZAM BIN MOHAMAD

Non-Independent Non-Executive Director

##### GOPALA KRISHNAN K.SUNDARAM

Independent Non-Executive Director

##### DATO' MERINA BINTI ABU TAHIR

Independent Non-Executive Director

#### KEY ACTIVITIES OF THE COMMITTEE

During the Financial Year under review, the BNRC held 12 meetings. Juniwati Rahmat Hussin continued to chair the BNRC and was supported by four (4) members, the majority of whom were Independent Non-Executive Directors, including the Chairman, reflecting strong independence and objectivity in the Committee's deliberations.

The BNRC has developed an annual planner to guide the orderly execution of its key responsibilities, ensuring timely and systematic oversight of nomination, succession planning, performance evaluation, and remuneration matters throughout the Financial Year.

To date, the BNRC's key activities in discharging its dual roles, include the approval/deliberation of the following:

##### NOMINATION:

- Reviewed, deliberated and recommended the proposed New Corporate Structure
- Assessed Annual Independence of Independent Non-Executive Directors
- Reviewed the 2025 BEA and deliberated the action plans for improvement
- Assessed fit and proper and reviewed the performance of Directors for re-appointment/re-election
- Recommended the re-election of Directors at the AGM
- Assessed fit and proper of potential candidates and recommended the appointment of Non-Executive Director and Executive Director
- Reviewed the composition of Board Committees
- Reviewed the composition of Boards of TNB Group of Companies within the purview of BNRC/Board
- Assessed and recommended the appointment and renewal of service contracts of Top Management
- Reviewed the 36<sup>th</sup> AGM Notice
- Reviewed Board succession planning, with assistance of an independent consultant
- Reviewed and deliberated the bi-annual progress status of Succession Management for the Top Management
- Reviewed the Annual International Assignment
- Recommended the extension of service for Chairman

##### REMUNERATION:

- Reviewed and deliberated the FY2026 KPI Planning for President/CEO
- Reviewed and evaluated the performance against assigned KPIs of President/CEO and Top Management for FY2025
- Reviewed and recommended the 12<sup>th</sup> Collective Agreement in line with the Government's aspiration on living wages
- Reviewed and deliberated the bonus and salary increment for the eligible employees

##### GOVERNANCE

- Reviewed the Non-Executive Directors Handbook
- Reviewed the Board Charter and BNRC TOR
- Reviewed and recommended the Board appointment process
- Reviewed and deliberated the Board Skills Matrix

#### FOCUS FOR 2025 AND BEYOND

##### Ongoing planning and management of board succession planning & Board Skills Matrix

The Board will continue to prioritise structured and forward-looking succession planning to ensure an appropriate balance of skills, experience, diversity, and independence.

##### Ongoing monitoring and oversight of Top Management succession planning

The BNRC will continue to assist the Board in exercising active oversight of Top Management succession planning to ensure leadership continuity and organisational resilience.



Please refer to page 259, for the key roles and responsibilities of the Committee.

This sustained focus underscores the Board's commitment to long-term sustainability, leadership continuity and strong corporate governance practices.



# EFFECTIVE AUDIT AND RISK MANAGEMENT

## BOARD AUDIT COMMITTEE REPORT

### BOARD AUDIT COMMITTEE

#### Chairman

**DATO' MERINA BINTI ABU TAHIR**  
Independent Non-Executive Director

**Attendance**  
15/15

#### Members

**ONG AI LIN**  
Senior Independent  
Non-Executive Director

**Attendance**  
15/15

**DATO' ZULKIFLI BIN IBRAHIM**  
Independent Non-Executive Director

**Attendance**  
15/15

**ALAN HAMZAH SENDUT**  
Independent Non-Executive Director  
(Appointed as Member w.e.f.  
30 September 2025)

**Attendance**  
4/4

**JUNIWATI RAHMAT HUSSIN**  
Independent Non-Executive Director  
(Ceased as Member w.e.f.  
30 September 2025)

**Attendance**  
10/11

The Board Audit Committee (BAC) was established to support the Board in fulfilling its oversight responsibilities relating to governance processes, the system of internal controls, the risk management framework, the performance and independence of internal and external auditors, and the integrity and reliability of financial reporting.

BAC's objectives, authorities, and functions are governed by the Terms of Reference (ToR), which was last reviewed and approved by TNB's Board in November 2025. The ToR is accessible on the Company's official website at [www.tnb.com.my](http://www.tnb.com.my).

#### COMMITTEE COMPOSITION AND MEETINGS

The BAC members collectively possess a broad range of skills, experience, and expertise necessary to effectively discharge their duties. The members also bring diverse professional backgrounds, including accountancy, computer science, economics, and engineering. Leveraging their knowledge and extensive experience, they are well equipped to comprehend matters within the BAC's purview and provide the Board with informed guidance on financial reporting, internal controls, risk management, and other audit-related matters.

Three (3) members of the BAC i.e. Dato' Merina binti Abu Tahir, Ong Ai Lin, and Alan Hamzah Sendut are members of the Malaysian Institute of Accountants (MIA) as at 31 December 2025. Accordingly, this fulfils the requirement set out in Paragraph 15.09 (1) (c) (i) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR), which mandates that at least one (1) member of the Audit Committee must be a member of the MIA.

The BAC is chaired by Dato' Merina binti Abu Tahir effective 1 February 2022. The BAC remains committed in adhering to the practices prescribed under the Malaysian Code on Corporate Governance 2021 (MCCG), ensuring that the BAC Chairman did not serve concurrently as Chairman of the TNB Board during the year under review.

As of 31 December 2025, the BAC comprises four (4) members, all of whom are Independent Non- Executive Directors. This composition is aligned with Paragraph 15.09 (1) (a) and (b) of the 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.

In addition, in line with the BAC's ToR, the Committee is required to be composed entirely of Independent Non-Executive Directors, reflecting the Company's commitment to maintaining a high standard of independence, objectivity, and effective oversight.

During Financial Year (FY) 2025, the BAC convened 15 meetings including 14 BAC meetings and one (1) joint BAC - Board Finance and Investment Committee (FIC) meeting. 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/Chief Executive Officer and other officers were invited to the meetings to deliberate on matters within their purview.

The BAC Chairman submits a 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

#### KEY ACTIVITIES OF BAC IN FY2025

The BAC carried out the following activities in FY2025 to effectively discharge its duties and responsibilities as outlined in the BAC's ToR:

#### INTERNAL AUDIT

- i. Reviewed GIA's audit reports and evaluated the effectiveness of governance, risk management, and internal controls. The BAC deliberated on the matters raised and, where necessary, engaged with Management for clarification and follow-up actions. GIA's audit coverage for FY2025 is summarised in the Statement of Internal Audit Function in the Integrated Annual Report.
- ii. Deliberated the review performed by GIA on TNB's Integrity and Governance Unit (IGU) Report prior to submission to Malaysian Anti-Corruption Commission.
- iii. The BAC reviewed TNB's quarterly State of Internal Controls (SOIC), assessing the adequacy, effectiveness, and reliability of internal control system, based on the overall risks/areas covered, issues reported by GIA and subsidiaries' internal audit function, and the status of corrective actions implemented by Management, based on reports issued during the quarter.
- iv. The BAC reviewed TNB's FY2024 Integrated Assurance Report, which incorporated reviews conducted by GIA and other assurance providers, including subsidiary internal audit functions, division's compliance functions, the Health, Safety and Environment Department, and the Risk Management Department. The report aimed to highlight the risk coverage, identify potential gaps and overlaps, and provide an overview of TNB's state of governance and internal control environment based on the reviews performed.
- v. Approved GIA's Annual Audit Plan and the risk-based methodology applied in its development, ensuring comprehensive coverage of the Group's activities. The plan was reviewed quarterly to address emerging risks and accommodate requests from the BAC and Management. The BAC also approved the resources and budget required to execute the plan effectively.
- vi. Evaluated GIA's effectiveness through quarterly performance reviews, including contributions to process improvements, completion of audit plan, advisory engagements and data analytics initiatives, audit turnaround time, compliance with auditing standards and manual/guidelines, and achievement of the annual operating plan.

vii. Took note of the results of internal assessment conducted by GIA to ensure ongoing compliance with International Professional Practices Framework (IPPF) and the effectiveness of GIA's activities and processes.

viii. Reviewed the results of the external gap assessment conducted by the Institute of Internal Auditors Malaysia, which was undertaken to assess GIA's level of conformance with the new IPPF and identify areas for enhancement.

ix. Reviewed GIA's organisational independence declaration prepared in line with the Global Internal Auditing Standards, supporting relevant MCCG disclosure on internal audit function's independence and objectivity.

x. The BAC convened one (1) private meeting with CIA, without the presence of Senior Management, to discuss issues and concerns relating to the internal audit activities.

xi. Approved the revised Group Internal Audit Charter following its annual review and reviewed the updated BAC ToR prior to recommending them to Board for approval.

xii. Acknowledged the establishment of Governance Dashboard by GIA, designed to enhance transparency and oversight by providing real-time visibility on audit progress, summary of audit results, root cause analysis, and the status of corrective actions.

xiii. Approved the appointment of independent advisor for audit purposes as stipulated in TNB's Limits of Authority.

#### EXTERNAL AUDIT

In assessing the suitability, objectivity, and independence of the External Auditor, the BAC reviewed and discussed the following:

- i. The overall performance and effectiveness of the External Auditor through a survey coordinated by GIA, addressing aspects of (1) quality of service, (2) sufficiency of resources, (3) communication and interaction, and (4) independence, objectivity, and professional scepticism.
- ii. The audit fees for quarterly review of the unaudited consolidated results and annual statutory audit of TNB and its subsidiaries for Board's approval.
- iii. The External Auditor's Audit Plan for FY2025 and quality management system as outlined in PwC's Annual Transparency Report.

## EFFECTIVE AUDIT AND RISK MANAGEMENT

## BOARD AUDIT COMMITTEE REPORT

- iv. 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.
- v. Acknowledged TNB's Control Environment Report, which offers status updates on internal control recommendations (ICR)s and areas of enhancement over financial reporting and information technology general control (ITGC).
- vi. Three (3) meetings were held 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.

## FINANCIAL REPORTING

The BAC reviewed and endorsed the following financial matters before recommending to Board for approval:

- i. Unaudited quarterly results of the Group and the draft announcements with considerations on key developments during the period, significant accounting matters, and other review matters.
- ii. Issuance of Financial Support Letters to subsidiaries of TNB.
- iii. Audited financial statement of the Group and of the Company for the financial year ended 31 December 2024 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.
- iv. Discussed tax matters including international tax reform, e-invoicing, Tax Corporate Governance Framework, stamp duty, and sales and services tax.
- v. Discussed on Reinvestment Allowance pertaining to (i) tax cases, (ii) reporting assessment, and (iii) way forward on Judicial Application issues and status before recommending to Board for approval.

## RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

- i. Reviewed and recommended to the Board to approve the related party/recurrent related party transactions entered into by TNB Group for the Financial Year ended 31 December 2024.

- ii. Reviewed and monitored the conflict of interest or potential conflict of interest situations for TNB's Board of Directors, TNB's Key Senior Management, and TNB Subsidiaries' Board of Directors and agreed on the recommended measures to mitigate conflict of interest that may arise.

## ANNUAL REPORTING

BAC recommended for Board's approval the reports to be incorporated in the Integrated Annual Report 2024 namely (i) Corporate Governance Overview Statement and Corporate Governance Report, (ii) BAC Report, (iii) Statement of Internal Audit Function, and (iv) Statement of Risk Management and Internal Control.

## SUSTAINABILITY AND OTHER MATTERS

- i. Reviewed the Statement of Assurance for TNB's FY2024 Sustainability Statement and deliberated the improvement opportunities and recommendations identified during the assurance process.
- ii. Approved the methodology and scope of work for assurance on the FY2025 Sustainability Statement, to be conducted internally by GIA.
- iii. Discussed on other key operational/strategic matters, amongst others on (i) summons/compounds imposed on TNB by regulatory authorities, (ii) status of action plan on ownership of substation land, (iii) collection and credit management, and (iv) management of deposit recovery from local authorities.
- iv. Participated in technical visits to Smart Meter Operation Centre, Smart Utility Experience Centre, and University Tenaga Nasional to gain first-hand insight into their operations.

## 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

##### MUAZZAM BIN MOHAMAD

Non-Independent Non-Executive Director

##### GOPALA KRISHNAN K. SUNDARAM

Independent Non-Executive Director

##### DATO' ZULKIFLI BIN IBRAHIM

Independent Non-Executive Director

##### EFFIZAL FAIZ BIN ZULKIFLY

Non-Independent Non-Executive Director  
(Appointed and Resigned as Member w.e.f. 30 September 2025 and 16 January 2026 respectively)

##### SELVENDRAN KATHEERAYSON

Non-Independent Non-Executive Director  
(Ceased as Member w.e.f. 30 September 2025)

#### ROLE OF THE BOARD SUSTAINABILITY AND RISK COMMITTEE

The Board Sustainability and Risk Committee ("BSRC") assists 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 commitment.

#### RESPONSIBILITIES

In 2025, the Board approved refinements to the BSRC Terms of Reference, strengthening the BSRC's oversight mandate in alignment with the International Sustainability Standards Board (ISSB) standards and ensuring the Group's governance structure meets global benchmarks.

The BSRC's responsibilities, as defined in its Terms of Reference, encompass oversight of sustainability matters and enterprise risk management, as outlined below.

#### SUSTAINABILITY

- Deliberate and recommend for the Board's approval of the sustainability strategy, framework and policy.
- Provide oversight into the implementation of the sustainability strategy, framework and initiatives.
- Take sustainability and climate-related risks and opportunities as well as dependencies and impacts into consideration when deliberating the sustainability strategy to ensure its effective deployment and execution Group wide.
- Provide oversight of the Group's sustainability key performance against approved strategies and targets.
- Review and provide input on the adequacy of resources, budgets, and investments allocated for sustainability initiatives, and to advise the Board on their alignment with the Group's sustainability goals and commitments.
- Review and recommend for Board's approval the Group sustainability disclosures required by Bursa Malaysia.
- Deliberate on the disclosures in the TNB Sustainability Report prior to publication to external stakeholders.

#### RISK

- Deliberate and recommend for the Board's approval of the risk management framework and policy.
- Oversee the effectiveness of the Group's enterprise risk management, ensuring that material risks are appropriately assessed, managed and monitored.
- Deliberate the Group's strategic and emerging risk exposures through timely and regular reports and ensure the implementation of appropriate measures to manage these risks. It has the authority to direct special investigations, on behalf of the Board, into material risk exposures, as and when necessary.
- Approve the Group's risk appetite and ensure that actions are taken in a timely manner when risks are outside tolerable ranges.
- Co-review with the Board Audit Committee and recommend for Board's approval the Statement of Risk Management and Internal Control disclosure required by Bursa Malaysia.

#### HOW THE COMMITTEE OPERATES

Throughout the Financial Year 2025, 13 BSRC meetings were held. 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.

Core attendance at BSRC meetings included the President/CEO, Chief Sustainability Officer, Chief Risk Officer and Company Secretary, with other Management members invited as required. Following each meeting, the Company Secretary circulated action sheets to Management to drive accountability and track the implementation of approved decisions. The BSRC Chairman also briefed the Board on significant outcomes, ensuring seamless integration of sustainability and risk considerations into the Group's broader strategic dialogue.

## EFFECTIVE AUDIT AND RISK MANAGEMENT

## BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

## MAIN ACTIVITIES OF THE BSRC

The BSRC executed the following activities to meet its responsibilities set forth in its Terms of Reference.

## SUSTAINABILITY

## TNB Sustainability Policy and Framework

The BSRC endorsed the TNB Sustainability Policy and Framework, which was approved by the Board. The Sustainability Policy addresses the Group's commitment to achieve sustainability and energy transition strategies to meet Environmental, Social and Governance (ESG) goals whilst the TNB Sustainability Framework facilitates the integration of sustainability into the strategies and operations of business entities across the Group. The effective implementation of the TNB Sustainability Framework has resulted in upgrades in the TNB MSCI ESG rating to A and FTSE4Good rating to 4-star.

In 2025, the BSRC focused its deliberations on the following key developments:

- **Energy Transition & Sustainability Strategy**

BSRC reinforced its oversight of the Group's energy transition journey by ensuring alignment of its decarbonisation targets and renewable energy and low-carbon transition plans with the National Energy Transition Roadmap (NETR) and the Group's sustainability commitments. The BSRC strengthens governance by actively monitoring climate-related exposures, transition milestones, and key sustainability indicators, ensuring performance remains aligned with national policy direction and evolving sustainability expectations. This includes oversight of disciplined budget and capital allocation towards achieving the energy transition and sustainability strategy.

- **TNB Carbon Management Strategy**

The BSRC exercised oversight of the TNB Carbon Management Strategy by evaluating its implementation status and the viability of emerging decarbonisation solutions. BSRC validated the Group's strategic direction and its deployment of innovative solutions to capture and reduce emissions, aligning to the Group's net zero aspiration.

- **TNB Biodiversity Strategy**

With biodiversity being one of the Key Focus Areas in the TNB Sustainability Framework, the BSRC reviewed the TNB Biodiversity Management Framework, aligning the Group's operational strategies with global conservation expectations. Under the BSRC oversight, TNB continues to implement preventive and rehabilitative biodiversity initiatives, prioritising regulatory compliance and the preservation of high-value biodiversity zones to ensure long-term environmental stewardship.

- **Safety & Health**

The BSRC maintained rigorous oversight of occupational health and safety, conducting deep-dive deliberations into the root causes of fatalities involving employees, contractors, or the public. The BSRC scrutinised mitigation strategies and enforced robust protocols to ensure systemic accountability and the continuous strengthening of the safety culture.

- **Adoption of the ISSB Standards**

The BSRC deliberated on the Group's readiness to adopt the National Sustainability Reporting Framework and the ISSB Standards, IFRS S1 and S2. The Committee conducted a rigorous review of the identified disclosure gaps and evaluated the Group's phased adoption plan to ensure compliance. This oversight provides assurance that TNB's sustainability disclosures remain aligned with global best practices and responsive to evolving stakeholders' expectations. For the TNB Integrated Annual Report FY2025, the TNB Sustainability Statement has been prepared with reference to the ISSB Standards in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR).

## TNB SUSTAINABILITY STATEMENT AND REPORT

The BSRC reviewed the TNB Sustainability Statement for the financial year 2024, which was thereafter approved by the TNB Board of Directors for disclosure in the TNB Integrated Annual Report FY2024. The Sustainability Statement disclosed the Group's sustainability governance structure, narratives and performance metrics of 11 material matters. It was prepared in alignment with the MMLR and guided by the Bursa Sustainability Reporting Guide (3<sup>rd</sup> Edition).

The TNB Sustainability Report FY2024 was published in mid-2025, which provided new and enhanced disclosures for each of the 11 material matters and the progress of initiatives as well as disclosure of 414 sustainability performance indicators.

## RISK

## TNB Risk Management Policy and Framework

The TNB Risk Management Policy and Framework, endorsed by the BSRC and approved by the Board, ensures a structured and consistent approach to risk management across the Group. Implementation is supported by risk governance guidelines that enable business entities to seamlessly integrate risk management into operations and strategic decision-making, enhancing organisational resilience and long-term sustainability.

To further strengthen Group risk governance, the Chief Risk Officer now maintains a dual reporting line to the BSRC and the TNB President/CEO, with key performance indicators jointly evaluated by both parties effective 2025.

## TNB Risk Appetite

In support of the Group's business strategy, the BSRC sets the risk appetite through the identification of Key Risk Indicators (KRI) and its relevant triggering and breaking points. The deliberation of these KRIs offer clear guidance from the BSRC to enforce accountability at the business entities to make informed decisions.

The BSRC approved and monitored 11 Key Risk Indicators (KRIs) in 2025, measuring exposures to strategic business and sustainability risks and reflecting the Group's risk appetite. These are reported quarterly with upside and downside projected outlooks, supported by resiliency indicators. KRIs that have surpassed thresholds are deliberated in detail and mitigations are further challenged to ensure the related risk exposures are addressed.



## EFFECTIVE AUDIT AND RISK MANAGEMENT

### BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

#### Emerging Risks and Top Stories

To strengthen enterprise resilience, at each meeting the BSRC deliberated on the emerging risk landscape and global developments impacting the power utility industry. These strategic scans focused on maintaining an up-to-date view of risk exposures, including global trade imbalances, escalating cybersecurity threats, and geopolitical uncertainties. The BSRC also evaluated domestic shifts, such as the national policy direction on nuclear energy, and physical risks including seismic activity and operational disruptions like asset theft and system downtime.

#### Key Business Risks

In addition to monitoring the risk landscape and KRIs, the BSRC deliberated on the following key business risks in 2025:

- **Key Business Risks Across the Group**

The BSRC provided strategic guidance on proactive risk management, deliberating on key operational risks across the Group. This included oversight of the power generation and grid operations, human capital, ICT and group corporate communication as well as the evolving regulatory and stakeholder management landscapes. Furthermore, the Committee reviewed risks within corporate shared services and business solutions encompassing finance, procurement, healthcare, security, property services and fleet management.

- **NETR Projects**

The BSRC deliberated on the risk mitigations and half-yearly progress of the National Energy Transition Roadmap (NETR) flagship projects championed by TNB, including those where TNB is a partner. These projects include the solar park, hybrid hydro floating solar, battery energy storage, co-firing of hydrogen and ammonia, residential solar, EV charging stations and carbon capture storage.

- **Digitalisation, Cybersecurity and Responsible AI**

To ensure robust digital governance, the BSRC evaluated exposures related to digital transformation and the new requirements of the Malaysia Cyber Security Act 2024. A key focus was the development of a framework for responsible AI adoption, ensuring the technology is scaled to unlock value while maintaining ethical and operational guardrails. Additionally, the Committee scrutinised the IT (Information Technology) and OT (Operational Technology) isolation protocols and governance structures, reinforcing the cybersecurity posture of TNB's core utility operations.

- **Investment Risk Methodology**

BSRC annually reviews and approves the Investment Risk Methodology (IRM), which is used for TNB investment decisions. This approval ensures that the IRM is robust, fit for purpose, and aligned with TNB's risk appetite for investment opportunities. Following BSRC approval, the IRM is utilised by the Investment Executive Committee at the management level and the Board Finance and Investment Committee in evaluating investment decisions supporting a disciplined and transparent approach.

- **Legal Risks**

The BSRC deliberated the Group's legal risk exposure, including the review of material litigations and measures undertaken to address areas for improvement, as well as exposures related to the Personal Data Protection (Amendment) Act 2024 and its impact on TNB.

#### Statement on Risk Management & Internal Control

The Statement on Risk Management and Internal Control (SORMIC) disclosed in the TNB Integrated Annual Report for the Financial Year 2024 serves an assurance on the Group's commitment to robust risk management and internal control system. It provides a transparent and structured disclosure of the Group's risk framework, internal control systems, and compliance with regulatory requirements, ensuring stakeholders that risks are effectively managed and mitigated.

The SORMIC for the Financial Year 2024 was jointly reviewed and endorsed by the BSRC and the Board Audit Committee and was thereafter approved by the Board for disclosure in the TNB Integrated Annual Report FY2024.

#### TECHNICAL VISIT

In 2025, the BSRC conducted a technical visit to the ICT Security Operations Centre to gain direct, firsthand insight into the Group's end-to-end digital defence value chain. During the visit, members observed the integrated IT, telecommunications, and network solutions, reinforced by specialised cybersecurity expertise, and examined how these systems collectively protect critical assets. This direct engagement enabled the BSRC to validate the effectiveness of the TNB Cyber Security Operating Model, a robust framework designed not only to strengthen the Group's cyber resilience but also to facilitate its strategic digital transformation and ensure readiness against increasingly sophisticated global threats.

The visit highlighted the Group's proactive security posture, with the BSRC validating the advanced technologies protecting both IT and OT assets. The visit also enabled the BSRC to provide direct guidance to management, further strengthening the Group's operational resilience.

#### CONCLUSION

Throughout 2025, the BSRC exercised active and rigorous oversight, reinforcing the Group's enterprise risk management framework and advancing its sustainability commitments to strengthen organisational resilience and support long-term value creation. Through this proactive approach, the Committee ensured that key risks are identified, mitigated, and integrated into strategic decision-making, while key opportunities are pursued with disciplined governance and accountability.

This statement was made in accordance with the resolution of the Board of Directors dated 26 February 2026.

## EFFECTIVE AUDIT AND RISK MANAGEMENT

## STATEMENT OF INTERNAL AUDIT FUNCTION

The Group Internal Audit Department (GIA) supports TNB's ability to create, protect, and sustain value by providing the BAC and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

GIA has a dual reporting structure whereby it reports functionally to the BAC for oversight and assurance, ensuring auditor independence and objectivity, and administratively to the CEO for operational support.

GIA is led by the Chief Internal Auditor (CIA), Lizah Abdul Wahab, since 1 April 2021. She brings over 20 years of internal audit experience, providing strong leadership through her expertise and strategic insight. She holds a Bachelor of Accounting and Finance degree from Manchester Metropolitan University, United Kingdom, a Master of Business Administration from Universiti Tenaga Nasional, Malaysia and a Graduate Certificate in Management from the University of Melbourne, Australia.

She is also a Certified Internal Auditor and holds the Certification in Risk Management Assurance. She has completed the ESG Certificate on Internal Auditing for Sustainable Organizations from the Institute of Internal Auditors (IIA). In November 2025, she attended Cambridge Advanced Leadership Programme at Judge Business School, University of Cambridge, United Kingdom, as part of the TNB's Leadership Development Programme.

## GOVERNANCE FRAMEWORK

GIA's activities are governed by the Internal Audit Charter (the Charter) which defines GIA's mandate, organisational position, reporting relationships, scope of work, and types of services offered. The Charter is subject to annual review to ensure it remains aligned with the current business environment and is subsequently submitted to the BAC for approval.

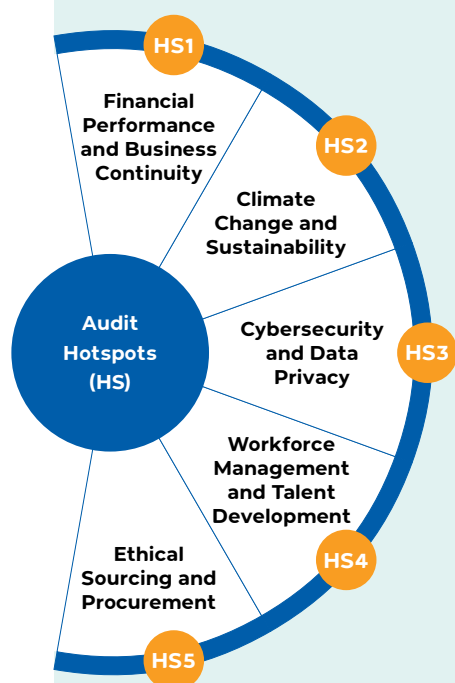
GIA adopts the International Professional Practices Framework (IPPF) issued by the IIA, encompassing the mandatory elements of Global Internal Audit Standards (GIAS) and Topical Requirements. GIA undergoes an external assessment at least once every five (5) years, as prescribed in the GIAS.

GIA also applies the widely recognised frameworks, including Internal Control Framework of Committee of Sponsoring Organisation of the Treadway Commission (COSO) and the Control Objectives for Information and Related Technology (COBIT), to assess and report on the adequacy and effectiveness of the organisation's governance, risk management, and control processes.

## AUDIT SCOPE AND COVERAGE

GIA develops its audit plan using a risk-based approach that aligns with TNB's strategic and sustainability objectives, regulatory requirements, the Group's risk profile, and guidance from the BAC and Management.

The audit focus is grouped into five (5) principal hotspots, developed based on insights from standard-setting bodies, audit/research firms, and current audit trends, as follows:



Note:

\* Indicates thematic audits.

## Areas of Review

- |                                                                                                                                                                            |                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>HS1</b> <ul style="list-style-type: none"> <li>• Verification of Project Technology Fund</li> <li>• Tariff Management</li> <li>• Operation &amp; Maintenance</li> </ul> | <ul style="list-style-type: none"> <li>• Business Strategy &amp; Performance*</li> <li>• Risk Management</li> <li>• Insurance Management</li> <li>• Subsidiary Board Governance</li> </ul>                 |
| <b>HS2</b> <ul style="list-style-type: none"> <li>• Water Management</li> <li>• Scope 1 Emission</li> <li>• Scope 2 Emission</li> <li>• Energy Management</li> </ul>       | <ul style="list-style-type: none"> <li>• Supply Planning for EV Customer</li> <li>• Technical Losses Initiatives</li> <li>• Smart Meter Installation</li> <li>• Distribution Automation Project</li> </ul> |
| <b>HS3</b> <ul style="list-style-type: none"> <li>• Cybersecurity Strategy</li> <li>• User Access Management</li> <li>• ICT Management</li> </ul>                          | <ul style="list-style-type: none"> <li>• OT Security &amp; Access Control</li> <li>• Software License Management</li> <li>• Personal Computer Leasing</li> </ul>                                           |
| <b>HS4</b> <ul style="list-style-type: none"> <li>• Succession Management</li> <li>• Employee Wellbeing</li> <li>• Staff Performance &amp; Rewards</li> </ul>              | <ul style="list-style-type: none"> <li>• Management of Staff Claims</li> <li>• Human Resource Management</li> </ul>                                                                                        |
| <b>HS5</b> <ul style="list-style-type: none"> <li>• Procurement &amp; Contract Management</li> <li>• Coal &amp; Freight Procurement</li> </ul>                             | <ul style="list-style-type: none"> <li>• Vendor Qualification &amp; Development</li> <li>• Procurement Through e-Commerce</li> </ul>                                                                       |

## EFFECTIVE AUDIT AND RISK MANAGEMENT

### STATEMENT OF INTERNAL AUDIT FUNCTION

GIA completed 65 planned audits in FY2025, comprising seven (7) thematic and 58 non-thematic audits. GIA also performed other reviews, including assurance on TNB's Sustainability Statement and review of the Integrity and Governance Unit Report.

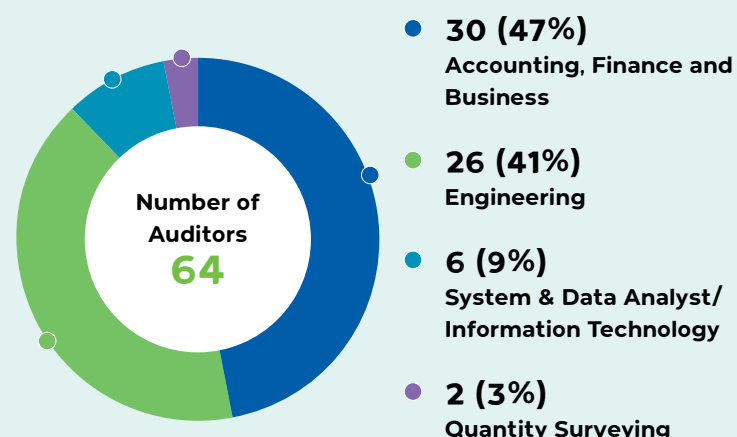
GIA presents audit findings and recommendations to the BAC for deliberation. Based on the corrective or preventive actions agreed by Management, GIA monitors the implementation of these actions and provides quarterly progress updates to the BAC and Management.

Beyond assurance activities, GIA actively reinforces its advisory role through facilitation and knowledge sharing sessions on governance, risk management, and controls. This includes providing advice on the implementation of new initiatives, policies, and procedures, as well as sharing of insights arising from recommendations provided in the past assurance engagements.

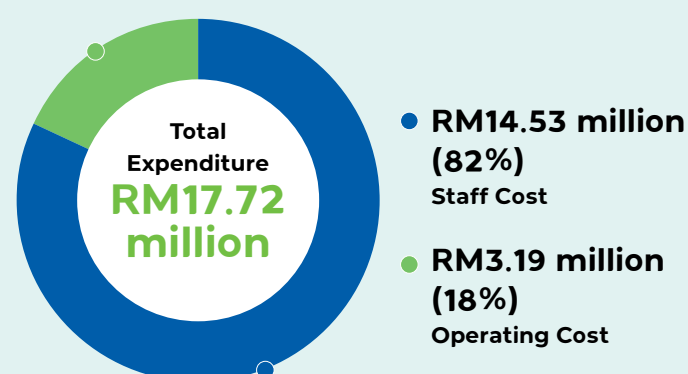
Key performance indicators for internal auditors are designed to support value creation and timely audit delivery. These include, but are not limited to, the implementation of recommended process improvements, the completion of assurance engagements, advisory engagements and data analytics initiatives, adherence to audit cycle time, compliance with auditing standards and manual/guidelines, and achievement of the annual operating plan.

### AUDIT RESOURCES

In FY2025, internal audit operations were supported by a team of 64 auditors from diverse disciplines, as summarised below:



The total expenditure on internal audit activities in FY2025 amounted to RM17.72 million, predominantly comprising staff costs and other operating expenses, as follows:



### PROFESSIONAL CERTIFICATIONS AND CONTINUOUS DEVELOPMENT

As of 31 December 2025, 27 auditors in GIA are holders of various professional certifications, as shown below:

| Certifications                                        | No. of Certifications Obtained |
|-------------------------------------------------------|--------------------------------|
| Certified Internal Auditor (CIA)                      | 11                             |
| Certified Information System Auditor (CISA)           | 5                              |
| Certification in Risk Management Assurance (CRMA)     | 3                              |
| Certified Fraud Examiner (CFE)                        | 1                              |
| Association of Chartered Certified Accountants (ACCA) | 3                              |
| Chartered Institute of Management Accountants (CIMA)  | 1                              |
| Chartered Accountant (Malaysia)                       | 3                              |
| Professional Engineer                                 | 3                              |
| Professional Technologist                             | 12                             |
| Chartered Manager                                     | 1                              |
| CISCO Certified Network Associate (CCNA)              | 3                              |
| Information Technology Infrastructure Library         | 4                              |
| Certified COBIT 5                                     | 4                              |
| <b>Total</b>                                          | <b>54*</b>                     |

Note:

\* An individual auditor may possess one (1) or more certifications

## EFFECTIVE AUDIT AND RISK MANAGEMENT

## STATEMENT OF INTERNAL AUDIT FUNCTION

Recognising the importance of professional competence and due professional care, GIA nurtures a culture of continuous learning and development among its internal auditors through the following:

- Participation in national conferences and training programmes across diverse areas such as auditing, strategic initiatives, leadership and communication, business acumen, data analytics, cybersecurity, artificial intelligence, fraud and personal development.
- Engagement in training and certifications programmes on ESG and sustainability matters to enhance understanding and competency in ESG principles and the evolving sustainability landscape.
- Maintain corporate membership with IIA Malaysia to provide auditors ongoing access to trainings, reference materials, and audit updates, supporting a knowledgeable and connected audit community.
- Implemented a range of enrichment activities such as formal trainings, job attachments, job rotations, and technical visits, aimed at fostering staff development.

As of 31 December 2025, GIA invested a sum of RM177,978 on trainings and conferences as part of its commitment to continuous development.

## SUMMARY OF GIA'S ACTIVITIES IN FY2024

The key activities undertaken by GIA in FY2025 are as follows:

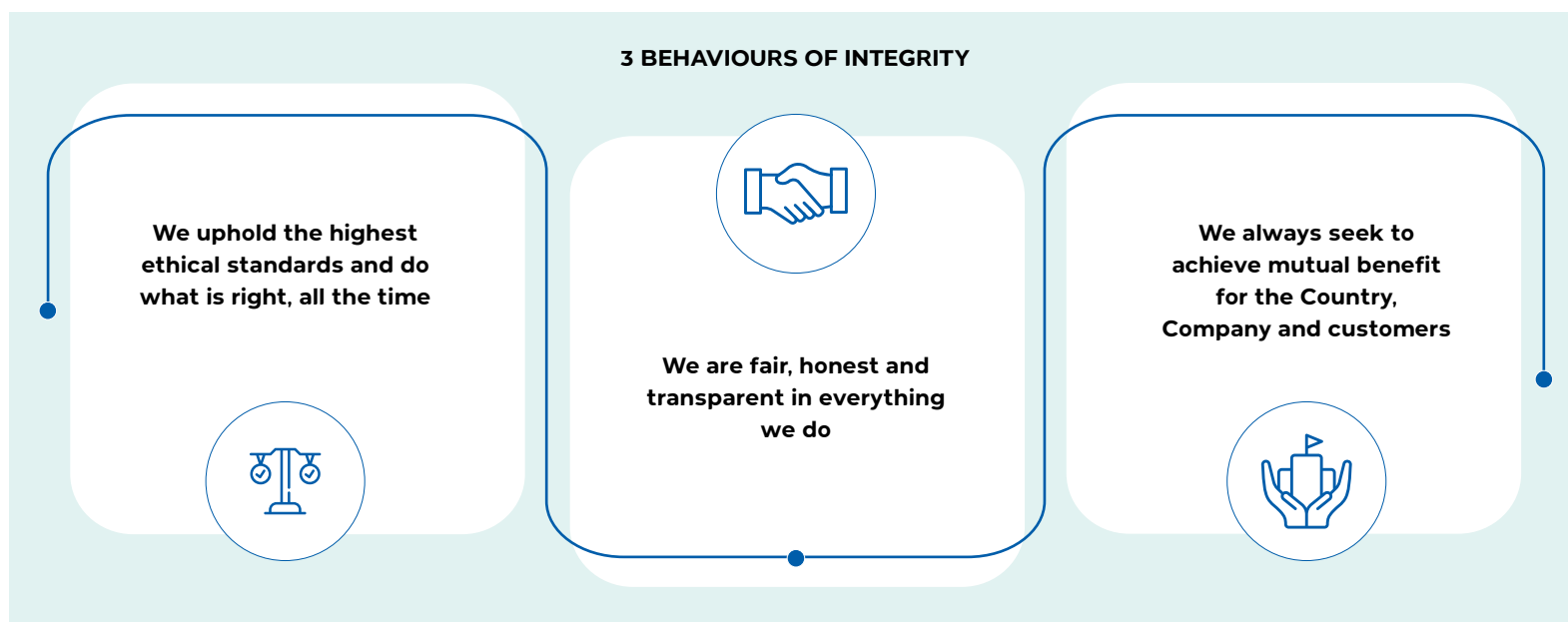
- Provided independent and objective assurance on the effectiveness of governance, risk management, and internal control system in managing operational and strategic risks.
- Presented TNB's state of internal controls to the BAC on a quarterly basis, providing a summary of findings reported and associated risks, as well as status of corrective actions.
- Participated in periodic Management and Board Breakout Sessions, providing independent perspectives on governance, risks, and controls, while gaining insights into the Company's strategic direction to support value-added assurance and advisory activities.
- Engaged TNB's Senior Management through syndication sessions to identify emerging risks and key concerns, ensuring these insights were considered during the development of Annual Audit Plan.
- Implemented a comprehensive Quality Assurance and Improvement Program (QAIP) in line with the GIAS, encompassing all aspects of the internal audit activities to promote consistency, quality and compliance.
- Facilitated networking sessions with TNB's Top Management to strengthen professional relationships and promote leadership learning among internal auditors.
- Organised roadshow on Humanising Governance to the Company's business functions, aimed at making governance principles more accessible and engaging for employees as well as reinforcing the internal audit function's presence.
- Organised the Internal Audit Assurance Colloquium with the theme "Strengthening Governance: Harnessing Cybersecurity and Artificial Intelligence." The event convened members of the BAC, representatives from TNB's business units, other assurance functions, and external subject matter expert from ISACA. It provided a platform for knowledge sharing, discussion of emerging technology risks, and alignment on key assurance priorities.
- Presented papers at the Head of ASEAN Power Utilities/Authorities (HAPUA) Internal Audit Summit in the Philippines, facilitating knowledge exchange and collaboration among internal audit fraternity from ASEAN countries, including Malaysia, Singapore, Thailand, Indonesia, Philippines, and Vietnam.
- Engaged with the Malaysian Anti-Corruption Commission (MACC) to conduct a structured training programme for internal auditors on fraud prevention, financial crime, and cyber-related risks, incorporating practical insights on digital forensics techniques and investigative methodologies.
- Performed benchmarking activities to exchange internal audit best practices, foster professional collaboration, and reinforce GIA's presence within the internal audit community.
- Established Governance Dashboard to provide real-time visibility into audit progress, summary of audit results, root cause analysis, and the status of corrective actions.
- Continued the BAC meeting observer program, enabling junior auditors to gain practical exposure and insights into key stakeholders' expectations.
- Carried out social responsibility initiatives through engagement and support programs at Orang Kurang Upaya centre and Pantai Bagan Lalang, Sepang, reflecting GIA's commitment to ESG objectives.

## 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:



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 2025, TNB reviewed these four (4) main policies to ensure consistency with the organisation's current practices.

During the Financial Year under review, surveillance audits by SIRIM were conducted involving the Retail Division and two (2) TNB wholly-owned subsidiaries, namely Malaysia Transformer Manufacturing Sdn. Bhd. and TNB Repair and Maintenance Sdn. Bhd. as well as two (2) TNB subsidiaries, Tenaga Cable Industries Sdn. Bhd. and Sabah Electricity Sdn. Bhd. There were three (3) recertification audits by SIRIM conducted for Procurement & Supply Chain Division and two (2) TNB wholly owned subsidiaries, TNB Fuel Services Sdn. Bhd. and TNB Integrated Learning Solution Sdn. Bhd. Additionally, Tenaga Switchgear Sdn. Bhd. successfully obtained 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 conducted the Integrity Health Survey (IHI) in 2025, where 34,061 staff participated in the survey. Based on the survey, TNB recorded a score of 92.44% as opposed to 91.89% in 2024. TNB also established a systematic approach through the Annual Training and Communication Plan (TCP) capitalising on 3Es (Education, Engagement and Enforcement) for the areas of improvement identified through the Integrity Health Survey conducted in 2024.



## EFFECTIVE AUDIT AND RISK MANAGEMENT

**ETHICS, INTEGRITY & TRUST**

In 2025, 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. The initiatives included the following:

- Related programs to Divisions/Departments and Subsidiaries
- Two (2) sessions of Fraud and Bribery Risk Management workshop
- All staff including Subsidiaries staff were required to complete Anti-Corruption training
- All staff are required to sign the integrity pledge, declare any conflicts of interest annually and specifically as and when a conflict arises
- Four (4) staff attended Certified Integrity Officer (CeIO) programme organised by MACC
- Joint integrity programs with MACC
- Published 12 Integrity bulletins
- Anti-Corruption Training for TNB Staff
- Anti-Corruption Training for TNB Vendors
- Seminar for Board of Directors & Top Management, entitled 'Governance, Leadership & Culture'
- Seminar for Board of Directors of TNB Subsidiaries, entitled 'Understanding Anti Bribery & Corruption and Section 17A Corporate Liability'
- Integrity programme for Hot Jobs
- Fraud & Bribery Risk Management Awareness Session for Integrity Coordinators & Risk Managers
- Joint Program with Credit Counselling and Debt Management Agency
- Human Governance Series
- Joint Program with MACC

**LIMITS OF AUTHORITY**

The Limits of Authority lays down guiding principles governing decision-making throughout the Group, emphasising 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 Board Charter and the Non-Executive Directors' Handbook, serving as references for their professional responsibilities and the terms and conditions of their service. The Board Charter and the Handbook are updated periodically to reflect changes in applicable rules, regulations, and policies governing Directors' conduct.

**CODE OF BUSINESS ETHICS (COBE)**

The 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, emphasising 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

#### ORGANISATIONAL ANTI-CORRUPTION PLAN

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.

#### SUSTAINABLE PROCUREMENT CODE OF CONDUCT

In line with TNB's ESG strategy, the Procurement & Supply Chain Division had developed the Sustainable Procurement Code of Conduct (SPCC) with the sub-element of ESG while maintaining the key elements of anti-corruption and abuse of power.

TNB is committed to ensuring responsible management of its procurement process. The SPCC outlines the practices and professional conduct expected of all Suppliers/Contractors of TNB towards upholding TNB's values of integrity, transparency and accountability. The SPCC applies to all employees, Seconded Employees, TNB Board of Directors and suppliers/contractors including their employees and Directors.

The SPCC is guided by the core values of TNB namely integrity, collaborative, professionalism, customer centric, forward thinking and mindfulness and focuses on three (3) key elements of ethical conduct: (1) Zero tolerance on corruption; (2) No conflict of interest; and (3) Honest and accurate representation of capabilities.

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. TNB's COBE, SPCC and Organisational Anti-Corruption Plan are accessible at the respective sections of the Company's website at [www.tnb.com.my](http://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 TNB Board of Directors and Top Management are required to disclose 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 and voting, in ensuring impartial decision-making. Mitigation actions shall be taken upon any declaration of COI by the TNB Board of Directors or Top Management, with the concurrence of the President/CEO/Chairman/Senior Independent Non-Executive Director. In addition, TNB Board of Directors, Top Management and its Boards of Subsidiaries are required to make COI declaration annually and on ad-hoc basis.

To ensure the enhancement of the existing COI disclosures as prescribed by the MMLR, the TNB COI Policy was revised and approved by the TNB Board on 16 December 2024. Additionally, the Guideline on COI Management for the Board of Directors and Key Senior Management of TNB was developed and approved by the Board Integrity Committee on 20 November 2024.

In addition, the declaration of COI (if any) is included in the agenda of the respective Board and Board Committees' meetings as well as the Subsidiaries Boards' meetings prior to the tabling of the papers.

The COI Policy is a live document which will be reviewed periodically, and as and when the need arises.

#### INTEGRITY PLEDGES

Integrity Pledges establish the expected standards of conduct for TNB personnel at all levels who are involved in procurement and tender related activities. The Pledges reinforce TNB's commitment to integrity, transparency and accountability in procurement decision making.

## EFFECTIVE AUDIT AND RISK MANAGEMENT

## ETHICS, INTEGRITY &amp; TRUST

They address key risk areas such as bribery, conflict of interest, collusion and the protection of confidential information. The Pledges also require a clear declaration of interests to ensure impartiality and sound governance throughout the procurement process. All Tender Committee members are required to sign the Integrity Pledge. In the event of any potential conflict of interest arising during a meeting, the affected member shall be required to declare such interest and, where applicable, recuse themselves or be excluded from related deliberations and decision-making processes. As an established practice within the Procurement & Supply Chain Division, in collaboration with the Integrity Department, TNB Board of Directors are also required to sign an Integrity Pledge for BTC/Board meeting.

This commitment underscores TNB's zero-tolerance stance on corruption, its proactive management of conflicts of interest, and its dedication to safeguarding confidentiality and public trust in the procurement process.

## 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                     |
|-----------------------------------------|-------------------------------------------|-----------------------------------|
| <b>Ong Ai Lin</b>                       | Senior Independent Non-Executive Director | ongailin.integrity@tnb.com.my     |
| <b>Ahmad Petra Firdaus bin Abdullah</b> | Chief Integrity Development Officer       | petrafirdaus.integrity@tnb.com.my |
| <b>Hasbah binti Hasbullah</b>           | Senior Manager (Disciplinary Management)  | 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 Gifts, Hospitality and Related Benefits 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.

## 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 and Understand Their Perspectives and Respond to Their Feedback.**

**Our AGM plays an important role in providing the shareholders with opportunity to communicate directly with the Chairman, the Board, President/CEO, Top Management and the External Auditors about the business, governance, financial performance and prospects of the Company.**

The Board ensures the shareholders are given sufficient notice and ample 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.

TNB hosted its inaugural hybrid 35<sup>th</sup> Annual General Meeting (AGM) on 22 May 2025, in accordance with Paragraph 8.27A of the MMLR and Principle C of the MCCG, which encourage listed issuers to leverage technology in conducting general meetings to facilitate voting and enable remote shareholder participation.

The shareholders were given option, either to attend physically at Pusat Konvensyen Leo Moggie, TNB Platinum, No. 3, Jalan Bukit Pantai, Bangsar, 59100 Kuala Lumpur, Malaysia (Meeting Venue) (Physical Attendance); or to attend virtually via the Remote Participation and Electronic Voting (RPEV) facilities provided by Boardroom Share Registrars Sdn. Bhd. (Virtual Attendance).

In support of sustainability and digital engagement, beginning FY2025, TNB distributed electronic postcards containing QR code to shareholders via email. The QR code provided access to documents in relation to the 35<sup>th</sup> Annual General Meeting (AGM), of which were Notice of 35<sup>th</sup> AGM, Administrative Details of 35<sup>th</sup> AGM, Integrated Annual Report 2025, Proxy Form and Requisition Form. For shareholders without registered email addresses, the postcards were dispatched by mail to ensure continued accessibility.

All documents were also made available on the Company's website within the prescribed timeframe, in compliance with regulatory requirements and to facilitate timely access for shareholders.

Based on the registration data given by Boardroom Share Registrars Sdn. Bhd., a total of 4,332 shareholders and proxies had participated in TNB Hybrid 35<sup>th</sup> AGM, of which 2,332 members attended physically at the Meeting Venue and 2,000 members attended via Online Platform. They represented 3,492,950,055 ordinary shares which constituted 59.92% of the total issued shares of the Company.

All Directors attended the 35<sup>th</sup> 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 participating virtually were accorded the same opportunities as those attending physically. They were able to view the President/CEO's presentation, which highlighted TNB's Performance Highlights including operation & financial, dividend pay-out, sustainability commitment and national development, 2025 Forward Guidance as well as the recognition and appreciation to Warga TNB, customers, shareholders, stakeholders and the wider community.

During the Meeting, the Chairman encouraged the shareholders and proxies to raise questions during the Q&A Session. The shareholders who were present at the Meeting Venue had the option of scanning the QR Code provided during the registration to submit questions electronically or they could ask questions directly during the Q&A session. For the shareholders who attended virtually, they were able to do so via the messaging window facility in the meeting portal.

All questions submitted prior to the AGM and during AGM were answered by the President/CEO, Chief Financial Officer and Company Secretary accordingly.

The 35<sup>th</sup> 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 35<sup>th</sup> AGM issued to the shareholders on 23 April 2025.

All resolutions of the 35<sup>th</sup> AGM were tabled and approved by the shareholders. All resolutions were voted through e-polling 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 35<sup>th</sup> AGM.

The minutes of meeting was made available on TNB's website at [www.tnb.com.my](http://www.tnb.com.my) no later than 30 business days after the 35<sup>th</sup> AGM.

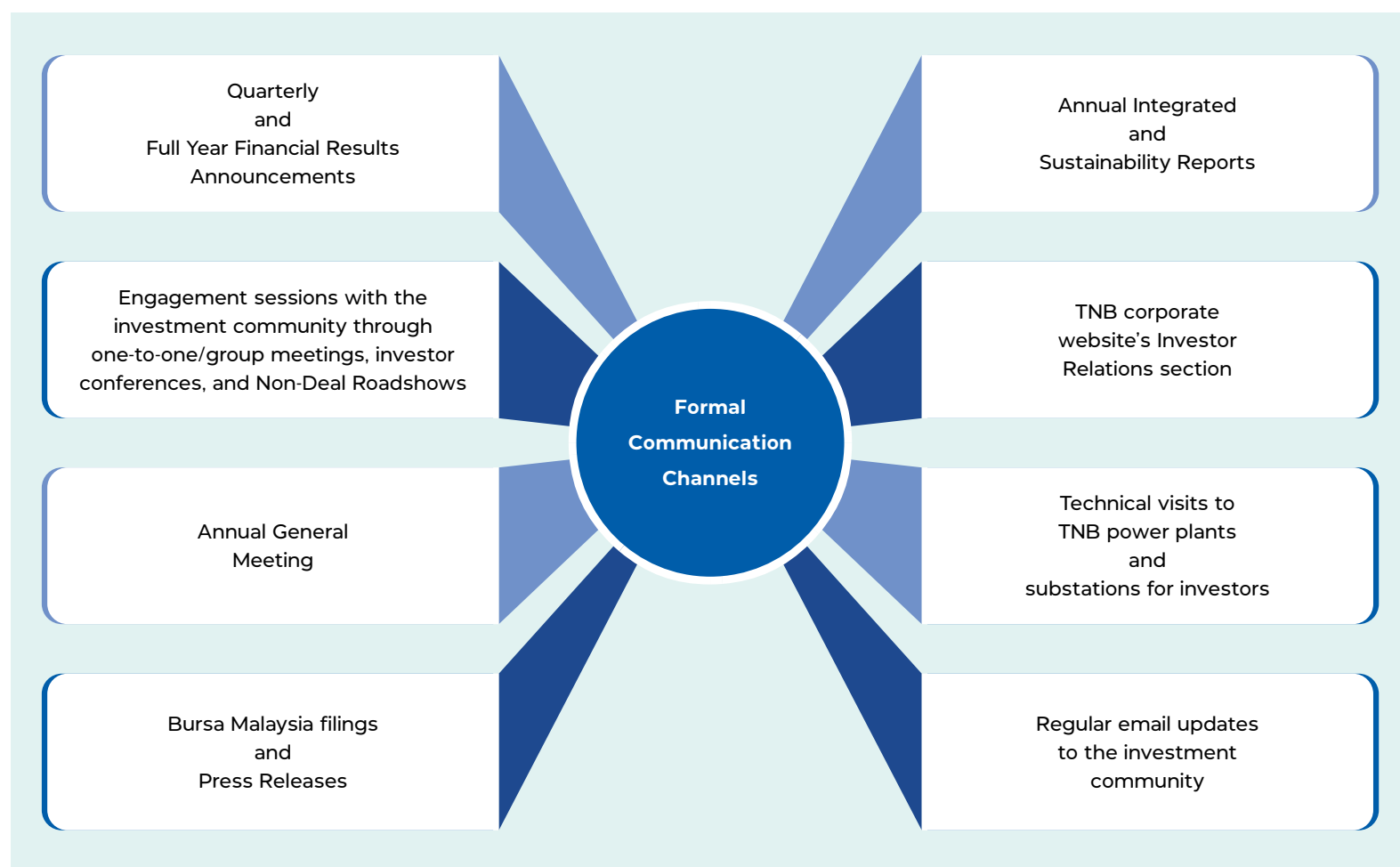
## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### STRENGTHENING RELATIONSHIPS WITH THE INVESTMENT COMMUNITY THROUGH STRATEGIC ENGAGEMENT AND TRANSPARENT COMMUNICATION

Building trust with the investment community remains a key priority for the Group and is supported through structured engagement and clear, timely communication. Throughout 2025, against a backdrop of ongoing changes in the energy sector, the Group continued to articulate its business growth strategy, highlighting its commitment to sustainability and its role in supporting national sustainability aspirations. Engagement efforts focused on key developments and financial performance, with care taken to ensure balanced and equitable disclosure of both financial and non-financial information.

The Investor Relations function serves as the primary interface between Senior Management and the investment community. Through coordinated engagements, the team facilitates open dialogue, promotes transparency and supports informed understanding of the Group's strategic direction and performance, thereby strengthening investor confidence.

To support consistent and effective communication, the Group makes use of a range of established channels, including:



Sustained communication plays an important role in keeping existing and prospective investors informed of strategic priorities, financial results, technical progress and other key developments, as reflected in the "Investment Community Feedback" section.

Information for the investment community is made readily accessible through the Investor Relations section of the corporate website at [www.tnb.com.my](http://www.tnb.com.my), which provides financial data, announcements and investor presentations. Enquiries may also be directed to the Investor Relations team at [tenaga\\_ird@tnb.com.my](mailto:tenaga_ird@tnb.com.my).

### ACTIVE ENGAGEMENT WITH THE INVESTMENT COMMUNITY

During the year, more than 1,000 engagements were conducted with analysts and investors through various platforms. These included participation in conferences, domestic and international roadshows, site visits, one-to-one and group meetings, analyst briefings and other structured communication sessions. These engagements supported ongoing dialogue with the investment community and contributed to clearer understanding of the Group's performance, outlook and strategic direction.



## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### INVESTOR RELATIONS CALENDAR OF EVENTS FOR FY2025

**7 January 2025** CGSI 17<sup>th</sup> Annual Corporate Malaysia Day 2025

**17 March 2025** Morgan Stanley: Deepseek, Malaysia and TNB: What's Ahead in 2025

**25 - 26 March 2025** HSBC Global Investment Summit 2025 (Hong Kong)

**9 April 2025** RHB ASEAN Investment Conference 2025

**17 April 2025** Morgan Stanley Non-Deal Roadshow (Singapore)

**23 April 2025** Dialogue Session: RE Developments and Energy Transition in Malaysia

**17 - 20 June 2025** CGSI and Affin Hwang Non-Deal Roadshow (China and Hong Kong)

**1 July 2025** Briefing on New Tariff Structure to Analysts and Investors

**3 July 2025** Maybank IBG Invest Malaysia & Invest ASEAN 2025

**15 July 2025** J.P. Morgan ASEAN Energy & Utilities Forum

**16 July 2025** Macquarie Malaysia Data Centre Day

**22 July 2025** CGSI Luncheon Power Demand DC Discussion

**24 July 2025** MBSB/MIDF and its clients - Technical Visit to Jimah East Power

**30 July - 1 August 2025** Technical Visit to Spark Renewables

**8 September 2025** Bank of America (BofA) 2025 Asia Pacific Conference (Hong Kong)

**9 September 2025** 32<sup>nd</sup> CITIC CLSA Investors' Forum 2025 (Hong Kong)

**11 - 12 September 2025** Nomura Non-Deal Roadshow (Japan)

**23 September 2025** TA Securities - Expert Talk on Nuclear Energy Potential in Malaysia

**1 - 6 October 2025** J.P. Morgan Non-Deal Roadshow (USA)

**7 October 2025** UOB Kay Hian's New Green Economy Conference 2025

**13 October 2025** J.P. Morgan Forum Malaysia

**20 - 24 October 2025** UBS Non-Deal Roadshow (UK/Europe)

**21 October 2025** Kenanga Research's Clean Energy Roundtable

**29 October 2025** CIMB Securities: Technical Visit to PMU Bukit Unggul 500 kV

**2 December 2025** CITI 2025 ASEAN Summit: Kuala Lumpur Edition

## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### INVESTMENT COMMUNITY FEEDBACK

Based on Investor Relations' engagement sessions with the investment community, the primary areas of interest include:

| Business strategy and performance                                                                                                                                                                                                 |                                                                                                                                                                                                                                        | National Energy Transition Roadmap (NETR)                                                                                                                                                       |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none"> <li>Overall demand growth (including from data centres)</li> <li>Grid readiness to support demand growth and NETR</li> <li>Generation business and operations</li> </ul>                       |                                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>Flagship catalyst projects</li> <li>Energy exchange</li> </ul>                                                                                           |  |
| Regulatory framework                                                                                                                                                                                                              | Energy Transition (ET) Plan initiatives and progress                                                                                                                                                                                   | Financial management                                                                                                                                                                            |  |
| <ul style="list-style-type: none"> <li>Incentive Based Regulation Regulatory Period 4 (IBR RP4)</li> <li>Contingent Capex recovery mechanism</li> <li>Automatic Fuel Adjustment (AFA) mechanism</li> <li>Tariff reform</li> </ul> | <ul style="list-style-type: none"> <li>Decarbonisation plan</li> <li>Renewable energy growth opportunities</li> <li>Capital expenditure plan for ET</li> <li>ASEAN Power Grid initiative</li> <li>Carbon tax implementation</li> </ul> | <ul style="list-style-type: none"> <li>Financial sustainability and return</li> <li>Working capital management initiatives</li> <li>Gearing and financial position</li> <li>Dividend</li> </ul> |  |

### BUILDING LONG-TERM SHAREHOLDER VALUE

In 2025, TNB Board of Directors had approved a final single tier dividend of 28 sen per share, raising the single tier dividend total to 53 sen per share. This translates to a dividend payout ratio of 65.6% from the Group's Adjusted PATAMI, honouring the company's 30% to 60% dividend policy consistently for the last nine (9) financial years.

### ANALYST COVERAGE

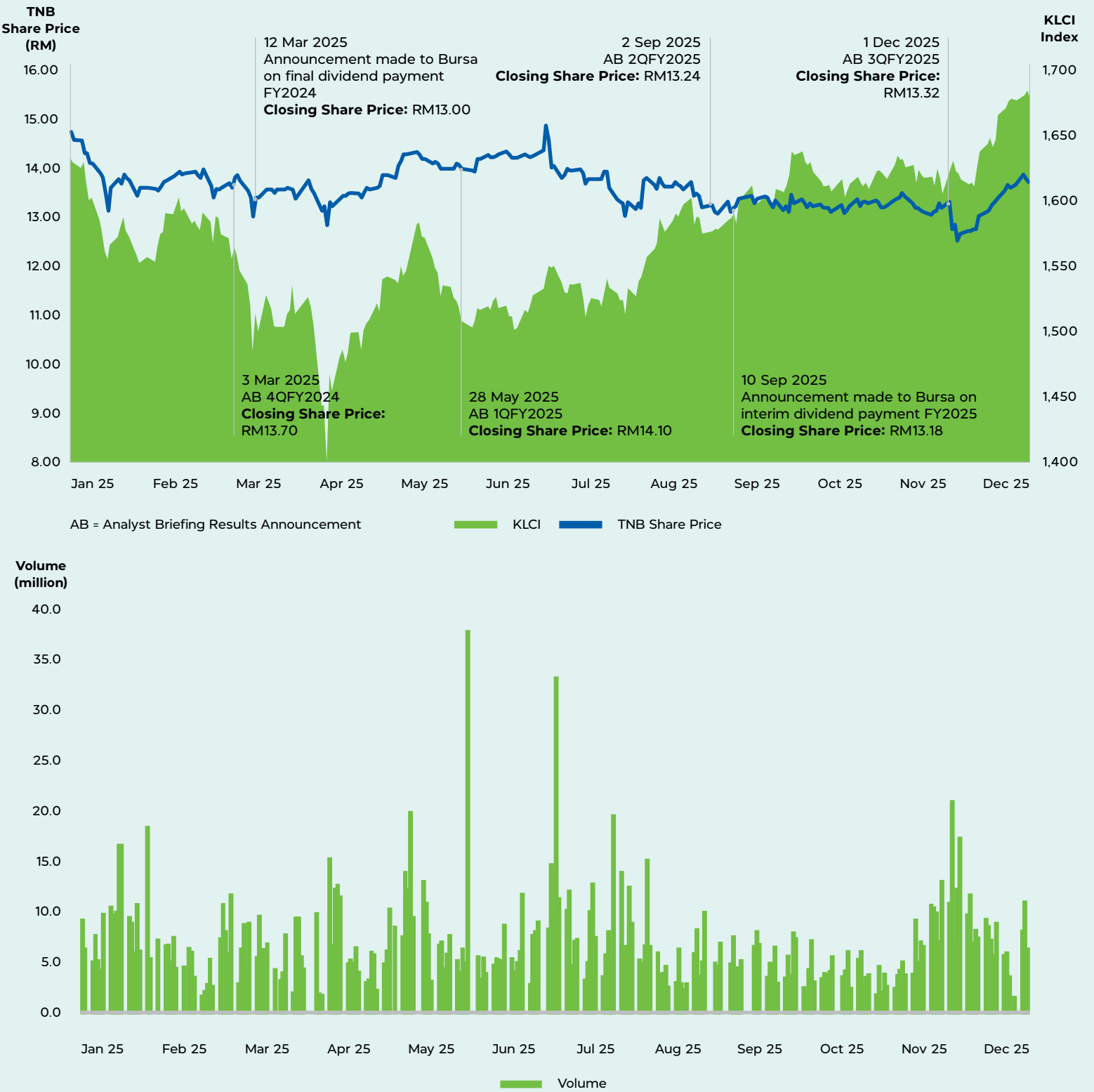
As one of the top companies on Bursa Malaysia by market capitalisation, the stock (Bursa: 5347, Bloomberg: TNB:MK) remains actively covered by a total of 23 leading sell-side firms, reflecting strong confidence in the Group's business fundamentals and growth prospects. Foreign research houses account for 43% of total coverage, underscoring the Group's growing international recognition and positioning it as a leading player in both local and global markets.

|                             |                         |                            |                            |                       |                         |                              |                         |
|-----------------------------|-------------------------|----------------------------|----------------------------|-----------------------|-------------------------|------------------------------|-------------------------|
| Affin Hwang Investment Bank | AmlInvestment Bank      | Apex Securities            | Bank Islam Malaysia Berhad | BofA Securities (New) | CGS International       | CIMB Securities              |                         |
| Citi Research               | CLSA                    | Hong Leong Investment Bank | HSBC Global Research       | J.P. Morgan           | Kenanga Investment Bank | Macquarie Capital Securities | Maybank Investment Bank |
| MIDF Amanah Investment Bank | Morgan Stanley Research | Nomura                     | Public Investment Bank     | RHB Investment Bank   | TA Securities           | UBS Global Research          | UOB Kay Hian Securities |

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

SHARE PRICE PERFORMANCE

TNB Share Price, FBM KLCI and Volume Traded in the Year 2025



## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### RELATIONSHIP WITH EXTERNAL AUDITORS

A professional and transparent working relationship is maintained with the External Auditors to support the integrity of the Group's financial reporting. Oversight of this relationship is entrusted to the BAC, which is responsible for recommending the appointment or removal of the External Auditors, approving their remuneration and proposing the terms of engagement for the Board's approval.

The Board and the BAC undertake regular reviews of the External Auditors' performance, suitability and independence. These assessments are guided by a formal policy that sets out the procedures and criteria for evaluation, covering areas such as selection and appointment, independence and conflicts of interest, provision of non-audit services, rotation of the audit partner, annual reporting, annual assessment and audit fees.

In accordance with established requirements, the appointed Audit Partner is rotated at least once every seven (7) Financial Years, followed by a mandatory cooling off period of five (5) years before resuming the role on the engagement. External Auditors may be engaged to provide non-audit services, subject to strict safeguards to protect their independence, objectivity and professional judgement. For each non-audit engagement, written confirmation of compliance with independence requirements is required.

Restrictions on non-audit services are governed by three (3) guiding principles. External Auditors must not assume management responsibilities, must not audit their own work and must not act as advocates for the Group. Compliance with the By Laws of the MIA in relation to non-audit services is required, with safeguards applied where appropriate.

The External Auditors Policy also provides for a three-year cooling off period before a former partner of the External Auditors may be appointed as a member of the BAC, in line with Practice 9.2 of the MCCG. In addition, consistent with Guidance 9.3 of the MCCG, the annual assessment of the External Auditors takes into account information contained in the audit firm's Annual Transparency Report.

In evaluating independence, the BAC also considered the level of non-audit fees incurred during the Financial Year. These fees are assessed to ensure they do not compromise or impair the External Auditors' independence or objectivity.

Details of the audit and non-audit fees paid or payable to PwC or its affiliates by the Company and the Group for the Financial Year ended 31 December 2025 are set out below:

|                            | Group<br>(RM million) | Company<br>(RM million) |
|----------------------------|-----------------------|-------------------------|
| Statutory Audit            | 5.9                   | 2.0                     |
| Audit Related Services     | 1.8                   | 1.3                     |
| <b>Total</b>               | <b>7.7</b>            | <b>3.3</b>              |
| <b>Non-Audit Services</b>  |                       |                         |
| - Tax Related Services     | 0.5                   | 0                       |
| - Other Non-Audit Services | 0.9                   | 0                       |
| <b>Total</b>               | <b>1.4</b>            | <b>0</b>                |

Fees for non-audit services remained within the limits prescribed

under the External Auditors Policy, with such fees not exceeding 50% of the audit fees for the Financial Year under review. All engagements were awarded through competitive procurement processes in accordance with the Procurement and Supply Chain Policy and Procedures and the External Auditors Policy. Non-audit services were only undertaken where there were clear efficiency gains and demonstrable value to the Group.

Results of the External Auditors' performance assessment for Financial Year 2025 indicated an overall rating of Completely Satisfied/Satisfied, with a score of 93%. This outcome was consistent with the level of satisfaction recorded in the previous Financial Year. The assessment covered key areas including audit quality, adequacy of resources, effectiveness of communication and interaction, as well as independence, objectivity and professional scepticism. Feedback arising from the assessment was communicated to PwC to support further enhancement of service delivery.

On the basis of this evaluation, the Board and the BAC expressed satisfaction with the quality of service, sufficiency of resources, communication and interaction, and the independence, objectivity and professional scepticism demonstrated by PwC in the discharge of its responsibilities as External Auditors. Accordingly, the Board has recommended the re-appointment of PwC for shareholders' approval at the forthcoming AGM.

### INSIDER TRADING

Rules governing dealings in securities are observed strictly by Directors and Top Management. No dealing in the securities of the Company or other listed issuers is permitted where an individual is in possession of price-sensitive information relating to such securities. These requirements are consistent with the MMLR and relevant provisions of the Capital Markets and Services Act 2007.

Notices specifying closed periods for trading in the Company's securities are issued on a quarterly basis, well in advance of each restricted period. Any notification of dealings in securities is announced by the Company Secretary in accordance with Paragraphs 14.08 and 14.09 of the MMLR.

### RESPONSIBILITY STATEMENT IN RESPECT OF THE FINANCIAL YEAR UNDER REVIEW

Preparation of the audited financial statements is the responsibility of the Board. These statements are prepared in accordance with the Companies Act 2016 and the approved accounting standards issued by the Malaysian Accounting Standards Board, with the objective of presenting a true and fair view of the financial position, financial performance and cash flows of the Group at the end of the reporting period.

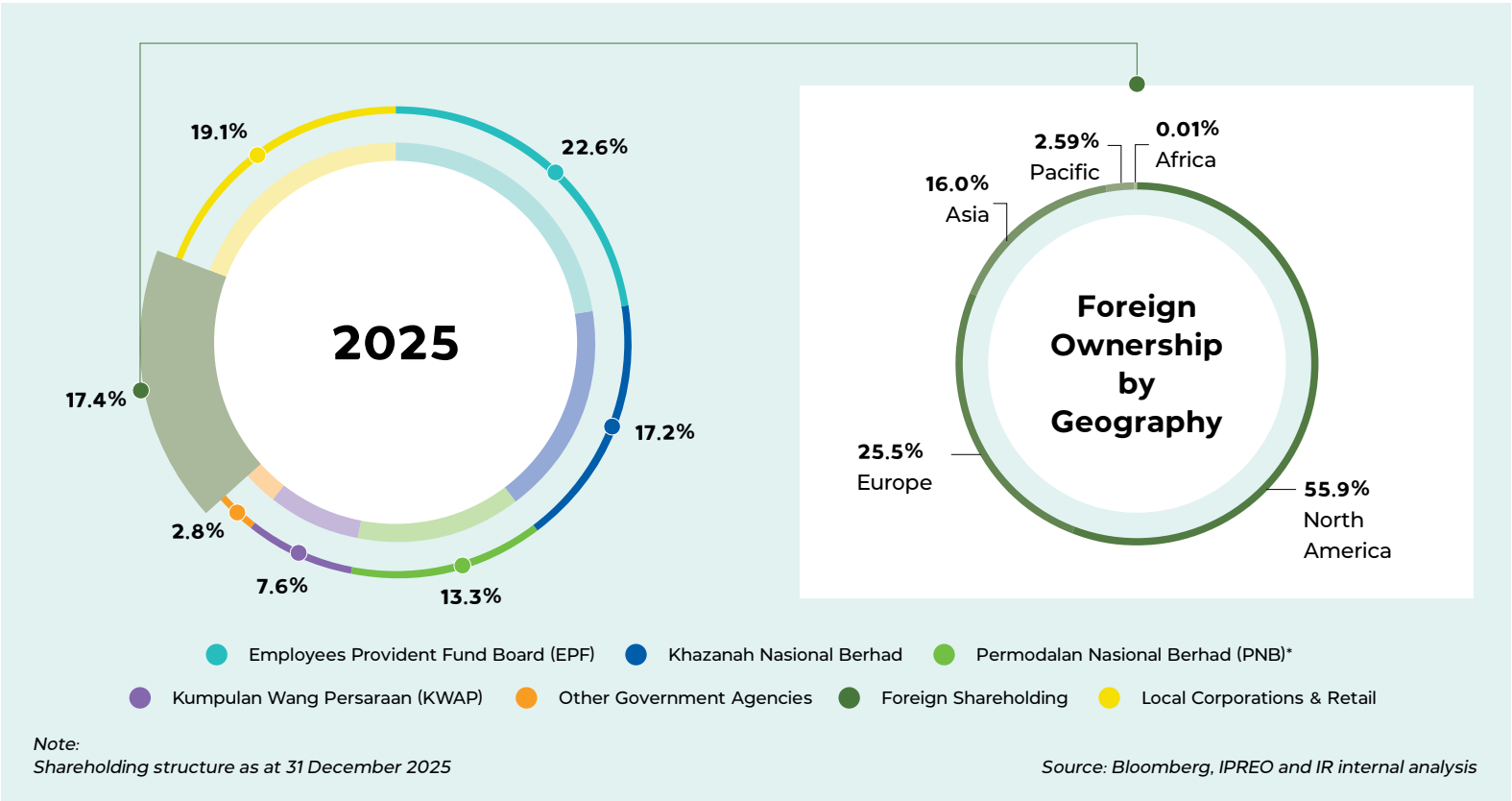
In preparing the financial statements, the Directors have confirmed that appropriate accounting policies have been applied consistently and that reasonable and prudent judgements and estimates have been made. The financial statements have been prepared on a going concern basis, as the Board, after due consideration, is satisfied that the Group has sufficient resources to continue its operations for the foreseeable future.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

SHAREHOLDING INFORMATION

As at 31 December 2025, Employees Provident Fund stood as our largest shareholder, with 22.6% of shareholdings. Other Government related agencies cumulatively hold 40.9% with Khazanah Nasional Berhad at 17.2%, Permodalan Nasional Berhad at 13.3%, Kumpulan Wang Persaraan at 7.6% while others at 2.8%. The remaining balance of 36.5% 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 55.9%, followed by our shareholders from Europe and Asia (excluding Malaysia), which accounted for 25.5% and 16.0% respectively, with the remaining 2.6% from Africa and the Pacific.





## 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 2025. This statement, collaboratively developed and jointly endorsed by the Board Sustainability and Risk Committee ("BSRC") and the Board Audit Committee ("BAC"), adheres to the stipulations set forth in paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). It is guided by the updated Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Companies (SORMIC Guide 2025) issued in September 2025.

The SORMIC discloses the comprehensive scope of the risk management and internal control systems implemented across TNB Group and its subsidiaries during the reviewed financial year. It delineates the framework, policy and practices adopted to mitigate risks and uphold operational integrity across the Group. The scope of this disclosure excludes associated companies and joint ventures as the Group does not exercise unilateral control over their operations.

The Board affirms its overarching responsibility for the Group's risk management and internal control systems, remaining dedicated to ensuring they are robust, integrated, and effective in safeguarding shareholders' investments and assets. To fulfill this commitment, the Board actively sets the "tone at the top" to foster a sound risk culture, defines the risk appetite and tolerance levels aligned with strategic objectives, oversees the structural adequacy of the framework to address emerging risks and conducts continuous monitoring of the systems' integrity. 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

Board Integrity Committee

The BSRC and the BAC are instrumental in ensuring governance oversight of the risk management and internal control systems in the Group. The BSRC focuses on assisting the Board in fulfilling its fiduciary duties by overseeing the robustness of the Group's sustainability management and risk management frameworks and the effectiveness of implementation to achieve strategic objectives and sustainability commitments. Concurrently, the BAC assists the Board by reviewing the effectiveness and adequacy of the internal control system and internal audit function to safeguard the Group's assets.

 See pages 276 to 278 in the BSRC Report and pages 273 to 275 in the BAC Report.

### 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

Regulatory Committee

Sustainability and Energy Transition Committee

Electric Vehicle Committee

Technology Committee

Smart Meter Committee

Health, Safety and Environment Committee

Integrity Committee

ASEAN Power Grid Committee

Digital and AI Committee

Communication Committee

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, approved by TNB Board, 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 (Fig. 1).



Fig. 1: TNB Risk Management Framework

The implementation of this framework is guided by our risk governance documents. The criteria and frequency of revision as well as approval levels for the risk governance documents are outlined in the TNB Risk Management Framework document. This ensures that the risk governance documents are robust and practical.

These risk governance documents, namely the TNB Risk Management Framework, TNB Risk Management Policy, TNB Risk Assessment Process and Key Risk Indicator Guide (Fig. 2), are reviewed annually for continued relevance and application.

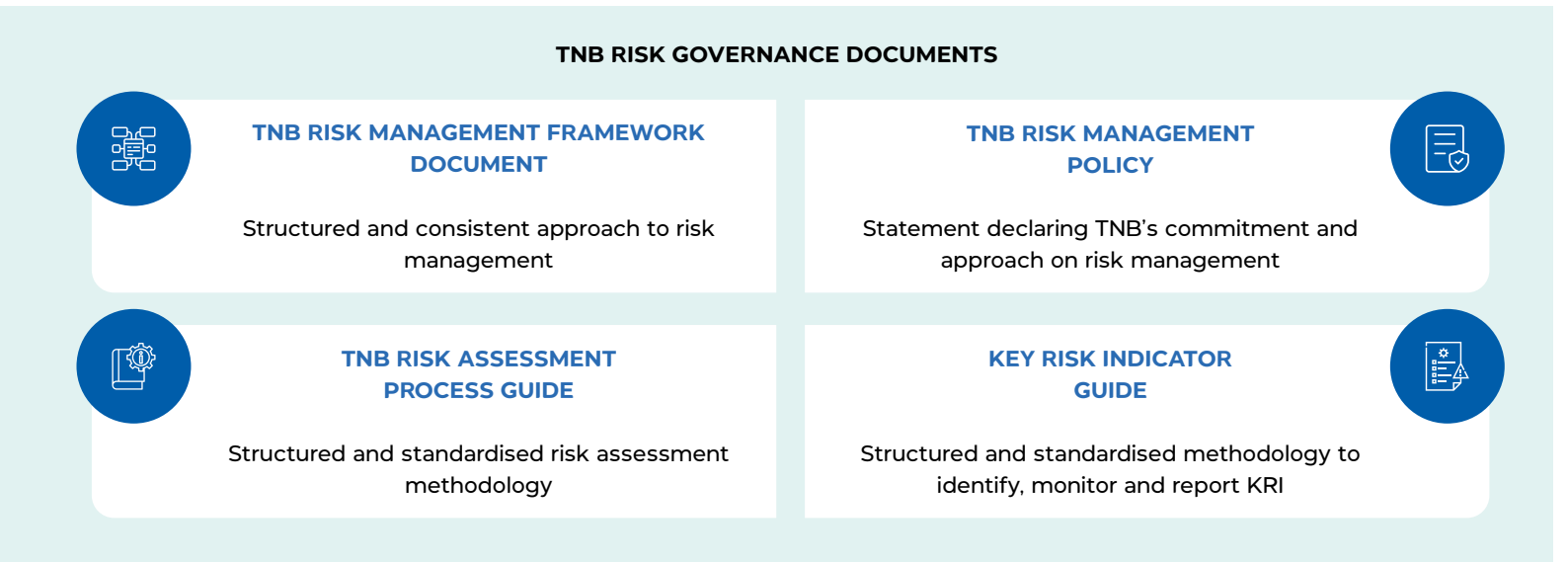


Fig. 2: TNB Risk Governance Documents

## 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 (Fig. 3) depicts the leadership and commitment of Board and Management in the escalation and cascading of risk information across all levels.



Fig. 3: TNB Risk Management Structure

The BSRC 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.

In the year under review, the BSRC remained committed to diligent oversight, convening 13 meetings to address various risks and opportunities related to strategic initiatives and operational dynamics. TNB business entities provided assurances to the BSRC on robust risk management practices and internal controls, supporting the Board's decision-making to capitalise on opportunities and manage potential risks.

The BSRC also deliberated Key Risk Indicators (KRIs) that measure exposures to strategic business and sustainability risks. For KRIs that have surpassed thresholds, mitigations are deliberated in detail to ensure the related risk exposures are addressed. Annually, the BSRC reviews and approves these KRIs to ensure they continue to align with the Group's risk appetite.

[See pages 276 to 278 in the BSRC Report.](#)

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The BSRC is supported by the Management, primarily through the Group Executive Management Committee chaired by the President/CEO. The President/CEO, Chief Financial Officer, and C-Suites are responsible for directing resource allocation and operational activities toward achieving Group objectives and are accountable for the effective management of associated risks.

The cross-functional Group Risk Management Working Committee (GRMWC) and Subsidiary Risk and Sustainability Working Committee (SRSWC) assist Management in ensuring that enterprise risk management is effectively implemented in the business entities.

The Risk Management Department (RMD) helmed by the Chief Risk Officer facilitates the implementation of the TNB Risk Management Framework. The department provides expertise, support, monitoring and challenge related to management of risk across the Group. RMD also provides the Board and Management with analysis and reports on the overall adequacy and effectiveness of implemented risk management processes.

The Group Internal Audit (GIA) is set up by the Board to provide an independent and objective assurance on the adequacy, efficiency and effectiveness of governance, risk management processes and internal control systems in TNB Group. GIA maintains its independence and objectivity by reporting functionally to the BAC and reports administratively to the President/CEO. GIA functions and activities are guided by its Internal Audit Charter approved by the BAC and is aligned with the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors.

GIA plans and undertakes regular risk-based reviews and assessments taking into consideration strategic and operational risks faced by the organisation as approved by the BAC. The audit reports include recommendations for improvement opportunities in areas with internal control lapses. The progress and closure of corrective actions arising from reviews are monitored through a dashboard and reported to management and BAC on a quarterly basis. Follow-up audits were also performed to ensure corrective actions were completed accordingly by management.

GIA reports the state of internal controls based on completed audits on a quarterly basis to the BAC.

Detailed description of the internal audit function, e.g. number of resources, chief internal auditor qualification and continuous improvement activities, are highlighted in the BAC Report and Statement of Internal Audit Function.

### 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.

In adherence to requirements set forth by the MMLR, TNB has adopted the International Sustainability Standards Board (ISSB) IFRS S1 and IFRS S2 standards, as mandated in the National Sustainability Reporting Framework. Accordingly, our sustainability-related and climate-related risks and opportunities have been assessed, anchoring on our Reimagining TNB strategy to reflect current and potential business and operational exposure.

 See pages 76 to 80 in the Sustainability Statement with details of assessed risks and opportunities.

### Review, Monitor and Report

Upon application of the TNB Risk Assessment Process, the risks assessed by the TNB business entities are reported in and monitored through the TNB Risk Information System (TRIS), which is a centralised online real-time tool. Risks are also reviewed annually by the TNB business entities with participation and eventual approval from respective risk owners. Half-yearly risk reports are prepared based on data from the risk registers maintained in TRIS.

### Key Risk Indicators (KRIs)

In support of the Group's business strategy, the BSRC sets the risk appetite through the identification of KRIs and its relevant triggering and breaking points, which are monitored quarterly. The deliberation of these KRIs offer clear guidance from the BSRC to enforce accountability at the business entities to make informed decisions.

11 KRIs are monitored by the BSRC with upside and downside projected outlooks and supported by resiliency indicators. Operational-level KRIs are deliberated by the GRMWC and SRSWC, which are platforms for inter-business collaboration to mitigate risks from a group-wide perspective.

Quarterly, the status of KRIs is reported to the BSRC, GRMWC and SRSWC with mitigating measures extensively deliberated to address risk exposures from escalating beyond tolerable levels. Annually, these KRIs undergo review to ensure relevance and adequacy, aligning with Company strategy and considering changes in internal and external environments.

### Communication & Culture

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 enhancements. The risk managers from business entities across the Group forms the TNB Risk Manager Circle, which enables greater collaboration and exchange of knowledge on risk management best practices, emerging risks and opportunities. This integration ensures that risk management continues to be a shared responsibility, enhancing the overall resilience and adaptability of the Group.

The evolving external landscape is closely monitored for the development of risk insights in identifying potential exposures, ensuring a proactive risk management culture. In the year under review, risk insights were communicated to Management and cascaded to business entities for anticipated climate-related exposures such as

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

extreme heat, transboundary haze and the northeast monsoon, as well as risk insights on power system reliability during state-level events such as the Sabah state elections.

The TNB Integrated Learning Solution Sdn. Bhd., the centre for energy learning, advisory, services and consultancy, continues to build risk management competencies among TNB employees at fundamental and intermediate levels. In the year under review, these training modules were reviewed and updated to reflect improvements in risk management practices in the Group. The Risk Management Fundamental module has been refined with up-to-date examples, specifically covering the TNB Risk Management Framework, the Risk Assessment Process, Key Risk Indicators, and hands-on TRIS training. The Risk Management Intermediate module was updated with topics reflective of current risk management practices, among others are the adoption of ISSB IFRS standards, climate risk assessment, and analysis for risk insight and emerging risk.

Correspondingly, the TNB Risk Management E-Learning module has been updated and continues to form 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 enhance risk management capabilities among TNB executives to make informed decisions.

These efforts inculcate a risk mindset that serve as a behavioural compass, offering clear guidance and reinforcing individual accountability to make informed decisions considering the Group's risk appetite. Through proactive risk conversations, TNB fosters a resilient and self-sustaining risk culture, which is paramount to achieving the Group's long-term strategy and strengthening its overall 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 Ethics

TNB Ethics & Integrity Policy

TNB Whistleblowing Policy

TNB Risk Management Policy

TNB Sustainability Policy

TNB Confidentiality Policy

TNB Asset Management Policy

TNB Limits of Authority

TNB Procurement and Supply Chain Policy and Procedures

The Sustainable Procurement Code of Conduct

TNB ICT Security Policy and ICT Codes of Practice

TNB Safety & Health Policy

TNB Labour Rights Policy

TNB Environmental Policy

TNB Security Policy

TNB Corporate Communication Policy

TNB Personal Data Protection Policy

TNB Disciplinary Procedures

TNB Conflict of Interest Policy and Guideline

TNB Investment Process Control: Updated Investment Process and Investment Risk Methodology

TNB Group Financial Policies and Procedures

TNB Group Human Resource circulars and guidelines

## Financial and Operational Control Framework

The TNB Group Financial Policies and Procedures 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 International Financial Reporting Standards and 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 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 Regulation (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 of Peninsular Malaysia and Sabah in compliance with the IBR guidelines.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 essential to ensure focus and alignment between aspiration, strategies and performance management in driving the desired strategic outcomes. TNB adopts the Strategic Planning and Performance Management (SPPM) cycle, a structured five-part framework that begins with the annual review of RT 2.0 strategy, followed by the development of long-term business plan and annual operating plan. This is then translated into annual budget that guides capital and resource allocation. To ensure delivery and execution of the strategic priorities, strategy-driven Key Performance Indicators (KPIs) are set and cascaded to all level of employees to ensure accountability and alignment. The cycle is completed with regular performance monitoring throughout the year, enabling informed decision-making and sound governance in achieving TNB's strategic outcomes.

### Human Resource Management and Development

The TNB Ways of Working (TWoW) that promotes flexible working arrangements seamlessly aligns with amendments in 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 the 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 People Division, 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 ensures that 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. 1,646 panel hospitals and clinics are available nationwide for widespread accessibility to essential medical treatment and healthcare. Medication Delivery Services continues to facilitate seamless procurement and delivery of long-term or chronic medications right to the doorstep.

The TNB Total Wellness Programme 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) scopes, which are healthy diet, no smoking/vaping, active lifestyle, weight management, basic health screening and mental wellbeing. 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. These efforts empower TNB to achieve its strategic goals, positioning the organisation as an industry leader in the energy sector by delivering sustainable value to stakeholders while fostering innovation and resilience.

An in-house Artificial Intelligence (AI) platform called weKNOW has been introduced for use within a closed community that is tailored to TNB's needs. This platform ensures that sensitive information is maintained within TNB's controlled environment, reinforcing our commitment to data security. TNB continues to explore the integration of enhanced data analytics and AI capabilities into day-to-day operations to improve efficiency and productivity.

### 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 System (TOMS)

Billing Customer Relationship Management (BCRM)

Employee Self Service (ESS)

Super User Privilege Management and Governance, Risk and Compliance systems are implemented to control and govern access to core systems and servers. This ensures that access to critical information systems and confidential information is adequately monitored and controlled. Annual disaster recovery tests are carried out at our 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Personal Data Protection**

The Personal Data Protection Act 2010 ("PDPA") governs the processing of personal data in commercial transactions by data controllers. After more than a decade in effect, the PDPA has been amended through the Personal Data Protection (Amendment) Act 2024, introducing enhanced requirements to strengthen data privacy and security.

TNB's personal data protection framework aligns with the PDPA, its subsidiary legislation including the Personal Data Protection Code of Practice for the Utilities Sector (Electricity) Version 2.0 and internal policies. This framework underpins accountability, transparency, and responsible data handling, supporting stakeholder trust and operational compliance. TNB has appointed a Head Data Protection Officer (Head DPO), who is supported by divisional DPOs at key business entities, to streamline compliance governance, data breach incident management and fostering data protection culture.

As a data controller, TNB processes significant volumes of personal data, including information related to customers, employees, and vendors. Proper handling of personal data is critical to maintaining public trust, safeguarding privacy, and mitigating reputational risks.

**TNB Corporate Integrity Management System**

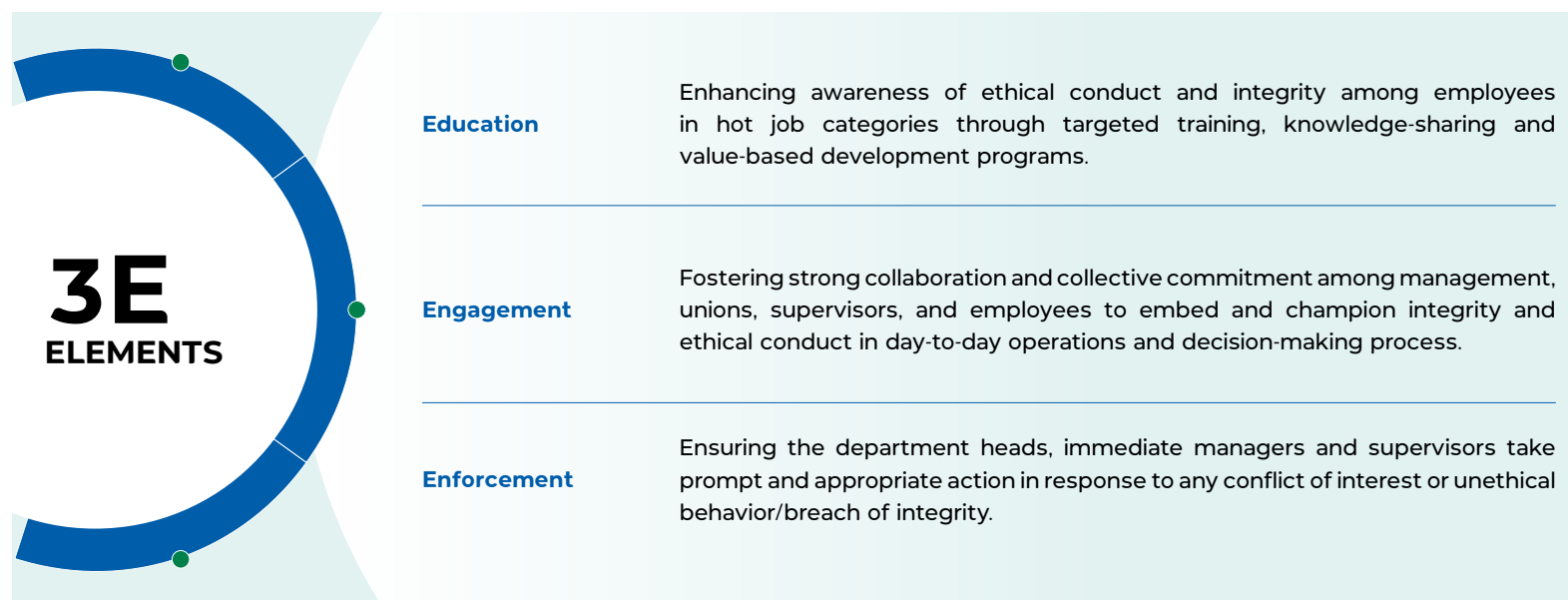
TNB is certified with the ISO 37001:2016 Anti-Bribery Management Systems since 2018 and has put in place a TNB Corporate Integrity Management System (TCIMS) designed to help prevent, detect and respond to bribery as well as comply with anti-bribery laws and voluntary commitments applicable to our activities. The TCIMS is designed to foster an integrity-based culture across the Group by mitigating the risk of misconduct and corruption. The TCIMS allows both employees and external parties to report misconduct or illegal activities via the TNB WhistleBlowing Information System, whereby all concerns are independently investigated with actions taken accordingly.

Additionally, a comprehensive training plan on ethical behaviour is outlined in our annual Training & Communication Plan (TCP). The TCP is an important component in our strategy to foster a strong integrity culture. This comprehensive plan includes ethical standards training for the Board, employees, contractors, and vendors. The training elements in TCP among others includes integrity seminars tailored for the Board and Management, Integrity E-Learning for all employees, contractors and vendors, and in-person awareness sessions with employees. The TCP also covers communication strategies such as publications of integrity bulletins and e-posters communicated through internal channels. These efforts align with the requirements outlined in the TRUST elements under Section 17A of the MACC Act 2009.

As the leaders play important roles and set the tone from the top, in 2025, TNB organised dedicated program known as the 'Human Governance for Leaders' with the objective of strengthening ethical leadership and reinforcing the values of integrity, accountability and responsibility among senior management. This program aims to cultivate leaders who embody TNB's core values, demonstrate ethical decision-making and foster a culture of trust and transparency throughout the organisation. Through this initiative, TNB continues to emphasize that ethical leadership is fundamental in driving sustainable performance and upholding good governance practices across all levels of the company.

Additionally, TNB has formulated and established a structured framework to strengthen governance, monitoring and effective execution of Hot Jobs interventions. Hot jobs are defined as "positions which are vulnerable to bribery through a risk assessment". Such positions may include any role involving: procurement or contract management; financial approvals; human resource; relations with government officials or government departments; sales; positions where negotiation with an external party is required; or other positions which the company has identified as vulnerable to bribery.

In the context of integrity development, several interventions for the hot jobs have been designed based on the 3E elements which is Education, Engagement and Enforcement. This covers all levels of employees with the following objectives:



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 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 (4) core behaviours, which are 'Assess', 'Comply', 'Intervene' and 'Actively Caring'. Various initiatives have been implemented such as the TNB Life Saving Rules (LSR) that 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 control.

The Stop Work Intervention guideline empowers 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.

We prioritise employee safety and well-being by mandating biennial safety and health training through the Tenaga Safety Passport module. We empower employees for greater self-regulation by providing relevant training, equipping them with the necessary skills to implement robust health and safety practices in their respective workplaces. This ensures that safety remains paramount in all our operations and is deeply ingrained in our corporate culture.

### Customer Experience

TNB, serving over 11 million customers across Peninsular Malaysia and Sabah, is committed to deliver exceptional customer experience by tailoring services for different customer segments (residential, commercial, and industrial). TNB has demonstrated commitment to excellent customer service through responsive problem resolution through case-by-case reviews of customer complaints, prompt remedial actions and dedicated support for billing and account-related issues.

Our strategy covers a wide range of touch points via "Click, Call, Come Over, Go Over" strategies, providing quality solutions and services as well as continuous interaction options to enhance customer experience. Through digitalisation initiatives such as myTNB app and portal as well as Sara the Chatbot, TNB has established avenues for customers to share their feedback for continuous service improvement based on customer suggestions. The myTNB app further empowers customers with installed Smart Meter to track their daily energy consumption, including energy efficiency tips to support their energy journey.

TNB provides multiple communication channels for service requests and enquiries such as TNB Careline (1-300-88-5454 for bill-related queries); 24/7 support through 15454 for power outages and streetlight issues; digital platforms including Facebook, X and email as well as Kedai Tenaga outlets offer personalised, in-person assistance for those who prefer face-to-face interactions. By leveraging social media platforms, we are actively engaging customers, sharing energy-saving tips, promoting renewable energy initiatives, and addressing customer concerns effectively and efficiently.

### 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 is tested through planned drills and is activated to manage potential or declared crises in accordance with the TNB Corporate BCM document. The Corporate Crisis Management Team (CMT), led by TNB President/CEO, also places importance on the management of pre-crisis incidents that may impact Company's reputation and customer experience. The Corporate CMT peruses daily dashboard reports of public, customer and regulatory sentiments related to our business operations and where necessary, additional mitigations are taken to prevent incidents from escalating to crisis.

To further strengthen prompt and coordinated response during crises that affect the nation, strategic engagements and drills are conducted with relevant government agencies such as the National Disaster Management Agency and National Security Council. Collaborations with the Malaysian Meteorological Department and Department of Irrigation and Drainage are sought for early notification of climate related risk exposures and data analysis to enhance business continuity plans.

### CONCLUSION

The Board oversees a comprehensive risk management process and internal control framework designed to identify, evaluate, and mitigate significant risks across the Group's operations. These key features ensure that the Group's strategic actions remain aligned with the Board's defined risk appetite. Through consistent review and actions, the Board maintains a proactive stance on governance, ensuring that identified improvements are met with prompt rectification and enhancement measures.

The Board is of the view that the risk management and internal control system is adequate and effective for the period under review and up to the date of this statement's approval. This determination is reinforced by assurances from TNB President/CEO and Chief Financial Officer confirming that the Group's systems are operating reliably in all material aspects. While acknowledging that such systems provide reasonable rather than absolute assurance against material misstatement or loss, the Board remains dedicated to the continuous oversight and refinement of these frameworks to safeguard shareholders' investments and uphold the Group's long-term resilience.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

As required by Paragraph 15.23 of the MMLR, 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 17 March 2026.

## 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 2025.

### (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.

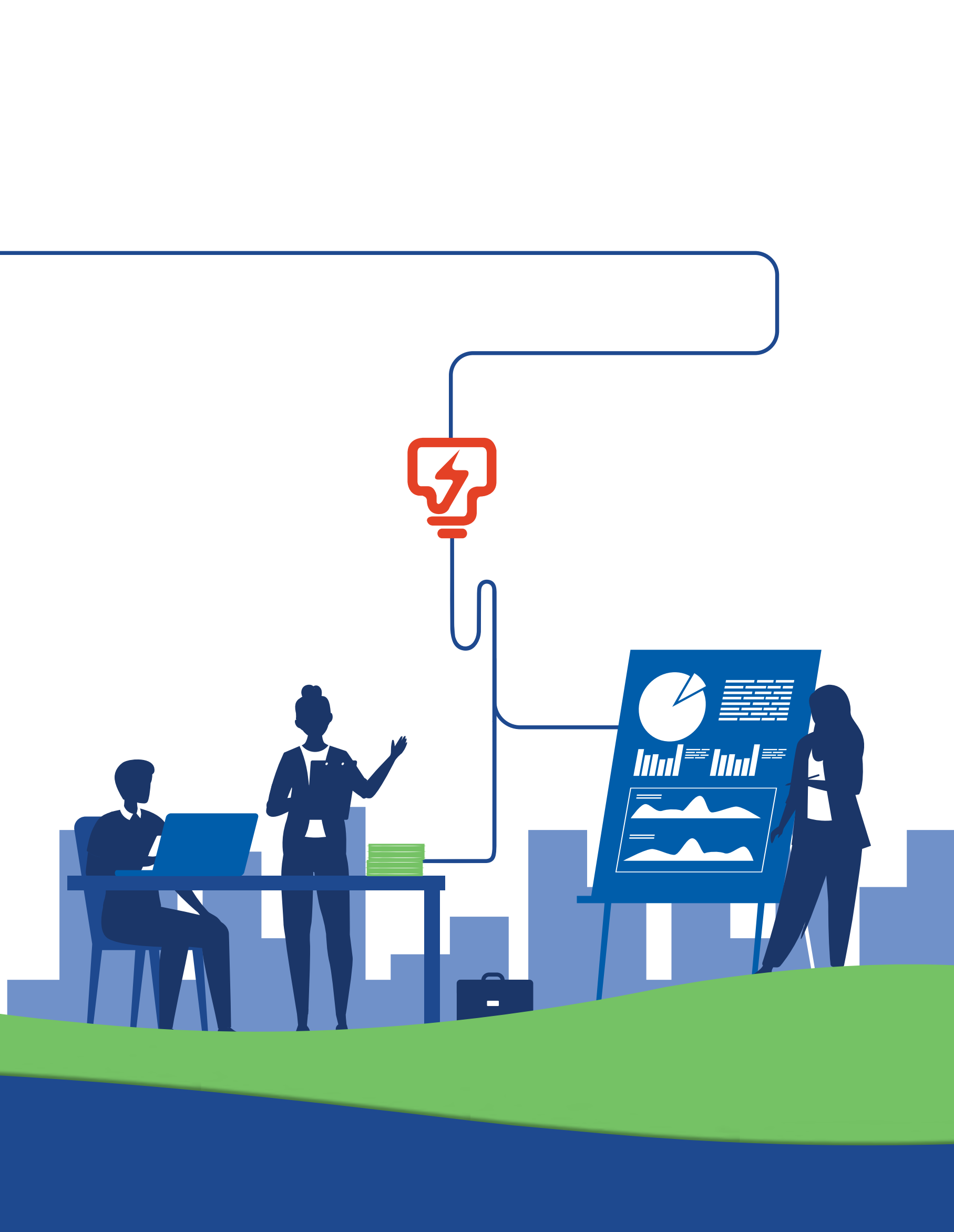
### STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTICES LAID DOWN IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 (PURSUANT TO PARAGRAPH 15.25 OF THE MMLR)

The Board has reviewed, deliberated and approved this Statement on 31 March 2026. 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 in the Corporate Governance Overview Statement.

# FINANCIAL STATEMENTS

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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 2025.

### 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 50 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<br>RM'million | Company<br>RM'million |
|------------------------------------------------|---------------------|-----------------------|
| Profit for the financial year attributable to: |                     |                       |
| - Owners of the Company                        | 4,768.1             | 3,702.1               |
| - Non-controlling interests                    | 1.7                 | 0                     |
| Profit for the financial year                  | 4,769.8             | 3,702.1               |

### DIVIDENDS

The dividends paid or declared by the Company since the previous financial year ended 31 December 2024 were as follows:

|                                                                                      | RM'million |
|--------------------------------------------------------------------------------------|------------|
| In respect of the financial year ended 31 December 2024:                             |            |
| Final single tier dividend of 26.0 sen per ordinary share, paid on 16 April 2025     | 1,511.4    |
| In respect of the financial year ended 31 December 2025:                             |            |
| Interim single tier dividend of 25.0 sen per ordinary share, paid on 16 October 2025 | 1,457.3    |

The Directors have approved a final single tier dividend of 28.0 sen per share on 5,829,142,171 ordinary shares in respect of the financial year ended 31 December 2025 amounting to a total of RM1,632.2 million. The dividends will be paid on 17 April 2026.

### 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 36 to the financial statements. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

## DIRECTORS' REPORT

## TENAGA NASIONAL BERHAD'S LTIP

The Company implemented a LTIP on 30 April 2015 for a period of 10 years, which expired on 29 April 2025. The LTIP is governed by the by-laws, which were approved by the shareholders at an Extraordinary General Meeting on 18 December 2014.

During the financial year, TNB shares were issued following the fulfilment of the vesting conditions pursuant to the LTIP to eligible employees of the Company and its subsidiaries as detailed below:

| Description        | Listing date  | Total TNB shares issued unit | Price at listing date per unit RM |
|--------------------|---------------|------------------------------|-----------------------------------|
| Restricted Shares  | 18 April 2025 | 12,688,800                   | 13.50                             |
| Performance Shares | 18 April 2025 | 3,493,200                    | 13.50                             |
| Restricted Shares  | 29 April 2025 | 12,100                       | 13.64                             |
| Total              |               | 16,194,100                   |                                   |

There has been no further grant of new LTIP tranches during the financial year. The main features and details of the number of grants over the shares of the Company are set out in Note 36 to the financial statements.

## 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

|                                             |                                                                                                 |
|---------------------------------------------|-------------------------------------------------------------------------------------------------|
| Tan Sri Abdul Razak bin Abdul Majid         |                                                                                                 |
| Datuk Ir. Ts. Shamsul bin Ahmad             | (Appointed w.e.f. 1 March 2026)                                                                 |
| Datuk Ramzi bin Mansor                      |                                                                                                 |
| Rohaya binti Mohammad Yusof                 |                                                                                                 |
| Muazzam bin Mohamad                         |                                                                                                 |
| Ong Ai Lin                                  |                                                                                                 |
| Juniwati Rahmat Hussin                      |                                                                                                 |
| Gopala Krishnan K.Sundaram                  |                                                                                                 |
| Dato' Merina binti Abu Tahir                |                                                                                                 |
| Dato' Zulkifli bin Ibrahim                  |                                                                                                 |
| Alan Hamzah Sendut                          |                                                                                                 |
| Datuk Ir. Megat Jalaluddin bin Megat Hassan | (Cessation of Office as Director w.e.f. 28 February 2026)                                       |
| Effizal Faiz Bin Zulkifly                   | (Appointed w.e.f. 30 September 2025)                                                            |
|                                             | (Resigned w.e.f. 16 January 2026)                                                               |
| Mohamad Hanafi Bin Salehuddin               | (Alternate Director to Selvendran Katheerayson)                                                 |
|                                             | (Appointed w.e.f. 28 August 2025)                                                               |
|                                             | (Cessation of Office as Alternate Director to Selvendran Katheerayson w.e.f. 30 September 2025) |
|                                             | (Alternate Director to Effizal Faiz bin Zulkifly)                                               |
|                                             | (Appointed w.e.f. 30 September 2025)                                                            |
|                                             | (Cessation of Office as Alternate Director to Effizal Faiz bin Zulkifly w.e.f. 16 January 2026) |
|                                             | (Resigned w.e.f. 30 September 2025)                                                             |
| Selvendran Katheerayson                     | (Alternate Director to Selvendran Katheerayson)                                                 |
| Elaine Ong Yee Lynn                         | (Cessation of Office as Alternate Director to Selvendran Katheerayson w.e.f. 15 August 2025)    |

## DIRECTORS' REPORT

### DIRECTORS (CONTINUED)

#### 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 Companies Commission of Malaysia ('CCM') via a letter dated 4 February 2026 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 35 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 RM466,875 (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 2025 until 31 October 2026.

### 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<br>1.1.2025         | Vested/<br>Acquired | Disposed | As at<br>31.12.2025 |
| Tan Sri Abdul Razak bin Abdul Majid         | 26,562                    | 0                   | 0        | 26,562              |
| Datuk Ir. Megat Jalaluddin bin Megat Hassan | 109,600                   | 88,900*             | (70,000) | 128,500             |

\* Acquisition of 88,900 new Tenaga Nasional Berhad shares upon fulfilment of LTIP vesting conditions.

Ordinary shares granted pursuant to the Company's LTIP granted to the Director during the financial year are as follows:

|                                             | As at<br>1.1.2025 | Vested    | Forfeited | As at<br>31.12.2025 |
|---------------------------------------------|-------------------|-----------|-----------|---------------------|
| Datuk Ir. Megat Jalaluddin bin Megat Hassan |                   |           |           |                     |
| <u>Performance Share Grant ('PS Grant')</u> |                   |           |           |                     |
| PS Grant 8                                  | 61,200            | (77,200)* | 0         | 0                   |
| <u>Restricted Share Grant ('RS Grant')</u>  |                   |           |           |                     |
| RS Grant 8                                  | 11,700            | (11,700)  | 0         | 0                   |

\* The 8<sup>th</sup> grant was issued on 20 July 2022 whereby it was fully vested on 18 April 2025 upon fulfilment of vesting conditions. The final number of vested was higher than the original grant due to the PS multiplier pursuant to the LTIP vesting conditions.

## DIRECTORS' REPORT

## DIRECTORS' REMUNERATION

|                                                        | Group            |            | Company          |            |
|--------------------------------------------------------|------------------|------------|------------------|------------|
|                                                        | 2025<br>RM       | 2024<br>RM | 2025<br>RM       | 2024<br>RM |
| Non-Executive Directors' fees                          | <b>2,774,645</b> | 2,634,194  | <b>2,534,645</b> | 2,414,194  |
| Non-Executive Directors' other emoluments              | <b>1,886,973</b> | 1,390,161  | <b>1,865,473</b> | 1,361,161  |
| Executive Directors' remuneration and other emoluments | <b>4,384,303</b> | 6,576,567  | <b>4,384,303</b> | 6,576,567  |
|                                                        | <b>9,045,921</b> | 10,600,922 | <b>8,784,421</b> | 10,351,922 |

*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 RM434,423 (2024: RM607,661) for the Group and the Company.*

## 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 RM7.7 million (2024: RM7.0 million) for the Group and RM3.3 million (2024: RM2.9 million) for the Company, while total fees for assurance related and non-audit services amounted to RM1.4 million (2024: RM1.1 million) for the Group and NIL (2024: RM0.1 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 35 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 17 March 2026. Signed on behalf of the Board of Directors:



**TAN SRI ABDUL RAZAK BIN ABDUL MAJID**  
CHAIRMAN



**DATUK IR. TS. SHAMSUL BIN AHMAD**  
PRESIDENT/CHIEF EXECUTIVE OFFICER

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

|                                                                             | Note | Group      |                          |                          | Company    |                          |                          |
|-----------------------------------------------------------------------------|------|------------|--------------------------|--------------------------|------------|--------------------------|--------------------------|
|                                                                             |      | 31.12.2025 | 31.12.2024               | 1.1.2024                 | 31.12.2025 | 31.12.2024               | 1.1.2024                 |
|                                                                             |      | RM'million | RM'million<br>(Restated) | RM'million<br>(Restated) | RM'million | RM'million<br>(Restated) | RM'million<br>(Restated) |
| NON-CURRENT ASSETS                                                          |      |            |                          |                          |            |                          |                          |
| Property, plant and equipment ('PPE')                                       | 5    | 132,884.8  | 125,611.1                | 121,932.1                | 88,489.0   | 81,907.3                 | 78,765.4                 |
| Right-of-use ('ROU') assets                                                 | 6    | 32,586.5   | 31,057.0                 | 34,106.8                 | 60,768.0   | 61,518.5                 | 65,457.0                 |
| Investment property                                                         | 7    | 524.5      | 0                        | 0                        | 524.5      | 0                        | 0                        |
| Subsidiaries                                                                | 8    | 0          | 0                        | 0                        | 9,106.2    | 8,863.1                  | 8,027.6                  |
| Joint ventures                                                              | 9    | 245.8      | 203.4                    | 208.4                    | 0          | 0                        | 0                        |
| Associates                                                                  | 10   | 1,037.2    | 1,284.1                  | 1,458.8                  | 75.7       | 75.7                     | 75.7                     |
| Intangible assets                                                           | 11   | 732.2      | 952.5                    | 1,270.5                  | 0          | 0                        | 0                        |
| Investment in unquoted debt security                                        | 12   | 262.2      | 255.5                    | 259.3                    | 262.2      | 255.5                    | 259.3                    |
| Deferred tax assets                                                         | 13   | 315.3      | 373.9                    | 379.3                    | 0          | 0                        | 0                        |
| Long term receivables                                                       | 14   | 972.4      | 913.8                    | 540.9                    | 861.9      | 859.4                    | 382.8                    |
| Amounts due from subsidiaries                                               | 15   | 0          | 0                        | 0                        | 3,245.0    | 3,736.6                  | 4,885.5                  |
| Finance lease receivables                                                   | 16   | 4.2        | 4.7                      | 6.1                      | 0          | 0                        | 0                        |
| Financial assets at fair value through other comprehensive income ('FVOCI') | 17   | 81.3       | 81.2                     | 55.1                     | 80.9       | 80.5                     | 54.3                     |
| Contract assets                                                             | 18   | 62.7       | 0                        | 0                        | 0          | 0                        | 0                        |
| Contract cost assets                                                        | 18   | 9.5        | 8.9                      | 4.7                      | 0          | 0                        | 0                        |
| Financial assets at fair value through profit or loss ('FVTPL')             | 19   | 14.9       | 19.2                     | 35.9                     | 12.7       | 16.9                     | 33.4                     |
| Derivative financial instruments                                            | 20   | 104.5      | 137.6                    | 168.0                    | 0          | 0                        | 0                        |
| Employee benefits                                                           | 26   | 0          | 322.6                    | 147.1                    | 0          | 322.6                    | 147.1                    |
|                                                                             |      | 169,838.0  | 161,225.5                | 160,573.0                | 163,426.1  | 157,636.1                | 158,088.1                |
| CURRENT ASSETS                                                              |      |            |                          |                          |            |                          |                          |
| Inventories                                                                 | 21   | 2,561.8    | 2,543.6                  | 2,758.0                  | 293.6      | 259.0                    | 278.7                    |
| Receivables, deposits and prepayments                                       | 22   | 6,719.7    | 10,857.4                 | 10,408.2                 | 4,012.5    | 7,902.6                  | 7,707.7                  |
| Contract assets                                                             | 18   | 4,263.6    | 4,641.6                  | 4,446.8                  | 3,907.3    | 4,368.4                  | 4,226.9                  |
| Contract cost assets                                                        | 18   | 189.7      | 124.3                    | 99.5                     | 0          | 0                        | 0                        |
| Tax recoverable                                                             |      | 1,210.0    | 468.0                    | 421.7                    | 916.9      | 0                        | 0                        |
| Finance lease receivables                                                   | 16   | 0.3        | 1.3                      | 1.1                      | 0          | 0                        | 0                        |
| Amounts due from subsidiaries                                               | 15   | 0          | 0                        | 0                        | 2,391.7    | 3,212.2                  | 3,092.1                  |
| Amounts due from joint ventures                                             | 9    | 16.5       | 15.9                     | 22.7                     | 0          | 0                        | 0                        |
| Amounts due from associates                                                 | 10   | 338.9      | 420.2                    | 388.3                    | 5.1        | 13.6                     | 5.2                      |
| Derivative financial instruments                                            | 20   | 0          | 35.6                     | 0                        | 0          | 35.6                     | 0                        |
| Financial assets at FVTPL                                                   | 19   | 135.8      | 445.9                    | 1,614.1                  | 56.9       | 90.5                     | 1,336.0                  |
| Deposits, bank and cash balances                                            | 23   | 12,836.7   | 19,601.1                 | 19,390.5                 | 6,455.7    | 13,890.5                 | 13,326.6                 |
|                                                                             |      | 28,273.0   | 39,154.9                 | 39,550.9                 | 18,039.7   | 29,772.4                 | 29,973.2                 |
| Asset classified as held for sale                                           | 24   | 243.5      | 0                        | 0                        | 0          | 0                        | 0                        |
|                                                                             |      | 28,516.5   | 39,154.9                 | 39,550.9                 | 18,039.7   | 29,772.4                 | 29,973.2                 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

|                                                            |      | Group                    |                                        |                                      | Company                  |                                        |                                      |
|------------------------------------------------------------|------|--------------------------|----------------------------------------|--------------------------------------|--------------------------|----------------------------------------|--------------------------------------|
|                                                            | Note | 31.12.2025<br>RM'million | 31.12.2024<br>RM'million<br>(Restated) | 1.1.2024<br>RM'million<br>(Restated) | 31.12.2025<br>RM'million | 31.12.2024<br>RM'million<br>(Restated) | 1.1.2024<br>RM'million<br>(Restated) |
| CURRENT LIABILITIES                                        |      |                          |                                        |                                      |                          |                                        |                                      |
| Payables                                                   | 25   | (11,155.2)               | (14,215.4)                             | (12,830.7)                           | (6,099.3)                | (9,733.2)                              | (8,337.9)                            |
| Contract liabilities                                       | 18   | (474.3)                  | (460.2)                                | (338.6)                              | (291.9)                  | (258.9)                                | (244.9)                              |
| Derivative financial instruments                           | 20   | (0.7)                    | (2.8)                                  | (1.4)                                | (0.7)                    | (2.8)                                  | (1.4)                                |
| Lease liabilities                                          | 16   | (2,578.3)                | (3,140.1)                              | (2,983.5)                            | (4,842.6)                | (5,168.2)                              | (4,466.2)                            |
| Amounts due to subsidiaries                                | 15   | 0                        | 0                                      | 0                                    | (4,969.4)                | (6,097.6)                              | (6,944.0)                            |
| Amounts due to associates                                  | 10   | (132.8)                  | (476.9)                                | (579.7)                              | (132.8)                  | (466.7)                                | (568.8)                              |
| Current tax liabilities                                    |      | (91.2)                   | (5,922.8)                              | (5,326.5)                            | (29.7)                   | (5,864.9)                              | (5,242.4)                            |
| Employee benefits                                          | 26   | (743.3)                  | (645.5)                                | (615.8)                              | (711.4)                  | (616.2)                                | (589.5)                              |
| Consumer deposits                                          | 27   | (9,353.2)                | (8,666.3)                              | (8,050.1)                            | (8,936.6)                | (8,258.3)                              | (7,659.6)                            |
| Short term borrowings                                      | 28   | (11,951.7)               | (6,275.6)                              | (7,330.6)                            | (9,376.8)                | (3,336.9)                              | (4,354.4)                            |
| Government development grants                              | 29   | (107.2)                  | 0                                      | 0                                    | 0                        | 0                                      | 0                                    |
|                                                            |      | (36,587.9)               | (39,805.6)                             | (38,056.9)                           | (35,391.2)               | (39,803.7)                             | (38,409.1)                           |
| NET CURRENT (LIABILITIES)/ASSETS                           |      | (8,071.4)                | (650.7)                                | 1,494.0                              | (17,351.5)               | (10,031.3)                             | (8,435.9)                            |
| TOTAL ASSETS LESS CURRENT LIABILITIES                      |      | 161,766.6                | 160,574.8                              | 162,067.0                            | 146,074.6                | 147,604.8                              | 149,652.2                            |
| NON-CURRENT LIABILITIES                                    |      |                          |                                        |                                      |                          |                                        |                                      |
| Borrowings                                                 | 28   | (47,134.0)               | (51,131.0)                             | (54,439.6)                           | (19,425.0)               | (23,320.7)                             | (25,323.7)                           |
| Derivative financial instruments                           | 20   | (72.1)                   | (98.2)                                 | (10.5)                               | 0                        | 0                                      | 0                                    |
| Contract liabilities                                       | 18   | (8,719.5)                | (7,838.8)                              | (5,449.7)                            | (7,774.5)                | (6,882.8)                              | (4,651.3)                            |
| Government development grants                              | 29   | (1,300.2)                | (1,187.7)                              | (922.8)                              | 0                        | 0                                      | 0                                    |
| Lease liabilities                                          | 16   | (27,904.8)               | (25,570.5)                             | (27,877.4)                           | (62,414.0)               | (61,772.5)                             | (64,820.4)                           |
| Deferred tax liabilities                                   | 13   | (9,267.6)                | (9,308.8)                              | (9,018.3)                            | (6,594.4)                | (6,721.6)                              | (6,491.2)                            |
| Other liabilities                                          | 30   | (1,807.4)                | (1,470.4)                              | (1,348.7)                            | (1,206.4)                | (943.0)                                | (764.4)                              |
| Employee benefits                                          | 26   | (12,587.0)               | (11,958.1)                             | (11,755.3)                           | (11,791.8)               | (11,184.8)                             | (11,024.2)                           |
|                                                            |      | (108,792.6)              | (108,563.5)                            | (110,822.3)                          | (109,206.1)              | (110,825.4)                            | (113,075.2)                          |
| TOTAL NET ASSETS                                           |      | 52,974.0                 | 52,011.3                               | 51,244.7                             | 36,868.5                 | 36,779.4                               | 36,577.0                             |
| EQUITY                                                     |      |                          |                                        |                                      |                          |                                        |                                      |
| Share capital                                              | 31   | 12,810.1                 | 12,700.2                               | 12,499.5                             | 12,810.1                 | 12,700.2                               | 12,499.5                             |
| Other reserves                                             | 32   | (7,891.8)                | (6,962.9)                              | (6,682.6)                            | (7,256.7)                | (6,502.5)                              | (6,161.8)                            |
| Retained profits                                           |      | 45,871.2                 | 44,075.4                               | 43,170.9                             | 31,315.1                 | 30,581.7                               | 30,239.3                             |
| CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY |      | 50,789.5                 | 49,812.7                               | 48,987.8                             | 36,868.5                 | 36,779.4                               | 36,577.0                             |
| NON-CONTROLLING INTERESTS ('NCI')                          | 8(c) | 2,184.5                  | 2,198.6                                | 2,256.9                              | 0                        | 0                                      | 0                                    |
| TOTAL EQUITY                                               |      | 52,974.0                 | 52,011.3                               | 51,244.7                             | 36,868.5                 | 36,779.4                               | 36,577.0                             |

The notes set out on pages 320 to 464 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                                                                                  | Note | Group              |                                  | Company            |                                  |
|--------------------------------------------------------------------------------------------------|------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                                                                                  |      | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| Revenue                                                                                          | 33   | 67,723.1           | 56,737.1                         | 61,637.4           | 50,950.6                         |
| Imbalance Cost Pass-Through ('ICPT') and Automatic Fuel Adjustment ('AFA') (over)/under recovery | 34   | (2,738.6)          | 9,097.7                          | (2,792.4)          | 8,569.6                          |
| Operating expenses                                                                               | 35   | (57,702.9)         | (58,958.3)                       | (51,422.7)         | (52,255.4)                       |
| Net reversal/(loss) on impairment of financial instruments                                       | 47   | 32.9               | 789.1                            | (223.7)            | 662.7                            |
| Other operating income                                                                           | 37   | 1,217.6            | 1,054.5                          | 804.1              | 955.8                            |
| Operating profit                                                                                 |      | 8,532.1            | 8,720.1                          | 8,002.7            | 8,883.3                          |
| Foreign exchange gain                                                                            | 38   | 702.6              | 467.4                            | 683.8              | 373.2                            |
| Share of results of joint ventures                                                               | 9    | 23.8               | 23.2                             | 0                  | 0                                |
| Share of results of associates                                                                   | 10   | 64.0               | 84.3                             | 0                  | 0                                |
| Profit before finance cost                                                                       |      | 9,322.5            | 9,295.0                          | 8,686.5            | 9,256.5                          |
| Finance income                                                                                   | 39   | 631.4              | 628.7                            | 742.0              | 806.4                            |
| Finance cost                                                                                     | 39   | (3,994.5)          | (4,097.8)                        | (4,973.6)          | (5,139.3)                        |
| Fair value changes of financial instruments                                                      | 39   | 217.2              | (11.1)                           | 188.0              | (169.2)                          |
| Profit before taxation and zakat                                                                 |      | 6,176.6            | 5,814.8                          | 4,642.9            | 4,754.4                          |
| Taxation and zakat                                                                               | 40   | (1,406.8)          | (1,805.6)                        | (940.8)            | (1,338.3)                        |
| Profit for the financial year                                                                    |      | 4,769.8            | 4,009.2                          | 3,702.1            | 3,416.1                          |
| Profit attributable to:                                                                          |      |                    |                                  |                    |                                  |
| - Owners of the Company                                                                          |      | 4,768.1            | 3,978.2                          | 3,702.1            | 3,416.1                          |
| - Non-controlling interests                                                                      |      | 1.7                | 31.0                             | 0                  | 0                                |
| Profit for the financial year                                                                    |      | 4,769.8            | 4,009.2                          | 3,702.1            | 3,416.1                          |

|                     |    | Sen   | Sen<br>(Restated) |
|---------------------|----|-------|-------------------|
| Earnings per share: |    |       |                   |
| - Basic             | 41 | 81.86 | 68.58             |
| - Diluted           | 41 | 81.86 | 68.43             |

The notes set out on pages 320 to 464 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                                                                                 | Note | Group              |                                  | Company            |                                  |
|-------------------------------------------------------------------------------------------------|------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                                                                                 |      | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| Profit for the financial year                                                                   |      | <b>4,769.8</b>     | 4,009.2                          | <b>3,702.1</b>     | 3,416.1                          |
| Other comprehensive (expense)/income                                                            |      |                    |                                  |                    |                                  |
| Items that will not be reclassified subsequently to profit or loss:                             |      |                    |                                  |                    |                                  |
| Defined benefit plan actuarial loss                                                             |      | <b>(666.8)</b>     | (256.5)                          | <b>(656.9)</b>     | (227.6)                          |
| Fair value changes of financial assets at FVOCI                                                 |      | <b>0.4</b>         | 26.1                             | <b>0.4</b>         | 26.2                             |
| Items that may be reclassified subsequently to profit or loss:                                  |      |                    |                                  |                    |                                  |
| Foreign currency translation differences                                                        |      | <b>(160.4)</b>     | (113.0)                          | <b>0</b>           | 0                                |
| Share of other comprehensive income ('OCI') of associates accounted for using the equity method | 10   | <b>(10.3)</b>      | (17.6)                           | <b>0</b>           | 0                                |
| Total other comprehensive expense                                                               |      | <b>(837.1)</b>     | (361.0)                          | <b>(656.5)</b>     | (201.4)                          |
| Total comprehensive income for the financial year                                               |      | <b>3,932.7</b>     | 3,648.2                          | <b>3,045.6</b>     | 3,214.7                          |
| Attributable to:                                                                                |      |                    |                                  |                    |                                  |
| - Owners of the Company                                                                         |      | <b>3,936.9</b>     | 3,682.5                          | <b>3,045.6</b>     | 3,214.7                          |
| - Non-controlling interests                                                                     | 8(c) | <b>(4.2)</b>       | (34.3)                           | <b>0</b>           | 0                                |
| Total comprehensive income for the financial year                                               |      | <b>3,932.7</b>     | 3,648.2                          | <b>3,045.6</b>     | 3,214.7                          |

The notes set out on pages 320 to 464 form an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                                                  | Note | Attributable to owners of the Company |                              |                                | Non-controlling interests<br>RM'million | Total equity<br>RM'million |
|------------------------------------------------------------------|------|---------------------------------------|------------------------------|--------------------------------|-----------------------------------------|----------------------------|
|                                                                  |      | Ordinary shares<br>RM'million         | Other reserves<br>RM'million | Retained profits<br>RM'million |                                         |                            |
| <b>Group</b>                                                     |      |                                       |                              |                                |                                         |                            |
| <b>At 1 January 2025 (Restated)</b>                              |      | <b>12,700.2</b>                       | <b>(6,962.9)</b>             | <b>44,075.4</b>                | <b>2,198.6</b>                          | <b>52,011.3</b>            |
| Defined benefit plan actuarial loss                              | 32   | 0                                     | (665.1)                      | 0                              | (1.7)                                   | (666.8)                    |
| Fair value changes of financial assets at FVOCI                  | 32   | 0                                     | 0.4                          | 0                              | 0                                       | 0.4                        |
| Foreign currency translation differences                         | 32   | 0                                     | (156.2)                      | 0                              | (4.2)                                   | (160.4)                    |
| Profit for the financial year                                    |      | 0                                     | 0                            | 4,768.1                        | 1.7                                     | 4,769.8                    |
| Share of OCI of associates accounted for using the equity method | 32   | 0                                     | (10.3)                       | 0                              | 0                                       | (10.3)                     |
| Total comprehensive (expense)/income for the financial year      |      | 0                                     | (831.2)                      | 4,768.1                        | (4.2)                                   | 3,932.7                    |
| LTIP:                                                            |      |                                       |                              |                                |                                         |                            |
| - Share-based payment expense                                    |      | 0                                     | 28.3                         | 0                              | 0                                       | 28.3                       |
| - Reversal of share-based payment expense                        |      | 0                                     | (16.1)                       | 0                              | 0                                       | (16.1)                     |
| - Shares issued                                                  | 31   | 109.9                                 | (109.9)                      | 0                              | 0                                       | 0                          |
| Dividends paid:                                                  |      |                                       |                              |                                |                                         |                            |
| - Final dividend for FY2024                                      | 42   | 0                                     | 0                            | (1,511.4)                      | 0                                       | (1,511.4)                  |
| - Interim dividend for FY2025                                    | 42   | 0                                     | 0                            | (1,457.3)                      | 0                                       | (1,457.3)                  |
| Dividend paid to NCI                                             | 8(c) | 0                                     | 0                            | 0                              | (0.8)                                   | (0.8)                      |
| Acquisition of shares from NCI                                   | 8(c) | 0                                     | 0                            | (3.6)                          | 3.6                                     | 0                          |
| Redemption of Redeemable Preference Shares ('RPS') by NCI        | 8(c) | 0                                     | 0                            | 0                              | (12.7)                                  | (12.7)                     |
| Total transactions with owners                                   |      | 109.9                                 | (97.7)                       | (2,972.3)                      | (9.9)                                   | (2,970.0)                  |
| <b>At 31 December 2025</b>                                       |      | <b>12,810.1</b>                       | <b>(7,891.8)</b>             | <b>45,871.2</b>                | <b>2,184.5</b>                          | <b>52,974.0</b>            |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                                                        |      | Attributable to owners of the Company |                                 |                                   | Non-                                   |                               |
|------------------------------------------------------------------------|------|---------------------------------------|---------------------------------|-----------------------------------|----------------------------------------|-------------------------------|
|                                                                        | Note | Ordinary<br>shares<br>RM'million      | Other<br>reserves<br>RM'million | Retained<br>profits<br>RM'million | controlling<br>interests<br>RM'million | Total<br>equity<br>RM'million |
| Group                                                                  |      |                                       |                                 |                                   |                                        |                               |
| At 1 January 2024 (As previously reported)                             |      | 12,499.5                              | (6,682.6)                       | 53,008.9                          | 2,256.9                                | 61,082.7                      |
| Effect of prior year adjustments                                       | 49   | 0                                     | 0                               | (9,838.0)                         | 0                                      | (9,838.0)                     |
| At 1 January 2024 (Restated)                                           |      | 12,499.5                              | (6,682.6)                       | 43,170.9                          | 2,256.9                                | 51,244.7                      |
| Defined benefit plan actuarial loss                                    | 32   | 0                                     | (197.6)                         | 0                                 | (58.9)                                 | (256.5)                       |
| Fair value changes of financial assets at FVOCI                        | 32   | 0                                     | 26.1                            | 0                                 | 0                                      | 26.1                          |
| Foreign currency translation differences                               | 32   | 0                                     | (106.6)                         | 0                                 | (6.4)                                  | (113.0)                       |
| Profit for the financial year (Restated)                               |      | 0                                     | 0                               | 3,978.2                           | 31.0                                   | 4,009.2                       |
| Share of OCI of associates accounted for using the equity method       | 32   | 0                                     | (17.6)                          | 0                                 | 0                                      | (17.6)                        |
| Total comprehensive (expense)/income for the financial year (Restated) |      | 0                                     | (295.7)                         | 3,978.2                           | (34.3)                                 | 3,648.2                       |
| LTIP:                                                                  |      |                                       |                                 |                                   |                                        |                               |
| - Share-based payment expense                                          |      | 0                                     | 74.7                            | 0                                 | 0                                      | 74.7                          |
| - Reversal of share-based payment expense                              |      | 0                                     | (13.3)                          | 0                                 | 0                                      | (13.3)                        |
| - Shares issued                                                        | 31   | 200.7                                 | (200.7)                         | 0                                 | 0                                      | 0                             |
| Dividends paid:                                                        |      |                                       |                                 |                                   |                                        |                               |
| - Final dividend for FY2023                                            | 42   | 0                                     | 0                               | (1,620.5)                         | 0                                      | (1,620.5)                     |
| - Interim dividend for FY2024                                          | 42   | 0                                     | 0                               | (1,453.2)                         | 0                                      | (1,453.2)                     |
| Dividend paid to NCI                                                   | 8(c) | 0                                     | 0                               | 0                                 | (0.6)                                  | (0.6)                         |
| Redemption of RPS by NCI                                               | 8(c) | 0                                     | 0                               | 0                                 | (2.8)                                  | (2.8)                         |
| Derecognition of a subsidiary upon winding up                          | 35   | 0                                     | 154.7                           | 0                                 | (20.6)                                 | 134.1                         |
| Total transactions with owners                                         |      | 200.7                                 | 15.4                            | (3,073.7)                         | (24.0)                                 | (2,881.6)                     |
| At 31 December 2024 (Restated)                                         |      | 12,700.2                              | (6,962.9)                       | 44,075.4                          | 2,198.6                                | 52,011.3                      |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                                                        |      | Attributable to owners of the Company |                                 |                                   |                               |
|------------------------------------------------------------------------|------|---------------------------------------|---------------------------------|-----------------------------------|-------------------------------|
|                                                                        | Note | Ordinary<br>shares<br>RM'million      | Other<br>reserves<br>RM'million | Retained<br>profits<br>RM'million | Total<br>equity<br>RM'million |
| Company                                                                |      |                                       |                                 |                                   |                               |
| At 1 January 2025 (Restated)                                           |      | 12,700.2                              | (6,502.5)                       | 30,581.7                          | 36,779.4                      |
| Defined benefit plan actuarial loss                                    | 32   | 0                                     | (656.9)                         | 0                                 | (656.9)                       |
| Fair value changes of financial assets at FVOCI                        | 32   | 0                                     | 0.4                             | 0                                 | 0.4                           |
| Profit for the financial year                                          |      | 0                                     | 0                               | 3,702.1                           | 3,702.1                       |
| Total comprehensive (expense)/income for the financial year            |      | 0                                     | (656.5)                         | 3,702.1                           | 3,045.6                       |
| LTIP:                                                                  |      |                                       |                                 |                                   |                               |
| - Share-based payment expense                                          |      | 0                                     | 28.3                            | 0                                 | 28.3                          |
| - Reversal of share-based payment expense                              |      | 0                                     | (16.1)                          | 0                                 | (16.1)                        |
| - Shares issued                                                        | 31   | 109.9                                 | (109.9)                         | 0                                 | 0                             |
| Dividends paid:                                                        |      |                                       |                                 |                                   |                               |
| - Final dividend for FY2024                                            | 42   | 0                                     | 0                               | (1,511.4)                         | (1,511.4)                     |
| - Interim dividend for FY2025                                          | 42   | 0                                     | 0                               | (1,457.3)                         | (1,457.3)                     |
| Total transactions with owners                                         |      | 109.9                                 | (97.7)                          | (2,968.7)                         | (2,956.5)                     |
| At 31 December 2025                                                    |      | 12,810.1                              | (7,256.7)                       | 31,315.1                          | 36,868.5                      |
| At 1 January 2024 (As previously reported)                             |      | 12,499.5                              | (6,161.8)                       | 40,077.3                          | 46,415.0                      |
| Effect of prior year adjustments                                       | 49   | 0                                     | 0                               | (9,838.0)                         | (9,838.0)                     |
| At 1 January 2024 (Restated)                                           |      | 12,499.5                              | (6,161.8)                       | 30,239.3                          | 36,577.0                      |
| Defined benefit plan actuarial loss                                    | 32   | 0                                     | (227.6)                         | 0                                 | (227.6)                       |
| Fair value changes of financial assets at FVOCI                        | 32   | 0                                     | 26.2                            | 0                                 | 26.2                          |
| Profit for the financial year (Restated)                               |      | 0                                     | 0                               | 3,416.1                           | 3,416.1                       |
| Total comprehensive (expense)/income for the financial year (Restated) |      | 0                                     | (201.4)                         | 3,416.1                           | 3,214.7                       |
| LTIP:                                                                  |      |                                       |                                 |                                   |                               |
| - Share-based payment expense                                          |      | 0                                     | 74.7                            | 0                                 | 74.7                          |
| - Reversal of share-based payment expense                              |      | 0                                     | (13.3)                          | 0                                 | (13.3)                        |
| - Shares issued                                                        | 31   | 200.7                                 | (200.7)                         | 0                                 | 0                             |
| Dividends paid:                                                        |      |                                       |                                 |                                   |                               |
| - Final dividend for FY2023                                            | 42   | 0                                     | 0                               | (1,620.5)                         | (1,620.5)                     |
| - Interim dividend for FY2024                                          | 42   | 0                                     | 0                               | (1,453.2)                         | (1,453.2)                     |
| Total transactions with owners                                         |      | 200.7                                 | (139.3)                         | (3,073.7)                         | (3,012.3)                     |
| At 31 December 2024 (Restated)                                         |      | 12,700.2                              | (6,502.5)                       | 30,581.7                          | 36,779.4                      |

The notes set out on pages 320 to 464 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                             | Group              |                                  | Company            |                                  |
|---------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                             | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |                    |                                  |                    |                                  |
| Profit for the financial year               | 4,769.8            | 4,009.2                          | 3,702.1            | 3,416.1                          |
| Adjustments for:                            |                    |                                  |                    |                                  |
| Taxation and zakat                          | 1,406.8            | 1,805.6                          | 940.8              | 1,338.3                          |
| PPE:                                        |                    |                                  |                    |                                  |
| - Depreciation                              | 8,708.0            | 8,075.5                          | 5,621.7            | 5,250.9                          |
| - Written off/impairment                    | 116.2              | 142.9                            | 48.4               | 64.4                             |
| - Loss on disposals                         | 3.5                | 22.6                             | 4.2                | 22.6                             |
| - Abandoned projects                        | 6.9                | 0                                | 6.9                | 0                                |
| ROU assets:                                 |                    |                                  |                    |                                  |
| - Depreciation                              | 3,272.3            | 3,156.9                          | 5,390.9            | 5,417.3                          |
| - (Gain)/Loss on disposals                  | (0.4)              | 1.8                              | (3.6)              | 0                                |
| Gain on sale and leaseback                  | 0                  | 0                                | 0                  | (8.8)                            |
| Investment property:                        |                    |                                  |                    |                                  |
| - Depreciation                              | 5.3                | 0                                | 5.3                | 0                                |
| Provision for post-employment benefits      | 574.7              | 605.7                            | 533.0              | 559.4                            |
| LTIP:                                       |                    |                                  |                    |                                  |
| - Share-based payment expense               | 28.3               | 74.7                             | 19.3               | 51.6                             |
| - Reversal of share-based payment expense   | (16.1)             | (13.3)                           | (9.5)              | (6.2)                            |
| Foreign exchange translation gain           | (651.5)            | (492.2)                          | (635.3)            | (395.5)                          |
| Loss on winding up of a subsidiary          | 0                  | 134.1                            | 0                  | 0                                |
| Share of results of joint ventures          | (23.8)             | (23.2)                           | 0                  | 0                                |
| Share of results of associates              | (64.0)             | (84.3)                           | 0                  | 0                                |
| Dividend income                             | (9.6)              | (4.7)                            | (113.0)            | (168.6)                          |
| Finance income                              | (631.4)            | (628.7)                          | (742.0)            | (806.4)                          |
| Finance cost on:                            |                    |                                  |                    |                                  |
| - Borrowings                                | 2,178.6            | 2,383.6                          | 776.8              | 906.8                            |
| - Lease liabilities                         | 1,592.3            | 1,508.6                          | 3,862.2            | 3,873.0                          |
| - Consumer deposits                         | 226.3              | 215.2                            | 216.2              | 205.4                            |
| - Others                                    | 14.7               | 10.1                             | 118.4              | 154.1                            |
| Release of:                                 |                    |                                  |                    |                                  |
| - Customers' contributions                  | (381.6)            | (310.2)                          | (329.5)            | (243.1)                          |
| - Deferred income                           | (490.3)            | (147.8)                          | 0                  | 0                                |
| Government development grants:              |                    |                                  |                    |                                  |
| - Other operating income                    | (100.1)            | (83.6)                           | 0                  | 0                                |
| - Finance cost                              | (17.4)             | (19.7)                           | 0                  | 0                                |
| Impairment losses on:                       |                    |                                  |                    |                                  |
| - Receivables                               | 337.9              | 83.2                             | 276.4              | 40.0                             |
| - Contract assets                           | 3.0                | 13.9                             | 1.0                | 12.7                             |
| - Amounts due from subsidiaries             | 0                  | 0                                | 391.0              | 240.4                            |
| - Amounts due from joint ventures           | 10.4               | 10.8                             | 0                  | 0                                |
| - Amounts due from associates               | 0.1                | 0.1                              | 0.1                | 0.1                              |
| - Financial guarantee contracts             | 0.1                | 0                                | 0.1                | 0                                |
| - Investment in unquoted debt security      | 0.7                | 0.3                              | 0.7                | 0.3                              |

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                                         | Group      |            | Company    |            |
|---------------------------------------------------------|------------|------------|------------|------------|
|                                                         | 2025       | 2024       | 2025       | 2024       |
|                                                         | RM'million | RM'million | RM'million | RM'million |
|                                                         |            | (Restated) |            | (Restated) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b> |            |            |            |            |
| Adjustments for: (continued)                            |            |            |            |            |
| Reversal of impairment losses on:                       |            |            |            |            |
| - Receivables                                           | (118.4)    | (821.9)    | (89.6)     | (819.0)    |
| - Contract assets                                       | (7.3)      | (48.5)     | (2.3)      | (42.7)     |
| - Amounts due from subsidiaries                         | 0          | 0          | (105.8)    | (79.3)     |
| - Amounts due from joint ventures                       | (10.9)     | (6.5)      | 0          | 0          |
| - Amounts due from associates                           | (0.8)      | (4.9)      | (0.2)      | 0          |
| - Financial guarantee contracts                         | (247.7)    | (15.2)     | (247.7)    | (14.8)     |
| - Investment in unquoted debt security                  | 0          | (0.4)      | 0          | (0.4)      |
| Impairment losses on investment in:                     |            |            |            |            |
| - Subsidiaries                                          | 0          | 0          | 15.4       | 1.8        |
| - Joint ventures                                        | 0          | 2.0        | 0          | 0          |
| - Associates                                            | 0          | 30.2       | 0          | 0          |
| Reversal of impairment losses of investment in:         |            |            |            |            |
| - Subsidiaries                                          | 0          | 0          | (0.7)      | (0.1)      |
| - Joint ventures                                        | 0          | (3.8)      | 0          | 0          |
| - Associates                                            | (24.5)     | 0          | 0          | 0          |
| Impairment losses on intangible assets                  | 166.8      | 52.2       | 0          | 0          |
| Inventories:                                            |            |            |            |            |
| - Provision for obsolescence                            | 73.8       | 102.4      | 59.5       | 53.5       |
| - Write back of obsolescence                            | (59.4)     | (104.4)    | (53.5)     | (50.0)     |
| - Written off                                           | 128.1      | 97.8       | 128.1      | 89.6       |
| Changes in fair value of financial instruments          | (217.2)    | 11.1       | (188.0)    | 169.2      |
| Capacity charges differential                           | (505.1)    | 131.2      | (326.0)    | (98.7)     |
| Cash from operations before working capital changes     | 20,047.1   | 19,868.4   | 19,271.8   | 19,133.9   |
| Working capital changes:                                |            |            |            |            |
| - Inventories                                           | (159.4)    | 118.6      | (168.7)    | (73.4)     |
| - Receivables                                           | 4,109.6    | (304.4)    | 3,846.7    | (127.8)    |
| - Contract balances                                     | 253.6      | (189.1)    | 462.5      | (111.5)    |
| - Payables                                              | (1,822.0)  | 1,504.3    | (2,845.7)  | 1,434.1    |
| - Subsidiaries balances                                 | 0          | 0          | (417.0)    | (336.2)    |
| - Associates balances                                   | (262.1)    | (104.1)    | (325.3)    | (110.5)    |
| - Joint ventures balances                               | (0.1)      | 2.5        | 0          | 0          |
| Cash generated from operations                          | 22,166.7   | 20,896.2   | 19,824.3   | 19,808.6   |
| Post-employment benefits paid                           | (797.6)    | (886.1)    | (773.2)    | (856.9)    |
| Contract liabilities received                           | 1,744.2    | 2,841.9    | 1,254.2    | 2,488.6    |
| Consumer deposits received                              | 460.6      | 401.0      | 462.1      | 393.3      |
| Net taxation and zakat paid                             | (7,741.8)  | (874.7)    | (7,612.6)  | (410.2)    |
| Net cash flows generated from operating activities      | 15,832.1   | 22,378.3   | 13,154.8   | 21,423.4   |



**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                                              | Group              |                                  | Company            |                                  |
|--------------------------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                                              | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |                    |                                  |                    |                                  |
| Acquisition of subsidiaries net of cash and cash equivalents | 0                  | (1.6)                            | 0                  | 0                                |
| Additional investments in:                                   |                    |                                  |                    |                                  |
| - Subsidiaries                                               | 0                  | 0                                | (85.4)             | (31.7)                           |
| - Financial assets at FVTPL                                  | (0.8)              | (5,287.0)                        | (0.8)              | (4,934.0)                        |
| - Joint ventures                                             | (18.6)             | (0.5)                            | 0                  | 0                                |
| - Associate                                                  | (31.1)             | (1.3)                            | 0                  | 0                                |
| Proceeds from redemptions of:                                |                    |                                  |                    |                                  |
| - RPS in a subsidiary                                        | 0                  | 0                                | 0                  | 137.8                            |
| - Ordinary shares in a subsidiary                            | 0                  | 0                                | 0                  | 0.8                              |
| Disposals of financial assets at FVTPL                       | 291.8              | 6,504.2                          | 14.8               | 6,219.9                          |
| Dividend income received                                     | 111.3              | 244.1                            | 168.3              | 127.5                            |
| Finance income received                                      | 635.0              | 623.4                            | 522.9              | 516.2                            |
| PPE:                                                         |                    |                                  |                    |                                  |
| - Additions                                                  | (16,271.8)         | (11,184.2)                       | (12,415.0)         | (9,133.9)                        |
| - Proceeds from disposals                                    | 4.6                | 1.4                              | 4.6                | 0.8                              |
| ROU assets:                                                  |                    |                                  |                    |                                  |
| - Proceeds from disposals                                    | 0.4                | 0                                | 0.4                | 0                                |
| Advances to subsidiaries:                                    |                    |                                  |                    |                                  |
| - Granted                                                    | 0                  | 0                                | (369.9)            | (115.7)                          |
| - Repayment                                                  | 0                  | 0                                | 696.6              | 609.2                            |
| Deposits maturing more than 90 days:                         |                    |                                  |                    |                                  |
| - Invested                                                   | (3,951.7)          | (7,204.6)                        | (1,524.6)          | (4,039.4)                        |
| - Matured                                                    | 6,077.8            | 4,968.7                          | 3,249.6            | 1,578.9                          |
| <b>Net cash flows used in investing activities</b>           | <b>(13,153.1)</b>  | <b>(11,337.4)</b>                | <b>(9,738.5)</b>   | <b>(9,063.6)</b>                 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|                                                                             | Group              |                                  | Company            |                                  |
|-----------------------------------------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                                                             | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |                    |                                  |                    |                                  |
| Government development grants received                                      | 9.0                | 7.5                              | 0                  | 0                                |
| Long term borrowings:                                                       |                    |                                  |                    |                                  |
| - Drawdowns                                                                 | 984.9              | 705.1                            | 0                  | 0                                |
| - Repayments                                                                | (3,000.1)          | (1,316.3)                        | (1,512.1)          | (105.5)                          |
| Short term borrowings:                                                      |                    |                                  |                    |                                  |
| - Drawdowns                                                                 | 6,707.3            | 2,197.0                          | 6,096.4            | 1,505.0                          |
| - Repayments                                                                | (2,047.8)          | (4,972.8)                        | (1,601.3)          | (4,000.0)                        |
| Finance cost paid                                                           | (2,730.6)          | (2,845.8)                        | (1,155.0)          | (1,172.0)                        |
| Repayments of lease obligations:                                            |                    |                                  |                    |                                  |
| - Principal                                                                 | (2,411.6)          | (2,318.2)                        | (3,886.4)          | (3,688.0)                        |
| - Interest                                                                  | (1,668.1)          | (1,488.7)                        | (3,930.2)          | (3,786.3)                        |
| Dividends paid to shareholders                                              | (2,968.7)          | (3,073.7)                        | (2,968.7)          | (3,073.7)                        |
| Dividends paid to NCI                                                       | (0.8)              | (0.6)                            | 0                  | 0                                |
| Redemption of RPS by NCI                                                    | (12.7)             | (2.8)                            | 0                  | 0                                |
| Net increase in debt reserve accounts                                       | (50.4)             | (19.7)                           | 0                  | 0                                |
| Net decrease in cash at bank, held in trust                                 | 11.9               | 33.2                             | 0                  | 0                                |
| Net decrease/(increase) in restricted cash                                  | 2.1                | (0.6)                            | 0                  | 0                                |
| Net cash flows used in financing activities                                 | (7,175.6)          | (13,096.4)                       | (8,957.3)          | (14,320.5)                       |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                            | <b>(4,496.6)</b>   | <b>(2,055.5)</b>                 | <b>(5,541.0)</b>   | <b>(1,960.7)</b>                 |
| <b>EFFECTS OF CHANGES IN FOREIGN CURRENCIES</b>                             | <b>(63.9)</b>      | <b>43.1</b>                      | <b>(56.1)</b>      | <b>64.1</b>                      |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>     | <b>15,212.8</b>    | <b>17,225.2</b>                  | <b>11,430.0</b>    | <b>13,326.6</b>                  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 23)</b> | <b>10,652.3</b>    | <b>15,212.8</b>                  | <b>5,832.9</b>     | <b>11,430.0</b>                  |

The changes in liabilities arising from financing activities have been disclosed in Note 16, Note 28 and Note 29 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 50 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 in Peninsular Malaysia, Sabah and the Federal Territory of Labuan.

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 17 March 2026.

## 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 the 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.

As at 31 December 2025, the Group and the Company had net current liabilities of RM8,071.4 million and RM17,351.5 million respectively, primarily due to the one-off tax liability payments amounting of RM6,994.5 million made by the Company pursuant to the outcome of the Reinvestment Allowance ('RIA') case as disclosed in Note 44, which resulted in a timing impact on the Group's and the Company's working capital position. Included in the net current liabilities are the Group's and the Company's consumer deposits amounting to RM9,353.2 million (2024: RM8,666.3 million) and RM8,936.6 million (2024: RM8,258.3 million) respectively, which historically remained stable and has a low rate of termination of electricity account. Notwithstanding this, the Directors are satisfied that the Group and the Company will be able to meet their financial obligations as and when they fall due, after taking into consideration the expected cash flows from operations and the availability of undrawn facilities as disclosed in Note 47(b). Accordingly, the financial statements have been prepared on a going concern basis.

- (a) Amendments to a published standard that are effective and applicable to the Group and the Company.

Effective for financial year beginning on 1 January 2025:

|                                                                            |                         |
|----------------------------------------------------------------------------|-------------------------|
| Amendments to MFRS 121<br>The Effects of Changes in Foreign Exchange Rates | Lack of Exchangeability |
|----------------------------------------------------------------------------|-------------------------|

The amendments to the published standard 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

**2 BASIS OF PREPARATION (CONTINUED)**

- (b) New standard and 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 2026:

|                                                                       |                                                         |
|-----------------------------------------------------------------------|---------------------------------------------------------|
| Amendments to MFRS 9 and MFRS 7<br>Financial Instruments: Disclosures | Classification and Measurement of Financial Instruments |
|-----------------------------------------------------------------------|---------------------------------------------------------|

Effective for financial year beginning on 1 January 2027:

|                                                                            |                                                          |
|----------------------------------------------------------------------------|----------------------------------------------------------|
| MFRS 18 Presentation and Disclosure in Financial Statements                | Presentation and Disclosure in Financial Statements      |
| Amendments to MFRS 121<br>The Effects of Changes in Foreign Exchange Rates | Translation to a Hyperinflationary Presentation Currency |

MFRS 18 will replace MFRS 101 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though MFRS 18 will not impact the recognition or measurement of items in the financial statements, its effects on presentation and disclosure are expected to be pervasive, particularly those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The Group and the Company have assessed the implications of applying MFRS 18 on the Group's consolidated financial statements, the impacts are the following:

- (i) Although the adoption of MFRS 18 will have no impact on the Group's and the Company's net profit, a new structure of statement of profit or loss will be introduced. The income and expenses are classified into three new main categories:
- Operating category which includes results from the main business activities;
  - Investing category which presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  - Financing category which presents income and expenses from financing liabilities.
- The Group and the Company are required to present two new specified subtotals which are 'Operating profit or loss' and 'Profit or loss before financing, taxation and zakat'.
- (ii) The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, as goodwill is required to be presented separately, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position. MFRS 18 requires entities applying the indirect method in the statement of cash flows to use 'Operating profit or loss' as the mandatory starting point, replacing 'Profit after tax'.
- (iii) The Group and the Company do not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
- management-defined performance measures which must be reconciled to the closest MFRS-defined subtotals in the financial statements;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss - this break-down is only required for certain nature of expenses; and
  - for the first annual period of application of MFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying MFRS 18 and the amounts previously presented applying MFRS 101.

MFRS 18 will be applied retrospectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

### 2 BASIS OF PREPARATION (CONTINUED)

- (b) New standard and amendments to the published standards that are applicable to the Group and the Company but not yet effective. (continued)

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 |
|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|

Other than MFRS 18, 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 2025

**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 11 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2025

**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 intangible assets**

The Group tests intangible assets which include 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 11.

**(b) 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 26.

**(i) 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.

**(ii) 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 7 years.

**(iii) 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 15 years and considerations for price inflation, real salary increase, promotions and Collective Agreement ('CA') negotiation.

**(c) Estimation and judgement made for recognition of income taxes****(i) Income tax**

Income tax is estimated based on the rules governed under the Income Tax Act ('ITA') 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

**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)

**(c) Estimation and judgement made for recognition of income taxes (continued)****(i) Income tax (continued)**

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.

**(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 estimating the sufficiency of future taxable profits of the particular entity in which the deferred tax asset has been recognised, as disclosed in Note 13.

**(iii) Investment Allowance**

During the financial year, the Company was granted an approval under Schedule 7B of the ITA 1967, which provides for an Investment Allowance subject to prescribed terms and conditions. Accordingly, the Company utilised Investment Allowance as disclosed in Note 40. In accordance with MFRS 112 Income Taxes, the remaining unutilised credits have not been recognised as assets in the financial statements given the inherent uncertainties surrounding the timing and quantum of this Investment Allowance. It is not practicable at this reporting date to provide a reliable estimate of the potential financial effect.

**(d) 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 47.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 5 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 the statement of profit or loss.

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 - 20 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)).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 5 PPE (CONTINUED)

|                                          | As at<br>1.1.2025<br>RM'million | Effect of<br>changes in<br>foreign<br>currencies<br>RM'million | Additions<br>RM'million | Disposals<br>RM'million | Transfers/<br>Adjustments/<br>Reclassification/<br>Write-offs<br>RM'million | As at<br>31.12.2025<br>RM'million |
|------------------------------------------|---------------------------------|----------------------------------------------------------------|-------------------------|-------------------------|-----------------------------------------------------------------------------|-----------------------------------|
| <b>2025</b>                              |                                 |                                                                |                         |                         |                                                                             |                                   |
| <b>Group</b>                             |                                 |                                                                |                         |                         |                                                                             |                                   |
| <u>Cost</u>                              |                                 |                                                                |                         |                         |                                                                             |                                   |
| Freehold land                            | 3,717.0                         | 0                                                              | 74.4                    | 0                       | 147.9                                                                       | 3,939.3                           |
| Buildings and civil works                | 27,277.9                        | 0                                                              | 41.9                    | (25.2)                  | 566.9 <sup>^</sup>                                                          | 27,861.5                          |
|                                          | 30,994.9                        | 0                                                              | 116.3                   | (25.2)                  | 714.8                                                                       | 31,800.8                          |
| Plant and machinery                      | 106,862.2                       | (183.0)                                                        | 1,021.5                 | (302.0)                 | 4,176.2                                                                     | 111,574.9                         |
| Lines and distribution mains             | 64,194.4                        | 0                                                              | 143.2                   | (37.0)                  | 4,874.6                                                                     | 69,175.2                          |
| Distribution services                    | 6,387.2                         | 0                                                              | 18.9                    | 0                       | 413.9                                                                       | 6,820.0                           |
| Meters                                   | 4,952.1                         | 0                                                              | 9.3                     | (102.0)                 | 506.2                                                                       | 5,365.6                           |
| Public lighting                          | 2,595.9                         | 0                                                              | 0                       | 0                       | 209.2                                                                       | 2,805.1                           |
| Furniture, fittings and office equipment | 4,866.7                         | 0                                                              | 442.4                   | (3.6)                   | 15.0                                                                        | 5,320.5                           |
| Motor vehicles                           | 1,013.5                         | 0                                                              | 93.7                    | (19.7)                  | 0                                                                           | 1,087.5                           |
|                                          | 221,866.9                       | (183.0)                                                        | 1,845.3                 | (489.5)                 | 10,909.9                                                                    | 233,949.6                         |
| Capital work-in-progress                 | 17,038.1                        | (394.8)                                                        | 15,355.6                | (12.7)                  | (11,455.2)                                                                  | 20,531.0                          |
|                                          | 238,905.0                       | (577.8)                                                        | 17,200.9                | (502.2)                 | (545.3)                                                                     | 254,480.6                         |

<sup>^</sup> Inclusive the transfer of Menara TNB Bangsar amounting to RM529.8 million as disclosed in Note 7.

|                                          | As at<br>1.1.2025<br>RM'million | Effect of<br>changes in<br>foreign<br>currencies<br>RM'million | Charged<br>for the<br>financial<br>year<br>RM'million | Released on<br>disposals/<br>Transfers/<br>Write-offs/<br>Impairments<br>RM'million | As at<br>31.12.2025<br>RM'million |
|------------------------------------------|---------------------------------|----------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------|
| <b>2025</b>                              |                                 |                                                                |                                                       |                                                                                     |                                   |
| <b>Group</b>                             |                                 |                                                                |                                                       |                                                                                     |                                   |
| <u>Accumulated depreciation</u>          |                                 |                                                                |                                                       |                                                                                     |                                   |
| Buildings and civil works                | 10,850.2                        | 0                                                              | 720.8                                                 | (19.4)                                                                              | 11,551.6                          |
| Plant and machinery                      | 54,871.6                        | (37.8)                                                         | 4,715.3                                               | (218.6)                                                                             | 59,330.5                          |
| Lines and distribution mains             | 34,963.1                        | 0                                                              | 2,120.3                                               | (20.2)                                                                              | 37,063.2                          |
| Distribution services                    | 4,018.3                         | 0                                                              | 225.3                                                 | 0                                                                                   | 4,243.6                           |
| Meters                                   | 2,809.5                         | 0                                                              | 280.2                                                 | (86.2)                                                                              | 3,003.5                           |
| Public lighting                          | 1,110.8                         | 0                                                              | 169.4                                                 | 0                                                                                   | 1,280.2                           |
| Furniture, fittings and office equipment | 3,991.0                         | 0                                                              | 409.8                                                 | (4.0)                                                                               | 4,396.8                           |
| Motor vehicles                           | 679.4                           | 0                                                              | 66.9                                                  | (19.9)                                                                              | 726.4                             |
|                                          | 113,293.9                       | (37.8)                                                         | 8,708.0                                               | (368.3)                                                                             | 121,595.8                         |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 5 PPE (CONTINUED)

|                                          | As at<br>1.1.2024<br>RM'million | Effect of<br>changes in<br>foreign<br>currencies<br>RM'million | Adjustment<br>to purchase<br>price<br>allocation<br>RM'million | Additions<br>RM'million | Disposals<br>RM'million | Transfers/<br>Adjustments/<br>Reclassification/<br>Write-offs<br>RM'million | As at<br>31.12.2024<br>RM'million |
|------------------------------------------|---------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|-------------------------|-------------------------|-----------------------------------------------------------------------------|-----------------------------------|
| <b>2024</b>                              |                                 |                                                                |                                                                |                         |                         |                                                                             |                                   |
| <b>Group</b>                             |                                 |                                                                |                                                                |                         |                         |                                                                             |                                   |
| <u>Cost</u>                              |                                 |                                                                |                                                                |                         |                         |                                                                             |                                   |
| Freehold land                            | 3,702.0                         | 0                                                              | 0                                                              | 77.5                    | (26.9)                  | (35.6)                                                                      | 3,717.0                           |
| Buildings and civil works                | 26,927.8                        | 0                                                              | 0                                                              | 29.2                    | (0.8)                   | 321.7                                                                       | 27,277.9                          |
|                                          | 30,629.8                        | 0                                                              | 0                                                              | 106.7                   | (27.7)                  | 286.1                                                                       | 30,994.9                          |
| Plant and machinery                      | 103,733.7                       | (373.4)                                                        | 85.4                                                           | 728.1                   | (416.7)                 | 3,105.1                                                                     | 106,862.2                         |
| Lines and distribution mains             | 60,311.8                        | 0                                                              | 0                                                              | 78.4                    | (59.1)                  | 3,863.3                                                                     | 64,194.4                          |
| Distribution services                    | 5,965.4                         | 0                                                              | 0                                                              | 25.3                    | (0.2)                   | 396.7                                                                       | 6,387.2                           |
| Meters                                   | 4,608.1                         | 0                                                              | 0                                                              | 6.5                     | (24.1)                  | 361.6                                                                       | 4,952.1                           |
| Public lighting                          | 2,411.5                         | 0                                                              | 0                                                              | 0                       | 0                       | 184.4                                                                       | 2,595.9                           |
| Furniture, fittings and office equipment | 4,527.0                         | 0                                                              | 0                                                              | 342.0                   | (29.9)                  | 27.6                                                                        | 4,866.7                           |
| Motor vehicles                           | 879.8                           | 0                                                              | 0                                                              | 153.0                   | (21.6)                  | 2.3                                                                         | 1,013.5                           |
|                                          | 213,067.1                       | (373.4)                                                        | 85.4                                                           | 1,440.0                 | (579.3)                 | 8,227.1                                                                     | 221,866.9                         |
| Capital work-in-progress                 | 14,500.0                        | (14.6)                                                         | 0                                                              | 11,107.1                | (40.9)                  | (8,513.5)                                                                   | 17,038.1                          |
|                                          | 227,567.1                       | (388.0)                                                        | 85.4*                                                          | 12,547.1                | (620.2)                 | (286.4)                                                                     | 238,905.0                         |

\* Relates to the purchase price allocation finalisation of Dullarbttons Limited ('Dullarbttons') and Elipsgeen Limited ('Elipsgeen').

|                                          | As at<br>1.1.2024<br>RM'million | Effect of<br>changes in<br>foreign<br>currencies<br>RM'million | Charged<br>for the<br>financial<br>year<br>RM'million | Released on<br>disposals/<br>Transfers/<br>Write-offs/<br>Impairments<br>RM'million | As at<br>31.12.2024<br>RM'million |
|------------------------------------------|---------------------------------|----------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------|
| <b>2024</b>                              |                                 |                                                                |                                                       |                                                                                     |                                   |
| <b>Group</b>                             |                                 |                                                                |                                                       |                                                                                     |                                   |
| <u>Accumulated depreciation</u>          |                                 |                                                                |                                                       |                                                                                     |                                   |
| Buildings and civil works                | 10,164.6                        | 0                                                              | 694.1                                                 | (8.5)                                                                               | 10,850.2                          |
| Plant and machinery                      | 50,870.6                        | (49.1)                                                         | 4,304.9                                               | (254.8)                                                                             | 54,871.6                          |
| Lines and distribution mains             | 32,994.8                        | 0                                                              | 2,005.0                                               | (36.7)                                                                              | 34,963.1                          |
| Distribution services                    | 3,796.6                         | 0                                                              | 221.8                                                 | (0.1)                                                                               | 4,018.3                           |
| Meters                                   | 2,594.0                         | 0                                                              | 235.6                                                 | (20.1)                                                                              | 2,809.5                           |
| Public lighting                          | 953.8                           | 0                                                              | 157.0                                                 | 0                                                                                   | 1,110.8                           |
| Furniture, fittings and office equipment | 3,614.4                         | 0                                                              | 403.5                                                 | (26.9)                                                                              | 3,991.0                           |
| Motor vehicles                           | 646.2                           | 0                                                              | 53.6                                                  | (20.4)                                                                              | 679.4                             |
|                                          | 105,635.0                       | (49.1)                                                         | 8,075.5                                               | (367.5)                                                                             | 113,293.9                         |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 5 PPE (CONTINUED)

|                                          | As at<br>1.1.2025<br>RM'million | Additions<br>RM'million | Disposals<br>RM'million | Transfers/<br>Adjustments/<br>Reclassification/<br>Write-offs<br>RM'million | As at<br>31.12.2025<br>RM'million |
|------------------------------------------|---------------------------------|-------------------------|-------------------------|-----------------------------------------------------------------------------|-----------------------------------|
| <b>2025</b>                              |                                 |                         |                         |                                                                             |                                   |
| <b>Company</b>                           |                                 |                         |                         |                                                                             |                                   |
| <u>Cost</u>                              |                                 |                         |                         |                                                                             |                                   |
| Freehold land                            | 3,474.3                         | 51.9                    | 0                       | 0                                                                           | 3,526.2                           |
| Buildings and civil works                | 16,596.3                        | 0                       | (6.3)                   | 515.7 <sup>^</sup>                                                          | 17,105.7                          |
|                                          | 20,070.6                        | 51.9                    | (6.3)                   | 515.7                                                                       | 20,631.9                          |
| Plant and machinery                      | 52,272.9                        | 0                       | (187.3)                 | 3,255.8                                                                     | 55,341.4                          |
| Lines and distribution mains             | 60,431.2                        | 0                       | (35.3)                  | 4,820.7                                                                     | 65,216.6                          |
| Distribution services                    | 5,901.7                         | 0                       | 0                       | 397.2                                                                       | 6,298.9                           |
| Meters                                   | 4,820.4                         | 0                       | (102.0)                 | 504.6                                                                       | 5,223.0                           |
| Public lighting                          | 2,593.3                         | 0                       | 0                       | 209.2                                                                       | 2,802.5                           |
| Furniture, fittings and office equipment | 4,213.4                         | 422.9                   | (2.7)                   | 1.4                                                                         | 4,635.0                           |
| Motor vehicles                           | 800.6                           | 79.0                    | (6.7)                   | 0                                                                           | 872.9                             |
|                                          | 151,104.1                       | 553.8                   | (340.3)                 | 9,704.6                                                                     | 161,022.2                         |
| Capital work-in-progress                 | 11,323.1                        | 12,114.3                | (7.0)                   | (10,102.6)                                                                  | 13,327.8                          |
|                                          | 162,427.2                       | 12,668.1                | (347.3)                 | (398.0)                                                                     | 174,350.0                         |

<sup>^</sup> Inclusive the transfer of Menara TNB Bangsar amounting to RM529.8 million as disclosed in Note 7.

|                                          | As at<br>1.1.2025<br>RM'million | Charged for the<br>financial<br>year<br>RM'million | Released on<br>disposals/<br>Transfers/<br>Write-offs/<br>RM'million | As at<br>31.12.2025<br>RM'million |
|------------------------------------------|---------------------------------|----------------------------------------------------|----------------------------------------------------------------------|-----------------------------------|
| <b>2025</b>                              |                                 |                                                    |                                                                      |                                   |
| <b>Company</b>                           |                                 |                                                    |                                                                      |                                   |
| <u>Accumulated depreciation</u>          |                                 |                                                    |                                                                      |                                   |
| Buildings and civil works                | 6,277.7                         | 397.7                                              | (2.4)                                                                | 6,673.0                           |
| Plant and machinery                      | 29,497.3                        | 2,186.4                                            | (163.4)                                                              | 31,520.3                          |
| Lines and distribution mains             | 33,273.1                        | 1,969.7                                            | (19.3)                                                               | 35,223.5                          |
| Distribution services                    | 3,719.8                         | 200.2                                              | 0                                                                    | 3,920.0                           |
| Meters                                   | 2,712.1                         | 273.8                                              | (86.2)                                                               | 2,899.7                           |
| Public lighting                          | 1,109.3                         | 169.0                                              | 0                                                                    | 1,278.3                           |
| Furniture, fittings and office equipment | 3,422.3                         | 374.5                                              | (2.6)                                                                | 3,794.2                           |
| Motor vehicles                           | 508.3                           | 50.4                                               | (6.7)                                                                | 552.0                             |
|                                          | 80,519.9                        | 5,621.7                                            | (280.6)                                                              | 85,861.0                          |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 5 PPE (CONTINUED)

|                                          | As at<br>1.1.2024<br>RM'million | Additions<br>RM'million | Disposals<br>RM'million | Transfers/<br>Adjustments/<br>Reclassification/<br>Write-offs<br>RM'million | As at<br>31.12.2024<br>RM'million |
|------------------------------------------|---------------------------------|-------------------------|-------------------------|-----------------------------------------------------------------------------|-----------------------------------|
| <b>2024</b>                              |                                 |                         |                         |                                                                             |                                   |
| <b>Company</b>                           |                                 |                         |                         |                                                                             |                                   |
| <u>Cost</u>                              |                                 |                         |                         |                                                                             |                                   |
| Freehold land                            | 3,467.5                         | 77.4                    | (35.0)                  | (35.6)                                                                      | 3,474.3                           |
| Buildings and civil works                | 17,243.8                        | 0                       | (883.2)                 | 235.7                                                                       | 16,596.3                          |
|                                          | 20,711.3                        | 77.4                    | (918.2)                 | 200.1                                                                       | 20,070.6                          |
| Plant and machinery                      | 49,723.6                        | 0                       | (164.6)                 | 2,713.9                                                                     | 52,272.9                          |
| Lines and distribution mains             | 56,806.2                        | 0                       | (58.4)                  | 3,683.4                                                                     | 60,431.2                          |
| Distribution services                    | 5,557.7                         | 0                       | 0                       | 344.0                                                                       | 5,901.7                           |
| Meters                                   | 4,483.4                         | 0                       | (23.0)                  | 360.0                                                                       | 4,820.4                           |
| Public lighting                          | 2,409.8                         | 0                       | 0                       | 183.5                                                                       | 2,593.3                           |
| Furniture, fittings and office equipment | 3,930.3                         | 320.7                   | (38.6)                  | 1.0                                                                         | 4,213.4                           |
| Motor vehicles                           | 688.3                           | 126.5                   | (16.2)                  | 2.0                                                                         | 800.6                             |
|                                          | 144,310.6                       | 524.6                   | (1,219.0)               | 7,487.9                                                                     | 151,104.1                         |
| Capital work-in-progress                 | 9,979.0                         | 8,827.7                 | (1.7)                   | (7,481.9)                                                                   | 11,323.1                          |
|                                          | 154,289.6                       | 9,352.3                 | (1,220.7)               | 6.0                                                                         | 162,427.2                         |

|                                          | As at<br>1.1.2024<br>RM'million | Charged<br>for the<br>financial<br>year<br>RM'million | Released on<br>disposals/<br>Transfers/<br>Write-offs/<br>RM'million | As at<br>31.12.2024<br>RM'million |
|------------------------------------------|---------------------------------|-------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------|
| <b>2024</b>                              |                                 |                                                       |                                                                      |                                   |
| <b>Company</b>                           |                                 |                                                       |                                                                      |                                   |
| <u>Accumulated depreciation</u>          |                                 |                                                       |                                                                      |                                   |
| Buildings and civil works                | 5,929.4                         | 388.3                                                 | (40.0)                                                               | 6,277.7                           |
| Plant and machinery                      | 27,569.2                        | 2,044.5                                               | (116.4)                                                              | 29,497.3                          |
| Lines and distribution mains             | 31,464.2                        | 1,844.9                                               | (36.0)                                                               | 33,273.1                          |
| Distribution services                    | 3,528.2                         | 191.6                                                 | 0                                                                    | 3,719.8                           |
| Meters                                   | 2,501.8                         | 229.5                                                 | (19.2)                                                               | 2,712.1                           |
| Public lighting                          | 952.5                           | 156.8                                                 | 0                                                                    | 1,109.3                           |
| Furniture, fittings and office equipment | 3,093.0                         | 357.2                                                 | (27.9)                                                               | 3,422.3                           |
| Motor vehicles                           | 485.9                           | 38.1                                                  | (15.7)                                                               | 508.3                             |
|                                          | 75,524.2                        | 5,250.9                                               | (255.2)                                                              | 80,519.9                          |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 5 PPE (CONTINUED)

|                                          | Group              |                    | Company            |                    |
|------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                          | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| <u>Net book value</u>                    |                    |                    |                    |                    |
| Freehold land                            | <b>3,939.3</b>     | 3,717.0            | <b>3,526.2</b>     | 3,474.3            |
| Buildings and civil works                | <b>16,309.9</b>    | 16,427.7           | <b>10,432.7</b>    | 10,318.6           |
|                                          | <b>20,249.2</b>    | 20,144.7           | <b>13,958.9</b>    | 13,792.9           |
| Plant and machinery                      | <b>52,244.4</b>    | 51,990.6           | <b>23,821.1</b>    | 22,775.6           |
| Lines and distribution mains             | <b>32,112.0</b>    | 29,231.3           | <b>29,993.1</b>    | 27,158.1           |
| Distribution services                    | <b>2,576.4</b>     | 2,368.9            | <b>2,378.9</b>     | 2,181.9            |
| Meters                                   | <b>2,362.1</b>     | 2,142.6            | <b>2,323.3</b>     | 2,108.3            |
| Public lighting                          | <b>1,524.9</b>     | 1,485.1            | <b>1,524.2</b>     | 1,484.0            |
| Furniture, fittings and office equipment | <b>923.7</b>       | 875.7              | <b>840.8</b>       | 791.1              |
| Motor vehicles                           | <b>361.1</b>       | 334.1              | <b>320.9</b>       | 292.3              |
|                                          | <b>112,353.8</b>   | 108,573.0          | <b>75,161.2</b>    | 70,584.2           |
| Capital work-in-progress                 | <b>20,531.0</b>    | 17,038.1           | <b>13,327.8</b>    | 11,323.1           |
|                                          | <b>132,884.8</b>   | 125,611.1          | <b>88,489.0</b>    | 81,907.3           |

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 is as disclosed in Note 28.

Included in the capital work-in-progress is interest capitalised during the financial year for the Group and the Company of RM526.6 million (2024: RM392.3 million) and RM392.0 million (2024: RM259.9 million) respectively.

The capitalisation rate used to determine the amount of borrowing cost eligible for capitalisation is 5.2% (2024: 5.4%).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 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 1 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.

## (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.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 6 ROU ASSETS (CONTINUED)

**Accounting Policy (continued)**The Group and the Company as lessees (continued)

## (ii) Subsequent measurement (continued)

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)).

|                                          | As at<br>1.1.2025<br>RM'million | Effect of<br>changes in<br>foreign<br>currencies<br>RM'million | Additions<br>RM'million | Depreciation<br>charged<br>for the<br>financial year<br>RM'million | Transfers/<br>Adjustments/<br>Reclassification<br>RM'million | As at<br>31.12.2025<br>RM'million |
|------------------------------------------|---------------------------------|----------------------------------------------------------------|-------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------|
| <b>2025</b>                              |                                 |                                                                |                         |                                                                    |                                                              |                                   |
| <b>Group</b>                             |                                 |                                                                |                         |                                                                    |                                                              |                                   |
| Leasehold land                           | 2,240.8                         | (10.7)                                                         | 48.0                    | (50.2)                                                             | 42.2                                                         | 2,270.1                           |
| Buildings                                | 24.4                            | 0                                                              | 28.2                    | (12.6)                                                             | 0.7                                                          | 40.7                              |
|                                          | 2,265.2                         | (10.7)                                                         | 76.2                    | (62.8)                                                             | 42.9                                                         | 2,310.8                           |
| Plant and machinery                      | 28,774.3                        | 0                                                              | 4,692.3*                | (3,199.1)                                                          | 0                                                            | 30,267.5                          |
| Furniture, fittings and office equipment | 16.9                            | 0                                                              | 0.4                     | (9.4)                                                              | 0                                                            | 7.9                               |
| Motor vehicles                           | 0.6                             | 0                                                              | 0.6                     | (1.0)                                                              | 0.1                                                          | 0.3                               |
|                                          | 31,057.0                        | (10.7)                                                         | 4,769.5                 | (3,272.3)                                                          | 43.0                                                         | 32,586.5                          |

\* Inclusive of initial recognition for an independent power producer amounting to RM4,483.2 million as disclosed in Note 16(b).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 6 ROU ASSETS (CONTINUED)

|                                          | As at<br>1.1.2024<br>RM'million | Effect of<br>changes in<br>foreign<br>currencies<br>RM'million | Additions<br>RM'million | Depreciation<br>charged<br>for the<br>financial year<br>RM'million | Adjustment<br>to purchase<br>price<br>allocation<br>RM'million | Transfers/<br>Adjustments/<br>Reclassification<br>RM'million | As at<br>31.12.2024<br>RM'million |
|------------------------------------------|---------------------------------|----------------------------------------------------------------|-------------------------|--------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------|
| <b>2024</b>                              |                                 |                                                                |                         |                                                                    |                                                                |                                                              |                                   |
| <b>Group</b>                             |                                 |                                                                |                         |                                                                    |                                                                |                                                              |                                   |
| Leasehold land                           | 2,214.4                         | (21.8)                                                         | 39.8                    | (54.0)                                                             | 2.1                                                            | 60.3                                                         | 2,240.8                           |
| Buildings                                | 29.5                            | 0                                                              | 11.3                    | (9.5)                                                              | 0                                                              | (6.9)                                                        | 24.4                              |
|                                          | 2,243.9                         | (21.8)                                                         | 51.1                    | (63.5)                                                             | 2.1                                                            | 53.4                                                         | 2,265.2                           |
| Plant and machinery                      | 31,855.6                        | 0                                                              | 0                       | (3,081.3)                                                          | 0                                                              | 0                                                            | 28,774.3                          |
| Furniture, fittings and office equipment | 6.1                             | 0                                                              | 27.9                    | (10.8)                                                             | 0                                                              | (6.3)                                                        | 16.9                              |
| Motor vehicles                           | 1.2                             | 0                                                              | 0.7                     | (1.3)                                                              | 0                                                              | 0                                                            | 0.6                               |
|                                          | 34,106.8                        | (21.8)                                                         | 79.7                    | (3,156.9)                                                          | 2.1                                                            | 47.1                                                         | 31,057.0                          |

|                                          | As at<br>1.1.2025<br>RM'million | Additions<br>RM'million | Depreciation<br>charged<br>for the<br>financial year<br>RM'million | As at<br>31.12.2025<br>RM'million |
|------------------------------------------|---------------------------------|-------------------------|--------------------------------------------------------------------|-----------------------------------|
| <b>2025</b>                              |                                 |                         |                                                                    |                                   |
| <b>Company</b>                           |                                 |                         |                                                                    |                                   |
| Leasehold land                           | 915.8                           | 9.6                     | (17.3)                                                             | 908.1                             |
| Buildings                                | 747.0                           | 14.8                    | (64.7)                                                             | 697.1                             |
|                                          | 1,662.8                         | 24.4                    | (82.0)                                                             | 1,605.2                           |
| Plant and machinery                      | 59,834.4                        | 4,615.6*                | (5,300.5)                                                          | 59,149.5                          |
| Furniture, fittings and office equipment | 21.3                            | 0.4                     | (8.4)                                                              | 13.3                              |
|                                          | 61,518.5                        | 4,640.4                 | (5,390.9)                                                          | 60,768.0                          |

\* Inclusive of initial recognition for an independent power producer amounting to RM4,483.2 million as disclosed in Note 16(b).

|                                          | As at<br>1.1.2024<br>RM'million | Additions<br>RM'million | Depreciation<br>charged<br>for the<br>financial year<br>RM'million | Transfers/<br>Adjustments/<br>Reclassification<br>RM'million | As at<br>31.12.2024<br>RM'million |
|------------------------------------------|---------------------------------|-------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------|
| <b>2024</b>                              |                                 |                         |                                                                    |                                                              |                                   |
| <b>Company</b>                           |                                 |                         |                                                                    |                                                              |                                   |
| Leasehold land                           | 897.7                           | 1.1                     | (18.9)                                                             | 35.9                                                         | 915.8                             |
| Buildings                                | 53.2                            | 750.6*                  | (56.7)                                                             | (0.1)                                                        | 747.0                             |
|                                          | 950.9                           | 751.7                   | (75.6)                                                             | 35.8                                                         | 1,662.8                           |
| Plant and machinery                      | 64,503.1                        | 0                       | (5,332.1)                                                          | 663.4 <sup>#</sup>                                           | 59,834.4                          |
| Furniture, fittings and office equipment | 3.0                             | 27.8                    | (9.6)                                                              | 0.1                                                          | 21.3                              |
|                                          | 65,457.0                        | 779.5                   | (5,417.3)                                                          | 699.3                                                        | 61,518.5                          |

\* Relates to the transfer of Platinum building.

<sup>#</sup> Relates to the amendment of planned outages of a power plant which had an impact on the lease payment schedule.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 7 INVESTMENT PROPERTY

**Accounting Policy**

Investment property is a property, which is owned to earn leasing income, but not for sale in the ordinary course of business and use in the supply of services. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the construction or acquisition of the property and bringing them to the condition for its intended use. Depreciation for investment property is recognised in the profit or loss on a straight-line method over their estimated useful life of 50 years. Useful life of investment property is reviewed and adjusted if appropriate, on an annual basis. An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between net disposal proceeds and the carrying amount is recognised in the profit or loss in the year in which the item is derecognised.

|                          | As at<br>1.1.2025<br>RM'million | Reclassification<br>RM'million | Depreciation<br>charged<br>for the<br>financial year<br>RM'million | As at<br>31.12.2025<br>RM'million |
|--------------------------|---------------------------------|--------------------------------|--------------------------------------------------------------------|-----------------------------------|
| <b>2025</b>              |                                 |                                |                                                                    |                                   |
| <b>Group and Company</b> |                                 |                                |                                                                    |                                   |
| Building                 | 0                               | 529.8*                         | (5.3)                                                              | 524.5                             |

\* During the financial year, the Group and the Company reclassified Menara TNB Bangsar from PPE to investment property which is now held to earn rental income.

**Fair value measurement**

The fair value was determined by an independent valuer in 2025 and the fair value of the investment property as at 31 December 2025 is at RM520.0 million. The difference between the carrying amount and fair value is not considered significant and therefore no impairment loss was recognised.

**Level 2 fair value**

Level 2 fair value of building was derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

## 8 SUBSIDIARIES

|                                                     | Note | Company            |                    |
|-----------------------------------------------------|------|--------------------|--------------------|
|                                                     |      | 2025<br>RM'million | 2024<br>RM'million |
| At cost:                                            |      |                    |                    |
| Unquoted ordinary shares                            |      | 1,452.9            | 1,452.9            |
| RPS                                                 | (a)  | 10,731.6           | 10,476.3           |
| Shares/Options granted to employees of subsidiaries |      | 465.5              | 463.0              |
|                                                     |      | 12,650.0           | 12,392.2           |
| Less: Accumulated impairment losses                 | (b)  | (3,543.8)          | (3,529.1)          |
|                                                     |      | 9,106.2            | 8,863.1            |

## NOTES TO THE FINANCIAL STATEMENTS

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## 8 SUBSIDIARIES (CONTINUED)

The list of the Group subsidiaries is disclosed in Note 50. Capital and other commitments for the subsidiaries are disclosed in Note 43. Contingent liabilities for the subsidiaries are disclosed in Note 44.

## (a) Movement in RPS:

- (i) The Company subscribed to 11,239,928 new RPS issued by TNB Renewables Sdn. Bhd. ('TRe'), by converting the amounts due from TRe amounting to RM11.2 million on 6 January 2025.
- (ii) The Company subscribed to 25,000,000 new RPS issued by GSPARX Sdn. Bhd. ('GSPARX'), by converting the amounts due from GSPARX amounting to RM25.0 million on 17 February 2025.
- (iii) The Company subscribed to 85,374,000 new RPS issued by TNB International Sdn. Bhd. ('TNBI'), by cash amounting to RM85.4 million on 7 August 2025.
- (iv) The Company subscribed to 133,702,026 new RPS issued by REV Property Holdings Sdn. Bhd. ('REVPH'), by converting the amount due from REVPH amounting to RM133.7 million on 7 November 2025.

- (b) (i) The Company performed an impairment assessment on Power & Energy International (Mauritius) Ltd. ('PEIM') following the reassessment of estimated cash flows available for distribution from its significant associate, Malaysian Shoaiba Consortium Sdn. Bhd. ('MSCSB'). Based on the assessment, the recoverable amount of the investment was determined to be lower than its carrying amount. Accordingly, an impairment loss of RM15.4 million was recognised during the financial year.
- (ii) The Company reassessed the impairment on the cost of investment in Sabah Electricity Sdn. Bhd. ('SE') and Universiti Tenaga Nasional Sdn. Bhd. ('UNITEN') following the final vesting outcome of the LTIP, resulting in a partial reversal of impairment previously recognised in prior financial years of RM0.7 million.

## (c) NCI

The NCI is not material to the financial performance, financial position and cash flows of the Group. The NCI information for SE, 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:

|                                                         | SE                 |                    | KEV                |                    | JEP                |                    | Other individually immaterial NCI |                    | Total              |                    |
|---------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------------|--------------------|--------------------|--------------------|
|                                                         | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million                | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Carrying amount of NCI                                  | 355.2              | 342.6              | 585.8              | 619.3              | 762.3*             | 791.5              | 481.2 <sup>#</sup>                | 445.2              | 2,184.5            | 2,198.6            |
| Total comprehensive income/ (expenses) allocated to NCI | 12.6               | (31.6)             | (33.4)             | (24.9)             | (20.3)             | (28.6)             | 36.9                              | 50.8               | (4.2)              | (34.3)             |

\* Included in the carrying amount of NCI in JEP is a redemption of RPS from NCI amounting to RM9.0 million.

<sup>#</sup> Included in the carrying amount of NCI in other individually immaterial NCI are the dividend paid to NCI in Tenaga Switchgear Sdn. Bhd. ('TSG') and Tenaga Cable Industries Sdn. Bhd. ('TCI') amounting to RM0.3 million (2024: RM0.6 million) and RM0.5 million (2024: NIL) respectively, and redemption of RPS in Southern Power Generation Sdn. Bhd. ('SPG') for RM3.7 million (2024: RM2.8 million).

<sup>^</sup> During the financial year, the Group acquired the remaining 30% equity interest in MAEVI Sdn. Bhd. ('MAEVI') with the carrying amount of the NCI amounting to RM3.6 million transferred to retained profits.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 8 SUBSIDIARIES (CONTINUED)

## (c) NCI (continued)

The summarised financial information of SE, KEV and JEP before inter-company eliminations are as follows:

|                                                               | SE                 |                    | KEV                |                    | JEP                |                    |
|---------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                               | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Summarised statement of financial position                    |                    |                    |                    |                    |                    |                    |
| Non-current assets                                            | <b>8,982.1</b>     | 8,136.1            | <b>827.2</b>       | 1,082.4            | <b>10,286.6</b>    | 10,353.8           |
| Current assets                                                | <b>2,326.6</b>     | 2,195.3            | <b>1,704.8</b>     | 1,776.9            | <b>1,516.5</b>     | 1,527.0            |
| Non-current liabilities                                       | <b>(7,074.0)</b>   | (6,799.6)          | <b>(17.6)</b>      | (165.1)            | <b>(7,801.4)</b>   | (8,076.8)          |
| Current liabilities                                           | <b>(2,171.2)</b>   | (1,541.6)          | <b>(1,054.9)</b>   | (1,151.1)          | <b>(1,539.3)</b>   | (1,244.2)          |
| Net assets                                                    | <b>2,063.5</b>     | 1,990.2            | <b>1,459.5</b>     | 1,543.1            | <b>2,462.4</b>     | 2,559.8            |
| Summarised statement of comprehensive income                  |                    |                    |                    |                    |                    |                    |
| Revenue                                                       | <b>3,394.5</b>     | 3,028.6            | <b>2,875.8</b>     | 3,140.7            | <b>4,068.6</b>     | 4,408.1            |
| Profit/(Loss) after tax                                       | <b>83.1</b>        | 272.8              | <b>(83.6)</b>      | (62.0)             | <b>(67.5)</b>      | (95.7)             |
| Other comprehensive expense                                   | <b>(9.9)</b>       | (28.9)             | <b>0</b>           | 0                  | <b>0</b>           | 0                  |
| Total comprehensive income/(expense)                          | <b>73.2</b>        | 243.9              | <b>(83.6)</b>      | (62.0)             | <b>(67.5)</b>      | (95.7)             |
| Summarised statement of cash flows                            |                    |                    |                    |                    |                    |                    |
| Net cash flows generated from operating activities            | <b>1,051.5</b>     | 553.8              | <b>370.8</b>       | 238.2              | <b>753.9</b>       | 705.7              |
| Net cash flows (used in)/ generated from investing activities | <b>(1,433.5)</b>   | (576.3)            | <b>11.0</b>        | (1.7)              | <b>(153.6)</b>     | (76.9)             |
| Net cash flows generated from/(used in) financing activities  | <b>788.1</b>       | (111.9)            | <b>(214.6)</b>     | (204.9)            | <b>(579.9)</b>     | (602.1)            |
| Net increase/(decrease) in cash and cash equivalents          | <b>406.1</b>       | (134.4)            | <b>167.2</b>       | 31.6               | <b>20.4</b>        | 26.7               |

## 9 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 9 JOINT ARRANGEMENTS (CONTINUED)

**Accounting Policy (continued)**

The Group's interest in joint ventures is accounted for in the consolidated financial statements using the equity method of accounting.

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.

|                                                | Group              |                    | Company            |                    |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Unquoted shares                                | 99.6               | 88.9               | 0*                 | 7.9                |
| Share of post-acquisition results and reserves | 148.5              | 124.7              | 0                  | 0                  |
|                                                | 248.1              | 213.6              | 0                  | 7.9                |
| Less: Accumulated impairment losses            | (2.3)              | (10.2)             | 0*                 | (7.9)              |
|                                                | 245.8              | 203.4              | 0                  | 0                  |
| Share of net assets of joint ventures          | 245.8              | 203.4              |                    |                    |

\* Seatrac Sdn. Bhd. was dissolved on 27 February 2025 and the Group's investment was written-off.

None of the joint ventures are individually material 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:

|                                                 | 2025<br>RM'million | 2024<br>RM'million |
|-------------------------------------------------|--------------------|--------------------|
| Group's share of results:                       |                    |                    |
| Profit after tax and total comprehensive income | 23.8               | 23.2               |
| Dividend received                               | 0                  | 30.5               |
| <u>Amounts due from joint ventures</u>          |                    |                    |
| Amounts due from joint ventures*                | 40.1               | 40.0               |
| Less: Loss allowance                            | (23.6)             | (24.1)             |
|                                                 | 16.5               | 15.9               |

\* The Group's credit policy provides amounts due from joint ventures with 30 days (2024: 30 days) credit period.

The list of the Group's joint arrangements is disclosed in Note 51.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10 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            |                    |
|------------------------------------------------|--------|--------------------|--------------------|--------------------|--------------------|
|                                                |        | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Unquoted shares                                | (a)(c) | <b>2,000.0</b>     | 2,049.5            | <b>75.7</b>        | 75.7               |
| Share of post-acquisition results and reserves |        | <b>(401.8)</b>     | (132.7)            | <b>0</b>           | 0                  |
|                                                |        | <b>1,598.2</b>     | 1,916.8            | <b>75.7</b>        | 75.7               |
| Less: Accumulated impairment losses            | (b)(c) | <b>(561.0)</b>     | (632.7)            | <b>0</b>           | 0                  |
|                                                |        | <b>1,037.2</b>     | 1,284.1            | <b>75.7</b>        | 75.7               |
| Share of net assets of associates              |        | <b>1,037.2</b>     | 1,284.1            |                    |                    |

The list of the Group's associates is disclosed in Note 52.

- (a) On 8 May 2025, the Group via Sustainable Power Sdn. Bhd. (a subsidiary of SE) has jointly formed Racha Power Sdn. Bhd. to develop a new natural gas-fired power plant in the Federal Territory of Labuan with RM31.1 million cost of investment for 2,000,002 ordinary shares and 18,510 preference shares representing 20% equity interest.
- (b) During the financial year, the Group recognised a reversal of impairment of RM3.1 million in Teknologi Tenaga Perlis Consortium ('TTPC') following the distribution of dividend.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10 ASSOCIATES (CONTINUED)

- (c) The Group's investment in Lumut Maritime Terminal Sdn. Bhd. ('LMT') comprises unquoted shares with a carrying amount of RM80.6 million. The Group holds 11,799,999 ordinary shares and 9,999,999 redeemable preference shares in LMT, representing 50% less one share equity interest. In prior financial years, an impairment loss of RM68.6 million was recognised due to uncertainties surrounding the extension of Power Purchase Agreement ('PPA') for coal-fired power plant served by LMT.

On 17 October 2025, the Group entered into a Sale and Purchase Agreement for the disposal of its entire equity interest in LMT for a total consideration of RM285.0 million. The investment was subsequently reclassified as an asset held for sale and remeasured at fair value less cost to sell resulting in a reversal of impairment of RM21.4 million.

Equity accounting ceased upon reclassification. Further details are as disclosed in Note 24.

The aggregated financial information of the Group's associates is as follows:

|                                                                     | 2025<br>RM'million | 2024<br>RM'million |
|---------------------------------------------------------------------|--------------------|--------------------|
| Group's share of results:                                           |                    |                    |
| - Profit after tax                                                  | 64.0               | 84.3               |
| - Total other comprehensive expense                                 | (10.3)             | (17.6)             |
| Dividends received                                                  | 101.7              | 190.4              |
| Share of LMT's post-acquisition results classified as held for sale | (210.1)            | 0                  |
| Effect of changes in foreign currencies                             | (11.0)             | (22.1)             |

Amounts due from/(to) associates

|                              | Group              |                    | Company            |                    |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
|                              | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Amounts due from associates* | 340.7              | 422.7              | 5.2                | 13.8               |
| Less: Loss allowance         | (1.8)              | (2.5)              | (0.1)              | (0.2)              |
|                              | 338.9              | 420.2              | 5.1                | 13.6               |
| Amounts due to associates^   | (132.8)            | (476.9)            | (132.8)            | (466.7)            |

\* The Group's and the Company's credit policy provides amounts due from associates with a 30 days (2024: 30 days) credit period.

^ Credit terms of amounts due to associates is 30 days (2024: 30 days) depending on the terms of the contracts.

The unrecognised cumulative losses of the Group's associate are as follows:

|                                           | Gama Enerji Anonim Şirketi |                    |
|-------------------------------------------|----------------------------|--------------------|
|                                           | 2025<br>RM'million         | 2024<br>RM'million |
| As at the beginning of the financial year | (32.6)                     | (111.3)            |
| Arising in the financial year             | (124.2)                    | 78.7               |
| As at the end of the financial year       | (156.8)                    | (32.6)             |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 10 ASSOCIATES (CONTINUED)

The associates that are material to the Group during the financial year are Blyth Offshore Demonstrator Limited ('BODL') and Jimah Energy Ventures Holdings Sdn. Bhd. ('JEV') (2024: BODL, 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                |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                             | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million | 2024<br>RM'million |
| Revenue                     | 168.6              | 171.6              | 2,833.7            | 3,276.7            | 128.3              |
| Profit after tax            | 37.0               | 35.5               | 62.2               | 106.0              | 9.4                |
| Other comprehensive expense | (18.5)             | (33.2)             | 0                  | 0                  | 0                  |
| Total comprehensive income  | 18.5               | 2.3                | 62.2               | 106.0              | 9.4                |

(ii) The summarised statement of financial position:

|                         | BODL               |                    | JEV                |                    | LMT                |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                         | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million | 2024<br>RM'million |
| Non-current assets      | 1,078.0            | 1,242.4            | 2,349.3            | 2,501.6            | 359.1              |
| Current assets          | 77.7               | 101.9              | 1,503.1            | 1,239.2            | 188.6              |
| Non-current liabilities | (219.0)            | (177.2)            | (1,441.1)          | (1,608.3)          | (44.9)             |
| Current liabilities     | (106.1)            | (241.0)            | (1,059.6)          | (719.9)            | (11.7)             |
| Net assets              | 830.6              | 926.1              | 1,351.7            | 1,412.6            | 491.1              |

(iii) Reconciliation of the summarised financial information:

|                                       | BODL               |                    | JEV                |                    | LMT                |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million | 2024<br>RM'million |
| Group's share of net assets           | 407.0              | 453.8              | 337.9              | 353.1              | 245.6              |
| Goodwill                              | 91.9               | 91.9               | 0                  | 0                  | 37.8               |
| Less: Accumulated impairment losses   | (31.2)             | (31.2)             | 0                  | 0                  | (68.6)             |
| Transaction cost capitalised          | 6.6                | 6.6                | 0                  | 0                  | 0                  |
| Effect of changes in foreign currency | (41.6)             | (32.0)             | 0                  | 0                  | 0                  |
| Carrying amount                       | 432.7              | 489.1              | 337.9              | 353.1              | 214.8              |

Individually immaterial associates:

|                                                                 | 2025<br>RM'million | 2024<br>RM'million |
|-----------------------------------------------------------------|--------------------|--------------------|
| Aggregate carrying amount of individually immaterial associates | 266.6              | 227.1              |
| Aggregate amounts of the Group's share of profit:               |                    |                    |
| - Profit after tax                                              | 22.9               | 35.7               |
| - Other comprehensive expense                                   | (1.2)              | (1.3)              |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 11 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 acquiree 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 ('FVLCD'). 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.

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 with expected useful life of 5 years.

Amortisation of project development portfolio is recognised in profit or loss unless the economic benefits of the asset are directly attributable to the development of the assets. In such cases, the amortisation expense is capitalised as part of the cost of the development asset under PPE.

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 project development portfolio are charged to the statement of profit and loss as and when incurred.

|                                           | Goodwill<br>RM'million | Project<br>development<br>portfolio<br>RM'million | Total<br>RM'million |
|-------------------------------------------|------------------------|---------------------------------------------------|---------------------|
| <b>2025</b>                               |                        |                                                   |                     |
| <b>Group</b>                              |                        |                                                   |                     |
| As at the beginning of the financial year | 733.4                  | 219.1                                             | 952.5               |
| Impairment                                | (101.7)                | (65.1)                                            | (166.8)             |
| Effect of changes in foreign currencies   | (0.4)                  | (4.6)                                             | (5.0)               |
| Amortisation charged to PPE               | 0                      | (48.5)                                            | (48.5)              |
| As at the end of the financial year       | 631.3                  | 100.9                                             | 732.2               |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 11 INTANGIBLE ASSETS (CONTINUED)

|                                           | Goodwill<br>RM'million | Project<br>development<br>portfolio<br>RM'million | Total<br>RM'million |
|-------------------------------------------|------------------------|---------------------------------------------------|---------------------|
| <b>2024</b>                               |                        |                                                   |                     |
| <b>Group</b>                              |                        |                                                   |                     |
| As at the beginning of the financial year | 824.1                  | 446.4                                             | 1,270.5             |
| Adjustment to purchase price allocation   | 23.6                   | 0                                                 | 23.6                |
| Impairment                                | (52.2)                 | 0                                                 | (52.2)              |
| Effect of changes in foreign currencies   | (62.1)                 | (47.0)                                            | (109.1)             |
| Amortisation charged to PPE               | 0                      | (180.3)                                           | (180.3)             |
| As at the end of the financial year       | 733.4                  | 219.1                                             | 952.5               |

|                                         | Group              |                    |
|-----------------------------------------|--------------------|--------------------|
|                                         | 2025<br>RM'million | 2024<br>RM'million |
| Classification of goodwill by countries |                    |                    |
| Malaysia                                | 211.0              | 211.0              |
| Foreign:                                |                    |                    |
| - United Kingdom                        | 48.5               | 49.8               |
| - Australia                             | 298.9              | 305.4              |
| - Republic of Ireland                   | 72.9               | 167.2              |
|                                         | 631.3              | 733.4              |

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 the higher of its VIU and fair value. The 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:

|                       | 2025<br>% | 2024<br>% |
|-----------------------|-----------|-----------|
| Revenue growth rate   | 4.2       | 2.5       |
| Pre-tax discount rate | 8.8       | 8.9       |
| Terminal growth rate  | 3.9       | 2.5       |

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.

Based on the Group's assessment, no impairment losses were required as at 31 December 2025 as the recoverable amount exceeded the carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 11 INTANGIBLE ASSETS (CONTINUED)

*Impairment assessment for goodwill (continued)*

## (b) Goodwill relating to operations in the United Kingdom

The discounted cash flow model used cash flow projections based on the remaining estimated asset life of 21 to 33 year period.

Based on the Group's assessment, the carrying value of the goodwill as at 31 December 2025 does not exceed its recoverable amount thus there is no impairment for goodwill as at 31 December 2025 (2024: RM52.2 million).

## (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.

The recoverable amount of the goodwill is determined based on its FVLCD for its project development portfolio and operating asset.

The FVLCD of the project development portfolio is determined based on a market approach using observable risk-adjusted price per megawatt generation multiples for similar assets in the market, which is a Level 3 input.

The FVLCD of the operating asset is determined based on an income approach using a discounted cash flow projections, which covers a 35-year period (2024: 36-year period).

The following key assumptions have been applied in the fair value income approach calculation:

|                       | 2025<br>% | 2024<br>% |
|-----------------------|-----------|-----------|
| Revenue growth rate   | 2.4       | 2.9       |
| Pre-tax discount rate | 7.1       | 6.5       |

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.

Based on the Group's assessment, no impairment losses were required as at 31 December 2025 as the recoverable amount exceeded the carrying amount.

## (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.

The discounted cash flow model used cash flow projections which covered a 37-year period (2024: 38-year period).

The following key assumptions have been applied in the VIU calculation:

|                       | 2025<br>% | 2024<br>% |
|-----------------------|-----------|-----------|
| Revenue growth rate   | 0.3       | (2.0)     |
| Pre-tax discount rate | 7.2       | 5.4       |

Based on the Group's assessment, the carrying value of the goodwill as at 31 December 2025 exceeded its recoverable amount mainly due to the high after-tax discount rate. Due to this, the Group has recognised an impairment of RM101.7 million during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

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## 11 INTANGIBLE ASSETS (CONTINUED)

*Impairment assessment for goodwill (continued)*

## (d) Goodwill relating to operations in the Republic of Ireland (continued)

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<br>% | Impact on recoverable amount |                        |
|-----------------------|-----------------------------|------------------------------|------------------------|
|                       |                             | Increase<br>RM'million       | Decrease<br>RM'million |
| <b>2025</b>           |                             |                              |                        |
| Revenue growth rate   | 1.0                         | 252.4                        | (208.8)                |
| Pre-tax discount rate | 1.0                         | (101.3)                      | 122.0                  |
| <b>2024</b>           |                             |                              |                        |
| Revenue growth rate   | 1.0                         | 321.0                        | (261.4)                |
| Pre-tax discount rate | 1.0                         | (155.5)                      | 191.9                  |

*Impairment assessment for project development portfolio*

## (a) Project development portfolio relating to operations in Australia

The Group has performed an impairment assessment on the development pipeline in Australia following the identification of an impairment indicator. The impairment indicator that triggered the assessment relates to an adverse change in the land access environment, arising from the expiry of land exclusivity rights for the relevant sites. The non-renewal of these rights prior to expiry has led to changes in circumstances which materially affected the strategic viability and long term value proposition for the project.

The key assumption underlying the impairment is the project's lack of economic feasibility. Although mitigation measures and alternative options were explored, the project was ultimately assessed as not economically viable. Hence, the Group has recognised a full impairment amounting to RM65.1 million of the project development portfolio and RM15.6 million in construction work-in-progress.

## 12 INVESTMENT IN UNQUOTED DEBT SECURITY

**Accounting Policy**

Investment in unquoted debt security is a financial instrument and the accounting policy is as disclosed in Note 47.

|                      | Group and Company  |                    |
|----------------------|--------------------|--------------------|
|                      | 2025<br>RM'million | 2024<br>RM'million |
| Unsecured Loan Notes | 291.0              | 283.6              |
| Less: Loss allowance | (28.8)             | (28.1)             |
|                      | 262.2              | 255.5              |

The Unsecured Loan Notes primarily relate to an 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 as disclosed in Note 47(b).

## NOTES TO THE FINANCIAL STATEMENTS

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## 13 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.

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 or 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            |                                  |
|--------------------------------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                                                    | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| Deferred tax assets:                                               |                    |                                  |                    |                                  |
| - Deferred tax assets to be realised after more than 12 months     | 261.7              | 299.6                            | 0                  | 0                                |
| - Deferred tax assets to be realised within 12 months              | 53.6               | 74.3                             | 0                  | 0                                |
|                                                                    | 315.3              | 373.9                            | 0                  | 0                                |
| Deferred tax liabilities:                                          |                    |                                  |                    |                                  |
| - Deferred tax liabilities to be settled after more than 12 months | (8,258.6)          | (8,220.3)                        | (5,632.9)          | (5,636.3)                        |
| - Deferred tax liabilities to be settled within 12 months          | (1,009.0)          | (1,088.5)                        | (961.5)            | (1,085.3)                        |
|                                                                    | (9,267.6)          | (9,308.8)                        | (6,594.4)          | (6,721.6)                        |
| Net total                                                          | (8,952.3)          | (8,934.9)                        | (6,594.4)          | (6,721.6)                        |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 13 DEFERRED TAXATION (CONTINUED)

The movements during the financial year relating to deferred tax are as follows:

|                                                              | Group              |                                  | Company            |                                  |
|--------------------------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                                              | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| As at the beginning of the financial year                    | (8,934.9)          | (8,639.0)                        | (6,721.6)          | (6,491.2)                        |
| (Charged)/Credited to statement of profit or loss: (Note 40) |                    |                                  |                    |                                  |
| - PPE                                                        | (143.1)            | (1,210.2)                        | (462.3)            | (302.0)                          |
| - Post-employment benefits                                   | (246.1)            | 97.4                             | (56.4)             | (69.8)                           |
| - Tax losses and capital allowances                          | (228.8)            | 766.8                            | 0                  | 0                                |
| - Provisions and allowances                                  | 181.6              | (318.1)                          | (23.3)             | (264.0)                          |
| - Contract assets                                            | (113.5)            | (145.0)                          | 111.0              | (26.8)                           |
| - Lease liabilities                                          | 461.5              | (522.5)                          | 172.4              | (589.1)                          |
| - ROU assets                                                 | (131.3)            | 907.6                            | 178.3              | 949.5                            |
|                                                              | (219.7)            | (424.0)                          | (80.3)             | (302.2)                          |
| Credited to OCI:                                             |                    |                                  |                    |                                  |
| - Post-employment benefits                                   | 210.7              | 80.9                             | 207.5              | 71.8                             |
| - Effect of changes in foreign currencies                    | (8.4)              | 45.9                             | 0                  | 0                                |
| Adjustment to purchase price allocation                      | 0                  | 1.3                              | 0                  | 0                                |
| <b>As at the end of the financial year</b>                   | <b>(8,952.3)</b>   | <b>(8,934.9)</b>                 | <b>(6,594.4)</b>   | <b>(6,721.6)</b>                 |
| <u>Subject to income tax</u>                                 |                    |                                  |                    |                                  |
| Deferred tax assets (before offsetting):                     |                    |                                  |                    |                                  |
| - Provisions and allowances                                  | 1,159.7            | 978.1                            | 494.2              | 517.5                            |
| - Post-employment benefits                                   | 2,902.8            | 2,938.2                          | 2,901.5            | 2,750.4                          |
| - Tax losses and capital allowances                          | 3,610.9            | 3,839.7                          | 0                  | 0                                |
| - Lease liabilities                                          | 7,216.8            | 6,755.3                          | 15,922.8           | 15,750.4                         |
| - PPE                                                        | 0                  | 0.3                              | 0                  | 0                                |
| Offsetting                                                   | (14,574.9)         | (14,137.7)                       | (19,318.5)         | (19,018.3)                       |
| <b>Deferred tax assets (after offsetting)</b>                | <b>315.3</b>       | <b>373.9</b>                     | <b>0</b>           | <b>0</b>                         |
| Deferred tax liabilities (before offsetting):                |                    |                                  |                    |                                  |
| - PPE                                                        | (14,324.5)         | (14,173.3)                       | (10,607.1)         | (10,144.8)                       |
| - Contract assets                                            | (1,473.6)          | (1,360.1)                        | (939.4)            | (1,050.4)                        |
| - ROU assets                                                 | (8,044.4)          | (7,913.1)                        | (14,366.4)         | (14,544.7)                       |
| Offsetting                                                   | 14,574.9           | 14,137.7                         | 19,318.5           | 19,018.3                         |
| <b>Deferred tax liabilities (after offsetting)</b>           | <b>(9,267.6)</b>   | <b>(9,308.8)</b>                 | <b>(6,594.4)</b>   | <b>(6,721.6)</b>                 |



## NOTES TO THE FINANCIAL STATEMENTS

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## 13 DEFERRED TAXATION (CONTINUED)

The amount of deductible temporary differences, unused tax losses, unabsorbed capital allowance and investment tax allowance for which no deferred tax assets are recognised in the statement of financial position are as follows:

|                                                           | Group              |                    | Company            |                    |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                           | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Deductible temporary differences                          | 401.3              | 403.3              | 0                  | 0                  |
| Unused tax losses*                                        | 2,693.1            | 2,797.9            | 0                  | 0                  |
| Unabsorbed capital allowance and investment tax allowance | 5,844.1            | 6,007.5            | 0                  | 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 allowance and investment tax allowance do not expire under current tax legislation.

\* The unused 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 unused tax losses brought forward are expected to expire between YA 2028 to YA 2035.

## 14 LONG TERM RECEIVABLES

## Accounting Policy

The accounting policy for long term receivables is as disclosed in Note 47.

|                      | Note | Group              |                    | Company            |                    |
|----------------------|------|--------------------|--------------------|--------------------|--------------------|
|                      |      | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Financial assets     |      |                    |                    |                    |                    |
| Trade receivables    | (a)  | 807.4              | 498.6              | 807.4              | 498.6              |
| Other receivables    | (b)  | 148.6              | 80.3               | 29.0               | 41.0               |
|                      |      | 956.0              | 578.9              | 836.4              | 539.6              |
| Loss allowances on:  |      |                    |                    |                    |                    |
| - Trade receivables  | (c)  | (241.4)            | 0                  | (241.4)            | 0                  |
| - Other receivables  |      | (24.0)             | (24.5)             | (14.3)             | (14.8)             |
|                      |      | 690.6              | 554.4              | 580.7              | 524.8              |
| Non-financial assets | (d)  | 281.8              | 359.4              | 281.2              | 334.6              |
|                      |      | 972.4              | 913.8              | 861.9              | 859.4              |

- (a) Trade receivables are in relation to amounts due from trade debtors which are not expected to be received within 12 months from the reporting date.
- (b) 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.
- (c) The allowances for trade receivables are measured based on expected payments and the specific credit risk characteristics of individual customers in determining the expected credit losses.
- (d) Non-financial assets primarily relate to deposits which are not expected to be received within 12 months from the reporting date.

Credit risk for financial assets is as disclosed in Note 47(b).

## NOTES TO THE FINANCIAL STATEMENTS

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## 15 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 47.

|                               | Note | Company            |                    |
|-------------------------------|------|--------------------|--------------------|
|                               |      | 2025<br>RM'million | 2024<br>RM'million |
| <b>Non-current</b>            |      |                    |                    |
| Amounts due from subsidiaries |      | 3,954.2            | 4,143.4            |
| Less: Loss allowance          |      | (709.2)            | (406.8)            |
|                               | (a)  | 3,245.0            | 3,736.6            |
| <b>Current</b>                |      |                    |                    |
| Amounts due from subsidiaries |      | 2,699.9            | 3,538.6            |
| Less: Loss allowance          |      | (308.2)            | (326.4)            |
|                               | (b)  | 2,391.7            | 3,212.2            |
| Amounts due to subsidiaries   | (b)  | (4,969.4)          | (6,097.6)          |

(a) The amounts due from subsidiaries are mainly in relation to shareholder loans to:

- (i) TNB Power Generation Sdn. Bhd. ('TPGSB') amounting to RM1,605.3 million (2024: RM1,977.9 million), which is based on the Islamic financing structure, for a profit rate of 3.8% per annum repayable over 15 years.
- (ii) Vantage RE Ltd. ('VRE') amounting to RM990.6 million (2024: RM944.8 million), which is based on the Islamic financing structure, for a profit rate of 4.9% (2024: 6.9%). This amount is not repayable in the next 12 months.
- (iii) TNBI amounting to a total of RM767.0 million (2024: RM915.8 million), which consists of two loans amounting to RM703.4 million and RM63.6 million, with the interest rate of 6.7% and 9.2% per annum repayable over 10 and 15 years respectively.

(b) Amounts due from/(to) subsidiaries classified as current are trade related, unsecured, interest free and repayable on demand.

Credit risk is as disclosed in Note 47(b).

## 16 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 16 LEASES (CONTINUED)

**Accounting Policy (continued)**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 is as disclosed in Note 6.

## (a) Finance lease receivables

The Group's finance lease receivables arise from Cooling Energy Supply Agreement ('CESA') which amounts to RM4.5 million (2024: RM6.0 million). The effective interest rate implicit in the finance lease is approximately 9.5% (2024: 9.5%). The carrying amount of the finance lease receivables approximately their fair values.

## (b) Lease liabilities

The Group's and the Company's obligations under lease liabilities arise predominantly from the PPA with several Independent Power Producers ('IPPs').

|                                            | Group              |                    | Company            |                    |
|--------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                            | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Minimum lease payments:                    |                    |                    |                    |                    |
| - Within 1 year                            | 4,018.2            | 4,534.2            | 8,493.2            | 8,804.1            |
| - After 1 year and not later than 2 years  | 4,029.7            | 3,539.7            | 7,625.4            | 7,533.5            |
| - After 2 years and not later than 3 years | 3,641.2            | 3,392.8            | 7,524.1            | 7,262.4            |
| - After 3 years and not later than 4 years | 3,555.8            | 3,306.6            | 7,685.2            | 7,128.8            |
| - After 4 years and not later than 5 years | 3,415.1            | 3,190.3            | 7,309.8            | 7,258.2            |
| - After 5 years                            | 22,812.6           | 20,894.7           | 61,143.5           | 62,717.0           |
|                                            | 37,454.4           | 34,324.1           | 91,288.0           | 91,899.9           |
| Total minimum lease payments               | 41,472.6           | 38,858.3           | 99,781.2           | 100,704.0          |
| Future finance charges                     | (10,989.5)         | (10,147.7)         | (32,524.6)         | (33,763.3)         |
|                                            | 30,483.1           | 28,710.6           | 67,256.6           | 66,940.7           |
| Amount payable under lease liabilities:    |                    |                    |                    |                    |
| - Within 1 year                            | 2,578.3            | 3,140.1            | 4,842.6            | 5,168.2            |
| - After 1 year and not later than 2 years  | 2,666.7            | 2,261.4            | 4,115.1            | 4,027.4            |
| - After 2 years and not later than 3 years | 2,397.6            | 2,232.5            | 4,276.0            | 4,012.9            |
| - After 3 years and not later than 4 years | 2,442.2            | 2,264.5            | 4,688.7            | 4,099.6            |
| - After 4 years and not later than 5 years | 2,428.2            | 2,269.9            | 4,577.4            | 4,470.6            |
| - After 5 years                            | 17,970.1           | 16,542.2           | 44,756.8           | 45,162.0           |
|                                            | 27,904.8           | 25,570.5           | 62,414.0           | 61,772.5           |
|                                            | 30,483.1           | 28,710.6           | 67,256.6           | 66,940.7           |

## NOTES TO THE FINANCIAL STATEMENTS

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## 16 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 5.0% (2024: 5.2%) and 5.7% (2024: 5.7%) per annum respectively. The carrying amounts of the lease liabilities approximate their fair values.

During the financial year, the Company recognised significant ROU asset and lease liability arising from the commencement of commercial operations of an IPP. The arrangement relates primarily to the lease of power plant, formalised via a PPA with a term of 21 years commencing in March 2025, which stipulates that the Company has the rights to direct the use of the assets. Accordingly, a lease liability amounting to RM4,483.2 million was recognised at the commencement date, measured at the present value of the lease payments over the lease term. The corresponding ROU asset recognised is as disclosed in Note 6.

Reconciliation of lease liabilities during the financial year is as follows:

|                                            | Group              |                    | Company            |                    |
|--------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                            | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year  | <b>28,710.6</b>    | 30,860.9           | <b>66,940.7</b>    | 69,286.6           |
| Cash flows                                 | <b>(4,079.7)</b>   | (3,806.9)          | <b>(7,816.6)</b>   | (7,474.3)          |
| Non-cash changes:                          |                    |                    |                    |                    |
| - Additional lease                         | <b>4,796.3</b>     | 79.7               | <b>4,627.6</b>     | 807.5              |
| - Capacity payment differences             | <b>(505.1)</b>     | 131.2              | <b>(326.0)</b>     | (98.7)             |
| - Finance charges (Note 39(b))             | <b>1,592.3</b>     | 1,508.6            | <b>3,862.2</b>     | 3,873.0            |
| - Remeasurement of lease (Note 6)          | <b>0</b>           | 0                  | <b>0</b>           | 663.4              |
| - Receivables                              | <b>(31.3)</b>      | (63.2)             | <b>(31.3)</b>      | (63.2)             |
| - Amount due to subsidiaries               | <b>0</b>           | 0                  | <b>0</b>           | (53.6)             |
| - Adjustment to purchase price allocation  | <b>0</b>           | 0.3                | <b>0</b>           | 0                  |
| <b>As at the end of the financial year</b> | <b>30,483.1</b>    | 28,710.6           | <b>67,256.6</b>    | 66,940.7           |

The statement of profit or loss includes the following amounts relating to leases:

|                                                                               | Group              |                    | Company            |                    |
|-------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                               | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Depreciation charge of ROU assets (Note 6)                                    | <b>3,272.3</b>     | 3,156.9            | <b>5,390.9</b>     | 5,417.3            |
| Expense relating to leases of low-value assets (Note 35)                      | <b>44.4</b>        | 46.1               | <b>44.3</b>        | 45.6               |
| Expenses relating to short term leases (Note 35)                              | <b>124.2</b>       | 161.5              | <b>124.2</b>       | 80.2               |
| Expense relating to variable lease payments not included in lease liabilities | <b>20.6</b>        | 47.1               | <b>186.4</b>       | 36.8               |
| Finance charges (Note 39 (b))                                                 | <b>1,592.3</b>     | 1,508.6            | <b>3,862.2</b>     | 3,873.0            |

## NOTES TO THE FINANCIAL STATEMENTS

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## 17 FINANCIAL ASSETS AT FVOCI

**Accounting Policy**

Financial assets at FVOCI are financial instruments and the accounting policy is disclosed in Note 47.

|                           | Group              |                    | Company            |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
|                           | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Financial assets at FVOCI | <b>81.3</b>        | 81.2               | <b>80.9</b>        | 80.5               |

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 disposals of certain investments.

The details of the financial assets at FVOCI are as follows:

|                                                  | Group              |                    | Company            |                    |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                  | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Labuan Reinsurance (L) Ltd.                      | <b>80.9</b>        | 80.5               | <b>80.9</b>        | 80.5               |
| Al-Imtiaz Operation and Maintenance Company Ltd. | <b>0.3</b>         | 0.4                | <b>0</b>           | 0                  |
| Club Memberships                                 | <b>0.1</b>         | 0.3                | <b>0</b>           | 0                  |

## 18 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 47). 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 18 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.

The Group and the Company have recognised the following assets and liabilities related to contracts with customers:

|                      | Note | Group              |                    | Company            |                    |
|----------------------|------|--------------------|--------------------|--------------------|--------------------|
|                      |      | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Contract cost assets |      |                    |                    |                    |                    |
| - Current            |      | 189.7              | 124.3              | 0                  | 0                  |
| - Non-current        |      | 9.5                | 8.9                | 0                  | 0                  |
| Contract assets      |      |                    |                    |                    |                    |
| - Current trade      |      | 4,263.6            | 4,641.6            | 3,907.3            | 4,368.4            |
| - Non-current trade  |      | 62.7               | 0                  | 0                  | 0                  |
|                      | (a)  | 4,326.3            | 4,641.6            | 3,907.3            | 4,368.4            |
| Contract liabilities |      |                    |                    |                    |                    |
| - Current            |      | 474.3              | 460.2              | 291.9              | 258.9              |
| - Non-current        |      | 8,719.5            | 7,838.8            | 7,774.5            | 6,882.8            |
|                      | (b)  | 9,193.8            | 8,299.0            | 8,066.4            | 7,141.7            |

|                                            | Note         | Group              |                    | Company            |                    |
|--------------------------------------------|--------------|--------------------|--------------------|--------------------|--------------------|
|                                            |              | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| (a) Trade contract assets                  | (i)          |                    |                    |                    |                    |
| As at the beginning of the financial year  |              | 4,641.6            | 4,446.8            | 4,368.4            | 4,226.9            |
| Performance obligations completed          |              | 4,374.8            | 4,787.1            | 3,914.1            | 4,376.6            |
| Transfer to receivables                    |              | (4,694.4)          | (4,578.7)          | (4,376.5)          | (4,226.9)          |
| Less: Loss allowance                       |              | 4.3                | (13.6)             | 1.3                | (8.2)              |
| <b>As at the end of the financial year</b> |              | <b>4,326.3</b>     | <b>4,641.6</b>     | <b>3,907.3</b>     | <b>4,368.4</b>     |
| (b) Trade contract liabilities             | (i)(ii)(iii) |                    |                    |                    |                    |
| As at the beginning of the financial year  |              | 8,299.0            | 5,788.3            | 7,141.7            | 4,896.2            |
| Received during the financial year         |              |                    |                    |                    |                    |
| - Cash                                     |              | 1,744.2            | 2,841.9            | 1,254.2            | 2,488.6            |
| - Asset                                    |              | 22.5               | 126.8              | 0                  | 0                  |
| Release to statement of profit or loss:    |              |                    |                    |                    |                    |
| - Customers' contribution                  |              | (381.6)            | (310.2)            | (329.5)            | (243.1)            |
| - Deferred income                          |              | (490.3)            | (147.8)            | 0                  | 0                  |
| <b>As at the end of the financial year</b> |              | <b>9,193.8</b>     | <b>8,299.0</b>     | <b>8,066.4</b>     | <b>7,141.7</b>     |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 18 CONTRACT BALANCES (CONTINUED)

The Group and the Company have recognised the following assets and liabilities related to contracts with customers: (continued)

## (i) Significant changes in trade contract assets and liabilities

Trade contract assets have decreased as the Group and the Company have billed most of the works performed. 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 the prior financial year:

|                                                                                                       | Group              |                    | Company            |                    |
|-------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                                       | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Revenue recognised, included in the trade contract liabilities balances in relation to preceding year | (235.1)            | (284.2)            | (231.2)            | (223.7)            |
| Revenue recognised, included in the trade contract liabilities balances in relation to current year   | (636.8)            | (173.8)            | (98.3)             | (19.4)             |
|                                                                                                       | (871.9)            | (458.0)            | (329.5)            | (243.1)            |

## (iii) Unsatisfied performance obligations in long term contracts

The following table shows unsatisfied performance obligations resulting from long term contracts:

|                                                                                                          | Group              |                    | Company            |                    |
|----------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                                          | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied | 9,193.8            | 8,299.0            | 8,066.4            | 7,141.7            |

Management expects 3.6% (2024: 3.6%) of the transaction price allocated to the unsatisfied contracts will be recognised as revenue during the next financial year. The remaining 96.4% (2024: 96.4%) will be recognised from financial years 2027 to 2046.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 19 FINANCIAL ASSETS AT FVTPL

**Accounting Policy**

Financial assets at FVTPL are financial instruments and the accounting policy is as disclosed in Note 47.

|                           | Group              |                    | Company            |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
|                           | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Financial assets at FVTPL | 150.7              | 465.1              | 69.6               | 107.4              |
| Current                   | 135.8              | 445.9              | 56.9               | 90.5               |
| Non-current               | 14.9               | 19.2               | 12.7               | 16.9               |
|                           | 150.7              | 465.1              | 69.6               | 107.4              |

Financial assets at FVTPL mainly represent investments in unit trusts and students' loans.

Credit risk relating to financial assets at FVTPL is as disclosed in Note 47(b).

## 20 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<br>amount<br>RM'million | Assets<br>RM'million | Liabilities<br>RM'million |
|------------------------------------------------------------------|------|----------------------------------|----------------------|---------------------------|
| Non-hedge accounting qualified derivative financial instruments: |      |                                  |                      |                           |
| <b>Group</b>                                                     |      |                                  |                      |                           |
| <b>2025</b>                                                      |      |                                  |                      |                           |
| <u>Current</u>                                                   |      |                                  |                      |                           |
| Forward foreign currency contracts                               | (a)  | 75.5                             | 0                    | (0.7)                     |
| <u>Non-current</u>                                               |      |                                  |                      |                           |
| Interest rate swap contracts                                     | (b)  | 1,603.2                          | 61.2                 | 0                         |
| Profit rate swap contracts                                       | (c)  | 264.9                            | 1.4                  | (4.0)                     |
| Power purchase agreements                                        | (d)  | 1,296.5                          | 41.9                 | (68.1)                    |
|                                                                  |      | 3,164.6                          | 104.5                | (72.1)                    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 20 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

|                                                                                 | Note | Notional<br>amount<br>RM'million | Assets<br>RM'million | Liabilities<br>RM'million |
|---------------------------------------------------------------------------------|------|----------------------------------|----------------------|---------------------------|
| Non-hedge accounting qualified derivative financial instruments:<br>(continued) |      |                                  |                      |                           |
| <b>Group</b>                                                                    |      |                                  |                      |                           |
| <b>2024</b>                                                                     |      |                                  |                      |                           |
| <u>Current</u>                                                                  |      |                                  |                      |                           |
| Forward foreign currency contracts                                              | (a)  | 965.9                            | 35.6                 | (2.8)                     |
| <u>Non-current</u>                                                              |      |                                  |                      |                           |
| Interest rate swap contracts                                                    | (b)  | 1,599.2                          | 72.5                 | (0.5)                     |
| Profit rate swap contracts                                                      | (c)  | 284.5                            | 3.5                  | (3.4)                     |
| Power purchase agreements                                                       | (d)  | 1,336.7                          | 61.6                 | (94.3)                    |
|                                                                                 |      | 3,220.4                          | 137.6                | (98.2)                    |
| <b>Company</b>                                                                  |      |                                  |                      |                           |
| <b>2025</b>                                                                     |      |                                  |                      |                           |
| <u>Current</u>                                                                  |      |                                  |                      |                           |
| Forward foreign currency contracts                                              | (a)  | 75.5                             | 0                    | (0.7)                     |
| <b>2024</b>                                                                     |      |                                  |                      |                           |
| <u>Current</u>                                                                  |      |                                  |                      |                           |
| Forward foreign currency contracts                                              | (a)  | 965.9                            | 35.6                 | (2.8)                     |

## (a) Forward foreign currency contracts

The Company entered into forward foreign currency contracts with forward rates of RM4.0539 to RM4.2235 (2024: RM4.0585 to RM4.3456) for 1 US Dollar and RM4.7629 for 1 Euro 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, with maturity on 30 September 2033.

## (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 rate of 3.8% per annum on aggregate notional principal of GBP50.8 million, with maturity on 30 September 2037.

## (iii) IRS contracts - Dullarbtons and Elipsgeen

The Group entered into IRS contract in September 2023 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, with maturity on 31 December 2037 and 30 June 2041.

## NOTES TO THE FINANCIAL STATEMENTS

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## 20 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

## (b) IRS contracts (continued)

## (iii) IRS contracts - Dullarbtons and Elipsgeen (continued)

The Group entered into IRS contract in September 2023 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, with maturity on 31 December 2037 and 30 June 2041.

## (iv) IRS contract - Stone BidCo Pty. Ltd. ('Stone BidCo')

The Group entered into IRS contract on 27 December 2024 that entitled Stone BidCo, a wholly owned subsidiary of Spark Renewables to receive interest at floating rates and obliged to pay interest at fixed rate of 4.0% per annum on aggregate notional principal of AUD225.0 million, with maturity on 27 September 2028 .

## (v) IRS contract - Bomen Solar Farm FinCo Pty Ltd.

The Group entered into IRS contract on 13 March 2025 that entitled Bomen Solar Farm FinCo, a wholly owned subsidiary of Spark Renewables to receive interest at floating rates and obliged to pay interest at fixed rate of 3.8% per annum on aggregate notional principal of AUD40.7 million, with maturity on 30 September 2029.

## (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, with maturity on 29 June 2035.

## (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, with maturity on 28 June 2030.

## (d) PPA

## (i) Bomen Solar Farm Pty Ltd ('Bomen')

A subsidiary of Spark Renewables, Bomen has entered into:

- A PPA with a customer 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
- A 10-year PPA with a customer 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.

## (ii) Dullarbtons and Elipsgeen

Subsidiaries of VRE3, Dullarbtons and Elipsgeen have each entered into a PPA with a customer on 21 July 2023, whereby both committed to deliver electricity output to the offtaker for 15 years at a contracted fixed floor price, thereby mitigating exposure to variable market prices.

Credit risk relating to derivative financial instruments is as disclosed in Note 47(b).

## NOTES TO THE FINANCIAL STATEMENTS

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## 21 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            |                    |
|----------------------|--------------------|--------------------|--------------------|--------------------|
|                      | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Fuel and consumables | 2,519.5            | 2,510.7            | 293.6              | 259.0              |
| Work-in-progress     | 30.4               | 25.6               | 0                  | 0                  |
| Finished goods       | 11.9               | 7.3                | 0                  | 0                  |
|                      | 2,561.8            | 2,543.6            | 293.6              | 259.0              |

## 22 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 47.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 22 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 22 and portfolios of reinsurance contracts held that are liabilities in Note 25.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

|                                 | Group              |                    | Company            |                    |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                 | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Trade receivables               | 4,095.7            | 5,311.2            | 3,407.2            | 3,934.5            |
| Staff advances/loans            | 54.9               | 50.3               | 35.1               | 31.6               |
| Deposits and prepayments        | 483.8              | 437.1              | 74.3               | 54.9               |
| Other receivables*              | 2,711.0            | 6,303.0            | 1,693.4            | 5,251.7            |
| Rechargeable job orders debtors | 472.3              | 267.5              | 268.1              | 252.3              |
| Insurance contract assets       | 346.6              | 280.6              | 0                  | 0                  |
| Advance payment to contractors  | 303.7              | 78.0               | 0                  | 0.9                |
|                                 | 8,468.0            | 12,727.7           | 5,478.1            | 9,525.9            |
| Loss allowances on:             |                    |                    |                    |                    |
| - Trade receivables             | (1,515.8)          | (1,654.2)          | (1,318.3)          | (1,478.9)          |
| - Other non-trade receivables   | (232.5)            | (216.1)            | (147.3)            | (144.4)            |
|                                 | (1,748.3)          | (1,870.3)          | (1,465.6)          | (1,623.3)          |
|                                 | 6,719.7            | 10,857.4           | 4,012.5            | 7,902.6            |

The Group's and the Company's credit policies provide trade receivables with a range between 30 days to 90 days (2024: 30 days to 90 days) credit period.

Credit risk relating to receivables is as disclosed in Note 47(b).

\* Included in other receivables of the Group and of the Company are amounts due from the Government amounting to RM2,048.4 million (2024: RM5,560.4 million) and RM1,610.5 million (2024: RM5,149.6 million) respectively, under the ICPT/AFA mechanism.

## 23 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            |                    |
|--------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                        | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Cash in hand and at bank                               | 4,655.9            | 3,285.1            | 868.2              | 341.9              |
| Deposits with licensed banks and financial institution | 8,180.8            | 16,316.0           | 5,587.5            | 13,548.6           |
|                                                        | 12,836.7           | 19,601.1           | 6,455.7            | 13,890.5           |

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   |           |
|--------------------------------------------------------|-----------|-----------|-----------|-----------|
|                                                        | 2025<br>% | 2024<br>% | 2025<br>% | 2024<br>% |
| Bank balances                                          | 0.1 - 2.8 | 0.1 - 2.9 | 0.1 - 2.8 | 0.1 - 2.9 |
| Deposits with licensed banks and financial institution | 2.7 - 4.8 | 2.7 - 5.5 | 2.8 - 4.5 | 2.8 - 5.5 |

Deposits with licensed banks have maturity periods ranging from 1 to 365 days (2024: 1 to 365 days) for the Group and 1 to 202 days (2024: 1 to 364 days) for the Company.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 23 DEPOSITS, BANK AND CASH BALANCES (CONTINUED)

|                                                          | Group              |                    | Company            |                    |
|----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                          | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Cash and cash equivalents comprise:                      |                    |                    |                    |                    |
| - Cash in hand and at bank                               | 4,655.9            | 3,285.1            | 868.2              | 341.9              |
| - Deposits with licensed banks and financial institution | 8,180.8            | 16,316.0           | 5,587.5            | 13,548.6           |
| Deposits, bank and cash balances                         | 12,836.7           | 19,601.1           | 6,455.7            | 13,890.5           |
| Debt reserve accounts*                                   | (581.3)            | (530.9)            | 0                  | 0                  |
| Cash at bank held in trust**                             | (177.7)            | (189.6)            | 0                  | 0                  |
| Restricted cash                                          | (6.7)              | (8.8)              | 0                  | 0                  |
| Deposits with maturity of more than 90 days              | (1,418.7)          | (3,659.0)          | (622.8)            | (2,460.5)          |
| Total cash and cash equivalents                          | 10,652.3           | 15,212.8           | 5,832.9            | 11,430.0           |

\* Debt reserve accounts relate 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 the Government by a subsidiary for designated capital projects.

## 24 ASSET CLASSIFIED AS HELD FOR SALE

## Accounting Policy

Non-current assets and disposal groups comprising assets and liabilities are classified as 'held for sale' if their carrying amounts are expected to be recovered principally through sale rather than through continuing use and the sale is considered highly probable. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's applicable accounting policies. Thereafter, on initial classification as held for sale, the assets are measured at the lower of carrying amount and fair value less costs to sell. Any differences are charged to the profit or loss.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale. Non-current assets and the assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. Similarly, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

|                                                                                                      | 2025<br>RM'million |
|------------------------------------------------------------------------------------------------------|--------------------|
| Investment in associate classified as asset held for sale, measured at fair value less costs to sell | 243.5              |

Following the execution of the Sale and Purchase Agreement as disclosed in Note 10, the investment in LMT was reclassified as an asset held for sale.

The investment is measured at the lower of its carrying amount and fair value less costs to sell. The fair value less costs to sell of RM243.5 million was determined based on the agreed disposal consideration of RM285.0 million, adjusted for estimated transaction costs and discounted to reflect the timing of deferred instalment payments. The remeasurement resulted in a reversal of impairment of RM21.4 million during the financial year.

Completion of the disposal remains subject to the fulfilment of conditions precedent and is expected to be completed within the next twelve months.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 25 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.

Provisions

Provisions are recognised when the Group and the Company have 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 liabilities is as disclosed in Note 22.

|                                | Note | Group              |                    | Company            |                    |
|--------------------------------|------|--------------------|--------------------|--------------------|--------------------|
|                                |      | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Trade payables                 | (a)  | <b>7,077.6</b>     | 9,392.1            | <b>3,649.9</b>     | 6,732.7            |
| Payroll liabilities            | (b)  | <b>1,043.1</b>     | 1,527.4            | <b>716.8</b>       | 1,259.7            |
| Financial guarantee contracts  | (c)  | <b>49.3</b>        | 296.9              | <b>54.0</b>        | 301.6              |
| Insurance contract liabilities |      | <b>338.6</b>       | 273.2              | <b>0</b>           | 0                  |
| Other payables                 | (d)  | <b>1,414.7</b>     | 1,376.1            | <b>1,283.9</b>     | 1,085.0            |
| Provisions                     | (e)  | <b>386.8</b>       | 446.0              | <b>170.0</b>       | 187.4              |
| Accruals                       |      | <b>845.1</b>       | 903.7              | <b>224.7</b>       | 166.8              |
|                                |      | <b>11,155.2</b>    | 14,215.4           | <b>6,099.3</b>     | 9,733.2            |

- (a) Included in trade payables of the Group and the Company are obligations amounting to RM410.6 million (2024: RM3,134.3 million) 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 (2024: 30 to 60 days) depending on the terms of the contracts.
- (b) During the financial year, the Company transferred RM394.7 million of employer benefit obligation to Retirement Benefit Trust Fund in respect of active members who had attained the retirement age of 55 or 56.
- (c) The financial guarantee contracts decreased during the financial year primarily due to partial reversal of provision following the disposal of an asset within an associate, which resulted in a reduced probability risk of the related guarantee exposure as disclosed in Note 47(b).
- (d) Included in other payables of the Group and the Company is amount payable to the Government under Green Electricity Tariff ('GET') program amounting RM1,035.5 million (2024: RM727.5 million).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 25 PAYABLES (CONTINUED)

(e) The movements in provision during the financial year are as follows:

|                                                 | CESS<br>Fund* | Legal/<br>Disputes | Capital<br>expenditure | Levy Tax   | Services   | Sea water<br>charges | Others     | Total      |
|-------------------------------------------------|---------------|--------------------|------------------------|------------|------------|----------------------|------------|------------|
|                                                 | RM'million    | RM'million         | RM'million             | RM'million | RM'million | RM'million           | RM'million | RM'million |
| <b>Group</b>                                    |               |                    |                        |            |            |                      |            |            |
| <b>2025</b>                                     |               |                    |                        |            |            |                      |            |            |
| As at the beginning of the financial year       | 195.8         | 21.1               | 10.3                   | 40.2       | 97.7       | 54.3                 | 26.6       | 446.0      |
| Provisions/(Reversal) during the financial year | 24.5          | (6.8)              | 62.0                   | 4.7        | (47.6)     | 1.4                  | (26.6)     | 11.6       |
| Utilised during the financial year              | (33.3)        | 0                  | 0                      | 0          | 0          | (37.5)               | 0          | (70.8)     |
| As at the end of the financial year             | 187.0         | 14.3               | 72.3                   | 44.9       | 50.1       | 18.2                 | 0          | 386.8      |
| <b>2024</b>                                     |               |                    |                        |            |            |                      |            |            |
| As at the beginning of the financial year       | 150.5         | 21.1               | 25.9                   | 47.4       | 70.6       | 0                    | 26.6       | 342.1      |
| Provisions/(Reversal) during the financial year | 63.6          | 0                  | (15.6)                 | (5.9)      | 27.1       | 54.3                 | 0          | 123.5      |
| Utilised during the financial year              | (18.3)        | 0                  | 0                      | (1.3)      | 0          | 0                    | 0          | (19.6)     |
| As at the end of the financial year             | 195.8         | 21.1               | 10.3                   | 40.2       | 97.7       | 54.3                 | 26.6       | 446.0      |
|                                                 |               |                    |                        |            |            |                      |            |            |
|                                                 | CESS<br>Fund* | Legal/<br>Disputes | Capital<br>expenditure | Services   | Others     | Total                |            |            |
|                                                 | RM'million    | RM'million         | RM'million             | RM'million | RM'million | RM'million           |            |            |
| <b>Company</b>                                  |               |                    |                        |            |            |                      |            |            |
| <b>2025</b>                                     |               |                    |                        |            |            |                      |            |            |
| As at the beginning of the financial year       | 40.4          | 12.4               | 10.3                   | 97.7       | 26.6       | 187.4                |            |            |
| Provisions/(Reversal) during the financial year | 6.3           | (11.5)             | 62.0                   | (47.6)     | (26.6)     | (17.4)               |            |            |
| As at the end of the financial year             | 46.7          | 0.9                | 72.3                   | 50.1       | 0          | 170.0                |            |            |
| <b>2024</b>                                     |               |                    |                        |            |            |                      |            |            |
| As at the beginning of the financial year       | 33.6          | 12.4               | 25.9                   | 70.6       | 26.6       | 169.1                |            |            |
| Provisions/(Reversal) during the financial year | 6.8           | 0                  | (15.6)                 | 27.1       | 0          | 18.3                 |            |            |
| As at the end of the financial year             | 40.4          | 12.4               | 10.3                   | 97.7       | 26.6       | 187.4                |            |            |

\* Central Excise and Service Tax ('CESS') Fund is relating to contribution for Electricity Supplies Industry Trust Account ('AAIBE').

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 26 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 is only recognised to the extent that it may be used to reduce any future contributions to be paid by the Group and the Company, with remeasurement gains or losses to be recognised to the OCI as a gain or loss on asset ceiling.

As the fund was in a surplus position, the Company does not expect to make significant contribution to the fund in the next financial year.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 26 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<br>RM'million | Fair value of plan asset<br>RM'million | Net defined benefit liability<br>RM'million | RM'million      | RM'million      |
| <b>Group</b>                                      |                                          |                                        |                                             |                 |                 |
| <b>At 1 January 2025</b>                          | <b>1,559.1</b>                           | <b>(1,860.0)</b>                       | <b>(300.9)</b>                              | <b>12,581.9</b> | <b>12,281.0</b> |
| <u>Included in profit or loss</u>                 |                                          |                                        |                                             |                 |                 |
| Current service costs                             | 54.4                                     | 0                                      | 54.4                                        | 0               | 54.4            |
| Interest cost/(income)                            | 60.9                                     | (80.1)                                 | (19.2)                                      | 539.5           | 520.3           |
|                                                   | 115.3                                    | (80.1)                                 | 35.2                                        | 539.5           | 574.7           |
| <u>Included in OCI</u>                            |                                          |                                        |                                             |                 |                 |
| Remeasurement of loss (Note 40):                  |                                          |                                        |                                             |                 |                 |
| - Actuarial loss/(gain) arising from:             |                                          |                                        |                                             |                 |                 |
| - financial assumptions                           | 21.4                                     | 0                                      | 21.4                                        | 655.0           | 676.4           |
| - experience assumptions                          | (1.5)                                    | 0                                      | (1.5)                                       | 251.6           | 250.1           |
| - Return on plan assets excluding interest income | 0                                        | 24.4                                   | 24.4                                        | 0               | 24.4            |
| - Loss on asset ceiling                           | 0                                        | (73.4)                                 | (73.4)                                      | 0               | (73.4)          |
|                                                   | 19.9                                     | (49.0)                                 | (29.1)                                      | 906.6           | 877.5           |
| <u>Others</u>                                     |                                          |                                        |                                             |                 |                 |
| Plan combinations*                                | 394.7                                    | 0                                      | 394.7                                       | 0               | 394.7           |
| Contribution paid by the employer                 | 0                                        | (3.3)                                  | (3.3)                                       | 0               | (3.3)           |
| Benefits paid                                     | (71.5)                                   | 49.0                                   | (22.5)                                      | (771.8)         | (794.3)         |
|                                                   | 458.4                                    | (83.4)                                 | 375.0                                       | 674.3           | 1,049.3         |
| <b>At 31 December 2025</b>                        | <b>2,017.5</b>                           | <b>(1,943.4)</b>                       | <b>74.1</b>                                 | <b>13,256.2</b> | <b>13,330.3</b> |
| Current liabilities                               |                                          |                                        | 51.8                                        | 691.5           | 743.3           |
| Non-current liabilities                           |                                          |                                        | 22.3                                        | 12,564.7        | 12,587.0        |
|                                                   |                                          |                                        | 74.1                                        | 13,256.2        | 13,330.3        |

\* It relates to the transfer from payroll liabilities for employee benefit obligation to RBTF in respect of active members who had attained the retirement age of 55 or 56, as disclosed in Note 25(b).



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 26 EMPLOYEE BENEFITS (CONTINUED)

The movements in the financial statements are as follows: (continued)

|                                                   | RBTF                                     |                                        |                                             | PRMBS      | Total      |
|---------------------------------------------------|------------------------------------------|----------------------------------------|---------------------------------------------|------------|------------|
|                                                   | Defined benefit obligation<br>RM'million | Fair value of plan asset<br>RM'million | Net defined benefit liability<br>RM'million | RM'million | RM'million |
| <b>Group</b>                                      |                                          |                                        |                                             |            |            |
| <b>At 1 January 2024</b>                          | 1,656.2                                  | (1,782.1)                              | (125.9)                                     | 12,349.9   | 12,224.0   |
| <u>Included in profit or loss</u>                 |                                          |                                        |                                             |            |            |
| Current service costs                             | 60.3                                     | 0                                      | 60.3                                        | 0          | 60.3       |
| Interest cost/(income)                            | 68.5                                     | (77.9)                                 | (9.4)                                       | 554.8      | 545.4      |
|                                                   | 128.8                                    | (77.9)                                 | 50.9                                        | 554.8      | 605.7      |
| <u>Included in OCI</u>                            |                                          |                                        |                                             |            |            |
| Remeasurement of loss (Note 40):                  |                                          |                                        |                                             |            |            |
| - Actuarial (gain)/loss arising from:             |                                          |                                        |                                             |            |            |
| - financial assumptions                           | (77.4)                                   | 0                                      | (77.4)                                      | 338.5      | 261.1      |
| - experience assumptions                          | 86.5                                     | 0                                      | 86.5                                        | 31.9       | 118.4      |
| - Return on plan assets excluding interest income | 0                                        | (115.5)                                | (115.5)                                     | 0          | (115.5)    |
| - Loss on asset ceiling                           | 0                                        | 73.4                                   | 73.4                                        | 0          | 73.4       |
|                                                   | 9.1                                      | (42.1)                                 | (33.0)                                      | 370.4      | 337.4      |
| <u>Others</u>                                     |                                          |                                        |                                             |            |            |
| Contribution paid by the employer                 | 0                                        | (191.0)                                | (191.0)                                     | 0          | (191.0)    |
| Benefits paid                                     | (235.0)                                  | 233.1                                  | (1.9)                                       | (693.2)    | (695.1)    |
|                                                   | (97.1)                                   | (77.9)                                 | (175.0)                                     | 232.0      | 57.0       |
| <b>At 31 December 2024</b>                        | 1,559.1                                  | (1,860.0)                              | (300.9)                                     | 12,581.9   | 12,281.0   |
| Non-current assets                                |                                          |                                        | (322.6)                                     | 0          | (322.6)    |
| Current liabilities                               |                                          |                                        | 0.5                                         | 645.0      | 645.5      |
| Non-current liabilities                           |                                          |                                        | 21.2                                        | 11,936.9   | 11,958.1   |
|                                                   |                                          |                                        | (300.9)                                     | 12,581.9   | 12,281.0   |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 26 EMPLOYEE BENEFITS (CONTINUED)

The movements in the financial statements are as follows: (continued)

|                                                   | RBTF                                     |                                        |                                             | PRMBS           | Total           |
|---------------------------------------------------|------------------------------------------|----------------------------------------|---------------------------------------------|-----------------|-----------------|
|                                                   | Defined benefit obligation<br>RM'million | Fair value of plan asset<br>RM'million | Net defined benefit liability<br>RM'million | RM'million      | RM'million      |
| <b>Company</b>                                    |                                          |                                        |                                             |                 |                 |
| <b>At 1 January 2025</b>                          | <b>1,535.0</b>                           | <b>(1,857.6)</b>                       | <b>(322.6)</b>                              | <b>11,801.0</b> | <b>11,478.4</b> |
| <u>Included in profit or loss</u>                 |                                          |                                        |                                             |                 |                 |
| Current service costs                             | 47.2                                     | 0                                      | 47.2                                        | 0               | 47.2            |
| Interest cost/(income)                            | 60.1                                     | (80.1)                                 | (20.0)                                      | 505.8           | 485.8           |
|                                                   | 107.3                                    | (80.1)                                 | 27.2                                        | 505.8           | 533.0           |
| Charged to subsidiaries                           | 5.9                                      | 0                                      | 5.9                                         | 0               | 5.9             |
|                                                   | 113.2                                    | (80.1)                                 | 33.1                                        | 505.8           | 538.9           |
| <u>Included in OCI</u>                            |                                          |                                        |                                             |                 |                 |
| Remeasurement of loss (Note 40):                  |                                          |                                        |                                             |                 |                 |
| - Actuarial loss/(gain) arising from:             |                                          |                                        |                                             |                 |                 |
| - financial assumptions                           | 21.4                                     | 0                                      | 21.4                                        | 640.0           | 661.4           |
| - experience assumptions                          | (1.5)                                    | 0                                      | (1.5)                                       | 253.5           | 252.0           |
| - Return on plan assets excluding interest income | 0                                        | 24.4                                   | 24.4                                        | 0               | 24.4            |
| - Loss on asset ceiling                           | 0                                        | (73.4)                                 | (73.4)                                      | 0               | (73.4)          |
|                                                   | 19.9                                     | (49.0)                                 | (29.1)                                      | 893.5           | 864.4           |
| <u>Others</u>                                     |                                          |                                        |                                             |                 |                 |
| Plan combinations*                                | 394.7                                    | 0                                      | 394.7                                       | 0               | 394.7           |
| Contribution paid by the employer                 | 0                                        | (3.3)                                  | (3.3)                                       | 0               | (3.3)           |
| Benefits paid                                     | (70.2)                                   | 49.0                                   | (21.2)                                      | (748.7)         | (769.9)         |
|                                                   | 457.6                                    | (83.4)                                 | 374.2                                       | 650.6           | 1,024.8         |
| <b>At 31 December 2025</b>                        | <b>1,992.6</b>                           | <b>(1,941.0)</b>                       | <b>51.6</b>                                 | <b>12,451.6</b> | <b>12,503.2</b> |
| Current liabilities                               |                                          |                                        | 51.6                                        | 659.8           | 711.4           |
| Non-current liabilities                           |                                          |                                        | 0                                           | 11,791.8        | 11,791.8        |
|                                                   |                                          |                                        | 51.6                                        | 12,451.6        | 12,503.2        |

\* It relates to the transfer from payroll liabilities for employee benefit obligation to RBTF in respect of active members who had attained the retirement age of 55 or 56, as disclosed in Note 25(b).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 26 EMPLOYEE BENEFITS (CONTINUED)

The movements in the financial statements are as follows: (continued)

|                                                   | RBTF                                     |                                        |                                             | PRMBS      | Total      |
|---------------------------------------------------|------------------------------------------|----------------------------------------|---------------------------------------------|------------|------------|
|                                                   | Defined benefit obligation<br>RM'million | Fair value of plan asset<br>RM'million | Net defined benefit liability<br>RM'million | RM'million | RM'million |
| <b>Company</b>                                    |                                          |                                        |                                             |            |            |
| <b>At 1 January 2024</b>                          | 1,632.6                                  | (1,779.7)                              | (147.1)                                     | 11,613.7   | 11,466.6   |
| <u>Included in profit or loss</u>                 |                                          |                                        |                                             |            |            |
| Current service costs                             | 49.0                                     | 0                                      | 49.0                                        | 0          | 49.0       |
| Interest cost/(income)                            | 67.5                                     | (77.9)                                 | (10.4)                                      | 520.8      | 510.4      |
|                                                   | 116.5                                    | (77.9)                                 | 38.6                                        | 520.8      | 559.4      |
| Charged to subsidiaries                           | 9.9                                      | 0                                      | 9.9                                         | 0          | 9.9        |
|                                                   | 126.4                                    | (77.9)                                 | 48.5                                        | 520.8      | 569.3      |
| <u>Included in OCI</u>                            |                                          |                                        |                                             |            |            |
| Remeasurement of loss (Note 40):                  |                                          |                                        |                                             |            |            |
| - Actuarial (gain)/loss arising from:             |                                          |                                        |                                             |            |            |
| - financial assumptions                           | (77.4)                                   | 0                                      | (77.4)                                      | 307.1      | 229.7      |
| - experience assumptions                          | 86.5                                     | 0                                      | 86.5                                        | 25.3       | 111.8      |
| - Return on plan assets excluding interest income | 0                                        | (115.5)                                | (115.5)                                     | 0          | (115.5)    |
| - Loss on asset ceiling                           | 0                                        | 73.4                                   | 73.4                                        | 0          | 73.4       |
|                                                   | 9.1                                      | (42.1)                                 | (33.0)                                      | 332.4      | 299.4      |
| <u>Others</u>                                     |                                          |                                        |                                             |            |            |
| Contribution paid by the employer                 | 0                                        | (191.0)                                | (191.0)                                     | 0          | (191.0)    |
| Benefits paid                                     | (233.1)                                  | 233.1                                  | 0                                           | (665.9)    | (665.9)    |
|                                                   | (97.6)                                   | (77.9)                                 | (175.5)                                     | 187.3      | 11.8       |
| <b>At 31 December 2024</b>                        | 1,535.0                                  | (1,857.6)                              | (322.6)                                     | 11,801.0   | 11,478.4   |
| Non-current assets                                |                                          |                                        | (322.6)                                     | 0          | (322.6)    |
| Current liabilities                               |                                          |                                        | 0                                           | 616.2      | 616.2      |
| Non-current liabilities                           |                                          |                                        | 0                                           | 11,184.8   | 11,184.8   |
|                                                   |                                          |                                        | (322.6)                                     | 11,801.0   | 11,478.4   |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 26 EMPLOYEE BENEFITS (CONTINUED)

The latest actuarial revaluation for RBTF and PRMBS was carried out in February 2026. The principal actuarial assumptions used in respect of defined benefit plans are as follows:

|                              | Group     |            | Company   |            |
|------------------------------|-----------|------------|-----------|------------|
|                              | RBTF<br>% | PRMBS<br>% | RBTF<br>% | PRMBS<br>% |
| <b>2025</b>                  |           |            |           |            |
| Discount rates               | 3.9 - 5.3 | 4.1        | 3.9       | 4.1        |
| Salary increment rate        | 4.0 - 6.0 | N/A        | 5.0       | N/A        |
| Medical cost inflation rate: |           |            |           |            |
| - Inpatient                  | N/A       | 5.5        | N/A       | 5.5        |
| - Outpatient                 | N/A       | 4.5        | N/A       | 4.5        |
| - Specialist                 | N/A       | 4.5        | N/A       | 4.5        |
| - Dialysis                   | N/A       | 5.5        | N/A       | 5.5        |
| <b>2024</b>                  |           |            |           |            |
| Discount rates               | 4.2 - 5.4 | 4.4        | 4.2       | 4.4        |
| Salary increment rate        | 4.0 - 6.0 | N/A        | 5.0       | N/A        |
| Medical cost inflation rate: |           |            |           |            |
| - Inpatient                  | N/A       | 5.5        | N/A       | 5.5        |
| - Outpatient                 | N/A       | 4.5        | N/A       | 4.5        |
| - 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<br>RM'million | Decrease<br>RM'million | Increase<br>RM'million | Decrease<br>RM'million |
| <b>Group</b>                |                        |                        |                        |                        |
| <b>2025</b>                 |                        |                        |                        |                        |
| Medical cost inflation rate | N/A                    | N/A                    | 1,534.0                | (1,310.2)              |
| Discount rate               | (71.3)                 | 77.9                   | (1,359.1)              | 1,628.2                |
| Salary increment rate       | 97.6                   | (90.7)                 | N/A                    | N/A                    |
| <b>2024</b>                 |                        |                        |                        |                        |
| Medical cost inflation rate | N/A                    | N/A                    | 1,483.3                | (1,263.6)              |
| Discount rate               | (77.4)                 | 84.7                   | (1,306.5)              | 1,568.3                |
| Salary increment rate       | 105.3                  | (97.6)                 | N/A                    | N/A                    |

## NOTES TO THE FINANCIAL STATEMENTS

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## 26 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<br>RM'million | Decrease<br>RM'million | Increase<br>RM'million | Decrease<br>RM'million |
| <b>Company</b>              |                        |                        |                        |                        |
| <b>2025</b>                 |                        |                        |                        |                        |
| Medical cost inflation rate | N/A                    | N/A                    | 1,417.5                | (1,213.9)              |
| Discount rate               | (69.3)                 | (75.7)                 | (1,260.0)              | (1,505.4)              |
| Salary increment rate       | 95.4                   | (88.7)                 | N/A                    | N/A                    |
| <b>2024</b>                 |                        |                        |                        |                        |
| Medical cost inflation rate | N/A                    | N/A                    | 1,368.1                | (1,168.6)              |
| Discount rate               | (75.5)                 | 82.6                   | (1,209.1)              | 1,447.4                |
| Salary increment rate       | 103.0                  | (95.5)                 | N/A                    | N/A                    |

The sensitivity analysis has been provided based on membership data as at 31 December 2025 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 7 and 15 years for RBTF and PRMBS respectively.

Plan assets for RBTF comprise:

|                             | Group and Company |           |
|-----------------------------|-------------------|-----------|
|                             | 2025<br>%         | 2024<br>% |
| Equity instruments - Quoted | 47.3              | 49.5      |
| Debt instruments - Quoted   | 21.1              | 19.5      |
| - Unquoted                  | 23.6              | 23.5      |
| Others                      | 8.0               | 7.5       |
|                             | 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 have been fully vested as at 31 December 2025.

## 27 CONSUMER DEPOSITS

Consumers served by TNB in Peninsular Malaysia and SE in Sabah and the Federal Territory of Labuan 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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 28 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 profit or loss, 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.

|                             | Note   | Group              |                    | Company            |                    |
|-----------------------------|--------|--------------------|--------------------|--------------------|--------------------|
|                             |        | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| <b>Current</b>              |        |                    |                    |                    |                    |
| Secured:                    |        |                    |                    |                    |                    |
| - Short term loans          |        | 539.8              | 372.7              | 0                  | 0                  |
| - Term loans                | (a)    | 450.1              | 492.5              | 0                  | 0                  |
| - Bonds                     | (b)    | 1,245.2            | 1,223.0            | 0                  | 0                  |
| Unsecured:                  |        |                    |                    |                    |                    |
| - Short term loans          | (a)    | 6,195.9            | 1,666.4            | 6,048.3            | 1,518.5            |
| - Bankers' acceptances      |        | 39.0               | 39.5               | 0                  | 0                  |
| - Term loans                | (a)(c) | 209.0              | 728.2              | 85.7               | 94.8               |
| - Bonds*                    |        | 3,272.7            | 1,753.3            | 3,242.8            | 1,723.6            |
| Total short term borrowings |        | 11,951.7           | 6,275.6            | 9,376.8            | 3,336.9            |
| <b>Non-current</b>          |        |                    |                    |                    |                    |
| Secured:                    |        |                    |                    |                    |                    |
| - Term loans                | (a)    | 5,211.2            | 5,484.1            | 0                  | 0                  |
| - Bonds                     | (b)    | 14,565.5           | 15,629.4           | 0                  | 0                  |
| Unsecured:                  |        |                    |                    |                    |                    |
| - Term loans                | (a)(c) | 4,518.8            | 3,487.0            | 1,076.6            | 1,280.2            |
| - Bonds*                    | (b)    | 22,838.5           | 26,530.5           | 18,348.4           | 22,040.5           |
| Total long term borrowings  |        | 47,134.0           | 51,131.0           | 19,425.0           | 23,320.7           |
| Total borrowings            |        | 59,085.7           | 57,406.6           | 28,801.8           | 26,657.6           |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28 BORROWINGS (CONTINUED)

\* Included in the bonds are borrowings taken up by a subsidiary for the Company:

|             | Company            |                    |
|-------------|--------------------|--------------------|
|             | 2025<br>RM'million | 2024<br>RM'million |
| Current     | 3,085.9            | 48.9               |
| Non-current | 3,039.9            | 6,700.4            |
|             | 6,125.8            | 6,749.3            |

The short term borrowings carry interest at rates ranging from 0.8% to 8.0% (2024: 0.8% to 8.0%) per annum for the Group and from 0.8% to 7.7% (2024: 0.8% to 7.7%) per annum for the Company.

|                               | Group              |                    | Company            |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
|                               | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Borrowings repayable:         |                    |                    |                    |                    |
| - Within 1 year               | 11,951.7           | 6,275.6            | 9,376.8            | 3,336.9            |
| - After 1 and up to 2 years   | 2,175.0            | 5,621.9            | 82.8               | 3,442.4            |
| - After 2 and up to 5 years   | 13,484.8           | 12,600.8           | 5,458.3            | 5,043.7            |
| - After 5 and up to 10 years  | 14,349.3           | 16,977.7           | 3,264.0            | 3,307.2            |
| - After 10 and up to 20 years | 14,734.3           | 13,478.7           | 9,111.3            | 9,987.3            |
| - After 20 and up to 30 years | 1,950.0            | 1,956.5            | 1,200.0            | 1,200.0            |
| - After 30 years              | 440.6              | 495.4              | 308.6              | 340.1              |
|                               | 47,134.0           | 51,131.0           | 19,425.0           | 23,320.7           |
| Total borrowings              | 59,085.7           | 57,406.6           | 28,801.8           | 26,657.6           |

|                                                               | Group              |                    |
|---------------------------------------------------------------|--------------------|--------------------|
|                                                               | 2025<br>RM'million | 2024<br>RM'million |
| Net book values of assets pledged as security for borrowings: |                    |                    |
| Machinery, lines and equipment                                | 28,652.9           | 28,439.4           |
| Buildings                                                     | 2,972.2            | 3,026.5            |
| Land                                                          | 517.9              | 479.9              |
| Investment in an associate                                    | 432.7              | 0                  |
| Derivatives                                                   | 46.7               | 61.6               |
| Inventory                                                     | 6.8                | 0                  |
|                                                               | 32,629.2           | 32,007.4           |

## (a) Term loans

## (i) Syndicated Revolving Credit-i Facility Guaranteed by the Government of Malaysia ('GGRC')

On 30 November 2022, the Company obtained a Syndicated Revolving Credit-i Facility of up to RM6.0 billion, irrevocably and unconditionally guaranteed by the Government. The facility is to finance working capital, financing costs and bridge funding requirements including but not limited to capital expenditure, operational expenses and refinancing of credit and/or financing facilities. The effective profit rate is based on Kuala Lumpur Interbank Offered Rate ('KLIBOR') plus 0.35% margin per annum. The final maturity date of the facility is on 30 June 2026.

On 10 October 2025, the Company has drawn down RM4.0 billion, with an all in profit rate of 3.61% per annum. The loan will mature on 10 April 2026.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28 BORROWINGS (CONTINUED)

## (a) Term loans (continued)

## (ii) Revolving Synthetic Foreign Currency Financing-i ('RSFC-i')

On 2 October 2024, the Company obtained an unsecured USD350.0 million financing facility which includes a Commodity Murabahah Financing with an embedded currency exchange arrangement. The facility is to finance working capital and general corporate purposes excluding coal-related activities. The profit rate is at 3.98% per annum. The financing facility is required to be settled in Ringgit Malaysia ('RM') and the prevailing currency exchange rate was at RM4.2998 per USD1.0 on the disbursement date. The loan matured on 10 October 2025.

## (iii) Revolving Credit i-Facilities

- (a) The Company has obtained an unsecured Islamic Short Term Revolving Credit ('STRC-i') Facility under the Shariah Principles of Murabahah and disbursed RM1.05 billion on 29 October 2025. The all in profit rate is 3.84% per annum and the loan will mature on 29 April 2026.
- (b) The Company has obtained an unsecured Islamic Revolving Credit ('RC-i') Facility and disbursed RM900.0 million on 29 October 2025. The all in profit rate is 3.96% and the loan will mature on 29 April 2026.
- (c) The Company has obtained Tawarruq Revolving Credit ('RC-i') Facility and disbursed RM50.0 million on 29 October 2025. The all in profit rate is 4.00% and the loan will mature on 29 April 2026.

## (iv) 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.

## (v) Term Loans - SE Federal Government Loans

The Federal Government provided RM2.0 billion loans to SE 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.

The loans are secured by the following:

- (a) 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 SE not effectively charged by way of the fixed charge.
- (b) A deed of assignment transferring all SE's present and future rights and interests in all sales proceeds or revenue derived from the sale of electricity generated from the projects funded.
- (c) A deed of assignment transferring all SE's present and future rights and interests in the bank accounts in which the loan proceeds are credited.

Restructuring of Ninth Malaysia Plan loan

On 10 January 2024, the lender agreed with SE to restructure the loan by extending the loan tenure by an additional 13 years. The revised loan schedule incorporated the capitalisation of accrued interest and late payment penalties up to 1 November 2023.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28 BORROWINGS (CONTINUED)

## (a) Term loans (continued)

## (v) Term Loans - SE Federal Government Loans (continued)

*Restructuring of Ninth Malaysia Plan loan (continued)*

On 23 December 2024, SE signed the restructured loan agreement with the lender under the revised terms and accounted for the transaction as an extinguishment of financial liabilities. The derecognition of the existing loan and the recognition of a new loan resulted in a gain on extinguishment loan of RM123.4 million. SE also assessed the impact on the government development grant which represents the interest rate differential between the market and the Government loan rate, resulting in a loss on restructuring of RM49.2 million, as disclosed in Note 29. The new financing facility, amounting to RM1.4 billion, carries a fixed profit rate of 4.0% and will mature on 31 March 2044.

*Approval of loan moratorium*

On 24 December 2025, SE executed nine supplemental loan agreements following the moratorium approved in December 2024 to revise the repayment schedule of nine existing Federal Government Loans. Following an assessment in accordance with MFRS 9, SE has recognised a gain on modification of RM14.6 million from the remeasurement of the loans. Additionally, SE assessed the corresponding impact on the government development grants, resulting in a loss on modification of RM3.8 million, as disclosed in Note 29.

## (vi) Term Loan - TSS

On 19 July 2017, TSS entered into a 20-year secured Istisna' Term Financing-i of RM280.0 million to finance the construction of a 50 MW solar power plant in Kuala Langat. The profit rate is based on 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.

The term loan requires TSS to maintain certain financial covenants.

## (vii) Term Loan - TBSS

On 13 December 2018, TBSS secured a RM135.0 million Islamic Facility Agreement to finance the construction of a 30 MW solar power plant in Bukit Selambau, Kedah. The agreement's tenure is up to 20 years, with a profit 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.

The term loan requires TBSS to maintain certain financial covenants.

## (viii) 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 rate at the prevailing KLIBOR plus 0.5% per annum with a 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 benefits in respect of the Concession Agreement, the CESA 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).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28 BORROWINGS (CONTINUED)

## (a) Term loans (continued)

## (ix) Term Loan - TNB Bukit Selambau Solar Dua Sdn. Bhd. ('TBSS2')

On 30 September 2022, TBSS2 secured a Term Financing-i Facility amounting up to RM185.0 million. This financing is for the construction of a 50 MW 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 required to be settled in full by the final maturity date of 21 December 2043, 21 years from the first disbursement of the financing facility.

The term loan requires TBSS2 to maintain certain financial covenants.

## (x) Term Loan - GSPARX

On 23 December 2024, GSPARX entered into a 7-year unsecured Green Financing-i via Commodity Murabahah Term Financing-i facility for RM650.0 million for general corporate purpose and finance investment in renewable energy assets. The profit rate is based on KLIBOR plus 0.7% profit margin per annum. During the financial year, GSPARX drew down RM240.0 million from the facility.

As of 31 December 2025, GSPARX has drawn down RM605.0 million from the facility. The borrowings are repayable in instalments on the last business day of the corresponding month, on a half yearly basis, commencing from June 2026 and are required to be settled in full by the final maturity date of 23 December 2031.

## (xi) Term Loan - TNB Bukit Sidim Kulim Solar Sdn. Bhd. ('TBSKS')

On 7 January 2025, TBSKS secured a Commodity Murabahah Term Financing-i Facility amounting up to RM133.5 million. This financing is for the construction of a solar power plant up to 30 MW under Corporate Green Power Program ('CGPP') in Kulim, Kedah. The financing facility's tenure is up to 18 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 24 months. During the financial year, TBSKS drew down RM119.7 million from the facility. The financing facility is required to be settled in full by the final maturity date of 17 February 2044.

The term loan requires TBSKS to maintain certain financial covenants.

## (xii) Term Loan - Elopura Power Sdn. Bhd. ('EPSB')

On 31 October 2025, EPSB entered into a 15-year secured Tawarruq Term Business Financing-i Facility for up to RM550.5 million. The facility is to part-finance up to 80% of the costs associated with the grid-forming BESS facility with an aggregate capacity of 100 MW and net energy storage capacity of 400 MWh. The facility is required to be settled in full by the final maturity date of 30 June 2040. As at 31 December 2025, EPSB has fully drawn down RM550.5 million from the facility. The profit rate is based on three intervals as below:

- Year 1 to 5 - fixed all in rate of 4.90% per annum
- Year 6 to 10 - fixed all in rate of 4.85% per annum
- Year 11 to 15 - fixed all in rate of 4.80% per annum

The loan is secured by the following:

- (a) Fixed and floating charges over all present and future assets of EPSB;
- (b) An assignment by way of security of the following:
  - All the rights, titles, benefits and interests of the EPSB and/or the Security Parties under the Project Documents;
  - All insurance and/or takaful policies under the project; and
  - All performance/advance payment bonds, guarantees, liquidated damages, warranties and proceeds in favour of EPSB and/or Security Parties in relation to the Project;
- (c) A legal assignment and charge by way of security over the Designated Accounts; and
- (d) Any other security arrangement as mutually agreed upon between EPSB and the lender.

The term loan requires EPSB to maintain certain financial covenants.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2025

**28 BORROWINGS (CONTINUED)**

## (a) Term loans (continued)

## (xiii) 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.

## (xiv) 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.

## (xv) Term Loan - Vantage Solar UK Limited ('VSUK')

In February 2022, VSUK had 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, inventory and land.

## (xvi) Term Loan - VRE1

On 20 December 2022, VRE1 obtained a 15-year debt facility of GBP72.3 million for the purpose of refinancing the shareholder's loan provided by the Company for the acquisition of 49.0% shareholding in BODL in 2021. The facility bears interest at a rate per annum equal to Sterling Overnight Index Average ('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.

## (xvii) 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 SONIA plus an applicable margin which took effect from January 2022. The loan will mature on 30 September 2033.

## (xviii) 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 Wind'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.

## (xix) 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 totalling GBP101.7 million, with an accordion facility of GBP45.1 million. The facility, for the purpose of acquiring and constructing a solar portfolio of 102 MW solar portfolio consisting of two sites, carries a variable interest rate based on SONIA plus a margin of 0.7%. The full facility amount has been fully utilised. On 19 March 2025, VRE signed an amendment to the loan agreement to extend the facilities for a further 2 years until 31 March 2027.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28 BORROWINGS (CONTINUED)

## (a) Term loans (continued)

## (xix) Term Loans - VRE (continued)

## (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 of EUR 99.5 million for the purpose of acquiring the operational solar portfolio in the Republic of Ireland. 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.

## (xx) Term Loan - Stone BidCo

On 27 September 2023, Stone BidCo, 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% shareholding in Spark Renewables ('Spark RE') and to fund its development activities. The facility bears interest at a rate per annum equal to Bank Bill Swap Bid Rate ('BBSY') plus an applicable margin of 1.4% per annum. Stone BidCo has fully drawn down the facility and the loan will mature on 27 September 2028.

## (xxi) Term Loans - Bomen SF FinCo Pty Ltd

On 16 October 2024, Bomen SF FinCo Pty Ltd, an indirect wholly owned subsidiary of Spark RE, secured a 5-year mini-perm project finance loan of up to AUD55.0 million with a notional tenure up to 2045. This facility is to refinance the equity and/or shareholder loans originally used to fund the construction and development of the 120 MWp Bomen Solar Farm. The loan facility will be refinanced on every fifth anniversary of the loan. The facility currently carries an interest rate comprising the BBSY plus an applicable margin of 1.6% per annum. During the financial year, Bomen SF FinCo Pty Ltd drew down AUD27.5 million from the facility. As at 31 December 2025, Bomen SF FinCo Pty Ltd has fully drawn down the facility.

## (b) Bonds or Sukuk

## (i) Debentures - USD350M @ 7.5% Due 2025

On 31 October 1995, the Company obtained an unsecured USD 350.0 million debentures at fixed interest rate of 7.5% per annum. The proceeds were used to fund the Company's capital expenditures. The debentures have fully paid on 1 November 2025.

## (ii) Debentures - USD150M @ 7.5% Due 2096

On 16 January 1996, the Company obtained an unsecured USD 150.0 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 - 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% per annum 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.



**NOTES TO THE FINANCIAL STATEMENTS**

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**28 BORROWINGS (CONTINUED)**

## (b) Bonds or Sukuk (continued)

## (iv) 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.

## (v) 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 1,010 MW coal-fired power plant. The tenure of the Islamic Securities Programme ranges from 5 to 20 years with profit rates 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.

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 TNBJ.

The Sukuk requires TNBJ to maintain certain financial covenants.

## (vi) Sukuk - TNB Northern Energy Berhad ('TNBNE')

On 22 May 2013, TNBNE entered into a RM1.6 billion Sukuk facility agreement to finance the construction of a 1,071 MW 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 facility agreement consists of 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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 28 BORROWINGS (CONTINUED)

## (b) Bonds or Sukuk (continued)

## (vii) 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 ranging 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.

The Sukuk requires KEV to maintain certain financial covenants.

## (viii) Sukuk - TNB Western Energy Berhad ('TNBWE')

On 24 January 2014, TNBWE executed a RM3.7 billion Sukuk facility agreement to finance the construction of a 1,000 MW 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.

The Sukuk requires TNBWE to maintain certain financial covenants.

## (ix) 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 2,000 MW 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.

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 JEP's rights, titles, interest and benefits under the project documents and the proceeds therefrom (including the power purchase agreement 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 Sukuk Murabahah requires JEP to maintain certain financial covenants.

## (x) 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 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 a 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% per annum. 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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 28 BORROWINGS (CONTINUED)

## (b) Bonds or Sukuk (continued)

## (xi) Sukuk - SPG

On 31 October 2017, SPG issued a Sukuk Wakalah of RM3.7 billion in nominal value. The proceeds from the Sukuk Wakalah shall be utilised following shariah-compliant purposes, in connection with the financing, design, engineering, procurement, construction, installation, testing, commissioning, ownership, operation and maintenance of a 1,440 MW Combine Cycle Gas-Fired Power Plant and associated facilities, including the transmission line and interconnection facilities.

The tenure of the facility agreement is 18 years with periodic profit distribution 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.

The Sukuk Wakalah is secured by the following securities:

- (a) all property, plant and equipment including the plant, machinery, motor vehicle, furniture, fittings and other equipment of SPG.
- (b) all shares, bonds and securities whether marketable or otherwise and all other interests including but not limited loan capital.

The Sukuk requires SPG to maintain certain financial covenants.

## (xii) Sukuk - 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 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.

## (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28 BORROWINGS (CONTINUED)

Reconciliation of borrowings from financing activities during the financial year is as follows:

|                                                                     | Group              |                    | Company            |                    |
|---------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                     | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year                           | 57,406.6           | 61,770.2           | 26,657.6           | 29,678.1           |
| Cash flows:                                                         |                    |                    |                    |                    |
| - Drawdowns                                                         | 7,692.2            | 2,902.1            | 6,096.4            | 1,505.0            |
| - Repayments                                                        | (5,047.9)          | (6,289.1)          | (3,113.4)          | (4,105.5)          |
| - Finance cost paid                                                 | (2,730.6)          | (2,845.8)          | (1,155.0)          | (1,172.0)          |
| Non-cash changes:                                                   |                    |                    |                    |                    |
| - Finance cost (Note 39(b))                                         | 2,756.4            | 2,851.4            | 1,168.8            | 1,166.7            |
| - Translation gain - foreign term loans (Note 38)                   | (759.2)            | (414.7)            | (759.2)            | (414.7)            |
| - Changes in fair value                                             | 0                  | 20.6               | 0                  | 0                  |
| - Effect of changes in foreign currencies                           | (217.2)            | (464.7)            | (93.4)             | 0                  |
| - Modification gain on SE Federal Government loan (Note 28(a)(v))   | (14.6)             | 0                  | 0                  | 0                  |
| - Extinguishment gain on SE Federal Government loan (Note 28(a)(v)) | 0                  | (123.4)            | 0                  | 0                  |
| As at the end of the financial year                                 | 59,085.7           | 57,406.6           | 28,801.8           | 26,657.6           |

During the financial year, the Group drew down additional long term borrowings under the term loan facilities disclosed in Note 28(a) (x), (xi), (xii) and (xxi).

## 29 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 29 GOVERNMENT DEVELOPMENT GRANTS (CONTINUED)

Reconciliation of government development grants from financing activities during the financial year is as follows:

|                                              | Group              |                    |
|----------------------------------------------|--------------------|--------------------|
|                                              | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year    | 1,187.7            | 922.8              |
| Received during the financial year:          |                    |                    |
| - Cash                                       | 9.0                | 7.5                |
| - Assets                                     | 324.4              | 311.5              |
| Released to statement of profit or loss:     |                    |                    |
| - Other operating income (Note 37)           | (100.1)            | (83.6)             |
| - Finance cost (Note 39(b))                  | (17.4)             | (19.7)             |
| - Loss on loan restructuring (Note 28(a)(v)) | 3.8                | 49.2               |
| As at the end of the financial year          | 1,407.4            | 1,187.7            |
| Analysed as:                                 |                    |                    |
| Current                                      | 107.2              | 0                  |
| Non-current                                  | 1,300.2            | 1,187.7            |
|                                              | 1,407.4            | 1,187.7            |

The government development grants are provided by the Government mainly for the construction of PPE of RM1,264.5 million (2024: RM1,022.3 million) and the Government loans below market interest rate are RM139.8 million (2024: RM153.5 million).

## 30 OTHER LIABILITIES

|                                 | Note | Group              |                    | Company            |                    |
|---------------------------------|------|--------------------|--------------------|--------------------|--------------------|
|                                 |      | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Retention monies                | (a)  | 1,048.2            | 877.7              | 998.4              | 859.3              |
| Provision for restoration costs | (b)  | 499.7              | 473.3              | 0                  | 0                  |
| Contingent considerations       | (c)  | 6.5                | 6.3                | 0                  | 0                  |
| Others                          | (d)  | 253.0              | 113.1              | 208.0              | 83.7               |
|                                 |      | 1,807.4            | 1,470.4            | 1,206.4            | 943.0              |

(a) Retention monies primarily relate to the vendor retention monies for projects with completion period of more than 12 months.

(b) Provision for restoration costs 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 3.0% to 5.0% (2024: 2.9% to 5.1%).

The movements in provision for restoration costs during the financial year are as follows:

|                                           | Group              |                    |
|-------------------------------------------|--------------------|--------------------|
|                                           | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year | 473.3              | 498.2              |
| Additions                                 | 9.2                | 1.0                |
| Unwinding on discount                     | 17.0               | 18.1               |
| Change in estimates                       | 7.6                | (32.4)             |
| Effect of changes in foreign currencies   | (7.4)              | (11.6)             |
| As at the end of the financial year       | 499.7              | 473.3              |

## NOTES TO THE FINANCIAL STATEMENTS

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## 30 OTHER LIABILITIES (CONTINUED)

- (c) The contingent considerations are arising from the acquisition of assets which are expected to be settled by 2029 and discounted at 6.1%.
- (d) Mainly relates to the long-term contract arrangement with vendor and amount due to the Government for the Twelfth Malaysia Plan.

## 31 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  |                    |
|--------------------------------------------|------|--------------------|--------------------|
|                                            |      | 2025<br>RM'million | 2024<br>RM'million |
| <u>Issued and fully paid:</u>              |      |                    |                    |
| Ordinary Shares                            |      | 5,829,142,171      | 5,812,948,071      |
| Special Rights Redeemable Preference Share | (a)  | 1                  | 1                  |
| Total share capital issued and fully paid  |      | 5,829,142,172      | 5,812,948,072      |

|                                              | Note | Group and Company                      |                           |                                        |                           |
|----------------------------------------------|------|----------------------------------------|---------------------------|----------------------------------------|---------------------------|
|                                              |      | Number of<br>shares<br>2025<br>Million | Amount<br>2025<br>Million | Number of<br>shares<br>2024<br>Million | Amount<br>2024<br>Million |
|                                              |      |                                        |                           |                                        |                           |
| <u>Issued and fully paid:</u>                |      |                                        |                           |                                        |                           |
| Ordinary Shares                              |      |                                        |                           |                                        |                           |
| As at the beginning of the financial year    |      | 5,812.9                                | 12,700.2                  | 5,787.3                                | 12,499.5                  |
| LTIP shares issued during the financial year |      | (b) 16.2                               | 109.9                     | 25.6                                   | 200.7                     |
| As at the end of the financial year          |      | 5,829.1                                | 12,810.1                  | 5,812.9                                | 12,700.2                  |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 31 SHARE CAPITAL (CONTINUED)

## (a) Special Rights Redeemable Preference Share ('Special Share')

- (i) The Special Share would enable the Government through the Minister of Finance 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.

- (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 16,182,000 on 18 April 2025 and 12,100 on 29 April 2025 to eligible employees, pursuant to the letter of offer dated 20 July 2022 in accordance with the by-laws of the LTIP scheme of the Company during the financial year ended 31 December 2025.

## 32 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 shares based compensation plan for the Group's and the Company's employees as disclosed in Note 36. |
| 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<br>reserve<br>RM'million | Employee<br>benefits<br>reserve<br>RM'million | Foreign<br>currency<br>translation<br>reserve<br>RM'million | FVOCI<br>reserve<br>RM'million | Total<br>RM'million |
|-------------------------------------------|-------------------------------|-----------------------------------------------|-------------------------------------------------------------|--------------------------------|---------------------|
| <b>Group</b>                              |                               |                                               |                                                             |                                |                     |
| <b>2025</b>                               |                               |                                               |                                                             |                                |                     |
| As at the beginning of the financial year | 97.7                          | (6,956.3)                                     | (147.5)                                                     | 43.2                           | (6,962.9)           |
| Arising in the financial year             | (97.7)                        | (665.1)                                       | (166.5)                                                     | 0.4                            | (928.9)             |
| As at the end of the financial year       | 0                             | (7,621.4)                                     | (314.0)                                                     | 43.6                           | (7,891.8)           |
| <b>2024</b>                               |                               |                                               |                                                             |                                |                     |
| As at the beginning of the financial year | 237.0                         | (6,758.7)                                     | (178.0)                                                     | 17.1                           | (6,682.6)           |
| Arising in the financial year             | (139.3)                       | (197.6)                                       | 30.5                                                        | 26.1                           | (280.3)             |
| As at the end of the financial year       | 97.7                          | (6,956.3)                                     | (147.5)                                                     | 43.2                           | (6,962.9)           |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 32 OTHER RESERVES (CONTINUED)

The movements in each category of reserves are as follows: (continued)

|                                           | LTIP<br>reserve<br>RM'million | Employee<br>benefits<br>reserve<br>RM'million | FVOCI<br>reserve<br>RM'million | Total<br>RM'million |
|-------------------------------------------|-------------------------------|-----------------------------------------------|--------------------------------|---------------------|
| <b>Company</b>                            |                               |                                               |                                |                     |
| <b>2025</b>                               |                               |                                               |                                |                     |
| As at the beginning of the financial year | 97.7                          | (6,642.7)                                     | 42.5                           | (6,502.5)           |
| Arising in the financial year             | (97.7)                        | (656.9)                                       | 0.4                            | (754.2)             |
| As at the end of the financial year       | 0                             | (7,299.6)                                     | 42.9                           | (7,256.7)           |
| <b>2024</b>                               |                               |                                               |                                |                     |
| As at the beginning of the financial year | 237.0                         | (6,415.1)                                     | 16.3                           | (6,161.8)           |
| Arising in the financial year             | (139.3)                       | (227.6)                                       | 26.2                           | (340.7)             |
| As at the end of the financial year       | 97.7                          | (6,642.7)                                     | 42.5                           | (6,502.5)           |

## 33 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 goods 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 the Federal Territory of 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 33 REVENUE (CONTINUED)

**Accounting Policy (continued)****(a) Electricity revenue (continued)**

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.

The Group also generates electricity revenue from overseas operations in the United Kingdom, Australia and Republic of Ireland. Revenue is recognised based on electricity supplied to customers under the respective market and regulatory arrangements in those jurisdictions.

**(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.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 33 REVENUE (CONTINUED)

**Accounting Policy (continued)****(c) Construction contracts (continued)**

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.

Disaggregation of revenue for the Group and the Company are categorised as follows:

|                                       | Group              |                    | Company            |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Sales:                                |                    |                    |                    |                    |
| - Electricity*                        | 65,426.7           | 54,545.7           | 61,307.9           | 50,707.5           |
| - Goods and services                  | 1,368.7            | 1,366.8            | 0                  | 0                  |
| Construction contracts                | 157.4              | 124.7              | 0                  | 0                  |
| Customers' contributions              | 381.6              | 310.2              | 329.5              | 243.1              |
| Revenue from contracts with customers | 67,334.4           | 56,347.4           | 61,637.4           | 50,950.6           |
| Insurance contract revenue            | 388.7              | 389.7              | 0                  | 0                  |
| Total revenue                         | 67,723.1           | 56,737.1           | 61,637.4           | 50,950.6           |
| Over time                             | 65,856.1           | 55,203.7           | 61,637.4           | 50,950.6           |
| At a point in time                    | 1,478.3            | 1,143.7            | 0                  | 0                  |
|                                       | 67,334.4           | 56,347.4           | 61,637.4           | 50,950.6           |

\* Included in the sales of electricity of the Group and the Company are other regulatory adjustments of RM3,748.0 million (2024: RM2,119.9 million) and RM3,722.6 million (2024: RM2,136.7 million) respectively.

The disaggregation of the revenue of the Group and of the Company by geographical location is as disclosed in Note 46.

## NOTES TO THE FINANCIAL STATEMENTS

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## 34 IMBALANCE COST PASS-THROUGH ('ICPT') AND AUTOMATIC FUEL ADJUSTMENT ('AFA') (OVER)/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 of these costs will be adjusted in the billing to customers, as ICPT rebate or surcharge or reimbursable by the Government. Actual base tariff billed to the customers remains unchanged.

With effect from 1 July 2025, the ICPT mechanism was replaced with the AFA mechanism which applies monthly adjustments based on prevailing fuel prices and foreign exchange rates. There are no fundamental changes to the contractual rights and obligations with the Government.

|                                    | Group              |                    | Company            |                    |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| ICPT and AFA (over)/under recovery | <b>(2,738.6)</b>   | 9,097.7            | <b>(2,792.4)</b>   | 8,569.6            |

## 35 OPERATING EXPENSES

|                                        | Group              |                    | Company            |                    |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                        | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Cost of sales:                         |                    |                    |                    |                    |
| - Energy cost                          | <b>38,523.3</b>    | 40,683.7           | <b>37,282.3</b>    | 39,362.1           |
| - Transmission cost                    | <b>2,329.2</b>     | 2,191.4            | <b>2,117.7</b>     | 2,006.4            |
| - Distribution cost                    | <b>9,703.3</b>     | 8,755.0            | <b>9,065.2</b>     | 8,222.4            |
| - Cost of providing goods and services | <b>939.5</b>       | 1,020.4            | <b>0</b>           | 0                  |
|                                        | <b>51,495.3</b>    | 52,650.5           | <b>48,465.2</b>    | 49,590.9           |
| Administrative expenses                | <b>2,791.5</b>     | 2,814.6            | <b>1,777.3</b>     | 1,695.6            |
| Other operating expenses               | <b>3,416.1</b>     | 3,493.2            | <b>1,180.2</b>     | 968.9              |
|                                        | <b>57,702.9</b>    | 58,958.3           | <b>51,422.7</b>    | 52,255.4           |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 35 OPERATING EXPENSES (CONTINUED)

Operating expenses include the following items:

|                                                               | Group              |                    | Company            |                    |
|---------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                               | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Purchases from IPPs                                           | 16,471.9           | 16,348.2           | 30,333.6           | 30,131.9           |
| Fuel costs                                                    | 16,284.7           | 18,738.7           | 1,479.4            | 3,517.6            |
| Non-Executive Directors' remuneration:                        |                    |                    |                    |                    |
| - Fees and allowances                                         | 4.3                | 3.4                | 4.0                | 3.2                |
| - Other emoluments                                            | 0.4                | 0.6                | 0.4                | 0.6                |
| Auditors' remuneration:                                       |                    |                    |                    |                    |
| - PricewaterhouseCoopers PLT, Malaysia                        |                    |                    |                    |                    |
| - Statutory audit                                             | 5.6                | 4.7                | 2.0                | 1.6                |
| - Audit related services                                      | 1.8                | 1.8                | 1.3                | 1.3                |
| - Non-audit services                                          | 0.9                | 0.1                | 0                  | 0.1                |
| - Member firm of PricewaterhouseCoopers International Limited |                    |                    |                    |                    |
| - Statutory audit                                             | 0.3                | 0.4                | 0                  | 0                  |
| - Audit related services                                      | 0                  | 0.1                | 0                  | 0                  |
| - Non-audit services                                          | 0.5                | 1.0                | 0                  | 0                  |
| - Other auditors                                              |                    |                    |                    |                    |
| - Statutory audit                                             | 5.9                | 6.0                | 0                  | 0                  |
| Staff costs (Note 36)*                                        | 4,034.6            | 3,719.5            | 2,700.6            | 2,487.0            |
| PPE:                                                          |                    |                    |                    |                    |
| - Depreciation                                                | 8,708.0            | 8,075.5            | 5,621.7            | 5,250.9            |
| - Written off/Impairment                                      | 116.2              | 142.9              | 48.4               | 64.4               |
| - Abandoned projects                                          | 6.9                | 0                  | 6.9                | 0                  |
| Depreciation on ROU assets                                    | 3,272.3            | 3,156.9            | 5,390.9            | 5,417.3            |
| Depreciation on investment property                           | 5.3                | 0                  | 5.3                | 0                  |
| Impairment losses on investments in:                          |                    |                    |                    |                    |
| - Subsidiaries                                                | 0                  | 0                  | 15.4               | 1.8                |
| - Joint ventures                                              | 0                  | 2.0                | 0                  | 0                  |
| - Associates                                                  | 0                  | 30.2               | 0                  | 0                  |
| Reversal of impairment losses on investment in:               |                    |                    |                    |                    |
| - Subsidiaries                                                | 0                  | 0                  | (0.7)              | (0.1)              |
| - Joint ventures                                              | 0                  | (3.8)              | 0                  | 0                  |
| - Associates                                                  | (24.5)             | 0                  | 0                  | 0                  |
| Impairment losses on intangible assets                        | 166.8              | 52.2               | 0                  | 0                  |
| Inventories:                                                  |                    |                    |                    |                    |
| - Provision for obsolescence                                  | 73.8               | 102.4              | 59.5               | 53.5               |
| - Write back of obsolescence                                  | (59.4)             | (104.4)            | (53.5)             | (50.0)             |
| - Written off                                                 | 128.1              | 97.8               | 128.1              | 89.6               |
| Expenses arising from leases:                                 |                    |                    |                    |                    |
| - Low-value assets (Note 16)                                  | 44.4               | 46.1               | 44.3               | 45.6               |
| - Short term lease (Note 16)                                  | 124.2              | 161.5              | 124.2              | 80.2               |
| Research and development expenses                             | 60.1               | 181.8              | 59.2               | 96.9               |
| Loss on winding up of a subsidiary                            | 0                  | 134.1              | 0                  | 0                  |

\* Staff costs include the remuneration of the Executive Director amounted to RM4.4 million (2024: RM6.6 million) for the Group and the Company.



## NOTES TO THE FINANCIAL STATEMENTS

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## 35 OPERATING EXPENSES (CONTINUED)

The estimated monetary value of benefits received by the Directors was RM434,423 (2024: RM607,661) 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.

## 36 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.

|                                      | Group              |                    | Company            |                    |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                      | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Wages, salaries and bonuses          | 2,426.0            | 2,171.7            | 1,374.2            | 1,199.4            |
| Defined contribution retirement plan | 521.5              | 460.7              | 385.1              | 344.6              |
| LTIP                                 | 12.2               | 61.4               | 9.8                | 45.4               |
| RBTF                                 | 35.2               | 50.9               | 27.2               | 38.6               |
| PRMBS                                | 539.5              | 554.8              | 505.8              | 520.8              |
| Other employee benefits              | 500.2              | 420.0              | 398.5              | 338.2              |
|                                      | 4,034.6            | 3,719.5            | 2,700.6            | 2,487.0            |

Details of the RBTF and PRMBS of the Group and of the Company are set out in Note 26.

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 expensed over the vesting period was determined by reference to the fair value of the shares granted.

The fair value of shares granted to employees of subsidiaries was 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. The LTIP has expired on 29 April 2025.

## NOTES TO THE FINANCIAL STATEMENTS

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## 36 STAFF COST (CONTINUED)

LTIP (continued)

## (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.

## (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).

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**36 STAFF COST (CONTINUED)**LTIP (continued)**(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.

**(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.

As at 31 December 2025, all grants awarded under the LTIP had fully vested. Accordingly, there were no outstanding unvested grants and no further shares will be allotted or issued under the LTIP.

The movement in the total number of share grants during the financial year is as follows:

|                | At 1.1.2025<br>'000 | Additional*<br>'000 | Forfeited<br>'000 | Vested<br>'000 | At 31.12.2025<br>'000 |
|----------------|---------------------|---------------------|-------------------|----------------|-----------------------|
| <b>2025</b>    |                     |                     |                   |                |                       |
| <b>Group</b>   |                     |                     |                   |                |                       |
| <u>LTIP 8</u>  |                     |                     |                   |                |                       |
| RS Grant       | 13,269.0            | 0                   | (568.1)           | (12,700.9)     | 0                     |
| PS Grant       | 3,008.1             | 2,369.9             | (1,884.8)         | (3,493.2)      | 0                     |
| <b>Company</b> |                     |                     |                   |                |                       |
| <u>LTIP 8</u>  |                     |                     |                   |                |                       |
| RS Grant       | 8,945.0             | 0                   | (193.3)           | (8,751.7)      | 0                     |
| PS Grant       | 2,275.2             | 1,605.8             | (1,268.1)         | (2,612.9)      | 0                     |

\* The final amount of vesting under PS Grant 8 is in accordance with terms and condition approved by the Board Nomination and Remuneration Committee ('BNRC') as stated in Note 36(a)(ii) above.

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## 36 STAFF COST (CONTINUED)

## LTIP (continued)

The movement in the total number of share grants during the financial year is as follows: (continued)

|                | At 1.1.2024<br>'000 | Additional*<br>'000 | Forfeited<br>'000 | Vested<br>'000 | At 31.12.2024<br>'000 |
|----------------|---------------------|---------------------|-------------------|----------------|-----------------------|
| <b>2024</b>    |                     |                     |                   |                |                       |
| <b>Group</b>   |                     |                     |                   |                |                       |
| <u>LTIP 7</u>  |                     |                     |                   |                |                       |
| RS Grant       | 10,096.1            | 0                   | (591.0)           | (9,505.1)      | 0                     |
| PS Grant       | 2,316.3             | 109.0               | (260.5)           | (2,164.8)      | 0                     |
| <u>LTIP 8</u>  |                     |                     |                   |                |                       |
| RS Grant       | 28,847.9            | 0                   | (1,632.6)         | (13,946.3)     | 13,269.0              |
| PS Grant       | 3,677.1             | 0                   | (669.0)           | 0              | 3,008.1               |
| <b>Company</b> |                     |                     |                   |                |                       |
| <u>LTIP 7</u>  |                     |                     |                   |                |                       |
| RS Grant       | 6,954.9             | 0                   | (256.9)           | (6,698.0)      | 0                     |
| PS Grant       | 1,714.6             | 78.2                | (216.0)           | (1,576.8)      | 0                     |
| <u>LTIP 8</u>  |                     |                     |                   |                |                       |
| RS Grant       | 19,502.6            | 0                   | (840.1)           | (9,717.5)      | 8,945.0               |
| PS Grant       | 2,625.6             | 0                   | (350.4)           | 0              | 2,275.2               |

\* The final amount of vesting under PS Grant 7 is in accordance with terms and condition approved by the BNRC as stated in Note 36(a)(ii) above.

|                           | Group and Company  |                     |                    |                     |
|---------------------------|--------------------|---------------------|--------------------|---------------------|
|                           | LTIP 7             |                     | LTIP 8             |                     |
|                           | RS Grant           | PS Grant            | RS Grant           | PS Grant            |
| Fair value at grant date  | RM8.78 -<br>RM9.60 | RM7.90 <sup>^</sup> | RM6.88 -<br>RM7.55 | RM6.46 <sup>^</sup> |
| 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              |                    | 28 June 2024        |                    | 29 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               | 28 June 2024       | N/A                 | 18 April 2025      | N/A                 |

<sup>^</sup> 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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 37 OTHER OPERATING INCOME

**Accounting Policy**

Other operating income is 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 are established. Interest on late payments is the 1.0% late payment interest charge imposed if payment of the 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 is as disclosed in Note 5. 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            |                    |
|----------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                    | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Dividend income from:                              |                    |                    |                    |                    |
| - Quoted shares                                    | 0.8                | 1.2                | 0.8                | 1.2                |
| - Unquoted shares                                  | 8.8                | 3.5                | 3.8                | 3.5                |
| - Subsidiaries                                     | 0                  | 0                  | 72.0               | 80.0               |
| - Associates                                       | 0                  | 0                  | 36.4               | 83.9               |
| Leasing income                                     | 24.4               | 39.7               | 79.5               | 77.8               |
| Release of government development grants (Note 29) | 100.1              | 83.6               | 0                  | 0                  |
| Loss on disposals of PPE                           | (3.5)              | (22.6)             | (4.2)              | (22.6)             |
| Gain/(Loss) on disposals of ROU                    | 0.4                | (1.8)              | 3.6                | 0                  |
| Gain on sale and leaseback                         | 0                  | 0                  | 0                  | 8.8                |
| Interest on late payments                          | 183.9              | 193.5              | 172.3              | 180.8              |
| Other electricity income                           | 103.0              | 64.1               | 115.4              | 108.4              |
| Theft of electricity                               | 129.8              | 128.0              | 129.8              | 128.0              |
| Liquidated damages                                 | 24.6               | 173.0              | 7.8                | 7.4                |
| Insurance recoveries                               | 224.1              | 15.3               | 14.8               | 14.0               |
| Corporate joint income                             | 0                  | 0                  | 38.6               | 140.2              |
| Operation and maintenance claims                   | 36.1               | 37.9               | 0                  | 0                  |
| Sales of scrap                                     | 64.5               | 111.5              | 50.2               | 34.4               |
| Other income                                       | 320.6              | 227.6              | 83.3               | 110.0              |
|                                                    | 1,217.6            | 1,054.5            | 804.1              | 955.8              |

Other income comprises primarily income from arbitration proceeding and rechargeable works.

## NOTES TO THE FINANCIAL STATEMENTS

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## 38 FOREIGN EXCHANGE GAIN

**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 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.

|                                         | Group              |                    | Company            |                    |
|-----------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                         | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Foreign exchange gain comprises:        |                    |                    |                    |                    |
| Translation gain - foreign term loans   | 759.2              | 414.7              | 759.2              | 414.7              |
| Translation (loss)/gain - others        | (107.7)            | 77.5               | (123.9)            | (19.2)             |
| Total foreign exchange translation gain | 651.5              | 492.2              | 635.3              | 395.5              |
| Transaction gain - foreign term loans   | 105.3              | 9.6                | 105.3              | 9.6                |
| Transaction loss - others               | (54.2)             | (34.4)             | (56.8)             | (31.9)             |
|                                         | 702.6              | 467.4              | 683.8              | 373.2              |



## NOTES TO THE FINANCIAL STATEMENTS

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## 39 FINANCE INCOME/COST AND FAIR VALUE CHANGES OF FINANCIAL INSTRUMENTS

**Accounting Policy**

Finance income is interest received from investments or financial instruments.

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.

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 is as disclosed in Note 47.

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 take substantial period of time to get ready for their intended use. Other borrowing costs are expensed in the period in which they are incurred.

The accounting policies on finance charges for lease liabilities and government development grants are as disclosed in Note 16 and Note 29, respectively.

|                                                          | Group              |                    | Company            |                    |
|----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                          | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| (a) Finance income:                                      |                    |                    |                    |                    |
| Interest from subsidiaries                               | 0                  | 0                  | 219.1              | 272.4              |
| Interest from deposits, staff loans and associates       | 682.6              | 704.2              | 522.9              | 534.0              |
| Less: Amount capitalised into PPE                        | (51.2)             | (75.5)             | 0                  | 0                  |
|                                                          | 631.4              | 628.7              | 742.0              | 806.4              |
| (b) Finance cost:                                        |                    |                    |                    |                    |
| Finance cost on:                                         |                    |                    |                    |                    |
| - Borrowings (Note 28)                                   | 2,756.4            | 2,851.4            | 1,168.8            | 1,166.7            |
| - Lease liabilities (Note 16)                            | 1,592.3            | 1,508.6            | 3,862.2            | 3,873.0            |
| - Consumer deposits                                      | 226.3              | 215.2              | 216.2              | 205.4              |
| - Others                                                 | 14.7               | 10.1               | 118.4              | 154.1              |
| Release of government development grants (Note 29)       | (17.4)             | (19.7)             | 0                  | 0                  |
| Less: Amount capitalised into PPE                        | (577.8)            | (467.8)            | (392.0)            | (259.9)            |
|                                                          | 3,994.5            | 4,097.8            | 4,973.6            | 5,139.3            |
| (c) Fair value changes of financial instruments:         |                    |                    |                    |                    |
| Gain/(Loss) on changes in fair value of financial assets | 178.3              | (166.9)            | 180.7              | (172.1)            |
| Gain on changes in fair value of financial liabilities   | 38.9               | 155.8              | 7.3                | 2.9                |
|                                                          | 217.2              | (11.1)             | 188.0              | (169.2)            |

## NOTES TO THE FINANCIAL STATEMENTS

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## 40 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.

**International Tax Reform (Pillar 2 Model Rules)**

The Group is within scope of the Organisation for Economic Co-operation and Development ('OECD') Pillar Two Model Rules. The Group adopted the 'International Tax Reform - Pillar Two Model Rules (amendments to MFRS 112)', which provide a mandatory temporary exception from recognising or disclosing deferred taxes relating to Pillar Two.

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes, based on the most recent historical information available regarding the financial performance of the Group. Based on the assessment performed as at 31 December 2025, the Group does not expect a material exposure to Pillar Two income taxes, without prejudice to the relevant administrative burdens that will entail its implementation and numerous areas of uncertainty in the interpretation of the Pillar Two rules.

**(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.

The taxation and zakat for the Group and the Company comprise:

|                                                               | Group              |                                  | Company            |                                  |
|---------------------------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                                               | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| Current tax:                                                  |                    |                                  |                    |                                  |
| - Malaysian corporate income tax                              | <b>1,149.4</b>     | 1,337.9                          | <b>825.2</b>       | 999.2                            |
| Deferred tax (Note 13)                                        | <b>219.7</b>       | 424.0                            | <b>80.3</b>        | 302.2                            |
| Tax expense                                                   | <b>1,369.1</b>     | 1,761.9                          | <b>905.5</b>       | 1,301.4                          |
| Zakat                                                         | <b>37.7</b>        | 43.7                             | <b>35.3</b>        | 36.9                             |
|                                                               | <b>1,406.8</b>     | 1,805.6                          | <b>940.8</b>       | 1,338.3                          |
| The analysis of the tax expense is as follows:                |                    |                                  |                    |                                  |
| Current tax:                                                  |                    |                                  |                    |                                  |
| - Current financial year                                      | <b>1,209.1</b>     | 1,361.3                          | <b>881.0</b>       | 1,008.6                          |
| - Over accrual in prior financial years                       | <b>(59.7)</b>      | (23.4)                           | <b>(55.8)</b>      | (9.4)                            |
|                                                               | <b>1,149.4</b>     | 1,337.9                          | <b>825.2</b>       | 999.2                            |
| Deferred tax:                                                 |                    |                                  |                    |                                  |
| - Origination and reversal of temporary differences (Note 13) | <b>219.7</b>       | 424.0                            | <b>80.3</b>        | 302.2                            |
|                                                               | <b>1,369.1</b>     | 1,761.9                          | <b>905.5</b>       | 1,301.4                          |

## NOTES TO THE FINANCIAL STATEMENTS

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## 40 TAXATION AND ZAKAT (CONTINUED)

The explanation of the relationship between tax expense and profit before taxation and zakat is as follows:

|                                                                                                                 | Group              |                                  | Company            |                                  |
|-----------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                                                                                                 | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| Profit before taxation and zakat                                                                                | 6,176.6            | 5,814.8                          | 4,642.9            | 4,754.4                          |
| Tax calculated at the Malaysian corporate income tax rate of 24% (2024: 24%)                                    | 1,482.4            | 1,395.6                          | 1,114.3            | 1,141.1                          |
| Tax effects of:                                                                                                 |                    |                                  |                    |                                  |
| - Share of results of associates and joint ventures                                                             | (21.1)             | (25.8)                           | 0                  | 0                                |
| - Income not subject to tax                                                                                     | (544.2)            | (432.7)                          | (536.0)            | (427.7)                          |
| - Expenses not deductible for tax purposes                                                                      | 751.4              | 833.4                            | 629.9              | 606.5                            |
| - Expenses qualifying for double deduction                                                                      | (11.3)             | (9.8)                            | (10.8)             | (9.1)                            |
| - Current financial year unrecognised temporary differences, unused tax losses and unabsorbed capital allowance | 4.8                | 139.3                            | 0                  | 0                                |
| - Foreign jurisdictions                                                                                         | 13.1               | (8.7)                            | 0                  | 0                                |
| - Over accrual of tax in prior financial years                                                                  | (59.7)             | (23.4)                           | (55.8)             | (9.4)                            |
| - Recognition and utilisation of previously unrecognised temporary differences                                  | (10.2)             | (106.0)                          | 0                  | 0                                |
| - Zakat                                                                                                         | 37.7               | 43.7                             | 35.3               | 36.9                             |
| - Utilisation of Investment Allowance (Note 4(c)(iii))                                                          | (236.1)            | 0                                | (236.1)            | 0                                |
| Tax and zakat charge                                                                                            | 1,406.8            | 1,805.6                          | 940.8              | 1,338.3                          |
| Average effective tax rate (%)                                                                                  | 22.8               | 31.1                             | 20.3               | 28.1                             |

The tax charge relating to components of OCI is as follows:

|                                                                  | 2025                     |                           |                         | 2024                     |                           |                         |
|------------------------------------------------------------------|--------------------------|---------------------------|-------------------------|--------------------------|---------------------------|-------------------------|
|                                                                  | Before tax<br>RM'million | Tax charged<br>RM'million | After tax<br>RM'million | Before tax<br>RM'million | Tax charged<br>RM'million | After tax<br>RM'million |
| <b>Group</b>                                                     |                          |                           |                         |                          |                           |                         |
| Defined benefit plan actuarial loss (Note 26)                    | (877.5)                  | 210.7                     | (666.8)                 | (337.4)                  | 80.9                      | (256.5)                 |
| Effect of changes in foreign currencies                          | (160.4)                  | 0                         | (160.4)                 | (113.0)                  | 0                         | (113.0)                 |
| Fair value changes of financial assets at FVOCI                  | 0.4                      | 0                         | 0.4                     | 26.1                     | 0                         | 26.1                    |
| Share of OCI of associates accounted for using the equity method | (10.3)                   | 0                         | (10.3)                  | (17.6)                   | 0                         | (17.6)                  |
|                                                                  | (1,047.8)                | 210.7                     | (837.1)                 | (441.9)                  | 80.9                      | (361.0)                 |
| <b>Company</b>                                                   |                          |                           |                         |                          |                           |                         |
| Defined benefit plan actuarial loss (Note 26)                    | (864.4)                  | 207.5                     | (656.9)                 | (299.4)                  | 71.8                      | (227.6)                 |
| Fair value changes of financial assets at FVOCI                  | 0.4                      | 0                         | 0.4                     | 26.2                     | 0                         | 26.2                    |
|                                                                  | (864.0)                  | 207.5                     | (656.5)                 | (273.2)                  | 71.8                      | (201.4)                 |

## NOTES TO THE FINANCIAL STATEMENTS

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## 41 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            |                    |
|------------------------------------------------------------|------------------|--------------------|
|                                                            | 2025             | 2024<br>(Restated) |
| Profit attributable to owners of the Company (RM'million)  | <b>4,768.1</b>   | 3,978.2            |
| Weighted average number of ordinary shares in issue ('000) | <b>5,824,394</b> | 5,800,417          |
| Basic earnings per share (sen)                             | <b>81.86</b>     | 68.58              |

## (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            |                    |
|----------------------------------------------------------------------------------|------------------|--------------------|
|                                                                                  | 2025             | 2024<br>(Restated) |
| Profit attributable to owners of the Company (RM'million)                        | <b>4,768.1</b>   | 3,978.2            |
| Weighted average number of ordinary shares in issue ('000)                       | <b>5,824,394</b> | 5,800,417          |
| Adjustment for LTIP ('000)                                                       | <b>0</b>         | 13,269             |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | <b>5,824,394</b> | 5,813,686          |
| Diluted earnings per share (sen)                                                 | <b>81.86</b>     | 68.43              |

The prior year adjustments as disclosed in Note 49 have resulted in a decrease to the basic earnings per share and diluted earnings per share for the financial year ended 31 December 2024 by 12.42 sen and 12.39 sen respectively.

## 42 DIVIDENDS

|                                                                                                                                                                                                                                                               | Group and Company  |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                                                                                                                                                               | 2025<br>RM'million | 2024<br>RM'million |
| Interim single tier dividend for the financial year 2025 of 25.0 sen per share on 5,829,142,171 ordinary shares, paid on 16 October 2025 (2024: Interim single tier dividend of 25.0 sen per share on 5,812,948,071 ordinary shares, paid on 17 October 2024) | <b>1,457.3</b>     | 1,453.2            |
| Approved final single tier dividend for the financial year 2025 of 28.0 sen per share on 5,829,142,171 ordinary shares (2024: Final single tier dividend of 26.0 sen per share on 5,812,948,071 ordinary shares, paid on 16 April 2025)                       | <b>1,632.2</b>     | 1,511.4            |
|                                                                                                                                                                                                                                                               | <b>3,089.5</b>     | 2,964.6            |

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 5,829,142,171 ordinary shares in respect of the financial year ended 31 December 2025 amounting to a total of RM1,632.2 million. The dividends will be paid on 17 April 2026.

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## 43 COMMITMENTS

## (a) Capital commitments for 5 years

|                                                                          | Group              |                    | Company            |                    |
|--------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                          | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Authorised capital expenditure not provided in the financial statements: |                    |                    |                    |                    |
| PPE                                                                      |                    |                    |                    |                    |
| - Contracted                                                             | 242.8              | 282.8              | 242.8              | 282.8              |
| - Not contracted                                                         | 114,207.2          | 98,640.9           | 66,260.8           | 58,049.2           |
|                                                                          | 114,450.0          | 98,923.7           | 66,503.6           | 58,332.0           |

## (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            |                    |
|----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                          | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Receivable not later than 1 year                         | 27.8               | 28.8               | 83.7               | 88.4               |
| Receivable later than 1 year and not later than 2 years  | 2.4                | 5.5                | 34.9               | 49.7               |
| Receivable later than 2 years and not later than 3 years | 0.8                | 1.4                | 28.6               | 22.9               |
| Receivable later than 3 years and not later than 4 years | 0.1                | 0.1                | 22.4               | 19.5               |
| Receivable later than 4 years and not later than 5 years | 0.1                | 0                  | 22.5               | 15.1               |
| Receivable more than 5 years                             | 0.4                | 0.5                | 193.9              | 57.5               |
|                                                          | 31.6               | 36.3               | 386.0              | 253.1              |

## 44 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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 44 CONTINGENT LIABILITIES AND MATERIAL LITIGATIONS (CONTINUED)

Contingent liabilities

|                          | Group              |                    | Company            |                    |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
|                          | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Claims by third parties: |                    |                    |                    |                    |
| - Contractors            | 75.3               | 181.6              | 75.3               | 105.8              |
| - Customers              | 0                  | 11.8               | 0                  | 11.8               |
| - Others                 | 353.9              | 189.7              | 8.1                | 16.8               |
|                          | 429.2              | 383.1              | 83.4               | 134.4              |

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.

Material litigations

## (a) 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 YAs 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 ITA 1967, which have since been registered before the SCIT. SCIT fixed for hearing on 26 September 2025 for determination of SCIT jurisdiction to hear the appeal when the taxpayer has already exhausted their right of appeal before the courts (this is pursuant to the Federal Court decision on 2 July 2025 in relation to notice of additional assessment for the YA 2018). On 3 September 2025, the Company has forwarded the notice of discontinuance to SCIT and the IRB to withdraw the SCIT proceedings and following that, SCIT has scheduled a mention date on 10 September 2025 to record the discontinuance of the SCIT proceedings. On 10 September 2025, SCIT confirmed the discontinuance of the SCIT proceedings and has issued the deciding order on 23 October 2025. The payments for YA 2013 and YA 2014, amounting to RM1,426.3 million after netting off the waived penalties, were settled on 29 September 2025.

Meanwhile, the notices of additional assessment issued for 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 judgement on 30 December 2020 whereby the Company agreed to pay assessment for YA 2016 and 2017 and in return IRB agreed to remit the penalties. 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 YAs 2015, 2016 and 2017 in the course of expanding, modernising and automating its business. On 25 August 2023, the IRB filed a notice of appeal against the High Court's decision. Since Federal Court has delivered its decision in relation to YA 2018 on 2 July 2025, the Company has requested for a postponement of the appeal hearing at the Court of Appeal pending its submission of application for Investment Allowance under Schedule 7B of the ITA 1967. The Court of Appeal has fixed a case management on 29 August 2025 to update the Court on the Company's submission for Schedule 7B application. On 21 October 2025, the Court of Appeal allowed the IRB's appeal based on the Federal Court's decision dated 2 July 2025 in relation to YA 2018 with no order as to cost. Consequently, the payment for YA 2015, amounting to RM986.1 million after netting off the waived penalties, were settled on 29 September 2025.



## NOTES TO THE FINANCIAL STATEMENTS

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## 44 CONTINGENT LIABILITIES AND MATERIAL LITIGATIONS (CONTINUED)

Material litigations (continued)

## (a) RIA (continued)

With regards to the notice of additional assessment for YA 2018 amounting to RM1,812.5 million (referred to as 'Notice 3'), both the Company and the IRB recorded a consent judgement before the High Court on 21 January 2021 whereby IRB agreed not to object to the judicial review application and remit the penalty for YA 2018. On 8 February 2022, the High Court allowed with cost, the Company's judicial review application to set aside the Notice 3. Separately, on 8 February 2022, the IRB filed a notice of appeal against the High Court's decision. On 16 May 2024, the Court of Appeal dismissed the IRB's appeal against the decision of the High Court in allowing the Company's judicial review application to set aside the Notice 3. Both courts 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 YA 2018 in the course of expanding, modernising and automating its business.

IRB filed a Notice of Appeal on 12 September 2024. On 2 July 2025, the Federal Court has allowed the IRB's appeal against the decision by the High Court and the Court of Appeal, which allowed the judicial review application by the Company to set aside the Notice 3. The Federal Court ruled that the Company qualifies under Schedule 7B instead of Schedule 7A for tax incentives. Subsequent to this, the additional tax for YA 2018, amounting to RM1,250.0 million, was settled on 29 July 2025 and 29 October 2025.

On 19 August 2024, the Company received notices of additional assessment for YAs 2020 and 2021 (referred to as 'Notices 4') amounting to RM1,391.0 million that are similar in nature to the above-mentioned Notices 1, 2 and 3. The Company has filed the judicial review application on 5 September 2024 before the High Court. On 18 August 2025, the High Court fixed the hearing on 6 October 2025 for the judicial review application and did not extend the interim stay previously granted to the Company, due to the Federal Court's decision. Following this, the payments for YAs 2020 and 2021, totalling RM1,208.7 million after deduction of the waived penalties, were settled on 29 September 2025.

The Company has received notices of additional assessment from the IRB dated 24 July 2025 and 30 July 2025, in relation to the YAs 2022 and 2023 (referred to as 'Notices 5') respectively with a total additional tax payable amounting to RM1,449.1 million that are similar in nature to the above-mentioned Notices 1, 2, 3 and 4. The payment was made without prejudice to the Company's application for IA under Schedule 7B of the ITA 1967. Subsequent to this, the payment for YAs 2022 and 2023 amounting to RM1,449.1 million were settled separately on 25 August 2025 and 28 August 2025, respectively.

IRB had agreed to remit all penalties imposed for YAs 2013 to 2018 and YAs 2020 to 2021, totalling RM2,760.3 million, in accordance with the consent judgements in respect of the judicial review proceedings for YAs 2015 to 2017 and YA 2018 in view of the amount paid to IRB in December 2020 amounting to RM1,757.2 million in relation to YAs 2016 and 2017. Additionally, there was a tax recoverable amount for YAs 2006 and 2008 to YA 2012 amounting to RM1,765.2 million.

Following the Federal Court's decision for YA 2018 dated 2 July 2025 which stated among others that the Company is a utility company under the ITA 1967 and therefore must come within the confines of Schedule 7B, the Company submitted an application to the Ministry of Finance ('MoF') on 23 July 2025 for Investment Allowance under Schedule 7B, covering from YAs 2003 to 2024. Subsequent to the submission under Schedule 7B for the YA 2003 to 2024, the Company received a letter from MoF dated 7 August 2025, acknowledging receipt of the application. All tax disputes between the Company and the IRB in relation to RIA claims have been concluded at the SCIT, High Court and Court of Appeal.

On 26 November 2025, the Company received a letter from the MoF granting approval for Investment Allowance in respect of qualifying capital expenditure which will be deducted from future income.

As at 31 December 2025, all tax litigation matters have been resolved, and the approved Investment Allowance has been recorded and disclosed in Note 4.

## (b) 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. The High Court on 1 October 2025 allowed SPG's judicial review application to set aside the notices. The High Court agreed with the submission of SPG's legal counsel that the IRB had no basis in law to issue the notices.

## NOTES TO THE FINANCIAL STATEMENTS

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**44 CONTINGENT LIABILITIES AND MATERIAL LITIGATIONS (CONTINUED)**Material litigations (continued)

## (b) SPG (continued)

On 27 October 2025, the IRB filed a notice of appeal to the Court of Appeal against the High Court's decision allowing SPG's judicial review application. Pursuant to the notice of appeal, the Court of Appeal has fixed the hearing of the appeal on 9 September 2026.

Based on the legal advice obtained from SPG's tax solicitors on the merits of the case, the Group is of the view that no provision is required for the potential tax liability up to the reporting date.

## (c) TNBWE

TNBWE, an indirect wholly owned subsidiary of the Company, via TNB Manjung Five Sdn. Bhd., a wholly owned subsidiary of TPGSB has received a notice of assessment for the YA 2018, dated 10 December 2024, from the IRB, amounting to RM291.6 million.

On 31 December 2024, TNBWE filed a judicial review application at the High Court to challenge matters arising from the above-mentioned notice. On 9 January 2025, the High Court granted an interim stay on all further proceedings, including the enforcement, until the full and final disposal of the judicial review leave application. The High Court scheduled the leave hearing on 30 June 2025.

The High Court vacated the leave hearing on 30 June 2025 and requested for the parties to attend a clarification on 22 July 2025. The interim stay shall remain in effect until the full and final disposal of the judicial review leave application, including all further proceedings and any enforcement of the notice.

On 22 July 2025, the High Court granted leave to TNBWE to commence judicial review against the IRB and granted an interim stay of all further proceedings, including the enforcement of the notice, until the disposal of the substantive hearing. The High Court has vacated the clarification hearing previously scheduled for 13 January 2026 in respect of the substantive judicial review application and has also vacated the case management previously scheduled for 12 February 2026. The High Court has instead fixed a case management on 30 March 2026.

Based on the legal advice obtained from TNBWE's tax solicitors on the merits of the case, the Group is of the view that no provision is required for the potential tax liability up to the reporting date.

There is no other pending material litigation since the date of the last audited financial statements other than disclosed above.

**45 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 50.

## (b) Associate companies

Associate companies are those entities in which the Group has significant influence but not control as disclosed in Note 51.

## (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 45 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

## (d) Government-related entities

Government-linked corporations are related to the Group and the Company by virtue of the substantial shareholdings held by the Employees Provident Fund Board ('EPF'), with 22.6% (2024: 18.3%), and Khazanah Nasional Berhad ('KNB'), with 17.2% (2024: 20.4%) equity interest. EPF is a statutory body established under the Employees Provident Fund Act. KNB is wholly owned by Minister of Finance Incorporated, which is in turn owned by the MoF. EPF, KNB and other entities directly or indirectly controlled by the Government of Malaysia 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.

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                |                    |
|----------------------------------------|---------------------|--------------------|--------------------|--------------------|
|                                        | 2025<br>RM'million  | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| <b>Group</b>                           |                     |                    |                    |                    |
| <u>Income:</u>                         |                     |                    |                    |                    |
| - Interest income                      | 57.4                | 57.4               | 0                  | 0                  |
| - Dividend income                      | 82.1                | 191.8              | 0                  | 0                  |
| - Leasing income                       | 17.7                | 17.7               | 0                  | 0                  |
| - Other income                         | 7.4                 | 3.7                | 0                  | 0                  |
| <u>Expenses:</u>                       |                     |                    |                    |                    |
| - Purchase of electricity              | (2,833.7)           | (3,421.0)          | 0                  | 0                  |
| - Finance cost on lease liabilities    | (177.6)             | (194.6)            | 0                  | 0                  |
| - Key management compensations:        |                     |                    |                    |                    |
| - Salaries, allowances and bonuses     | 0                   | 0                  | (25.0)             | (19.6)             |
| - Benefits-in-kind                     | 0                   | 0                  | (0.4)              | (0.6)              |
| - Defined contribution retirement plan | 0                   | 0                  | (3.8)              | (3.0)              |
| - Other staff benefits                 | 0                   | 0                  | (7.2)              | (6.6)              |
| - LTIP expense                         | 0                   | 0                  | (0.2)              | (1.6)              |
| - Leasing expenses                     | (14.7)              | (3.6)              | 0                  | 0                  |
| Amounts due from                       | 338.9               | 420.2              |                    |                    |
| Amounts due to                         | (132.8)             | (476.9)            |                    |                    |
| Investment in unquoted debt security   | 262.2               | 255.5              |                    |                    |
| Lease liabilities                      | (3,396.4)           | (3,647.0)          |                    |                    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 45 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                |                    |
|----------------------------------------|----------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
|                                        | 2025<br>RM'million   | 2024<br>RM'million | 2025<br>RM'million  | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| <b>Company</b>                         |                      |                    |                     |                    |                    |                    |
| <u>Income:</u>                         |                      |                    |                     |                    |                    |                    |
| - Interest income                      | 219.1                | 272.4              | 57.4                | 57.4               | 0                  | 0                  |
| - Corporate joint income               | 38.6                 | 140.2              | 0                   | 0                  | 0                  | 0                  |
| - Dividend income                      | 72.0                 | 80.0               | 36.4                | 83.9               | 0                  | 0                  |
| - Leasing income                       | 44.6                 | 54.1               | 17.7                | 17.7               | 0                  | 0                  |
| - Other income                         | 57.0                 | 64.6               | 7.4                 | 3.7                | 0                  | 0                  |
| <u>Expenses:</u>                       |                      |                    |                     |                    |                    |                    |
| - Purchase of electricity              | (16,549.0)           | (19,382.9)         | (2,833.7)           | (3,421.0)          | 0                  | 0                  |
| - Purchase of goods/services           | (1,632.4)            | (1,194.0)          | 0                   | 0                  | 0                  | 0                  |
| - Training fees                        | (73.7)               | (68.8)             | 0                   | 0                  | 0                  | 0                  |
| - Finance cost on:                     |                      |                    |                     |                    |                    |                    |
| - Lease liabilities                    | (2,454.5)            | (2,555.0)          | (177.6)             | (194.6)            | 0                  | 0                  |
| - Borrowings                           | (255.2)              | (275.9)            | 0                   | 0                  | 0                  | 0                  |
| - Key management compensations:        |                      |                    |                     |                    |                    |                    |
| - Salaries, allowances and bonuses     | 0                    | 0                  | 0                   | 0                  | (24.8)             | (19.4)             |
| - Benefits-in-kind                     | 0                    | 0                  | 0                   | 0                  | (0.4)              | (0.6)              |
| - Defined contribution retirement plan | 0                    | 0                  | 0                   | 0                  | (3.8)              | (3.0)              |
| - Other staff benefits                 | 0                    | 0                  | 0                   | 0                  | (7.2)              | (6.6)              |
| - LTIP expenses                        | 0                    | 0                  | 0                   | 0                  | (0.2)              | (1.6)              |
| - Leasing expenses                     | 0                    | 0                  | (14.7)              | (3.6)              | 0                  | 0                  |
| Repayment of advances from             | 696.6                | 609.2              | 0                   | 0                  |                    |                    |
| Advances granted to                    | (369.9)              | (115.7)            | 0                   | 0                  |                    |                    |
| Amounts due from                       | 5,636.7              | 6,948.8            | 5.1                 | 13.6               |                    |                    |
| Amounts due to                         | (4,969.4)            | (6,097.6)          | (132.8)             | (466.7)            |                    |                    |
| Investment in unquoted debt security   | 0                    | 0                  | 262.2               | 255.5              |                    |                    |
| Lease liabilities                      | (38,737.0)           | (41,344.6)         | (3,396.4)           | (3,647.0)          |                    |                    |
| Repayment of interest                  | (259.7)              | (277.3)            | 0                   | 0                  |                    |                    |

## 46 SEGMENTAL REPORTING

Operating Segment

Operating segment 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2025

**46 SEGMENTAL REPORTING (CONTINUED)**Geographical information

The Group operates in a few countries as disclosed in Note 50. Accordingly, the Group's operations by geographical location is segmented into Malaysia, United Kingdom, Kuwait, Republic of Ireland, Australia and other countries. The other countries operation is not further segregated as no individual overseas country contributed more than 10.0% of the consolidated operating revenue or assets.

Revenue by geographical location of the Group's operation is analysed as follows:

|                     | Group              |                    |
|---------------------|--------------------|--------------------|
|                     | 2025<br>RM'million | 2024<br>RM'million |
| Malaysia            | <b>66,380.4</b>    | 55,205.8           |
| United Kingdom      | <b>701.4</b>       | 740.7              |
| Kuwait              | <b>432.2</b>       | 595.4              |
| Republic of Ireland | <b>108.8</b>       | 112.3              |
| Australia           | <b>20.1</b>        | 23.7               |
| Other countries     | <b>80.2</b>        | 59.2               |
|                     | <b>67,723.1</b>    | 56,737.1           |

Non-current assets other than financial instruments, employee benefits and deferred tax assets by geographical location of the Group's operations are analysed as follows:

|                     | Group              |                                  |
|---------------------|--------------------|----------------------------------|
|                     | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| Malaysia            | <b>161,333.0</b>   | 151,779.5                        |
| United Kingdom      | <b>5,329.8</b>     | 5,687.9                          |
| Kuwait              | <b>0.1</b>         | 0.2                              |
| Republic of Ireland | <b>1,118.2</b>     | 1,206.7                          |
| Australia           | <b>1,112.6</b>     | 1,197.1                          |
| Other countries     | <b>166.1</b>       | 164.1                            |
|                     | <b>169,059.8</b>   | 160,035.5                        |

**47 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

**Accounting Policy (continued)**

Financial instruments comprise financial assets and financial liabilities as below: (continued)

Financial assets (continued)

## (a) Classification (continued)

## (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.

## (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.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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 (continued)

- Debt instruments (continued)

- 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

**Accounting Policy (continued)**

Financial instruments comprise financial assets and financial liabilities as below: (continued)

Financial assets (continued)

## (d) Impairment (continued)

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 risk 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<br>Low credit risk<br>(12 months ECL Model)                                                                                                                             | Stage 2<br>Significant increase in credit risk<br>(Lifetime ECL Model)                                                     | Stage 3<br>Credit impaired<br>(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 - Total 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

31 DECEMBER 2025

## 47 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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<br>amount<br>RM'million | AC<br>RM'million | FVTPL<br>RM'million | FVOCI<br>RM'million |
|--------------------------------------|----------------------------------|------------------|---------------------|---------------------|
| <b>2025</b>                          |                                  |                  |                     |                     |
| <u>Financial assets</u>              |                                  |                  |                     |                     |
| <b>Group</b>                         |                                  |                  |                     |                     |
| Investment in unquoted debt security | 262.2                            | 262.2            | 0                   | 0                   |
| Financial lease receivables          | 4.5                              | 4.5              | 0                   | 0                   |
| Financial assets at FVOCI            | 81.3                             | 0                | 0                   | 81.3                |
| Trade receivables                    | 3,145.9                          | 3,145.9          | 0                   | 0                   |
| Other non-trade receivables          | 1,087.9                          | 1,087.9          | 0                   | 0                   |
| Contract assets                      | 4,326.3                          | 4,326.3          | 0                   | 0                   |
| Amounts due from joint ventures      | 16.5                             | 16.5             | 0                   | 0                   |
| Amounts due from associates          | 338.9                            | 338.9            | 0                   | 0                   |
| Derivative financial instruments     | 104.5                            | 0                | 104.5               | 0                   |
| Financial assets at FVTPL            | 150.7                            | 0                | 150.7               | 0                   |
| Deposits, bank and cash balances     | 12,836.7                         | 12,836.7         | 0                   | 0                   |
|                                      | <b>22,355.4</b>                  | <b>22,018.9</b>  | <b>255.2</b>        | <b>81.3</b>         |
| <b>Company</b>                       |                                  |                  |                     |                     |
| Investment in unquoted debt security | 262.2                            | 262.2            | 0                   | 0                   |
| Financial assets at FVOCI            | 80.9                             | 0                | 0                   | 80.9                |
| Trade receivables                    | 2,654.9                          | 2,654.9          | 0                   | 0                   |
| Other non-trade receivables          | 259.6                            | 259.6            | 0                   | 0                   |
| Contract assets                      | 3,907.3                          | 3,907.3          | 0                   | 0                   |
| Amounts due from subsidiaries        | 5,636.7                          | 5,636.7          | 0                   | 0                   |
| Amounts due from associates          | 5.1                              | 5.1              | 0                   | 0                   |
| Financial assets at FVTPL            | 69.6                             | 0                | 69.6                | 0                   |
| Deposits, bank and cash balances     | 6,455.7                          | 6,455.7          | 0                   | 0                   |
|                                      | <b>19,332.0</b>                  | <b>19,181.5</b>  | <b>69.6</b>         | <b>80.9</b>         |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (a) Categories of financial instruments (continued)

|                                  | Carrying<br>amount<br>RM'million | AC<br>RM'million | FVTPL<br>RM'million |
|----------------------------------|----------------------------------|------------------|---------------------|
| <b>2025</b>                      |                                  |                  |                     |
| <u>Financial liabilities</u>     |                                  |                  |                     |
| <b>Group</b>                     |                                  |                  |                     |
| Payables                         | 8,902.4                          | 8,902.4          | 0                   |
| Financial guarantee contracts    | 49.3                             | 49.3             | 0                   |
| Lease liabilities                | 30,483.1                         | 30,483.1         | 0                   |
| Amounts due to associates        | 132.8                            | 132.8            | 0                   |
| Borrowings                       | 59,085.7                         | 59,085.7         | 0                   |
| Derivative financial instruments | 72.8                             | 0                | 72.8                |
| Other liabilities                | 1,307.7                          | 1,307.7          | 0                   |
|                                  | <b>100,033.8</b>                 | <b>99,961.0</b>  | <b>72.8</b>         |
| <b>Company</b>                   |                                  |                  |                     |
| Payables                         | 4,723.5                          | 4,723.5          | 0                   |
| Financial guarantee contracts    | 54.0                             | 54.0             | 0                   |
| Lease liabilities                | 67,256.6                         | 67,256.6         | 0                   |
| Amounts due to subsidiaries      | 4,969.4                          | 4,969.4          | 0                   |
| Amounts due to associates        | 132.8                            | 132.8            | 0                   |
| Borrowings                       | 28,801.8                         | 28,801.8         | 0                   |
| Derivative financial instruments | 0.7                              | 0                | 0.7                 |
| Other liabilities                | 1,206.4                          | 1,206.4          | 0                   |
|                                  | <b>107,145.2</b>                 | <b>107,144.5</b> | <b>0.7</b>          |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (a) Categories of financial instruments (continued)

|                                      | Carrying<br>amount<br>RM'million | AC<br>RM'million | FVTPL<br>RM'million | FVOCI<br>RM'million |
|--------------------------------------|----------------------------------|------------------|---------------------|---------------------|
| <b>2024</b>                          |                                  |                  |                     |                     |
| <u>Financial assets</u>              |                                  |                  |                     |                     |
| <b>Group</b>                         |                                  |                  |                     |                     |
| Investment in unquoted debt security | 255.5                            | 255.5            | 0                   | 0                   |
| Financial lease receivables          | 6.0                              | 6.0              | 0                   | 0                   |
| Financial assets at FVOCI            | 81.2                             | 0                | 0                   | 81.2                |
| Trade receivables                    | 4,155.6                          | 4,155.6          | 0                   | 0                   |
| Other non-trade receivables          | 912.4                            | 912.4            | 0                   | 0                   |
| Contract assets                      | 4,641.6                          | 4,641.6          | 0                   | 0                   |
| Amounts due from joint ventures      | 15.9                             | 15.9             | 0                   | 0                   |
| Amounts due from associates          | 420.2                            | 420.2            | 0                   | 0                   |
| Derivative financial instruments     | 173.2                            | 0                | 173.2               | 0                   |
| Financial assets at FVTPL            | 465.1                            | 0                | 465.1               | 0                   |
| Deposits, bank and cash balances     | 19,601.1                         | 19,601.1         | 0                   | 0                   |
|                                      | 30,727.8                         | 30,008.3         | 638.3               | 81.2                |
| <b>Company</b>                       |                                  |                  |                     |                     |
| Investment in unquoted debt security | 255.5                            | 255.5            | 0                   | 0                   |
| Financial assets at FVOCI            | 80.5                             | 0                | 0                   | 80.5                |
| Trade receivables                    | 2,954.2                          | 2,954.2          | 0                   | 0                   |
| Other non-trade receivables          | 280.3                            | 280.3            | 0                   | 0                   |
| Contract assets                      | 4,368.4                          | 4,368.4          | 0                   | 0                   |
| Amounts due from subsidiaries        | 6,948.8                          | 6,948.8          | 0                   | 0                   |
| Amounts due from associates          | 13.6                             | 13.6             | 0                   | 0                   |
| Derivative financial instruments     | 35.6                             | 0                | 35.6                | 0                   |
| Financial assets at FVTPL            | 107.4                            | 0                | 107.4               | 0                   |
| Deposits, bank and cash balances     | 13,890.5                         | 13,890.5         | 0                   | 0                   |
|                                      | 28,934.8                         | 28,711.3         | 143.0               | 80.5                |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (a) Categories of financial instruments (continued)

|                                  | Carrying<br>amount<br>RM'million | AC<br>RM'million | FVTPL<br>RM'million |
|----------------------------------|----------------------------------|------------------|---------------------|
| <b>2024</b>                      |                                  |                  |                     |
| <u>Financial liabilities</u>     |                                  |                  |                     |
| <b>Group</b>                     |                                  |                  |                     |
| Payables                         | 8,506.0                          | 8,506.0          | 0                   |
| Financial guarantee contracts    | 296.9                            | 296.9            | 0                   |
| Lease liabilities                | 28,710.6                         | 28,710.6         | 0                   |
| Amounts due to associates        | 476.9                            | 476.9            | 0                   |
| Borrowings                       | 57,406.6                         | 57,406.6         | 0                   |
| Derivative financial instruments | 101.0                            | 0                | 101.0               |
| Other liabilities                | 997.1                            | 997.1            | 0                   |
|                                  | 96,495.1                         | 96,394.1         | 101.0               |
| <b>Company</b>                   |                                  |                  |                     |
| Payables                         | 4,818.6                          | 4,818.6          | 0                   |
| Financial guarantee contracts    | 301.6                            | 301.6            | 0                   |
| Lease liabilities                | 66,940.7                         | 66,940.7         | 0                   |
| Amounts due to subsidiaries      | 6,097.6                          | 6,097.6          | 0                   |
| Amounts due to associates        | 466.7                            | 466.7            | 0                   |
| Borrowings                       | 26,657.6                         | 26,657.6         | 0                   |
| Derivative financial instruments | 2.8                              | 0                | 2.8                 |
| Other liabilities                | 943.0                            | 943.0            | 0                   |
|                                  | 106,228.6                        | 106,225.8        | 2.8                 |

## (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

Net reversal/(losses) on impairment of financial instruments are mainly from:

|                                      | Group      |            | Company    |            |
|--------------------------------------|------------|------------|------------|------------|
|                                      | 2025       | 2024       | 2025       | 2024       |
|                                      | RM'million | RM'million | RM'million | RM'million |
| Net (losses)/reversal on:            |            |            |            |            |
| Trade receivables                    |            |            |            |            |
| - recognised in profit or loss       | (313.1)    | (52.5)     | (270.4)    | (25.2)     |
| - reversed                           | 109.5      | 813.0      | 89.0       | 810.2      |
| Trade contract assets                |            |            |            |            |
| - recognised in profit or loss       | (3.0)      | (13.9)     | (1.0)      | (12.7)     |
| - reversed                           | 7.3        | 48.5       | 2.3        | 42.7       |
| Investment in unquoted debt security |            |            |            |            |
| - recognised in profit or loss       | (0.7)      | (0.3)      | (0.7)      | (0.3)      |
| - reversed                           | 0          | 0.4        | 0          | 0.4        |
| Intercompany balances                |            |            |            |            |
| - recognised in profit or loss       | 0          | 0          | (391.0)    | (240.4)    |
| - reversed                           | 0          | 0          | 105.8      | 79.3       |
| Other non-trade receivables          |            |            |            |            |
| - recognised in profit or loss       | (24.8)     | (30.7)     | (6.0)      | (14.8)     |
| - reversed                           | 8.9        | 8.9        | 0.6        | 8.8        |
| Amounts due from associates          |            |            |            |            |
| - recognised in profit or loss       | (0.1)      | (0.1)      | (0.1)      | (0.1)      |
| - reversed                           | 0.8        | 4.9        | 0.2        | 0          |
| Amounts due from joint ventures      |            |            |            |            |
| - recognised in profit or loss       | (10.4)     | (10.8)     | 0          | 0          |
| - reversed                           | 10.9       | 6.5        | 0          | 0          |
| Financial guarantee contracts        |            |            |            |            |
| - recognised in profit or loss       | (0.1)      | 0          | (0.1)      | 0          |
| - reversed                           | 247.7      | 15.2       | 247.7      | 14.8       |
|                                      | 32.9       | 789.1      | (223.7)    | 662.7      |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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 (2024: 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            |                    |
|-----------------------|--------------------|--------------------|--------------------|--------------------|
|                       | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Trade receivables     | <b>4,903.1</b>     | 5,809.8            | <b>4,214.6</b>     | 4,433.1            |
| Less: Loss allowance  | <b>(1,757.2)</b>   | (1,654.2)          | <b>(1,559.7)</b>   | (1,478.9)          |
|                       | <b>3,145.9</b>     | 4,155.6            | <b>2,654.9</b>     | 2,954.2            |
| Trade contract assets | <b>4,335.6</b>     | 4,655.2            | <b>3,914.2</b>     | 4,376.6            |
| Less: Loss allowance  | <b>(9.3)</b>       | (13.6)             | <b>(6.9)</b>       | (8.2)              |
|                       | <b>4,326.3</b>     | 4,641.6            | <b>3,907.3</b>     | 4,368.4            |

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            |                    |
|-----------------------|--------------------|--------------------|--------------------|--------------------|
|                       | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Industrial            | <b>1,130.8</b>     | 1,210.4            | <b>1,118.7</b>     | 1,199.0            |
| Commercial            | <b>1,391.1</b>     | 1,540.2            | <b>1,318.5</b>     | 1,470.8            |
| Domestic              | <b>1,889.7</b>     | 1,854.4            | <b>1,763.0</b>     | 1,711.2            |
| Specific agriculture  | <b>7.8</b>         | 10.7               | <b>7.8</b>         | 10.7               |
| Mining                | <b>1.3</b>         | 2.2                | <b>1.3</b>         | 2.2                |
| Public lighting       | <b>8.7</b>         | 44.5               | <b>5.3</b>         | 39.2               |
| IPP                   | <b>91.4</b>        | 674.6              | <b>0</b>           | 0                  |
| Others                | <b>382.3</b>       | 472.8              | <b>0</b>           | 0                  |
| Trade receivables     | <b>4,903.1</b>     | 5,809.8            | <b>4,214.6</b>     | 4,433.1            |
| Trade contract assets | <b>4,335.6</b>     | 4,655.2            | <b>3,914.2</b>     | 4,376.6            |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (i) Trade receivables and trade contract assets (continued)

Impairment losses

The loss allowances for the trade receivables and the trade contract assets are as follows:

|                             | Gross<br>RM'million | Individual<br>impairment<br>RM'million | Expected<br>loss rate<br>% | Collective<br>impairment<br>RM'million | Net<br>RM'million |
|-----------------------------|---------------------|----------------------------------------|----------------------------|----------------------------------------|-------------------|
| <b>2025</b>                 |                     |                                        |                            |                                        |                   |
| <b>Group</b>                |                     |                                        |                            |                                        |                   |
| Not past due                | 2,286.8             | (224.0)                                | 5.3                        | (108.9)                                | 1,953.9           |
| Past due 0-30 days          | 413.3               | (0.1)                                  | 18.8                       | (77.6)                                 | 335.6             |
| Past due 31-120 days        | 507.2               | (7.5)                                  | 32.1                       | (160.5)                                | 339.2             |
| Past due 121-240 days       | 340.0               | (26.0)                                 | 33.5                       | (105.2)                                | 208.8             |
| Past due 241-365 days       | 143.7               | (9.2)                                  | 39.7                       | (53.4)                                 | 81.1              |
| Past due more than 365 days | 1,212.1             | (678.9)                                | 57.4                       | (305.9)                                | 227.3             |
| Trade receivables           | 4,903.1             | (945.7)                                |                            | (811.5)                                | 3,145.9           |
| Trade contract assets       | 4,335.6             | 0                                      | 0.2                        | (9.3)                                  | 4,326.3           |

|                             | Gross<br>RM'million | Individual<br>impairment<br>RM'million | Expected<br>loss rate<br>% | Collective<br>impairment<br>RM'million | Net<br>RM'million |
|-----------------------------|---------------------|----------------------------------------|----------------------------|----------------------------------------|-------------------|
| <b>2025</b>                 |                     |                                        |                            |                                        |                   |
| <b>Company</b>              |                     |                                        |                            |                                        |                   |
| Not past due                | 1,976.2             | (223.7)                                | 4.4                        | (77.7)                                 | 1,674.8           |
| Past due 0-30 days          | 284.4               | (0.1)                                  | 22.3                       | (63.4)                                 | 220.9             |
| Past due 31-120 days        | 436.4               | (7.5)                                  | 30.9                       | (132.6)                                | 296.3             |
| Past due 121-240 days       | 290.8               | (26.0)                                 | 31.6                       | (83.7)                                 | 181.1             |
| Past due 241-365 days       | 132.8               | (9.2)                                  | 32.4                       | (40.0)                                 | 83.6              |
| Past due more than 365 days | 1,094.0             | (677.2)                                | 52.4                       | (218.6)                                | 198.2             |
| Trade receivables           | 4,214.6             | (943.7)                                |                            | (616.0)                                | 2,654.9           |
| Trade contract assets       | 3,914.2             | 0                                      | 0.2                        | (6.9)                                  | 3,907.3           |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (i) Trade receivables and trade contract assets (continued)

Impairment losses (continued)

The loss allowances for the trade receivables and the trade contract assets are as follows: (continued)

|                             | Gross<br>RM'million | Individual<br>impairment<br>RM'million | Expected<br>loss rate<br>% | Collective<br>impairment<br>RM'million | Net<br>RM'million |
|-----------------------------|---------------------|----------------------------------------|----------------------------|----------------------------------------|-------------------|
| <b>2024</b>                 |                     |                                        |                            |                                        |                   |
| <b>Group</b>                |                     |                                        |                            |                                        |                   |
| Not past due                | 2,606.4             | (0.7)                                  | 0.3                        | (9.1)                                  | 2,596.6           |
| Past due 0-30 days          | 420.3               | (0.1)                                  | 3.1                        | (13.0)                                 | 407.2             |
| Past due 31-120 days        | 647.0               | (0.5)                                  | 10.4                       | (67.3)                                 | 579.2             |
| Past due 121-240 days       | 349.3               | (6.4)                                  | 31.0                       | (106.3)                                | 236.6             |
| Past due 241-365 days       | 200.9               | (13.0)                                 | 57.8                       | (108.7)                                | 79.2              |
| Past due more than 365 days | 1,585.9             | (682.0)                                | 71.6                       | (647.1)                                | 256.8             |
| Trade receivables           | 5,809.8             | (702.7)                                |                            | (951.5)                                | 4,155.6           |
| Trade contract assets       | 4,655.2             | 0                                      | 0.3                        | (13.6)                                 | 4,641.6           |

|                             | Gross<br>RM'million | Individual<br>impairment<br>RM'million | Expected<br>loss rate<br>% | Collective<br>impairment<br>RM'million | Net<br>RM'million |
|-----------------------------|---------------------|----------------------------------------|----------------------------|----------------------------------------|-------------------|
| <b>2024</b>                 |                     |                                        |                            |                                        |                   |
| <b>Company</b>              |                     |                                        |                            |                                        |                   |
| Not past due                | 2,016.2             | (0.2)                                  | 0.2                        | (3.8)                                  | 2,012.2           |
| Past due 0-30 days          | 294.3               | 0                                      | 3.4                        | (10.1)                                 | 284.2             |
| Past due 31-120 days        | 450.8               | (0.4)                                  | 12.3                       | (55.4)                                 | 395.0             |
| Past due 121-240 days       | 274.3               | (6.4)                                  | 32.2                       | (86.3)                                 | 181.6             |
| Past due 241-365 days       | 149.5               | (12.9)                                 | 65.7                       | (89.7)                                 | 46.9              |
| Past due more than 365 days | 1,248.0             | (680.5)                                | 94.0                       | (533.2)                                | 34.3              |
| Trade receivables           | 4,433.1             | (700.4)                                |                            | (778.5)                                | 2,954.2           |
| Trade contract assets       | 4,376.6             | 0                                      | 0.2                        | (8.2)                                  | 4,368.4           |

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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 2025, 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 Group reassessed the settlement arrangement of a trade debtor. The extension of the payment period gave rise to a discounting effect, which was recognised as an increase in the ECL allowance.

The Group also reassessed the recoverability of the receivables based on updated information regarding the restructuring exercises, debtors' repayment profile and collection trends. This reassessment resulted in a partial reversal of previously recognised loss allowance.

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:

- Trade receivables

|                                                              | Group              |                    | Company            |                    |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                              | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year                    | (1,654.2)          | (2,666.7)          | (1,478.9)          | (2,515.3)          |
| Impairment loss recognised                                   | (313.1)            | (52.5)             | (270.4)            | (25.2)             |
| Impairment loss reversed                                     | 109.5              | 813.0              | 89.0               | 810.2              |
| Impairment written off                                       | 100.6              | 252.0              | 100.6              | 251.4              |
| As at the end of the financial year<br>(Note 14 and Note 22) | (1,757.2)          | (1,654.2)          | (1,559.7)          | (1,478.9)          |

- Trade contract assets

|                                                  | Group              |                    | Company            |                    |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                  | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year        | (13.6)             | (48.2)             | (8.2)              | (38.2)             |
| Impairment loss recognised                       | (3.0)              | (13.9)             | (1.0)              | (12.7)             |
| Impairment loss reversed                         | 7.3                | 48.5               | 2.3                | 42.7               |
| As at the end of the financial year (Note 18(a)) | (9.3)              | (13.6)             | (6.9)              | (8.2)              |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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 and electricity retailers.

Investment in unquoted debt security is 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 Statement of Financial Position ('SOFPI').

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:

|                                      | Group and Company  |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | 2025<br>RM'million | 2024<br>RM'million |
| Investment in unquoted debt security | 291.0              | 283.6              |
| Less: Loss allowances                | (28.8)             | (28.1)             |
|                                      | 262.2              | 255.5              |

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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 (continued)

The impairment loss for the investment in unquoted debt security for the Group and the Company are in Stage 1.

The movement in the loss allowance for investment in unquoted debt security during the financial year was:

|                                           | Group and Company  |                    |
|-------------------------------------------|--------------------|--------------------|
|                                           | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year | (28.1)             | (28.2)             |
| Impairment loss recognised                | (0.7)              | (0.3)              |
| Impairment loss reversed                  | 0                  | 0.4                |
| As at the end of the financial year       | (28.8)             | (28.1)             |

## (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            |                    |
|-------------------------------|--------------------|--------------------|
|                               | 2025<br>RM'million | 2024<br>RM'million |
| Amounts due from subsidiaries | 6,654.1            | 7,682.0            |
| Less: Loss allowance          | (1,017.4)          | (733.2)            |
|                               | 5,636.7            | 6,948.8            |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (iii) Non-trade receivables (continued)

- Intercompany balances (continued)

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, the Company recognised higher impairment losses on intercompany balances following reassessment of the projected cash flows and the recoverability of the outstanding balances. A reversal of loss allowance was also recognised during the year arising from repayments received from subsidiaries.

The loss allowance for intercompany balances using the general 3-stage approach reconciled to the opening loss allowance for that provision are as follows:

|                                           | Stage 1<br>RM'million | Stage 2<br>RM'million | Stage 3<br>RM'million | Total<br>RM'million |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>2025</b>                               |                       |                       |                       |                     |
| As at the beginning of the financial year | (169.2)               | (410.6)               | (153.4)               | (733.2)             |
| Impairment loss recognised                | (242.9)               | (148.1)               | 0                     | (391.0)             |
| Impairment loss reversed                  | 74.4                  | 1.0                   | 30.4                  | 105.8               |
| Impairment written off                    | 1.0                   | 0                     | 0                     | 1.0                 |
| As at the end of the financial year       | (336.7)               | (557.7)               | (123.0)               | (1,017.4)           |
| <b>2024</b>                               |                       |                       |                       |                     |
| As at the beginning of the financial year | (230.8)               | (208.3)               | (134.1)               | (573.2)             |
| Impairment loss recognised                | (18.8)                | (202.3)               | (19.3)                | (240.4)             |
| Impairment loss reversed                  | 79.3                  | 0                     | 0                     | 79.3                |
| Impairment written off                    | 1.1                   | 0                     | 0                     | 1.1                 |
| As at the end of the financial year       | (169.2)               | (410.6)               | (153.4)               | (733.2)             |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (iii) Non-trade receivables (continued)

- Intercompany balances (continued)

Impairment losses (continued)

The impact on the carrying value of the intercompany balances presented by the stages are as follows:

|                       | Stage 1<br>RM'million | Stage 2<br>RM'million | Stage 3<br>RM'million | Total<br>RM'million |
|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>2025</b>           |                       |                       |                       |                     |
| Gross carrying amount | 5,269.5               | 1,209.1               | 175.5                 | 6,654.1             |
| Less: Loss allowance  | (336.7)               | (557.7)               | (123.0)               | (1,017.4)           |
| Net carrying amount   | 4,932.8               | 651.4                 | 52.5                  | 5,636.7             |
| <b>2024</b>           |                       |                       |                       |                     |
| Gross carrying amount | 6,454.2               | 1,074.4               | 153.4                 | 7,682.0             |
| Less: Loss allowance  | (169.2)               | (410.6)               | (153.4)               | (733.2)             |
| Net carrying amount   | 6,285.0               | 663.8                 | 0                     | 6,948.8             |

- Other non-trade receivables

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (iii) Non-trade receivables (continued)

- Other non-trade receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The total other non-trade receivables is as follows:

|                             | Group              |                    | Company            |                    |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
|                             | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Other non-trade receivables | <b>1,344.4</b>     | 1,153.0            | <b>421.2</b>       | 439.5              |
| Less: Loss allowance        | <b>(256.5)</b>     | (240.6)            | <b>(161.6)</b>     | (159.2)            |
|                             | <b>1,087.9</b>     | 912.4              | <b>259.6</b>       | 280.3              |

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 allowance for other non-trade receivables using the general 3-stage approach reconciled to the opening loss allowance for that provision are as follows:

|                                           | Stage 1<br>RM'million | Stage 2<br>RM'million | Stage 3<br>RM'million | Total<br>RM'million |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>Group</b>                              |                       |                       |                       |                     |
| <b>2025</b>                               |                       |                       |                       |                     |
| As at the beginning of the financial year | <b>(30.6)</b>         | <b>(1.4)</b>          | <b>(208.6)</b>        | <b>(240.6)</b>      |
| Impairment loss recognised                | <b>(19.4)</b>         | <b>(1.4)</b>          | <b>(4.0)</b>          | <b>(24.8)</b>       |
| Impairment loss reversed                  | <b>7.0</b>            | <b>0.5</b>            | <b>1.4</b>            | <b>8.9</b>          |
| As at the end of the financial year       | <b>(43.0)</b>         | <b>(2.3)</b>          | <b>(211.2)</b>        | <b>(256.5)</b>      |
| <b>2024</b>                               |                       |                       |                       |                     |
| As at the beginning of the financial year | (27.8)                | (1.2)                 | (189.8)               | (218.8)             |
| Impairment loss recognised                | (3.9)                 | (0.2)                 | (26.6)                | (30.7)              |
| Impairment loss reversed                  | 1.1                   | 0                     | 7.8                   | 8.9                 |
| As at the end of the financial year       | (30.6)                | (1.4)                 | (208.6)               | (240.6)             |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (iii) Non-trade receivables (continued)

- Other non-trade receivables (continued)

Impairment losses (continued)

The loss allowance for other non-trade receivables using the general 3-stage approach reconciled to the opening loss allowance for that provision are as follows: (continued)

|                                           | Stage 1<br>RM'million | Stage 2<br>RM'million | Stage 3<br>RM'million | Total<br>RM'million |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>Company</b>                            |                       |                       |                       |                     |
| <b>2025</b>                               |                       |                       |                       |                     |
| As at the beginning of the financial year | (20.3)                | (0.9)                 | (138.0)               | (159.2)             |
| Impairment loss recognised                | (0.3)                 | (0.5)                 | (5.2)                 | (6.0)               |
| Impairment loss reversed                  | 0.6                   | 0                     | 0                     | 0.6                 |
| Impairment write back                     | 0                     | 0                     | 3.0                   | 3.0                 |
| As at the end of the financial year       | (20.0)                | (1.4)                 | (140.2)               | (161.6)             |
| <b>2024</b>                               |                       |                       |                       |                     |
| As at the beginning of the financial year | (19.5)                | (0.8)                 | (132.7)               | (153.0)             |
| Impairment loss recognised                | (1.9)                 | (0.1)                 | (12.8)                | (14.8)              |
| Impairment loss reversed                  | 1.1                   | 0                     | 7.7                   | 8.8                 |
| Impairment write back                     | 0                     | 0                     | (0.2)                 | (0.2)               |
| As at the end of the financial year       | (20.3)                | (0.9)                 | (138.0)               | (159.2)             |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (iii) Non-trade receivables (continued)

- Other non-trade receivables (continued)

The impact on the carrying value of other non-trade receivables presented by the stages are as follows:

|                       | Stage 1<br>RM'million | Stage 2<br>RM'million | Stage 3<br>RM'million | Total<br>RM'million |
|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>Group</b>          |                       |                       |                       |                     |
| <b>2025</b>           |                       |                       |                       |                     |
| Gross carrying amount | 379.6                 | 441.4                 | 523.4                 | 1,344.4             |
| Less: Loss allowance  | (43.0)                | (2.3)                 | (211.2)               | (256.5)             |
| Net carrying amount   | 336.6                 | 439.1                 | 312.2                 | 1,087.9             |
| <b>2024</b>           |                       |                       |                       |                     |
| Gross carrying amount | 904.0                 | 63.9                  | 185.1                 | 1,153.0             |
| Less: Loss allowance  | (30.6)                | (1.4)                 | (208.6)               | (240.6)             |
| Net carrying amount   | 873.4                 | 62.5                  | (23.5)                | 912.4               |
| <b>Company</b>        |                       |                       |                       |                     |
| <b>2025</b>           |                       |                       |                       |                     |
| Gross carrying amount | 53.7                  | 2.4                   | 365.1                 | 421.2               |
| Less: Loss allowance  | (20.0)                | (1.4)                 | (140.2)               | (161.6)             |
| Net carrying amount   | 33.7                  | 1.0                   | 224.9                 | 259.6               |
| <b>2024</b>           |                       |                       |                       |                     |
| Gross carrying amount | 124.1                 | 144.3                 | 171.1                 | 439.5               |
| Less: Loss allowance  | (20.3)                | (0.9)                 | (138.0)               | (159.2)             |
| Net carrying amount   | 103.8                 | 143.4                 | 33.1                  | 280.3               |

- Amounts due from associates

Risk management objectives, policies and processes for managing the risk

Amounts due from associates are mostly due to transactions within the Group and have a low credit risk. These balances are managed on a monthly basis.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (iii) Non-trade receivables (continued)

- Amounts due from associates (continued)

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 associates and impairments provided are as follows:

|                             | Group              |                    | Company            |                    |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
|                             | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Amounts due from associates | 340.7              | 422.7              | 5.2                | 13.8               |
| Less: Loss allowance        | (1.8)              | (2.5)              | (0.1)              | (0.2)              |
|                             | 338.9              | 420.2              | 5.1                | 13.6               |

Impairment losses

The impairment loss for the amounts due from associates for the Group and the Company are in Stage 1.

The movement in the loss allowance for amounts due from associates during the financial year was:

|                                               | Group              |                    | Company            |                    |
|-----------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                               | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year     | (2.5)              | (7.3)              | (0.2)              | (0.1)              |
| Impairment loss recognised                    | (0.1)              | (0.1)              | (0.1)              | (0.1)              |
| Impairment loss reversed                      | 0.8                | 4.9                | 0.2                | 0                  |
| As at the end of the financial year (Note 10) | (1.8)              | (2.5)              | (0.1)              | (0.2)              |

- Amounts due from joint ventures

Risk management objectives, policies and processes for managing the risk

Amounts due from 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 total amounts due from joint ventures and impairments provided are as follows:

|                                 | Group              |                    |
|---------------------------------|--------------------|--------------------|
|                                 | 2025<br>RM'million | 2024<br>RM'million |
| Amounts due from joint ventures | 40.1               | 40.0               |
| Less: Loss allowance            | (23.6)             | (24.1)             |
|                                 | 16.5               | 15.9               |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (iii) Non-trade receivables (continued)

- Amounts due from joint ventures (continued)

Impairment losses

The impairment loss for the amounts due from joint ventures for the Group are in Stage 1.

The movement in the loss allowance for amounts due from joint ventures during the financial year was:

|                                              | Group              |                    |
|----------------------------------------------|--------------------|--------------------|
|                                              | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year    | (24.1)             | (19.8)             |
| Impairment loss recognised                   | (10.4)             | (10.8)             |
| Impairment loss reversed                     | 10.9               | 6.5                |
| As at the end of the financial year (Note 9) | (23.6)             | (24.1)             |

## (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 RM296.9 million (2024: RM296.9 million) and RM11,069.6 million (2024: RM11,713.9 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 allowance provided are as follows:

|                      | Group              |                    | Company            |                    |
|----------------------|--------------------|--------------------|--------------------|--------------------|
|                      | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Financial guarantees | 296.9              | 296.9              | 11,069.6           | 11,713.9           |
| Less: Loss allowance | (49.3)             | (296.9)            | (54.0)             | (301.6)            |
|                      | 247.6              | 0                  | 11,015.6           | 11,412.3           |

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Credit risk (continued)

## (iv) Financial guarantees (continued)

Impairment losses (continued)

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 Anonim Şirketi ('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 loss allowance was reassessed at the reporting date in accordance with the ECL model.

During the financial year, the Group recognised a reversal of provision following the disposal of ICAN, which reduced the Group's exposure under the financial guarantee and improved Gama Enerji's debt servicing capacity. The impairment loss for financial guarantees for the Group and the Company are in Stage 3.

The movement in the loss allowance of financial guarantees during the financial year was:

|                                               | Group              |                    | Company            |                    |
|-----------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                               | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| As at the beginning of the financial year     | (296.9)            | (312.1)            | (301.6)            | (316.4)            |
| Impairment loss recognised                    | (0.1)              | 0                  | (0.1)              | 0                  |
| Impairment loss reversed                      | 247.7              | 15.2               | 247.7              | 14.8               |
| As at the end of the financial year (Note 25) | (49.3)             | (296.9)            | (54.0)             | (301.6)            |

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 at 31 December 2025, the Group and the Company recorded net current liabilities of RM8,071.4 million and RM17,351.5 million respectively, mainly due to the one-off tax liability payments amounting of RM6,994.5 million made by the Company pursuant to the outcome of the RIA case as disclosed in Note 44, which resulted in a timing impact on the Group's and the Company's working capital position. Included in the net current liabilities are the Group's and the Company's consumer deposits amounting to RM9,353.2 million (2024: RM8,666.3 million) and RM8,936.6 million (2024: RM8,258.3 million) respectively, which historically remained stable and has a low rate of termination of electricity account.

The Company's cash flow forecast for the next 12 months takes into account the expected regulatory and operational funding requirements during the period. 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.

The Group and the Company have undrawn borrowing facilities amounting to RM14,959.9 million (2024: RM19,313.9 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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<br>amount<br>RM'million | Contractual<br>cash flows<br>RM'million | Below 1 year<br>RM'million | 1-2 years<br>RM'million | 3-5 years<br>RM'million | More than<br>5 years<br>RM'million |
|---------------------------------------------|----------------------------------|-----------------------------------------|----------------------------|-------------------------|-------------------------|------------------------------------|
| <b>2025</b>                                 |                                  |                                         |                            |                         |                         |                                    |
| <b>Group</b>                                |                                  |                                         |                            |                         |                         |                                    |
| <u>Non-derivative financial liabilities</u> |                                  |                                         |                            |                         |                         |                                    |
| Payables                                    | 8,902.4                          | 8,902.4                                 | 8,902.4                    | 0                       | 0                       | 0                                  |
| Lease liabilities*                          | 30,483.1                         | 41,472.6                                | 4,018.2                    | 4,029.7                 | 10,612.1                | 22,812.6                           |
| Amounts due to associates                   | 132.8                            | 132.8                                   | 132.8                      | 0                       | 0                       | 0                                  |
| Borrowings*                                 | 59,085.7                         | 79,691.3                                | 13,476.1                   | 4,263.4                 | 17,900.2                | 44,051.6                           |
| Financial guarantee contracts               | 49.3                             | 49.3                                    | 49.3                       | 0                       | 0                       | 0                                  |
| Other financial liabilities at AC           | 1,307.7                          | 1,338.4                                 | 515.0                      | 533.6                   | 26.2                    | 263.6                              |
|                                             | 99,961.0                         | 131,586.8                               | 27,093.8                   | 8,826.7                 | 28,538.5                | 67,127.8                           |
| <u>Derivative financial liabilities</u>     |                                  |                                         |                            |                         |                         |                                    |
| PRS contracts                               | 4.0                              | 5.8                                     | 0.9                        | 0.8                     | 2.0                     | 2.1                                |
| Forward exchange contracts (gross settled): | 0.7                              |                                         |                            |                         |                         |                                    |
| - Outflows                                  |                                  | (70.3)                                  | (70.3)                     | 0                       | 0                       | 0                                  |
| - Inflows                                   |                                  | 69.6                                    | 69.6                       | 0                       | 0                       | 0                                  |
| PPA                                         | 68.1                             | 87.6                                    | 0                          | 0                       | 8.0                     | 79.6                               |
|                                             | 100,033.8                        | 131,679.5                               | 27,094.0                   | 8,827.5                 | 28,548.5                | 67,209.5                           |
| <b>Company</b>                              |                                  |                                         |                            |                         |                         |                                    |
| <u>Non-derivative financial liabilities</u> |                                  |                                         |                            |                         |                         |                                    |
| Payables                                    | 4,723.5                          | 4,723.5                                 | 4,723.5                    | 0                       | 0                       | 0                                  |
| Lease liabilities*                          | 67,256.6                         | 99,781.2                                | 8,493.2                    | 7,625.4                 | 22,519.1                | 61,143.5                           |
| Amounts due to subsidiaries                 | 4,969.4                          | 4,969.4                                 | 4,969.4                    | 0                       | 0                       | 0                                  |
| Amounts due to associates                   | 132.8                            | 132.8                                   | 132.8                      | 0                       | 0                       | 0                                  |
| Borrowings*                                 | 28,801.8                         | 39,112.3                                | 10,306.8                   | 944.2                   | 7,723.7                 | 20,137.6                           |
| Financial guarantee contracts               | 54.0                             | 10,822.0                                | 10,822.0                   | 0                       | 0                       | 0                                  |
| Other financial liabilities at AC           | 1,206.4                          | 1,237.2                                 | 491.3                      | 509.0                   | 18.8                    | 218.1                              |
|                                             | 107,144.5                        | 160,778.4                               | 39,939.0                   | 9,078.6                 | 30,261.6                | 81,499.2                           |
| <u>Derivative financial liability</u>       |                                  |                                         |                            |                         |                         |                                    |
| Forward exchange contracts (gross settled): | 0.7                              |                                         |                            |                         |                         |                                    |
| - Outflows                                  |                                  | (70.3)                                  | (70.3)                     | 0                       | 0                       | 0                                  |
| - Inflows                                   |                                  | 69.6                                    | 69.6                       | 0                       | 0                       | 0                                  |
|                                             | 107,145.2                        | 160,777.7                               | 39,938.3                   | 9,078.6                 | 30,261.6                | 81,499.2                           |

## NOTES TO THE FINANCIAL STATEMENTS

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## 47 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<br>amount<br>RM'million | Contractual<br>cash flows<br>RM'million | Below 1 year<br>RM'million | 1-2 years<br>RM'million | 3-5 years<br>RM'million | More than<br>5 years<br>RM'million |
|---------------------------------------------|----------------------------------|-----------------------------------------|----------------------------|-------------------------|-------------------------|------------------------------------|
| <b>2024</b>                                 |                                  |                                         |                            |                         |                         |                                    |
| <b>Group</b>                                |                                  |                                         |                            |                         |                         |                                    |
| <u>Non-derivative financial liabilities</u> |                                  |                                         |                            |                         |                         |                                    |
| Payables                                    | 8,506.0                          | 8,506.0                                 | 8,506.0                    | 0                       | 0                       | 0                                  |
| Lease liabilities*                          | 28,710.6                         | 38,858.3                                | 4,534.2                    | 3,539.7                 | 9,889.7                 | 20,894.7                           |
| Amounts due to associates                   | 476.9                            | 476.9                                   | 476.9                      | 0                       | 0                       | 0                                  |
| Borrowings*                                 | 57,406.6                         | 78,391.6                                | 7,857.9                    | 7,031.2                 | 17,651.4                | 45,851.1                           |
| Financial guarantee contracts               | 296.9                            | 296.9                                   | 296.9                      | 0                       | 0                       | 0                                  |
| Other financial liabilities at AC           | 997.1                            | 1,022.3                                 | 435.2                      | 444.7                   | 28.1                    | 114.3                              |
|                                             | 96,394.1                         | 127,552.0                               | 22,107.1                   | 11,015.6                | 27,569.2                | 66,860.1                           |
| <u>Derivative financial liabilities</u>     |                                  |                                         |                            |                         |                         |                                    |
| IRS contracts                               | 0.5                              | 11.3                                    | 2.4                        | 3.5                     | 5.4                     | 0                                  |
| PRS contracts                               | 3.4                              | 3.6                                     | 0.5                        | 0.5                     | 1.2                     | 1.4                                |
| Forward exchange contracts (gross settled): | 2.8                              |                                         |                            |                         |                         |                                    |
| - Outflows                                  |                                  | (110.3)                                 | (110.3)                    | 0                       | 0                       | 0                                  |
| - Inflows                                   |                                  | 107.5                                   | 107.5                      | 0                       | 0                       | 0                                  |
| PPA                                         | 94.3                             | 114.9                                   | 3.3                        | 3.2                     | 15.6                    | 92.8                               |
|                                             | 96,495.1                         | 127,679.0                               | 22,110.5                   | 11,022.8                | 27,591.4                | 66,954.3                           |
| <b>Company</b>                              |                                  |                                         |                            |                         |                         |                                    |
| <u>Non-derivative financial liabilities</u> |                                  |                                         |                            |                         |                         |                                    |
| Payables                                    | 4,818.6                          | 4,818.6                                 | 4,818.6                    | 0                       | 0                       | 0                                  |
| Lease liabilities*                          | 66,940.7                         | 100,704.0                               | 8,804.1                    | 7,533.5                 | 21,649.4                | 62,717.0                           |
| Amounts due to subsidiaries                 | 6,097.6                          | 6,097.6                                 | 6,097.6                    | 0                       | 0                       | 0                                  |
| Amounts due to associates                   | 466.7                            | 466.7                                   | 466.7                      | 0                       | 0                       | 0                                  |
| Borrowings*                                 | 26,657.6                         | 38,036.1                                | 4,092.8                    | 4,377.0                 | 7,680.2                 | 21,886.1                           |
| Financial guarantee contracts               | 301.6                            | 11,713.9                                | 11,713.9                   | 0                       | 0                       | 0                                  |
| Other financial liabilities at AC           | 943.0                            | 968.3                                   | 426.3                      | 435.7                   | 21.4                    | 84.9                               |
|                                             | 106,225.8                        | 162,805.2                               | 36,420.0                   | 12,346.2                | 29,351.0                | 84,688.0                           |
| <u>Derivative financial liability</u>       |                                  |                                         |                            |                         |                         |                                    |
| Forward exchange contracts (gross settled): | 2.8                              |                                         |                            |                         |                         |                                    |
| - Outflows                                  |                                  | (110.3)                                 | (110.3)                    | 0                       | 0                       | 0                                  |
| - Inflows                                   |                                  | 107.5                                   | 107.5                      | 0                       | 0                       | 0                                  |
|                                             | 106,228.6                        | 162,802.4                               | 36,417.2                   | 12,346.2                | 29,351.0                | 84,688.0                           |

\* Refer to Note 16 and Note 28 for the average remaining period.



## NOTES TO THE FINANCIAL STATEMENTS

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## 47 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, GBP and EUR.

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 RM currency units, are as follows:

|                                  | USD<br>RM'million | JPY<br>RM'million | GBP<br>RM'million | EUR<br>RM'million | Others<br>RM'million |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| <b>2025</b>                      |                   |                   |                   |                   |                      |
| <b>Group</b>                     |                   |                   |                   |                   |                      |
| <u>Financial assets</u>          |                   |                   |                   |                   |                      |
| Financial assets at FVOCI        | 0                 | 0                 | 0                 | 0                 | 0.4                  |
| Receivables                      | 3.6               | 0                 | 0                 | 0                 | 4.7                  |
| Deposits, bank and cash balances | 29.8              | 0                 | 863.5             | 1.0               | 0.9                  |
|                                  | 33.4              | 0                 | 863.5             | 1.0               | 6.0                  |
| <u>Financial liabilities</u>     |                   |                   |                   |                   |                      |
| Payables                         | 16.4              | 0                 | 0                 | 19.1              | 2.6                  |
| Borrowings                       | 6,403.2           | 1,159.4           | 0                 | 474.0             | 0                    |
|                                  | 6,419.6           | 1,159.4           | 0                 | 493.1             | 2.6                  |
| <b>Company</b>                   |                   |                   |                   |                   |                      |
| <u>Financial assets</u>          |                   |                   |                   |                   |                      |
| Amounts due from subsidiaries    | 0                 | 0                 | 1,413.1           | 0                 | 0                    |
| Deposits, bank and cash balances | 28.1              | 0                 | 736.0             | 1.0               | 0.9                  |
|                                  | 28.1              | 0                 | 2,149.1           | 1.0               | 0.9                  |
| <u>Financial liability</u>       |                   |                   |                   |                   |                      |
| Borrowings                       | 6,403.2           | 1,159.4           | 0                 | 0                 | 0                    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Market risk (continued)

## (i) Foreign currency risk (continued)

Exposure to foreign currency risk (continued)

|                                  | USD<br>RM'million | JPY<br>RM'million | GBP<br>RM'million | EUR<br>RM'million | Others<br>RM'million |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| <b>2024</b>                      |                   |                   |                   |                   |                      |
| <b>Group</b>                     |                   |                   |                   |                   |                      |
| <u>Financial assets</u>          |                   |                   |                   |                   |                      |
| Financial assets at FVOCI        | 0                 | 0                 | 0                 | 0                 | 0.4                  |
| Receivables                      | 5.9               | 0                 | 0                 | 0                 | 4.5                  |
| Deposits, bank and cash balances | 1,752.9           | 0                 | 1,027.9           | 1.0               | 1.0                  |
|                                  | 1,758.8           | 0                 | 1,027.9           | 1.0               | 5.9                  |
| <u>Financial liabilities</u>     |                   |                   |                   |                   |                      |
| Payables                         | 11.9              | 0                 | 0                 | 22.0              | 7.8                  |
| Borrowings                       | 8,618.4           | 1,375.1           | 0                 | 462.4             | 0                    |
|                                  | 8,630.3           | 1,375.1           | 0                 | 484.4             | 7.8                  |
| <b>Company</b>                   |                   |                   |                   |                   |                      |
| <u>Financial assets</u>          |                   |                   |                   |                   |                      |
| Amounts due from subsidiaries    | 0                 | 0                 | 906.5             | 0                 | 0                    |
| Deposits, bank and cash balances | 1,751.4           | 0                 | 802.5             | 1.0               | 1.0                  |
|                                  | 1,751.4           | 0                 | 1,709.0           | 1.0               | 1.0                  |
| <u>Financial liability</u>       |                   |                   |                   |                   |                      |
| Borrowings                       | 8,618.4           | 1,375.1           | 0                 | 0                 | 0                    |

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Market risk (continued)

## (i) Foreign currency risk (continued)

Currency risk sensitivity analysis (continued)

|                | Profit or loss/equity |                    |
|----------------|-----------------------|--------------------|
|                | 2025<br>RM'million    | 2024<br>RM'million |
| <b>Group</b>   |                       |                    |
| USD            | (485.4)               | (522.2)            |
| JPY            | (88.1)                | (104.5)            |
| GBP            | 65.6                  | 78.1               |
| EUR            | (37.4)                | (36.7)             |
| <b>Company</b> |                       |                    |
| USD            | (484.5)               | (521.9)            |
| JPY            | (88.1)                | (104.5)            |
| GBP            | 163.3                 | 129.9              |

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, GBP and EUR 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.

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            |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
|                           | 2025<br>RM'million | 2024<br>RM'million | 2025<br>RM'million | 2024<br>RM'million |
| Fixed rate instruments:   |                    |                    |                    |                    |
| Financial assets          | 8,582.6            | 16,659.6           | 5,874.9            | 13,842.0           |
| Financial liabilities     | 84,927.4           | 81,725.4           | 96,058.4           | 93,598.3           |
| Floating rate instrument: |                    |                    |                    |                    |
| Financial liabilities     | 4,641.4            | 4,391.8            | 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 RM0.4 million (2024: RM1.0 million). This analysis assumes that all other variables, in particular foreign currency rates remained constant.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Market risk (continued)

## (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 money market placement and unit trust funds, primarily in short term deposits as underlying instruments with minimal price risk.

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<br>carried at fair value |                       |                       |                     | Fair value of financial instruments<br>not carried at fair value |                       |                       |                     | Total fair<br>value | Carrying<br>amount |
|-----------------------------------------|--------------------------------------------------------------|-----------------------|-----------------------|---------------------|------------------------------------------------------------------|-----------------------|-----------------------|---------------------|---------------------|--------------------|
|                                         | Level 1<br>RM'million                                        | Level 2<br>RM'million | Level 3<br>RM'million | Total<br>RM'million | Level 1<br>RM'million                                            | Level 2<br>RM'million | Level 3<br>RM'million | Total<br>RM'million |                     |                    |
| <b>2025</b>                             |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| <b>Group</b>                            |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| <u>Financial assets</u>                 |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| Investment in unquoted<br>debt security | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 0                     | 262.2                 | 262.2               | 262.2               | 262.2              |
| Long term receivables                   | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 0                     | 630.5                 | 630.5               | 630.5               | 566.0              |
| Other non-trade<br>receivables          | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 142.0                 | 0                     | 142.0               | 142.0               | 124.6              |
| Derivative financial<br>instruments     | 0                                                            | 62.6                  | 41.9                  | 104.5               | 0                                                                | 0                     | 0                     | 0                   | 104.5               | 104.5              |
| Financial assets at<br>FVOCI            | 0                                                            | 0                     | 81.3                  | 81.3                | 0                                                                | 0                     | 0                     | 0                   | 81.3                | 81.3               |
| Financial assets at<br>FVTPL            | 109.3                                                        | 41.4                  | 0                     | 150.7               | 0                                                                | 0                     | 0                     | 0                   | 150.7               | 150.7              |
|                                         | 109.3                                                        | 104.0                 | 123.2                 | 336.5               | 0                                                                | 142.0                 | 892.7                 | 1,034.7             | 1,371.2             | 1,289.3            |
| <u>Financial liabilities</u>            |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| Borrowings                              | 0                                                            | 0                     | 0                     | 0                   | 44,952.0                                                         | 18,239.7              | 0                     | 63,191.7            | 63,191.7            | 59,085.7           |
| Other financial<br>liabilities at AC    | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 1,280.8               | 0                     | 1,280.8             | 1,280.8             | 1,307.7            |
| Derivative financial<br>instruments     | 0                                                            | 4.7                   | 68.1                  | 72.8                | 0                                                                | 0                     | 0                     | 0                   | 72.8                | 72.8               |
|                                         | 0                                                            | 4.7                   | 68.1                  | 72.8                | 44,952.0                                                         | 19,520.5              | 0                     | 64,472.5            | 64,545.3            | 60,466.2           |

## NOTES TO THE FINANCIAL STATEMENTS

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## 47 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<br>carried at fair value |                       |                       |                     | Fair value of financial instruments<br>not carried at fair value |                       |                       |                     | Total fair<br>value | Carrying<br>amount |
|-----------------------------------------|--------------------------------------------------------------|-----------------------|-----------------------|---------------------|------------------------------------------------------------------|-----------------------|-----------------------|---------------------|---------------------|--------------------|
|                                         | Level 1<br>RM'million                                        | Level 2<br>RM'million | Level 3<br>RM'million | Total<br>RM'million | Level 1<br>RM'million                                            | Level 2<br>RM'million | Level 3<br>RM'million | Total<br>RM'million |                     |                    |
| <b>2025</b>                             |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| <b>Company</b>                          |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| <u>Financial assets</u>                 |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| Investment in unquoted<br>debt security | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 0                     | 262.2                 | 262.2               | 262.2               | 262.2              |
| Long term receivables                   | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 0                     | 630.5                 | 630.5               | 630.5               | 566.0              |
| Other non-trade<br>receivables          | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 31.5                  | 0                     | 31.5                | 31.5                | 14.7               |
| Amounts due from<br>subsidiaries        | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 3,309.4               | 0                     | 3,309.4             | 3,309.4             | 3,245.0            |
| Financial assets at<br>FVOCI            | 0                                                            | 0                     | 80.9                  | 80.9                | 0                                                                | 0                     | 0                     | 0                   | 80.9                | 80.9               |
| Financial assets at<br>FVTPL            | 28.2                                                         | 41.4                  | 0                     | 69.6                | 0                                                                | 0                     | 0                     | 0                   | 69.6                | 69.6               |
|                                         | <b>28.2</b>                                                  | <b>41.4</b>           | <b>80.9</b>           | <b>150.5</b>        | <b>0</b>                                                         | <b>3,340.9</b>        | <b>892.7</b>          | <b>4,233.6</b>      | <b>4,384.1</b>      | <b>4,238.4</b>     |
| <u>Financial liabilities</u>            |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| Borrowings                              | 0                                                            | 0                     | 0                     | 0                   | 22,642.5                                                         | 7,138.7               | 0                     | 29,781.2            | 29,781.2            | 28,801.8           |
| Other financial<br>liabilities at AC    | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 1,187.7               | 0                     | 1,187.7             | 1,187.7             | 1,206.4            |
| Derivative financial<br>instruments     | 0                                                            | 0.7                   | 0                     | 0.7                 | 0                                                                | 0                     | 0                     | 0                   | 0.7                 | 0.7                |
|                                         | <b>0</b>                                                     | <b>0.7</b>            | <b>0</b>              | <b>0.7</b>          | <b>22,642.5</b>                                                  | <b>8,326.4</b>        | <b>0</b>              | <b>30,968.9</b>     | <b>30,969.6</b>     | <b>30,008.9</b>    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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<br>carried at fair value |                       |                       |                     | Fair value of financial instruments<br>not carried at fair value |                       |                       |                     | Total fair<br>value | Carrying<br>amount |
|-----------------------------------------|--------------------------------------------------------------|-----------------------|-----------------------|---------------------|------------------------------------------------------------------|-----------------------|-----------------------|---------------------|---------------------|--------------------|
|                                         | Level 1<br>RM'million                                        | Level 2<br>RM'million | Level 3<br>RM'million | Total<br>RM'million | Level 1<br>RM'million                                            | Level 2<br>RM'million | Level 3<br>RM'million | Total<br>RM'million |                     |                    |
| <b>2024</b>                             |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| <b>Group</b>                            |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| <u>Financial assets</u>                 |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| Investment in unquoted<br>debt security | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 0                     | 255.5                 | 255.5               | 255.5               | 255.5              |
| Long term receivables                   | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 0                     | 498.6                 | 498.6               | 498.6               | 498.6              |
| Other non-trade<br>receivables          | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 35.0                  | 0                     | 35.0                | 35.0                | 55.8               |
| Derivative financial<br>instruments     | 0                                                            | 111.6                 | 61.6                  | 173.2               | 0                                                                | 0                     | 0                     | 0                   | 173.2               | 173.2              |
| Financial assets at<br>FVOCI            | 0                                                            | 0                     | 81.2                  | 81.2                | 0                                                                | 0                     | 0                     | 0                   | 81.2                | 81.2               |
| Financial assets at<br>FVTPL            | 416.6                                                        | 48.5                  | 0                     | 465.1               | 0                                                                | 0                     | 0                     | 0                   | 465.1               | 465.1              |
|                                         | 416.6                                                        | 160.1                 | 142.8                 | 719.5               | 0                                                                | 35.0                  | 754.1                 | 789.1               | 1,508.6             | 1,529.4            |
| <u>Financial liabilities</u>            |                                                              |                       |                       |                     |                                                                  |                       |                       |                     |                     |                    |
| Borrowings                              | 0                                                            | 0                     | 0                     | 0                   | 47,602.0                                                         | 12,277.9              | 0                     | 59,879.9            | 59,879.9            | 57,406.6           |
| Other financial<br>liabilities at AC    | 0                                                            | 0                     | 0                     | 0                   | 0                                                                | 986.3                 | 0                     | 986.3               | 986.3               | 997.1              |
| Derivative financial<br>instruments     | 0                                                            | 6.8                   | 94.3                  | 101.1               | 0                                                                | 0                     | 0                     | 0                   | 101.1               | 101.1              |
|                                         | 0                                                            | 6.8                   | 94.3                  | 101.1               | 47,602.0                                                         | 13,264.2              | 0                     | 60,866.2            | 60,967.3            | 58,504.8           |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 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<br>carried at fair value |            |            |            | Fair value of financial instruments<br>not carried at fair value |            |            |            | Total fair<br>value | Carrying<br>amount |
|-----------------------------------------|--------------------------------------------------------------|------------|------------|------------|------------------------------------------------------------------|------------|------------|------------|---------------------|--------------------|
|                                         | Level 1                                                      | Level 2    | Level 3    | Total      | Level 1                                                          | Level 2    | Level 3    | Total      |                     |                    |
|                                         | RM'million                                                   | RM'million | RM'million | RM'million | RM'million                                                       | RM'million | RM'million | RM'million |                     |                    |
| 2024                                    |                                                              |            |            |            |                                                                  |            |            |            |                     |                    |
| Company                                 |                                                              |            |            |            |                                                                  |            |            |            |                     |                    |
| Financial assets                        |                                                              |            |            |            |                                                                  |            |            |            |                     |                    |
| Investment in unquoted<br>debt security | 0                                                            | 0          | 0          | 0          | 0                                                                | 0          | 255.5      | 255.5      | 255.5               | 255.5              |
| Long term receivables                   | 0                                                            | 0          | 0          | 0          | 0                                                                | 0          | 498.6      | 498.6      | 498.6               | 498.6              |
| Other non-trade<br>receivables          | 0                                                            | 0          | 0          | 0          | 0                                                                | 35.0       | 0          | 35.0       | 35.0                | 26.2               |
| Amounts due from<br>subsidiaries        | 0                                                            | 0          | 0          | 0          | 0                                                                | 3,694.5    | 0          | 3,694.5    | 3,694.5             | 3,736.6            |
| Derivative financial<br>instruments     | 0                                                            | 35.6       | 0          | 35.6       | 0                                                                | 0          | 0          | 0          | 35.6                | 35.6               |
| Financial assets at<br>FVOCI            | 0                                                            | 0          | 80.5       | 80.5       | 0                                                                | 0          | 0          | 0          | 80.5                | 80.5               |
| Financial assets at<br>FVTPL            | 58.9                                                         | 48.5       | 0          | 107.4      | 0                                                                | 0          | 0          | 0          | 107.4               | 107.4              |
|                                         | 58.9                                                         | 84.1       | 80.5       | 223.5      | 0                                                                | 3,729.5    | 754.1      | 4,483.6    | 4,707.1             | 4,704.4            |
| Financial liabilities                   |                                                              |            |            |            |                                                                  |            |            |            |                     |                    |
| Borrowings                              | 0                                                            | 0          | 0          | 0          | 24,415.4                                                         | 2,857.8    | 0          | 27,273.2   | 27,273.2            | 26,657.6           |
| Other financial<br>liabilities at AC    | 0                                                            | 0          | 0          | 0          | 0                                                                | 937.7      | 0          | 937.7      | 937.7               | 943.0              |
| Derivative financial<br>instruments     | 0                                                            | 2.8        | 0          | 2.8        | 0                                                                | 0          | 0          | 0          | 2.8                 | 2.8                |
|                                         | 0                                                            | 2.8        | 0          | 2.8        | 24,415.4                                                         | 3,795.5    | 0          | 28,210.9   | 28,213.7            | 27,603.4           |

## (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 47 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

Fair value of financial instruments (continued)

## (iii) Level 2 fair value (continued)

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 0.8% to 8.0% (2024: 0.8% 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.

## (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:

|                               | Company                             |                                              |                                              |
|-------------------------------|-------------------------------------|----------------------------------------------|----------------------------------------------|
|                               | Gross amounts recognised RM'million | Gross amounts set-off in the SOFP RM'million | Net amounts presented in the SOFP RM'million |
| <u>Financial assets</u>       |                                     |                                              |                                              |
| <b>2025</b>                   |                                     |                                              |                                              |
| Amounts due from subsidiaries | 8,709.6                             | (3,072.9)                                    | 5,636.7                                      |
| <b>2024</b>                   |                                     |                                              |                                              |
| Amounts due from subsidiaries | 10,307.6                            | (3,358.8)                                    | 6,948.8                                      |
| <u>Financial liabilities</u>  |                                     |                                              |                                              |
| <b>2025</b>                   |                                     |                                              |                                              |
| Amounts due to subsidiaries   | (8,042.3)                           | 3,072.9                                      | (4,969.4)                                    |
| <b>2024</b>                   |                                     |                                              |                                              |
| Amounts due to subsidiaries   | (9,456.4)                           | 3,358.8                                      | (6,097.6)                                    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 48 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.

The gearing ratios are as follows:

|                            | Group              |                                  | Company            |                                  |
|----------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                            | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) | 2025<br>RM'million | 2024<br>RM'million<br>(Restated) |
| Total borrowings (Note 28) | <b>59,085.7</b>    | 57,406.6                         | <b>28,801.8</b>    | 26,657.6                         |
| Total equity               | <b>52,974.0</b>    | 52,011.3                         | <b>36,868.5</b>    | 36,779.4                         |
| Total capital employed     | <b>112,059.7</b>   | 109,417.9                        | <b>65,670.3</b>    | 63,437.0                         |
| Gearing ratios             | <b>0.53</b>        | 0.52                             | <b>0.44</b>        | 0.42                             |

Notwithstanding the net current liability position as disclosed in Note 2, the Group and the Company continue to actively manage its capital structure and liquidity position through strong operating cash flows, committed borrowing facilities and access to capital markets.

The Group and the Company have met all externally imposed capital requirements.

## 49 RESTATEMENT

On 2 July 2025, the Federal Court ruled that the Company should have claimed Investment Allowance under Schedule 7B of the ITA 1967, instead of RIA under Schedule 7A in respect of YA 2018. The ruling clarified that the Company's activities qualify as an investment project under Schedule 7B (Utility) rather than as a manufacturing activity under Schedule 7A.

Following this decision, the Company reviewed its previous tax positions and determined that the RIA claims under Schedule 7A from YA 2003 to YA 2023 had been made based on legal references and judicial precedents that supported its classification as a manufacturing entity, without considering Schedule 7B. The prior claims under Schedule 7A were largely driven by case law interpretation unrelated to the ITA 1967, rather than a full assessment of the clear, reliable, and reasonable legislative distinction between manufacturing (Schedule 7A) and utility activities (Schedule 7B).

The nature of the Company's activities clearly qualifies it for incentives under Schedule 7B rather than Schedule 7A. Unlike manufacturing operations, these utility activities fall within the scope of investment projects eligible for Schedule 7B relief, reflecting the legislative intent to target incentives based on the type of economic activity rather than solely on precedent or interpretation. Accordingly, the RIA were incorrectly claimed in prior years and consequently, financial results for the financial year ended 31 December 2024 and financial positions as at 1 January 2024 and 31 December 2024 have been restated to correct the tax treatment retrospectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 49 RESTATEMENT (CONTINUED)

The effect of the restatements on the financial statements line items are as follows:

(a) Consolidated Statement of Financial Position as at 1 January 2024:

|                                                                   | As previously<br>reported<br>RM'million | Adjustments<br>RM'million | As<br>restated<br>RM'million |
|-------------------------------------------------------------------|-----------------------------------------|---------------------------|------------------------------|
| <b>Group</b>                                                      |                                         |                           |                              |
| <b>NON-CURRENT ASSETS</b>                                         |                                         |                           |                              |
| Tax recoverable                                                   | 3,522.4                                 | (3,522.4)                 | 0                            |
| <b>CURRENT ASSETS</b>                                             |                                         |                           |                              |
| Tax recoverable                                                   | 1,519.0                                 | (1,097.3)                 | 421.7                        |
| <b>CURRENT LIABILITIES</b>                                        |                                         |                           |                              |
| Current tax liabilities                                           | (108.2)                                 | (5,218.3)                 | (5,326.5)                    |
| <b>NET CURRENT ASSETS</b>                                         | 7,809.6                                 | (6,315.6)                 | 1,494.0                      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                      | 171,905.0                               | (9,838.0)                 | 162,067.0                    |
| <b>TOTAL NET ASSETS</b>                                           | 61,082.7                                | (9,838.0)                 | 51,244.7                     |
| <b>EQUITY</b>                                                     |                                         |                           |                              |
| Retained profits                                                  | 53,008.9                                | (9,838.0)                 | 43,170.9                     |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> | 58,825.8                                | (9,838.0)                 | 48,987.8                     |
| <b>TOTAL EQUITY</b>                                               | 61,082.7                                | (9,838.0)                 | 51,244.7                     |

|                                                                   | As previously<br>reported<br>RM'million | Adjustments<br>RM'million | As<br>restated<br>RM'million |
|-------------------------------------------------------------------|-----------------------------------------|---------------------------|------------------------------|
| <b>Company</b>                                                    |                                         |                           |                              |
| <b>NON-CURRENT ASSETS</b>                                         |                                         |                           |                              |
| Tax recoverable                                                   | 3,522.4                                 | (3,522.4)                 | 0                            |
| <b>CURRENT ASSETS</b>                                             |                                         |                           |                              |
| Tax recoverable                                                   | 1,097.3                                 | (1,097.3)                 | 0                            |
| <b>CURRENT LIABILITIES</b>                                        |                                         |                           |                              |
| Current tax liabilities                                           | (24.1)                                  | (5,218.3)                 | (5,242.4)                    |
| <b>NET CURRENT LIABILITIES</b>                                    | (2,120.3)                               | (6,315.6)                 | (8,435.9)                    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                      | 159,490.2                               | (9,838.0)                 | 149,652.2                    |
| <b>TOTAL NET ASSETS</b>                                           | 46,415.0                                | (9,838.0)                 | 36,577.0                     |
| <b>EQUITY</b>                                                     |                                         |                           |                              |
| Retained profits                                                  | 40,077.3                                | (9,838.0)                 | 30,239.3                     |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> | 46,415.0                                | (9,838.0)                 | 36,577.0                     |
| <b>TOTAL EQUITY</b>                                               | 46,415.0                                | (9,838.0)                 | 36,577.0                     |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 49 RESTATEMENT (CONTINUED)

The effect of the restatements on the financial statements line items are as follows: (continued)

(b) Consolidated Statement of Financial Position as at 31 December 2024:

|                                                                   | As previously<br>reported<br>RM'million | Adjustments<br>RM'million | As<br>restated<br>RM'million |
|-------------------------------------------------------------------|-----------------------------------------|---------------------------|------------------------------|
| <b>Group</b>                                                      |                                         |                           |                              |
| <b>NON-CURRENT ASSETS</b>                                         |                                         |                           |                              |
| Tax recoverable                                                   | 3,522.4                                 | (3,522.4)                 | 0                            |
| <b>CURRENT ASSETS</b>                                             |                                         |                           |                              |
| Tax recoverable                                                   | 1,621.3                                 | (1,153.3)                 | 468.0                        |
| <b>CURRENT LIABILITIES</b>                                        |                                         |                           |                              |
| Current tax liabilities                                           | (85.3)                                  | (5,837.5)                 | (5,922.8)                    |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>                           | 6,340.1                                 | (6,990.8)                 | (650.7)                      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                      | 171,088.0                               | (10,513.2)                | 160,574.8                    |
| <b>NON-CURRENT LIABILITIES</b>                                    |                                         |                           |                              |
| Deferred tax liabilities                                          | (9,263.6)                               | (45.2)                    | (9,308.8)                    |
| <b>TOTAL NET ASSETS</b>                                           | 62,569.7                                | (10,558.4)                | 52,011.3                     |
| <b>EQUITY</b>                                                     |                                         |                           |                              |
| Retained profits                                                  | 54,633.8                                | (10,558.4)                | 44,075.4                     |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> | 60,371.1                                | (10,558.4)                | 49,812.7                     |
| <b>TOTAL EQUITY</b>                                               | 62,569.7                                | (10,558.4)                | 52,011.3                     |
|                                                                   | As previously<br>reported<br>RM'million | Adjustments<br>RM'million | As<br>restated<br>RM'million |
| <b>Company</b>                                                    |                                         |                           |                              |
| <b>NON-CURRENT ASSETS</b>                                         |                                         |                           |                              |
| Tax recoverable                                                   | 3,522.4                                 | (3,522.4)                 | 0                            |
| <b>CURRENT ASSETS</b>                                             |                                         |                           |                              |
| Tax recoverable                                                   | 1,153.3                                 | (1,153.3)                 | 0                            |
| <b>CURRENT LIABILITIES</b>                                        |                                         |                           |                              |
| Current tax liabilities                                           | (27.4)                                  | (5,837.5)                 | (5,864.9)                    |
| <b>NET CURRENT LIABILITIES</b>                                    | (3,040.5)                               | (6,990.8)                 | (10,031.3)                   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                      | 158,118.0                               | (10,513.2)                | 147,604.8                    |
| <b>NON-CURRENT LIABILITIES</b>                                    |                                         |                           |                              |
| Deferred tax liabilities                                          | (6,676.4)                               | (45.2)                    | (6,721.6)                    |
| <b>TOTAL NET ASSETS</b>                                           | 47,337.8                                | (10,558.4)                | 36,779.4                     |
| <b>EQUITY</b>                                                     |                                         |                           |                              |
| Retained profits                                                  | 41,140.1                                | (10,558.4)                | 30,581.7                     |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> | 47,337.8                                | (10,558.4)                | 36,779.4                     |
| <b>TOTAL EQUITY</b>                                               | 47,337.8                                | (10,558.4)                | 36,779.4                     |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 49 RESTATEMENT (CONTINUED)

The effect of the restatements on the financial statements line items are as follows: (continued)

(c) Consolidated Statement of Profit or Loss for the financial year ended 31 December 2024:

|                               | As previously<br>reported<br>RM'million | Adjustments<br>RM'million | As<br>restated<br>RM'million |
|-------------------------------|-----------------------------------------|---------------------------|------------------------------|
| <b>Group</b>                  |                                         |                           |                              |
| Taxation and zakat            | (1,085.2)                               | (720.4)                   | (1,805.6)                    |
| Profit for the financial year | 4,729.6                                 | (720.4)                   | 4,009.2                      |
| Profit attributable to:       |                                         |                           |                              |
| - Owners of the Company       | 4,698.6                                 | (720.4)                   | 3,978.2                      |
| Earnings per share:           |                                         |                           |                              |
| - Basic                       | 81.00                                   |                           | 68.58                        |
| - Diluted                     | 80.82                                   |                           | 68.43                        |
| <b>Company</b>                |                                         |                           |                              |
| Taxation and zakat            | (617.9)                                 | (720.4)                   | (1,338.3)                    |
| Profit for the financial year | 4,136.5                                 | (720.4)                   | 3,416.1                      |
| Profit attributable to:       |                                         |                           |                              |
| - Owners of the Company       | 4,136.5                                 | (720.4)                   | 3,416.1                      |

(d) Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2024:

|                                         | As previously<br>reported<br>RM'million | Adjustments<br>RM'million | As<br>restated<br>RM'million |
|-----------------------------------------|-----------------------------------------|---------------------------|------------------------------|
| <b>Group</b>                            |                                         |                           |                              |
| Profit for the financial year           | 4,729.6                                 | (720.4)                   | 4,009.2                      |
| Total comprehensive income for the year | 4,368.6                                 | (720.4)                   | 3,648.2                      |
| Attributable to:                        |                                         |                           |                              |
| - Owners of the Company                 | 4,402.9                                 | (720.4)                   | 3,682.5                      |
| <b>Company</b>                          |                                         |                           |                              |
| Profit for the financial year           | 4,136.5                                 | (720.4)                   | 3,416.1                      |
| Total comprehensive income for the year | 3,935.1                                 | (720.4)                   | 3,214.7                      |
| Attributable to:                        |                                         |                           |                              |
| - Owners of the Company                 | 3,935.1                                 | (720.4)                   | 3,214.7                      |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 49 RESTATEMENT (CONTINUED)

The effect of the restatements on the financial statements line items are as follows: (continued)

(e) Consolidated Statement of Cash Flows for the financial year ended 31 December 2024:

|                                             | As previously<br>reported<br>RM'million | Adjustments<br>RM'million | As<br>restated<br>RM'million |
|---------------------------------------------|-----------------------------------------|---------------------------|------------------------------|
| <b>Group</b>                                |                                         |                           |                              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |                                         |                           |                              |
| Profit for the financial year               | 4,729.6                                 | (720.4)                   | 4,009.2                      |
| Taxation and zakat                          | 1,085.2                                 | 720.4                     | 1,805.6                      |
| <b>Company</b>                              |                                         |                           |                              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |                                         |                           |                              |
| Profit for the financial year               | 4,136.5                                 | (720.4)                   | 3,416.1                      |
| Taxation and zakat                          | 617.9                                   | 720.4                     | 1,338.3                      |

## 50 LIST OF SUBSIDIARIES

The list of subsidiaries of the Group is as follows:

| Name of subsidiary                                                       | Group's effective interest |      | Principal activities                                                                                                                     | Country of incorporation |
|--------------------------------------------------------------------------|----------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                          | 2025                       | 2024 |                                                                                                                                          |                          |
| 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                 |
| TNB Engineers Sdn. Bhd.                                                  | 100%                       | 100% | Dormant                                                                                                                                  | Malaysia                 |
| TNB Fuel Services Sdn. Bhd.                                              | 100%                       | 100% | Purchase and supply of fuel, coal and biomass for power generation of Tenaga Nasional Berhad's companies and Independent Power Producers | 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% | Special Purpose Vehicle company to raise Islamic Securities under the Islamic Securities Programme                                       | 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% | Dormant                                                                                                                                  | Malaysia                 |
| TNB Transmission Network Sdn. Bhd.<br>(Dissolved w.e.f. 21 January 2025) | -                          | 100% | Dormant                                                                                                                                  | Malaysia                 |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                                                                                       | Group's effective interest |      | Principal activities                                                                                                                                                                                                                                                                                            | Country of incorporation |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                                                                          | 2025                       | 2024 |                                                                                                                                                                                                                                                                                                                 |                          |
| 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                 |
| Aruna Servicios Integrales S.L.U.*<br><u>Subsidiary of Aruna Servicios Integrales S.L.U.</u>                             | 100%                       | 100% | Investment holding                                                                                                                                                                                                                                                                                              | Spain                    |
| Global Power Enerji Sanayi Ve Ticaret Anonim Şirketi*                                                                    | 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.*<br><u>Subsidiary of Power and Energy International (Mauritius) Ltd.</u> | 100%                       | 100% | Investment holding                                                                                                                                                                                                                                                                                              | Mauritius                |
| Independent Power International Ltd.*                                                                                    | 100%                       | 100% | Investment holding                                                                                                                                                                                                                                                                                              | Mauritius                |
| REV Property Holdings Sdn. Bhd.<br><u>Subsidiaries of REV Property Holdings Sdn. Bhd.</u>                                | 100%                       | 100% | Investment holding company, property asset management and property facility management                                                                                                                                                                                                                          | Malaysia                 |
| 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                 |

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2025

**50 LIST OF SUBSIDIARIES (CONTINUED)**

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                   | Group's effective interest |      | Principal activities                                                                                                                                                             | Country of incorporation |
|------------------------------------------------------|----------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                      | 2025                       | 2024 |                                                                                                                                                                                  |                          |
| Sabah Electricity Sdn. Bhd.                          | <b>83%</b>                 | 83%  | Business of generation, transmission, distribution and sales of electricity and services in Sabah and the Federal Territory of Labuan                                            | Malaysia                 |
| <u>Subsidiaries of Sabah Electricity Sdn. Bhd.</u>   |                            |      |                                                                                                                                                                                  |                          |
| Elopura Power Sdn. Bhd.                              | <b>83%</b>                 | 83%  | Business of any matter relating to electricity and its production                                                                                                                | Malaysia                 |
| Green Watt Services Sdn. Bhd.                        | <b>83%</b>                 | -    | Dormant                                                                                                                                                                          | Malaysia                 |
| Sustainable Power Sdn. Bhd.                          | <b>83%</b>                 | -    | Dormant                                                                                                                                                                          | Malaysia                 |
| Mengaris Solar Sdn. Bhd.**                           | <b>90%</b>                 | -    | Engaged in the generation and distribution of electricity, including the installation of non-electric solar energy collectors                                                    | Malaysia                 |
| Tenaga Switchgear Sdn. Bhd                           | <b>60%</b>                 | 60%  | Principally engaged in the business of assembling and manufacturing of high voltage switchgears and contracting of turnkey transmission substations                              | Malaysia                 |
| <u>Subsidiaries of Tenaga Switchgear Sdn. Bhd.</u>   |                            |      |                                                                                                                                                                                  |                          |
| PT. Tenaga Nusa Bakti*                               | <b>57%</b>                 | 57%  | Dormant                                                                                                                                                                          | Indonesia                |
| TSG Ormazabal Sdn. Bhd.                              | <b>36%</b>                 | 36%  | Assembling, manufacture, test, reconditioning, distribution and other services of medium voltage switchgear and control gear for transmission and distribution of electric power | Malaysia                 |
| TNB Energy Services Sdn. Bhd.                        | <b>100%</b>                | 100% | Generating, distributing, supplying, dealing, selling of different kinds of energy sources and related technical services                                                        | Malaysia                 |
| <u>Subsidiaries of TNB Energy Services Sdn. Bhd.</u> |                            |      |                                                                                                                                                                                  |                          |
| MAEVI Sdn. Bhd.                                      | <b>100%</b>                | 70%  | Dormant                                                                                                                                                                          | Malaysia                 |
| Tenaga E Mobility Solutions Sdn. Bhd.                | <b>100%</b>                | 100% | Dormant                                                                                                                                                                          | Malaysia                 |

## NOTES TO THE FINANCIAL STATEMENTS

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## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                                        | Group's effective interest |      | Principal activities                                                                                                                                                                                        | Country of incorporation |
|---------------------------------------------------------------------------|----------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                           | 2025                       | 2024 |                                                                                                                                                                                                             |                          |
| 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                 |
| <u>Subsidiaries of TNB Engineering Corporation Sdn. Bhd.</u>              |                            |      |                                                                                                                                                                                                             |                          |
| Bangsar Energy Systems Sdn. Bhd.                                          | 100%                       | 100% | Operating an integrated district cooling system for air conditioning systems of office buildings                                                                                                            | Malaysia                 |
| <u>Subsidiary of Bangsar Energy Systems Sdn. Bhd.</u>                     |                            |      |                                                                                                                                                                                                             |                          |
| Selesa Energy Systems Sdn. Bhd.                                           | 70%                        | 70%  | Dormant                                                                                                                                                                                                     | Malaysia                 |
| <u>Subsidiaries of TNB Engineering Corporation Sdn. Bhd. (continued)</u>  |                            |      |                                                                                                                                                                                                             |                          |
| 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 in Kuala Lumpur International Airport | Malaysia                 |
| TNEC Construction Sdn. Bhd.<br>(In members' voluntary winding up)         | 100%                       | 100% | Dormant                                                                                                                                                                                                     | Malaysia                 |
| TNEC Operations and Maintenance Sdn. Bhd.                                 | 100%                       | 100% | Investment holding company                                                                                                                                                                                  | Malaysia                 |
| <u>Subsidiary of TNEC Operations and Maintenance Sdn. Bhd.</u>            |                            |      |                                                                                                                                                                                                             |                          |
| Tomest Energy Management Sdn. Bhd.*<br>(In members' voluntary winding up) | 51%                        | 51%  | Dormant                                                                                                                                                                                                     | Malaysia                 |
| TNB International Sdn. Bhd.                                               | 100%                       | 100% | Investment holding company                                                                                                                                                                                  | Malaysia                 |
| <u>Subsidiaries of TNB International Sdn. Bhd.</u>                        |                            |      |                                                                                                                                                                                                             |                          |
| Stone HoldCo Pty Ltd*                                                     | 100%                       | 100% | Proprietary company to form a Tax Consolidated Group                                                                                                                                                        | Australia                |
| <u>Subsidiary of Stone HoldCo Pty Ltd</u>                                 |                            |      |                                                                                                                                                                                                             |                          |
| Stone BidCo Pty Ltd*                                                      | 100%                       | 100% | Investment holding company                                                                                                                                                                                  | Australia                |
| <u>Subsidiary of Stone BidCo Pty Ltd</u>                                  |                            |      |                                                                                                                                                                                                             |                          |
| Spark Renewables Pty Ltd*                                                 | 100%                       | 100% | Investment holding company                                                                                                                                                                                  | Australia                |
| <u>Subsidiaries of Spark Renewables Pty Ltd</u>                           |                            |      |                                                                                                                                                                                                             |                          |
| Renewables ServiceCo Pty Ltd*                                             | 100%                       | 100% | Investment holding company                                                                                                                                                                                  | Australia                |
| Bomen SF HoldCo Pty Ltd*                                                  | 100%                       | 100% | Investment holding company                                                                                                                                                                                  | Australia                |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                          | Group's effective interest |      | Principal activities                                                 | Country of incorporation |
|-------------------------------------------------------------|----------------------------|------|----------------------------------------------------------------------|--------------------------|
|                                                             | 2025                       | 2024 |                                                                      |                          |
| <u>Subsidiary of Bomen SF HoldCo Pty Ltd</u>                |                            |      |                                                                      |                          |
| Bomen Solar Farm Pty Ltd*                                   | 100%                       | 100% | Operation of solar assets for the generation and sale of electricity | Australia                |
| <u>Subsidiaries of Spark Renewables Pty Ltd (continued)</u> |                            |      |                                                                      |                          |
| Bomen SF Hold Trust*                                        | 100%                       | 100% | Investment holding entity (trust)                                    | Australia                |
| <u>Subsidiary of Bomen SF Hold Trust</u>                    |                            |      |                                                                      |                          |
| Bomen SF Trust*                                             | 100%                       | 100% | Investment holding entity (trust)                                    | Australia                |
| <u>Subsidiary of Bomen SF Trust</u>                         |                            |      |                                                                      |                          |
| Bomen SF FinCo Pty Ltd*                                     | 100%                       | 100% | Investment holding company                                           | Australia                |
| <u>Subsidiaries of Spark Renewables Pty Ltd (continued)</u> |                            |      |                                                                      |                          |
| Mates Gully Solar Farm Pty Ltd*                             | 100%                       | 100% | Investment holding company                                           | Australia                |
| Mallee Wind Pty Ltd*                                        | 100%                       | 100% | Investment holding company                                           | Australia                |
| Yorke Peninsula Wind Farm Project Pty Ltd*                  | 100%                       | 100% | Investment holding company                                           | Australia                |
| Wattle Creek Energy Hub Pty Ltd*                            | 100%                       | 100% | Investment holding company                                           | Australia                |
| Wattle Creek Energy Hub Trust*                              | 100%                       | 100% | Investment holding entity (trust)                                    | Australia                |
| Dinawan Energy Hub Pty Ltd*                                 | 100%                       | 100% | Investment holding company                                           | Australia                |
| Dinawan Energy Hub Trust*                                   | 100%                       | 100% | Investment holding entity (trust)                                    | Australia                |
| DEH Top Holdco Pty Ltd*                                     | 100%                       | -    | Investment holding company                                           | Australia                |
| <u>Subsidiaries of DEH Top Holdco Pty Ltd</u>               |                            |      |                                                                      |                          |
| DEH 1 Holdco Pty Ltd*                                       | 100%                       | -    | Investment holding company                                           | Australia                |
| <u>Subsidiaries of DEH 1 Holdco Pty Ltd</u>                 |                            |      |                                                                      |                          |
| DEH 1 Hold TC Pty Ltd*                                      | 100%                       | -    | Investment holding company                                           | Australia                |
| <u>Subsidiary of DEH 1 Hold TC Pty Ltd*</u>                 |                            |      |                                                                      |                          |
| DEH 1 Project TC Pty Ltd*                                   | 100%                       | -    | Investment holding company                                           | Australia                |
| <u>Subsidiaries of DEH 1 Holdco Pty Ltd (continued)</u>     |                            |      |                                                                      |                          |
| DEH 1 Hold Trust*                                           | 100%                       | -    | Investment holding entity (trust)                                    | Australia                |
| <u>Subsidiary of DEH 1 Hold Trust</u>                       |                            |      |                                                                      |                          |
| DEH 1 Project Trust*                                        | 100%                       | -    | Investment holding entity (trust)                                    | Australia                |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                                | Group's effective interest |      | Principal activities              | Country of incorporation |
|-------------------------------------------------------------------|----------------------------|------|-----------------------------------|--------------------------|
|                                                                   | 2025                       | 2024 |                                   |                          |
| <u>Subsidiaries of DEH Top Holdco Pty Ltd</u><br>(continued)      |                            |      |                                   |                          |
| DEH 2 Holdco Pty Ltd*                                             | 100%                       | -    | Investment holding company        | Australia                |
| <u>Subsidiaries of DEH 2 Holdco Pty Ltd</u>                       |                            |      |                                   |                          |
| DEH 2 Hold TC Pty Ltd*                                            | 100%                       | -    | Investment holding company        | Australia                |
| <u>Subsidiary of DEH 2 Hold TC Pty Ltd</u>                        |                            |      |                                   |                          |
| DEH 2 Project TC Pty Ltd*                                         | 100%                       | -    | Investment holding company        | Australia                |
| <u>Subsidiaries of DEH 2 Holdco Pty Ltd</u><br>(continued)        |                            |      |                                   |                          |
| DEH 2 Hold Trust*                                                 | 100%                       | -    | Investment holding entity (trust) | Australia                |
| <u>Subsidiary of DEH 2 Hold Trust</u>                             |                            |      |                                   |                          |
| DEH 2 Project Trust*                                              | 100%                       | -    | Investment holding entity (trust) | Australia                |
| <u>Subsidiaries of DEH Top Holdco Pty Ltd</u><br>(continued)      |                            |      |                                   |                          |
| DEH 3 Holdco Pty Ltd*                                             | 100%                       | -    | Investment holding company        | Australia                |
| <u>Subsidiaries of DEH 3 Holdco Pty Ltd</u>                       |                            |      |                                   |                          |
| DEH 3 Hold TC Pty Ltd*                                            | 100%                       | -    | Investment holding company        | Australia                |
| <u>Subsidiary of DEH 3 Hold TC Pty Ltd</u>                        |                            |      |                                   |                          |
| DEH 3 Project TC Pty Ltd*                                         | 100%                       | -    | Investment holding company        | Australia                |
| <u>Subsidiaries of DEH 3 Holdco Pty Ltd</u><br>(continued)        |                            |      |                                   |                          |
| DEH 3 Hold Trust*                                                 | 100%                       | -    | Investment holding entity (trust) | Australia                |
| <u>Subsidiary of DEH 3 Hold Trust</u>                             |                            |      |                                   |                          |
| DEH 3 Project Trust*                                              | 100%                       | -    | Investment holding entity (trust) | Australia                |
| <u>Subsidiaries of TNB International Sdn. Bhd.</u><br>(continued) |                            |      |                                   |                          |
| Vantage RE Ltd.*                                                  | 100%                       | 100% | Investment holding company        | United Kingdom           |
| <u>Subsidiaries of Vantage RE Ltd.</u>                            |                            |      |                                   |                          |
| Clean Energy and Infrastructure UK Limited*                       | 100%                       | 100% | Investment holding company        | United Kingdom           |
| <u>Subsidiaries of Clean Energy and Infrastructure UK Limited</u> |                            |      |                                   |                          |
| Clean Energy and Infrastructure UK Wind Limited*                  | 100%                       | 100% | Investment holding company        | United Kingdom           |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

|                                                                               | Group's effective interest |      |                                                                     | Country of incorporation |
|-------------------------------------------------------------------------------|----------------------------|------|---------------------------------------------------------------------|--------------------------|
| Name of subsidiary                                                            | 2025                       | 2024 | Principal activities                                                |                          |
| <u>Subsidiaries of Clean Energy and Infrastructure UK Wind Limited</u>        |                            |      |                                                                     |                          |
| 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 Yowlstone 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           |
| Ysgellog Wind Farm Limited*                                                   | 100%                       | 100% | Operation of wind assets for the generation and sale of electricity | United Kingdom           |
| <u>Subsidiaries of Clean Energy and Infrastructure UK Limited (continued)</u> |                            |      |                                                                     |                          |
| Clean Energy and Infrastructure UK Wind 2 Limited*                            | 100%                       | 100% | Investment holding company                                          | United Kingdom           |
| <u>Subsidiary of Clean Energy and Infrastructure UK Wind 2 Limited</u>        |                            |      |                                                                     |                          |
| Norman 1985 Limited*                                                          | 100%                       | 100% | Investment holding company                                          | United Kingdom           |
| <u>Subsidiary of Norman 1985 Limited</u>                                      |                            |      |                                                                     |                          |
| Whiteside Hill Windfarm (Scotland) Limited*                                   | 100%                       | 100% | Operation of wind assets for the generation and sale of electricity | United Kingdom           |
| <u>Subsidiaries of Vantage RE Ltd. (continued)</u>                            |                            |      |                                                                     |                          |
| JBM Solar Projects 18 Limited*                                                | 100%                       | 100% | Investment holding company                                          | United Kingdom           |
| JBM Solar Projects 23 Limited*                                                | 100%                       | 100% | Investment holding company                                          | United Kingdom           |
| Tenaga Wind Ventures UK Ltd.*                                                 | 100%                       | 100% | Investment holding company                                          | United Kingdom           |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                              | Group's effective interest |      | Principal activities                                                | Country of incorporation |
|-----------------------------------------------------------------|----------------------------|------|---------------------------------------------------------------------|--------------------------|
|                                                                 | 2025                       | 2024 |                                                                     |                          |
| <u>Subsidiaries of Tenaga Wind Ventures UK Ltd.</u>             |                            |      |                                                                     |                          |
| Bluemerang Capital Ltd.*                                        | 100%                       | 100% | Investment holding company                                          | United Kingdom           |
| <u>Subsidiaries of Bluemerang Capital Ltd.</u>                  |                            |      |                                                                     |                          |
| 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           |
| 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           |
| <u>Subsidiaries of Tenaga Wind Ventures UK Ltd. (continued)</u> |                            |      |                                                                     |                          |
| GVO Wind Limited*                                               | 100%                       | 100% | Investment holding company                                          | United Kingdom           |
| <u>Subsidiaries of GVO Wind Limited</u>                         |                            |      |                                                                     |                          |
| 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           |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                     | Group's effective interest |      | Principal activities                                                | Country of incorporation |
|--------------------------------------------------------|----------------------------|------|---------------------------------------------------------------------|--------------------------|
|                                                        | 2025                       | 2024 |                                                                     |                          |
| <u>Subsidiaries of GVO Wind Limited</u><br>(continued) |                            |      |                                                                     |                          |
| 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           |
| 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           |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                     | Group's effective interest |      | Principal activities                                                | Country of incorporation |
|--------------------------------------------------------|----------------------------|------|---------------------------------------------------------------------|--------------------------|
|                                                        | 2025                       | 2024 |                                                                     |                          |
| <u>Subsidiaries of GVO Wind Limited</u><br>(continued) |                            |      |                                                                     |                          |
| 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           |
| 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           |

## NOTES TO THE FINANCIAL STATEMENTS

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## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                                           | Group's effective interest |      | Principal activities                                                 | Country of incorporation |
|------------------------------------------------------------------------------|----------------------------|------|----------------------------------------------------------------------|--------------------------|
|                                                                              | 2025                       | 2024 |                                                                      |                          |
| <u>Subsidiaries of Vantage RE Ltd. (continued)</u>                           |                            |      |                                                                      |                          |
| 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               |
| <u>Subsidiary of Vantage Solar Investments S.A.R.L.</u>                      |                            |      |                                                                      |                          |
| Vantage Solar UK4 Limited*                                                   | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiary of Vantage Solar UK4 Limited</u>                               |                            |      |                                                                      |                          |
| Vantage Solar UK3 Limited*                                                   | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiary of Vantage Solar UK3 Limited</u>                               |                            |      |                                                                      |                          |
| Vantage Solar UK2 Limited*                                                   | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiary of Vantage Solar UK2 Limited</u>                               |                            |      |                                                                      |                          |
| Vantage Solar UK Limited*                                                    | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiary of Vantage Solar UK Limited</u>                                |                            |      |                                                                      |                          |
| TerraForm UK2 Intermediate Holdings, Ltd.*                                   | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiary of TerraForm UK2 Intermediate Holdings, Ltd.</u>               |                            |      |                                                                      |                          |
| TerraForm UK3 Intermediate Holdings Limited*                                 | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiaries of TerraForm UK3 Intermediate Holdings Limited</u>           |                            |      |                                                                      |                          |
| Cambridge Solar Power Limited*                                               | 55%                        | 55%  | Operation of solar assets for the generation and sale of electricity | United Kingdom           |
| SunE Green Holdco2 Ltd.*                                                     | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiaries of SunE Green Holdco2 Ltd.</u>                               |                            |      |                                                                      |                          |
| 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           |
| <u>Subsidiary of TerraForm UK3 Intermediate Holdings Limited (continued)</u> |                            |      |                                                                      |                          |
| SunE Green Holdco3 Limited*                                                  | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

|                                                                                | Group's effective interest |      |                                                                      | Country of incorporation |
|--------------------------------------------------------------------------------|----------------------------|------|----------------------------------------------------------------------|--------------------------|
| Name of subsidiary                                                             | 2025                       | 2024 | Principal activities                                                 |                          |
| <u>Subsidiaries of SunE Green Holdco3 Limited</u>                              |                            |      |                                                                      |                          |
| 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           |
| <u>Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)</u> |                            |      |                                                                      |                          |
| SunE Green Holdco4 Limited*                                                    | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiaries of SunE Green Holdco4 Limited</u>                              |                            |      |                                                                      |                          |
| 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           |
| <u>Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)</u> |                            |      |                                                                      |                          |
| SunE Green Holdco5 Limited*                                                    | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiaries of SunE Green Holdco5 Limited</u>                              |                            |      |                                                                      |                          |
| 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           |
| <u>Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)</u> |                            |      |                                                                      |                          |
| SunE Green Holdco7 Limited*                                                    | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiaries of SunE Green Holdco7 Limited</u>                              |                            |      |                                                                      |                          |
| 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           |



## NOTES TO THE FINANCIAL STATEMENTS

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## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                                             | Group's effective interest |      | Principal activities                                                 | Country of incorporation |
|--------------------------------------------------------------------------------|----------------------------|------|----------------------------------------------------------------------|--------------------------|
|                                                                                | 2025                       | 2024 |                                                                      |                          |
| <u>Subsidiaries of SunE Green Holdco7 Limited (continued)</u>                  |                            |      |                                                                      |                          |
| 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           |
| <u>Subsidiary of SunE Green Holdco6 Limited</u>                                |                            |      |                                                                      |                          |
| Sunsave 43 (Epwell) Limited*                                                   | 55%                        | 55%  | Operation of solar assets for the generation and sale of electricity | United Kingdom           |
| <u>Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)</u> |                            |      |                                                                      |                          |
| SunE Green Holdco9 Limited*                                                    | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiaries of SunE Green Holdco9 Limited</u>                              |                            |      |                                                                      |                          |
| 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           |
| <u>Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)</u> |                            |      |                                                                      |                          |
| SunE Green Holdco13 Limited*                                                   | 55%                        | 55%  | Investment holding company                                           | United Kingdom           |
| <u>Subsidiary of SunE Green Holdco13 Limited</u>                               |                            |      |                                                                      |                          |
| SunE Prestop Park Limited*                                                     | 55%                        | 55%  | Operation of solar assets for the generation and sale of electricity | United Kingdom           |
| <u>Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)</u> |                            |      |                                                                      |                          |
| 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           |
| <u>Subsidiaries of Vantage RE Ltd. (continued)</u>                             |                            |      |                                                                      |                          |
| Vantage RE No. 2 Limited*                                                      | 100%                       | 100% | Investment holding company                                           | United Kingdom           |

## NOTES TO THE FINANCIAL STATEMENTS

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## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

|                                                                   | Group's effective interest |      |                                                                                                                                                                                                 | Country of incorporation |
|-------------------------------------------------------------------|----------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Name of subsidiary                                                | 2025                       | 2024 | Principal activities                                                                                                                                                                            |                          |
| <u>Subsidiaries of Vantage RE Ltd. (continued)</u>                |                            |      |                                                                                                                                                                                                 |                          |
| Vantage RE No. 3 Limited*                                         | 100%                       | 100% | Investment holding company                                                                                                                                                                      | United Kingdom           |
| <u>Subsidiaries of Vantage RE No. 3 Limited</u>                   |                            |      |                                                                                                                                                                                                 |                          |
| Elipsgeen Limited*                                                | 100%                       | 100% | Operation of solar assets for the generation and sale of electricity                                                                                                                            | Republic of Ireland      |
| Dullarbtons Limited*                                              | 100%                       | 100% | Operation of solar assets for the generation and sale of electricity                                                                                                                            | Republic of Ireland      |
| <u>Subsidiaries of Vantage RE Ltd. (continued)</u>                |                            |      |                                                                                                                                                                                                 |                          |
| Shelloch Windfarm Limited*                                        | 100%                       | 100% | Operation of wind assets for the generation and sale of electricity                                                                                                                             | United Kingdom           |
| Troston Windfarm Limited*                                         | 100%                       | 100% | Operation of wind assets for the generation and sale of electricity                                                                                                                             | United Kingdom           |
| Camilty Windfarm Limited*                                         | 100%                       | 100% | Investment holding company                                                                                                                                                                      | United Kingdom           |
| <u>Subsidiary of Camilty Windfarm Limited</u>                     |                            |      |                                                                                                                                                                                                 |                          |
| Camilty Windfarm Partnership LLP*                                 | 100%                       | 100% | Operation of wind assets for the generation and sale of electricity                                                                                                                             | United Kingdom           |
| 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                 |
| <u>Subsidiaries of TNB Power Generation Sdn. Bhd.</u>             |                            |      |                                                                                                                                                                                                 |                          |
| Chenderoh Solar Terapung Satu Sdn. Bhd.                           | 100%                       | 100% | Responsible for the domestic power generation assets, with fully integrated end-to-end capabilities                                                                                             | Malaysia                 |
| Integrax Berhad                                                   | 100%                       | 100% | Investment holding company                                                                                                                                                                      | Malaysia                 |
| <u>Subsidiaries of Integrax Berhad</u>                            |                            |      |                                                                                                                                                                                                 |                          |
| Integrax Maritime Services Sdn. Bhd.                              | 100%                       | 100% | Operation of terminal facilities                                                                                                                                                                | Malaysia                 |
| Pelabuhan Lumut Sdn. Bhd.                                         | 100%                       | 100% | Investment holding company                                                                                                                                                                      | Malaysia                 |
| <u>Subsidiary of Pelabuhan Lumut Sdn. Bhd.</u>                    |                            |      |                                                                                                                                                                                                 |                          |
| Lekir Bulk Terminal Sdn. Bhd.                                     | 100%                       | 100% | Development, ownership and management of a dry bulk terminal                                                                                                                                    | Malaysia                 |
| <u>Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)</u> |                            |      |                                                                                                                                                                                                 |                          |
| Jimah East Power Sdn. Bhd.                                        | 70%                        | 70%  | Generate and deliver electricity energy and maintain generating capacity to TNB                                                                                                                 | Malaysia                 |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                                | Group's effective interest |      | Principal activities                                                                                                                             | Country of incorporation |
|-------------------------------------------------------------------|----------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                   | 2025                       | 2024 |                                                                                                                                                  |                          |
| <u>Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)</u> |                            |      |                                                                                                                                                  |                          |
| Kapar Energy Ventures Sdn. Bhd.                                   | 60%                        | 60%  | Generate and deliver electricity energy and maintain generating capacity to TNB                                                                  | Malaysia                 |
| Manjung Island Energy Berhad                                      | -                          | -    | Special purpose company to raise Islamic securities under the Islamic Securities Programme                                                       | Malaysia                 |
| Southern Power Generation Sdn. Bhd.                               | 70%                        | 70%  | Generate and deliver electricity energy 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                 |
| <u>Subsidiary of TNB Manjung Five Sdn. Bhd.</u>                   |                            |      |                                                                                                                                                  |                          |
| TNB Western Energy Berhad                                         | 100%                       | 100% | Principally engaged in the construction of 1,000 MW coal-fired power plant in Lumut, Perak, Malaysia                                             | Malaysia                 |
| <u>Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)</u> |                            |      |                                                                                                                                                  |                          |
| 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                 |
| <u>Subsidiary of TNB Prai Sdn. Bhd.</u>                           |                            |      |                                                                                                                                                  |                          |
| TNB Northern Energy Berhad                                        | 100%                       | 100% | Principally to construct a 1,071 MW gas-fired power plant in Seberang Perai Tengah, Seberang Perai, Pulau Pinang, Malaysia                       | Malaysia                 |
| <u>Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)</u> |                            |      |                                                                                                                                                  |                          |
| TNB Repair And Maintenance Sdn. Bhd.                              | 100%                       | 100% | Providing repair and maintenance services to heavy industries and other related services                                                         | Malaysia                 |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                                      | Group's effective interest |      | Principal activities                                                                                                                                                                                                                                                                     | Country of incorporation |
|-------------------------------------------------------------------------|----------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                         | 2025                       | 2024 |                                                                                                                                                                                                                                                                                          |                          |
| <u>Subsidiaries of TNB Repair And Maintenance Sdn. Bhd.</u>             |                            |      |                                                                                                                                                                                                                                                                                          |                          |
| 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                 |
| TNB Operations & Maintenance International Ltd.                         | 100%                       | 100% | Investment holding company                                                                                                                                                                                                                                                               | Mauritius                |
| <u>Subsidiary of TNB Operation &amp; Maintenance International Ltd.</u> |                            |      |                                                                                                                                                                                                                                                                                          |                          |
| Oasis Parade Sdn. Bhd.                                                  | 100%                       | 100% | Investment holding company                                                                                                                                                                                                                                                               | Malaysia                 |
| <u>Subsidiaries of TNB Repair And Maintenance Sdn. Bhd. (continued)</u> |                            |      |                                                                                                                                                                                                                                                                                          |                          |
| TNB REMACO Pakistan (Private) Limited <sup>#</sup>                      | 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                    |
| <u>Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)</u>       |                            |      |                                                                                                                                                                                                                                                                                          |                          |
| TNBPG Hydro Nenggiri Sdn. Bhd.                                          | 100%                       | 100% | To develop a 300 megawatt hydroelectric power plant and its related facilities and infrastructure located at Gua Musang, Kelantan                                                                                                                                                        | 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                 |
| <u>Subsidiary of TNB Properties Sdn. Bhd.</u>                           |                            |      |                                                                                                                                                                                                                                                                                          |                          |
| TNP Construction Sdn. Bhd.                                              | 100%                       | 100% | Dormant                                                                                                                                                                                                                                                                                  | Malaysia                 |
| TNB Renewables Sdn. Bhd.                                                | 100%                       | 100% | Renewable energy and related business                                                                                                                                                                                                                                                    | Malaysia                 |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                              | Group's effective interest |      | Principal activities                                                                                                                                                                                                               | Country of incorporation |
|-------------------------------------------------|----------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                 | 2025                       | 2024 |                                                                                                                                                                                                                                    |                          |
| <u>Subsidiaries of TNB Renewables Sdn. Bhd.</u> |                            |      |                                                                                                                                                                                                                                    |                          |
| 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%                       | 100% | Operation of generation facilities that produce electric energy                                                                                                                                                                    | Malaysia                 |
| TNB Kuala Muda 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                 |
| TNB Research Sdn. Bhd.                          | 100%                       | 100% | Research and development, consultancy and other services                                                                                                                                                                           | Malaysia                 |
| <u>Subsidiary of TNB Research Sdn. Bhd.</u>     |                            |      |                                                                                                                                                                                                                                    |                          |
| 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                 |
| <u>Subsidiaries of TNB Retail Sdn. Bhd.</u>     |                            |      |                                                                                                                                                                                                                                    |                          |
| 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                 |
| <u>Subsidiary of TNB Ventures Sdn. Bhd.</u>     |                            |      |                                                                                                                                                                                                                                    |                          |
| Tenaga Cable Industries Sdn. Bhd.               | 76%                        | 76%  | Manufacturing and distribution of power and general cables, aluminium rods and related activities                                                                                                                                  | Malaysia                 |

## NOTES TO THE FINANCIAL STATEMENTS

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## 50 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

| Name of subsidiary                                                                                | Group's effective interest |      | Principal activities                                                                                                                                           | Country of incorporation |
|---------------------------------------------------------------------------------------------------|----------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                                                   | 2025                       | 2024 |                                                                                                                                                                |                          |
| Universiti Tenaga Nasional Sdn. Bhd.<br><u>Subsidiary of Universiti Tenaga Nasional Sdn. Bhd.</u> | 100%                       | 100% | Providing higher education                                                                                                                                     | Malaysia                 |
| 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 PwC, Malaysia.

\* Not audited by PwC.

\*\* Sustainable Power Sdn. Bhd. owns 60% equity interest and the remaining 40% equity interest is held by TNB Renewables Sdn. Bhd.

The subsidiaries' principal place of business is situated in the country of incorporation.

## 51 LIST OF JOINT ARRANGEMENTS

(a) The list of joint ventures of the Group is as follows:

| Name of joint venture                                                                                             | Group's effective interest |      | Principal activities                                                                              | Country of incorporation |
|-------------------------------------------------------------------------------------------------------------------|----------------------------|------|---------------------------------------------------------------------------------------------------|--------------------------|
|                                                                                                                   | 2025                       | 2024 |                                                                                                   |                          |
| Seatrac Sdn. Bhd.* (Dissolved w.e.f. 27 February 2025)<br><u>Joint venture of GSPARX Sdn. Bhd.</u>                | -                          | 50%  | Dormant                                                                                           | Malaysia                 |
| Sime Darby Property (Rooftop Solar Solutions) Sdn. Bhd.<br><u>Joint ventures of TNB Energy Services Sdn. Bhd.</u> | 49%                        | 49%  | Operation of generation facilities that produce electric energy                                   | Malaysia                 |
| 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                 |



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

## 51 LIST OF JOINT ARRANGEMENTS (CONTINUED)

(a) The list of joint ventures of the Group is as follows: (continued)

| Name of joint venture                                                                   | Group's effective interest |      | Principal activities                                                                                                                                                                                                                                                                                                                | Country of incorporation |
|-----------------------------------------------------------------------------------------|----------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                                         | 2025                       | 2024 |                                                                                                                                                                                                                                                                                                                                     |                          |
| <u>Joint venture of TNB Engineering Corporation Sdn. Bhd.</u>                           |                            |      |                                                                                                                                                                                                                                                                                                                                     |                          |
| 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                 |
| <u>Joint ventures of TNB Renewables Sdn. Bhd.</u>                                       |                            |      |                                                                                                                                                                                                                                                                                                                                     |                          |
| Selarong Pertama Energy Sdn. Bhd.*                                                      | 30%                        | 30%  | Provision of engineering, procurement construction and commissioning for solar photovoltaic system and investment in solar plant                                                                                                                                                                                                    | Malaysia                 |
| Setia Kawan Energy Sdn. Bhd.*                                                           | 30%                        | 30%  | Provision of engineering, procurement construction and commissioning for solar photovoltaic system and investment in solar plant                                                                                                                                                                                                    | Malaysia                 |
| <u>Joint venture of TNB Repair And Maintenance Sdn. Bhd.</u>                            |                            |      |                                                                                                                                                                                                                                                                                                                                     |                          |
| GMR Tenaga Operations And Maintenance Private Limited* (Dissolved w.e.f. 27 March 2025) | -                          | 50%  | Operation and maintenance of power plants                                                                                                                                                                                                                                                                                           | India                    |

(b) The list of joint operations of the Group is as follows:

| Name of joint operation                                                 | Group's effective interest |      | Principal activities                                                                     | Country of incorporation |
|-------------------------------------------------------------------------|----------------------------|------|------------------------------------------------------------------------------------------|--------------------------|
|                                                                         | 2025                       | 2024 |                                                                                          |                          |
| <u>Joint operation of TNB Engineering Corporation Sdn. Bhd.</u>         |                            |      |                                                                                          |                          |
| TNB Engineering Corporation Sdn. Bhd. & ERS Energy Sdn. Bhd.            | 60%                        | 60%  | Dormant                                                                                  | Malaysia                 |
| <u>Joint operations of TNB Repair And Maintenance Sdn. Bhd.</u>         |                            |      |                                                                                          |                          |
| TNB Repair And Maintenance Sdn. Bhd. & Al-Dhow Engineering <sup>#</sup> | 50%                        | 50%  | Maintenance works for instrumental and control systems and mechanical equipment services | Kuwait                   |
| TNB Repair And Maintenance Sdn. Bhd. & Kharafi National <sup>#</sup>    | 50%                        | 50%  | Operation and maintenance services to heavy industries and other related services        | Kuwait                   |

<sup>#</sup> 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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 52 LIST OF ASSOCIATES

The list of associates of the Group is as follows:

| Name of associate                                                        | Group's effective interest |                        | Principal activities                                                                                                                                                 | Country of incorporation |
|--------------------------------------------------------------------------|----------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                          | 2025                       | 2024                   |                                                                                                                                                                      |                          |
| 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%                    | Operating and maintaining an electricity generating plant owned by the Company                                                                                       | Malaysia                 |
| Teknologi Tenaga Perlis Consortium Sdn. Bhd.*                            | 20%                        | 20%                    | Operating and maintaining an electricity generating plant owned by the Company                                                                                       | Malaysia                 |
| <u>Associate of Elopura Power Sdn. Bhd.</u>                              |                            |                        |                                                                                                                                                                      |                          |
| Oriole Hydro Padas Sdn. Bhd.*                                            | 17%                        | 17%                    | Power generation utilising hydroelectric power plant                                                                                                                 | Malaysia                 |
| <u>Associate of Global Power Enerji Sanayi Ve Ticaret Anonim Şirketi</u> |                            |                        |                                                                                                                                                                      |                          |
| Gama Enerji Anonim Şirketi <sup>#</sup>                                  | 30%                        | 30%                    | To enter into commitments related to energy investments and to carry out industrial, commercial and business activities                                              | Türkiye                  |
| <u>Associate of Independent Power International Ltd.</u>                 |                            |                        |                                                                                                                                                                      |                          |
| Malaysian Shoaiba Consortium Sdn. Bhd.*                                  | 20%                        | 20%                    | Acquiring and hold for investment, shares, stocks, debentures in Malaysia or elsewhere                                                                               | Malaysia                 |
| <u>Associate of Oasis Parade Sdn. Bhd.</u>                               |                            |                        |                                                                                                                                                                      |                          |
| Saudi Malaysia Operation & Maintenance Services Company Limited*         | 30%                        | 30%                    | Operation and maintenance of electricity generation stations and water desalination plants                                                                           | Kingdom of Saudi Arabia  |
| <u>Associate of Pelabuhan Lumut Sdn. Bhd.</u>                            |                            |                        |                                                                                                                                                                      |                          |
| Lumut Maritime Terminal Sdn. Bhd.* <sup>^</sup>                          | 50%<br>less<br>1 share     | 50%<br>less<br>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                 |
| <u>Associate of TNB Energy Services Sdn. Bhd.</u>                        |                            |                        |                                                                                                                                                                      |                          |
| Jana Landfill Sdn. Bhd.*                                                 | 20%                        | 20%                    | Generation and distribution of heat and electricity using methane gas from landfill sites                                                                            | Malaysia                 |

**NOTES TO THE FINANCIAL STATEMENTS**

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**52 LIST OF ASSOCIATES (CONTINUED)**

The list of associates of the Group is as follows: (continued)

| Name of associate                                         | Group's effective interest |      | Principal activities                                                                                                                                                 | Country of incorporation |
|-----------------------------------------------------------|----------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                           | 2025                       | 2024 |                                                                                                                                                                      |                          |
| <u>Associate of Sustainable Power Sdn. Bhd.</u>           |                            |      |                                                                                                                                                                      |                          |
| Rancha Power Sdn. Bhd.*                                   | 20%                        | -    | Design, development, construction, installation, testing, commissioning, ownership, operation and maintenance of power plant and associated facilities               | Malaysia                 |
| <u>Associate of TNB Engineering Corporation Sdn. Bhd.</u> |                            |      |                                                                                                                                                                      |                          |
| Abraj Cooling LLC*                                        | 49%                        | 49%  | Contracting works for the construction of district cooling plants                                                                                                    | United Arab Emirates     |
| <u>Associate of TNB Renewables Sdn. Bhd.</u>              |                            |      |                                                                                                                                                                      |                          |
| SD Guthrie 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                 |
| <u>Associate of TNB Properties Sdn. Bhd.</u>              |                            |      |                                                                                                                                                                      |                          |
| KM Metro-TNB Properties Sdn. Bhd.*                        | 40%                        | 40%  | Dormant                                                                                                                                                              | Malaysia                 |
| <u>Associate of TNB Research Sdn. Bhd.</u>                |                            |      |                                                                                                                                                                      |                          |
| Gunung Tenaga Sdn. Bhd.*                                  | 40%                        | 40%  | Dormant                                                                                                                                                              | Malaysia                 |
| <u>Associate of Vantage RE No. 1 Limited</u>              |                            |      |                                                                                                                                                                      |                          |
| Blyth Offshore Demonstrator Limited*                      | 49%                        | 49%  | Ownership, construction and operation of a 42 MW offshore wind farm                                                                                                  | United Kingdom           |

\* Not audited by PwC.

\* Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PwC, Malaysia.

^ Classified as asset held for sale as disclosed in Note 24.

The associates' principal place of business is situated in the country of incorporation.

**53 EVENT AFTER REPORTING PERIOD**

On 10 March 2026, TPGSB, a wholly-owned subsidiary of the Company, issued RM1.5 billion in nominal value of Sustainability Sukuk Wakalah under its Sukuk Wakalah Programme of up to RM10.0 billion in nominal value.

The proceeds from the issuance will be utilised for eligible projects in accordance with the TPGSB Sustainability Sukuk Framework. The issuance is treated as a non-adjusting event after the reporting period and accordingly has not been recognised in these financial statements.

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Abdul Razak bin Abdul Majid and Datuk Ir. Ts. Shamsul bin Ahmad, the Directors of Tenaga Nasional Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 309 to 464 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 2025 and financial performance of the Group and of the Company for the financial year ended 31 December 2025 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 17 March 2026.



**TAN SRI ABDUL RAZAK BIN ABDUL MAJID**  
CHAIRMAN



**DATUK IR. TS. SHAMSUL BIN AHMAD**  
PRESIDENT/CHIEF EXECUTIVE OFFICER

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Badrulhisyam bin Fauzi, 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 309 to 464 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.



**BADRULHISYAM BIN FAUZI**  
MIA Membership No. 43753

Subscribed and solemnly declared by the abovenamed Badrulhisyam bin Fauzi at Kuala Lumpur, Malaysia on 17 March 2026, before me.



220, JALAN TUN SAMBANTHAN  
50470 KUALA LUMPUR

COMMISSIONER FOR OATHS

## 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 2025, 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 2025 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, including a summary of material accounting policies, as set out on pages 309 to 464.

#### 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"), as applicable to audits of financial statements of public interest entities 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 matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Reinvestment allowance 'RIA' litigation</b></p> <p><i>Refer to Note 44 Contingent Liabilities and Material Litigations and Note 49 - Restatement</i></p> <p>On 2 July 2025, the Federal Court ruled that the Company should have claimed IA under Schedule 7B of the ITA 1967 for YA 2018 as its activities qualify as a utility investment project, rather than claiming RIA under Schedule 7A for manufacturing activities.</p> <p>Following this decision, the Company reviewed its previous tax positions and determined that the RIA claims under Schedule 7A from YA 2003 to YA 2023 had been based on legal precedents supporting manufacturing classification, without considering Schedule 7B.</p> <p>Accordingly, the RIA were incorrectly claimed in prior years, leading to retrospective restatement of the financial results for the year ended 31 December 2024, amounting to RM720.4 million, and the financial positions as at 1 January 2024 and 31 December 2024, amounting to RM9,838.0 million and RM10,558.4 million respectively.</p> <p>We focused on this area due to the significant judgment made by the management in determining whether the application of the Reinvestment Allowance constituted an error, which warranted a restatement of prior period financial statements, and the magnitude of the restatements on the financial statements.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>Reviewed the Federal Court's judgement issued on 3 July 2025 and consulted our tax experts to understand the basis and implications of the judgement made;</li> <li>Reviewed management's assessment of the financial impact arising from the Federal Court's judgement;</li> <li>Discussed with management's external legal counsel and tax advisor to examine correspondences between management and their external legal counsels and tax advisor in order to corroborate basis for management's assessment and to ensure that all material matters were appropriately considered; and</li> <li>Assessed completeness and mathematical accuracy of the restatements made by management in the financial statements to correct the tax treatment retrospectively and the related disclosures in the financial statements in accordance with MFRS 108 "Accounting policies, changes in accounting estimates and errors".</li> </ul> <p>Based on the above procedures performed, we did not find any material exceptions.</p> |
| <p><b>Revenue recognition for sales of electricity</b></p> <p><i>Refer to Note 33 - Revenue</i></p> <p>Sales of electricity of RM65,426.7 million and RM61,307.9 million is the most significant component of the Group's and the Company's revenue, respectively, for the financial year ended 31 December 2025.</p> <p>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 ("EC").</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>Tested the overall information technology general controls of the billings and accounting systems recording the revenue transactions;</li> <li>Tested application controls within billing systems over the following: <ul style="list-style-type: none"> <li>- maintenance of tariff rates in the billing systems;</li> <li>- accuracy of calculation of amounts billed to customers; and</li> <li>- recording of revenue transactions.</li> </ul> </li> <li>Tested billings and revenue adjustments on a sampling basis to assess whether the revenue recognised and revenue adjustments are valid and recorded accurately; and</li> <li>Examined correspondences with the EC and assessed whether there were any recognition matters.</li> </ul> <p>Based on the above procedures performed, we did not find any material exceptions.</p>                                                                                                                                                                                   |



## 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 matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Assessment on carrying value of post-employment benefits</b></p> <p><i>Refer to Note 4 - Critical Accounting Estimates and Judgements and Note 26 - Employee Benefits</i></p> <p>As at 31 December 2025, the Group recorded post-employment benefits liabilities of RM13,330.3 million while the Company recorded post-employment benefits liabilities of RM12,503.2 million.</p> <p>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.</p> <p>We focused on this area because of the significant estimates made by management in determining the present value of post-employment benefit plans.</p> | <p>We have performed the following audit procedures and no material exception was noted:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the terms and conditions of the post-employment benefit plans; and</li> <li>• Tested the present value of post-employment benefit plans based on the actuarial valuation reports by performing the following: <ul style="list-style-type: none"> <li>- Discussed with the actuary on the valuation method used and checked that the valuation method is acceptable in accordance with MFRS 119 "Employee Benefits";</li> <li>- Discussed with the actuary on the key assumptions used in the actuarial valuation and checked the reasonableness by comparing to historical data;</li> <li>- 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;</li> <li>- Checked the membership data used in the actuarial models through inspection on payroll personnel files and other supporting documents;</li> <li>- Checked the data of employees and their entitled benefits that were transferred to the fund during the financial year; and</li> <li>- Compared the fair value of plan assets based on the draft actuary report against the trustee's report.</li> </ul> </li> </ul> <p>Based on the procedures performed above, we did not find any material exceptions to the Directors' estimates of the post-employment benefits carrying value.</p> |

## 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, Statement on Risk Management and Internal Control and the Sustainability Statement, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do 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, 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.

## 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)

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.
- (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) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

**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)**

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 50 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

Kuala Lumpur  
17 March 2026



**PAULINE HO**  
02684/11/2027 J  
Chartered Accountant

This financial statements and auditors report thereon has been extracted for inclusion in the Integrated Annual Report 2025. In the event of any discrepancy, the financial statements and the auditors report thereon filed with the Companies Commission of Malaysia shall prevail.

## DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements/Paragraph 9.41(b) of the MAIN Market Listing Requirements/Rule 9.25A of the ACE Market Listing Requirements/Rule 6.13A of the LEAP Market Listing Requirements], below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

### (A) GROUP TOTAL INCOME AND TOTAL ASSETS

|                                   | Remarks | Group              |                    |
|-----------------------------------|---------|--------------------|--------------------|
|                                   |         | 2025<br>RM million | 2024<br>RM million |
| <b>Total Income</b>               |         |                    |                    |
| Revenue                           |         | 67,723.1           | 56,737.1           |
| Other income                      |         | 1,217.6            | 1,054.5            |
| Finance income                    |         | 631.4              | 628.7              |
| Share of result of associates     |         | 64.0               | 84.3               |
| Share of result of joint ventures |         | 23.8               | 23.2               |
| <b>Total</b>                      |         | 69,659.9           | 58,527.8           |
| <b>Total Assets</b>               |         | 198,354.5          | 200,380.4          |

### (B) BUSINESS ACTIVITIES

|                                         | Remarks | Group              |                    |
|-----------------------------------------|---------|--------------------|--------------------|
|                                         |         | 2025<br>RM million | 2024<br>RM million |
| <b>Shariah Non-Compliant Activities</b> |         |                    |                    |
| Interest income                         |         | 19.8               | 20.2               |
| <b>Total</b>                            |         | 19.8               | 20.2               |

### (C) COMPONENT OF FINANCIAL POSITION

#### (i) Cash Component

|                                          | Remarks | Group              |                    |
|------------------------------------------|---------|--------------------|--------------------|
|                                          |         | 2025<br>RM million | 2024<br>RM million |
| <b>ISLAMIC ACCOUNTS/INSTRUMENTS</b>      |         |                    |                    |
| Cash at bank (exclude cash in hand)      |         | 1,260.5            | 2,024.7            |
| Deposits with licensed bank              |         | 8,014.2            | 16,232.7           |
| Money market instruments                 |         | -                  | -                  |
| Cash in hand                             |         | -                  | -                  |
| Unit trust funds                         |         | -                  | -                  |
| <b>Total</b>                             |         | 9,274.7            | 18,257.4           |
| <b>CONVENTIONAL ACCOUNTS/INSTRUMENTS</b> |         |                    |                    |
| Cash at bank (exclude cash in hand)      |         | 3,395.4            | 1,260.4            |
| Deposits with licensed bank              |         | 166.6              | 83.3               |
| <b>Total</b>                             |         | 3,562.0            | 1,343.7            |

## DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

## (C) COMPONENT OF FINANCIAL POSITION (CONTINUED)

## (ii) Debt Component

|                                | Remarks | Group              |                    |
|--------------------------------|---------|--------------------|--------------------|
|                                |         | 2025<br>RM million | 2024<br>RM million |
| Islamic Financing              |         |                    |                    |
| CURRENT                        |         |                    |                    |
| Banker's acceptances           |         | 29.8               | 27.5               |
| Revolving credit and financing |         | 6,535.7            | 1,838.3            |
| Sukuk                          |         | 4,507.0            | 1,447.2            |
| Term financing                 |         | 111.4              | 60.4               |
| NON-CURRENT                    |         |                    |                    |
| Sukuk                          |         | 37,095.4           | 41,819.8           |
| Trade financing                |         | 1,755.7            | 953.3              |
| Total                          |         | 50,035.0           | 46,146.5           |

|                            | Remarks | Group              |                    |
|----------------------------|---------|--------------------|--------------------|
|                            |         | 2025<br>RM million | 2024<br>RM million |
| Conventional Borrowing     |         |                    |                    |
| CURRENT                    |         |                    |                    |
| Banker's acceptances       |         | 9.2                | 12.0               |
| Debentures                 |         | 10.9               | 1,529.1            |
| Revolving credit and loans |         | 200.0              | 200.8              |
| Term loans                 |         | 547.7              | 1,160.3            |
| NON-CURRENT                |         |                    |                    |
| Debentures                 |         | 308.6              | 340.1              |
| Term loans                 |         | 7,974.3            | 8,017.8            |
| Total                      |         | 9,050.7            | 11,260.1           |

## STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2026

### SHARE CAPITAL

Issued Shares : 5,829,142,171 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                                  | 4,092               | 77           | 4,169                     | 4.52          | 88,435               | 1,768                | 90,203                     | 0.00          |
| 100 - 1,000                             | 41,419              | 470          | 41,889                    | 45.38         | 22,116,138           | 226,823              | 22,342,961                 | 0.38          |
| 1,001 - 10,000                          | 39,110              | 513          | 39,623                    | 42.92         | 126,021,616          | 2,020,036            | 128,041,652                | 2.20          |
| 10,001 - 100,000                        | 5,094               | 366          | 5,460                     | 5.92          | 128,611,925          | 14,381,821           | 142,993,746                | 2.45          |
| 100,001 - less than 5% of issued shares | 644                 | 523          | 1,167                     | 1.26          | 2,012,212,427        | 1,007,816,174        | 3,020,028,601              | 51.81         |
| 5% and above of issued shares           | 4                   | 0            | 4                         | 0.00          | 2,515,645,008        | 0                    | 2,515,645,008              | 43.16         |
| <b>Total</b>                            | <b>90,363</b>       | <b>1,949</b> | <b>92,312</b>             | <b>100.00</b> | <b>4,804,695,549</b> | <b>1,024,446,622</b> | <b>5,829,142,171</b>       | <b>100.00</b> |

### 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                               | 68,378              | 617          | 236,257,076          | 9,640,441            | 4.05               | 0.16         |
| 2.           | Body Corporate                            |                     |              |                      |                      |                    |              |
|              | a. Banks/Finance Companies                | 133                 | 7            | 1,439,621,181        | 890,300              | 24.70              | 0.01         |
|              | b. Investment Trusts/Foundation/Charities | 35                  | 0            | 869,119              | 0                    | 0.01               | 0.00         |
|              | c. Industrial and Commercial Companies    | 591                 | 15           | 54,473,291           | 12,054,262           | 0.94               | 0.21         |
| 3.           | Government Agencies/Institutions          | 15                  | 0            | 921,330,161          | 0                    | 15.81              | 0.00         |
| 4.           | Nominees                                  | 21,209              | 1,310        | 2,152,141,594        | 1,001,861,619        | 36.92              | 17.19        |
| 5.           | Others                                    | 2                   | 0            | 3,127                | 0                    | 0.00               | 0.00         |
| <b>Total</b> |                                           | <b>90,363</b>       | <b>1,949</b> | <b>4,804,695,549</b> | <b>1,024,446,622</b> | <b>82.43</b>       | <b>17.57</b> |

### DIRECTORS' SHAREHOLDINGS

| No. | Name of Directors                                                  | No. of Shares   |                 |       | %    |
|-----|--------------------------------------------------------------------|-----------------|-----------------|-------|------|
|     |                                                                    | Direct Interest | Deemed Interest |       |      |
|     |                                                                    |                 | Spouse          | Child |      |
| 1.  | Tan Sri Abdul Razak bin Abdul Majid                                | 26,562          | -               | 3,700 | 0.00 |
| 2.  | Datuk Ir. Ts. Shamsul bin Ahmad<br>(Appointed w.e.f. 1 March 2026) | 65,000          | -               | -     | 0.00 |
| 3.  | Datuk Ramzi bin Mansor                                             | -               | -               | -     | -    |
| 4.  | Rohaya binti Mohammad Yusof                                        | -               | -               | -     | -    |
| 5.  | Muazzam bin Mohamad                                                | -               | -               | -     | -    |
| 6.  | Ong Ai Lin                                                         | -               | -               | -     | -    |
| 7.  | Juniwati Rahmat Hussin                                             | -               | -               | -     | -    |
| 8.  | Gopala Krishnan K.Sundaram                                         | -               | -               | -     | -    |
| 9.  | Dato' Merina binti Abu Tahir                                       | -               | -               | -     | -    |
| 10. | Dato' Zulkifli bin Ibrahim                                         | -               | -               | -     | -    |
| 11. | Alan Hamzah Sendut                                                 | -               | -               | -     | -    |



## STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2026

## KEY SENIOR MANAGEMENT

| No. | Name of Key Senior Management                                        | Balance as at<br>01-01-2025 | Vested Date<br>18-04-2025 | Disposed | No. of Shares   |      |                 |       |      |
|-----|----------------------------------------------------------------------|-----------------------------|---------------------------|----------|-----------------|------|-----------------|-------|------|
|     |                                                                      |                             |                           |          | Direct Interest | %    | Deemed Interest |       | %    |
|     |                                                                      |                             |                           |          |                 |      | Spouse          | Child |      |
| 1.  | Ir. Mahathir Nor bin Ismail                                          | 8,000                       | 18,000                    | -        | 26,000          | 0.00 | -               | -     | -    |
| 2.  | Dato' Ir. Muhamad Nazri bin Pazil                                    | 8,000                       | 47,400                    | 45,000   | 10,400          | 0.00 | -               | -     | -    |
| 3.  | Dato' Shahrir bin Abdul Latiff<br>(Appointed w.e.f. 1 March 2026)    | 10,000                      | 46,700                    | 56,700   | 0               | 0.00 | -               | -     | -    |
| 4.  | Mohd Zarihi bin Mohd Hashim                                          | -                           | -                         | -        | -               | -    | -               | -     | -    |
| 5.  | Hasmarizal bin Hassan                                                | -                           | 20,800                    | 20,800   | 0               | 0.00 | -               | -     | -    |
| 6.  | Ir. Ahmad Sazree bin Abd Aziz<br>(Appointed w.e.f. 1 March 2026)     | 15,400                      | 15,300                    | -        | 30,700          | 0.00 | -               | -     | -    |
| 7.  | Datuk Kamal Arifin bin A.Rahman                                      | 20,000                      | 30,800                    | 50,800   | 0               | 0.00 | -               | -     | -    |
| 8.  | Ir. Dr. Mohd Fadzil bin Mohd Siam<br>(Appointed w.e.f. 1 March 2026) | 40,200                      | 23,800                    | 15,000   | 49,000          | 0.00 | -               | -     | -    |
| 9.  | Leo Pui Yong                                                         | 20,000                      | 19,300                    | -        | 39,300          | 0.00 | -               | -     | -    |
| 10. | Badrulhisyam bin Fauzi                                               | -                           | -                         | -        | -               | -    | -               | -     | -    |
| 11. | Feldatun binti Sharif                                                | 7,900                       | 45,500                    | 37,900   | 15,500          | 0.00 | 34,700          | -     | 0.00 |
| 12. | Azlan bin Ahmad                                                      | 36,400                      | 43,800                    | 68,000   | 12,200          | 0.00 | -               | -     | -    |
| 13. | Amir Mahmud bin Abdullah                                             | 75,100                      | 80,800                    | 10,000   | 145,900         | 0.00 | 8,200           | -     | 0.00 |
| 14. | Datuk Ir. Azmi bin Md Yusof                                          | -                           | 51,000                    | -        | 51,000          | 0.00 | -               | -     | -    |
| 15. | Mohamed Azrin bin Mohamed Ali<br>(Appointed w.e.f. 1 December 2025)  | 1,000                       | 16,500                    | 17,400   | 100             | 0.00 | -               | -     | -    |
| 16. | Ali Munawar bin Haji Salim                                           | 6,000                       | 4,200                     | 10,200   | 0               | 0.00 | -               | -     | -    |

## SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

| No.          | Name of Substantial Shareholders           | No. of Shares        | %            |
|--------------|--------------------------------------------|----------------------|--------------|
| 1.           | Employees Provident Fund Board*            | 1,352,929,345        | 23.21        |
| 2.           | Khazanah Nasional Berhad**                 | 1,032,073,298        | 17.71        |
| 3.           | Kumpulan Wang Persaraan (Diperbadankan)*** | 444,902,508          | 7.63         |
| 4.           | Amanah Saham Bumiputera****                | 339,688,100          | 5.83         |
| <b>Total</b> |                                            | <b>3,169,593,251</b> | <b>54.38</b> |

## Notes:

\* Registered with Citigroup Nominees (Tempatan) Sdn. Bhd.

\*\* Khazanah Nasional Berhad

- Registered with Citigroup Nominees (Tempatan) Sdn. Bhd. (4,911,590)
- Registered with CGS-International Nominees Malaysia (Tempatan) Sdn. Bhd. (4,847,690)
- Registered with Citigroup Nominees (Asing) Sdn. Bhd. (47,889,169)
- Registered with HSBC Nominees (Asing) Sdn. Bhd. (36,292,725)
- Registered with Maybank Securities Nominees (Tempatan) Sdn. Bhd. (25,984,900)

\*\*\* Kumpulan Wang Persaraan (Diperbadankan)

- Registered with Citigroup Nominees (Tempatan) Sdn. Bhd. (40,488,400)
- Registered with Cartaban Nominees (Tempatan) Sdn. Bhd. (55,100)

\*\*\*\* Registered with AmanahRaya Trustees Berhad

## TOP 30 SECURITIES ACCOUNT HOLDERS

| No. | Name of Shareholders                                                      | No. of Shares | %     |
|-----|---------------------------------------------------------------------------|---------------|-------|
| 1.  | Khazanah Nasional Berhad                                                  | 912,147,224   | 15.65 |
| 2.  | Citigroup Nominees (Tempatan) Sdn. Bhd.<br>Employees Provident Fund Board | 859,450,676   | 14.74 |
| 3.  | Kumpulan Wang Persaraan (Diperbadankan)                                   | 404,359,008   | 6.94  |

## STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2026

| No.          | Name of Shareholders                                                                                                                                  | No. of Shares        | %            |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------|
| 4.           | AmanahRaya Trustees Berhad<br><i>Amanah Saham Bumiputera</i>                                                                                          | 339,688,100          | 5.83         |
| 5.           | Citigroup Nominees (Tempatan) Sdn. Bhd.<br><i>Employees Provident Fund Board (Islamic)</i>                                                            | 290,789,194          | 4.99         |
| 6.           | AmanahRaya Trustees Berhad<br><i>Amanah Saham Malaysia 2 - Wawasan</i>                                                                                | 112,527,300          | 1.93         |
| 7.           | AmanahRaya Trustees Berhad<br><i>Amanah Saham Malaysia</i>                                                                                            | 96,979,700           | 1.66         |
| 8.           | Permodalan Nasional Berhad                                                                                                                            | 75,413,000           | 1.29         |
| 9.           | Lembaga Tabung Haji                                                                                                                                   | 73,519,500           | 1.26         |
| 10.          | Citigroup Nominees (Tempatan) Sdn. Bhd.<br><i>Exempt AN For AIA Bhd.</i>                                                                              | 65,883,900           | 1.13         |
| 11.          | HSBC Nominees (Asing) Sdn. Bhd.<br><i>JPMCB NA For Vanguard Total International Stock Index Fund</i>                                                  | 65,660,050           | 1.12         |
| 12.          | HSBC Nominees (Asing) Sdn. Bhd.<br><i>JPMCB NA For Vanguard Emerging Markets Stock Index Fund</i>                                                     | 62,291,851           | 1.07         |
| 13.          | Citigroup Nominees (Tempatan) Sdn. Bhd.<br><i>Employees Provident Fund Board (Nomura)</i>                                                             | 48,229,600           | 0.83         |
| 14.          | Citigroup Nominees (Asing) Sdn. Bhd.<br><i>UBS AG</i>                                                                                                 | 47,889,169           | 0.82         |
| 15.          | AmanahRaya Trustees Berhad<br><i>Amanah Saham Malaysia 3</i>                                                                                          | 41,746,900           | 0.72         |
| 16.          | AmanahRaya Trustees Berhad<br><i>Amanah Saham Bumiputera 2</i>                                                                                        | 40,608,400           | 0.70         |
| 17.          | Cartaban Nominees (Tempatan) Sdn. Bhd.<br><i>Prudential Assurance Malaysia Berhad For Prulink Strategic Fund</i>                                      | 40,142,500           | 0.69         |
| 18.          | HSBC Nominees (Asing) Sdn. Bhd.<br><i>J.P. Morgan Securities PLC</i>                                                                                  | 36,292,725           | 0.62         |
| 19.          | AmanahRaya Trustees Berhad<br><i>Amanah Saham Bumiputera 3 - Didik</i>                                                                                | 35,028,692           | 0.60         |
| 20.          | Cartaban Nominees (Tempatan) Sdn. Bhd.<br><i>PAMB For Prulink Equity Fund</i>                                                                         | 34,105,700           | 0.59         |
| 21.          | HSBC Nominees (Asing) Sdn. Bhd.<br><i>JPMCB NA For Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II</i> | 32,845,100           | 0.56         |
| 22.          | Citigroup Nominees (Asing) Sdn. Bhd.<br><i>CBNY For Ishares Core MSCI Emerging Market ETF</i>                                                         | 30,062,800           | 0.52         |
| 23.          | HSBC Nominees (Asing) Sdn. Bhd.<br><i>JPMCB NA For Blackrock Institutional Trust Company, N.A Investment Funds For Employee Benefit Trusts</i>        | 29,584,425           | 0.51         |
| 24.          | AmanahRaya Trustees Berhad<br><i>Public Ittikal Sequel Fund</i>                                                                                       | 28,373,900           | 0.49         |
| 25.          | Maybank Nominees (Tempatan) Sdn. Bhd.<br><i>Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)</i>                                        | 26,307,800           | 0.45         |
| 26.          | Maybank Securities Nominees (Tempatan) Sdn. Bhd.<br><i>Exempt AN For Maybank Investment Bank Berhad (SBL LEND)</i>                                    | 25,984,900           | 0.44         |
| 27.          | Citigroup Nominees (Asing) Sdn. Bhd.<br><i>CB Spore GW For Government Of Singapore (GIC C)</i>                                                        | 25,318,005           | 0.43         |
| 28.          | AmanahRaya Trustees Berhad<br><i>Public Islamic Dividend Fund</i>                                                                                     | 22,526,875           | 0.39         |
| 29.          | Maybank Nominees (Tempatan) Sdn. Bhd.<br><i>Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>                                | 22,000,000           | 0.38         |
| 30.          | Citigroup Nominees (Tempatan) Sdn. Bhd.<br><i>Employees Provident Fund Board (F Templeton)</i>                                                        | 21,199,300           | 0.36         |
| <b>Total</b> |                                                                                                                                                       | <b>3,946,956,294</b> | <b>67.71</b> |

NET BOOK VALUE OF LAND AND BUILDINGS

As at 31 December 2025

| Property List<br><br>Location | LAND            |                   |                  |                 |                   |                  | BUILDINGS         |                    |                    |                        |
|-------------------------------|-----------------|-------------------|------------------|-----------------|-------------------|------------------|-------------------|--------------------|--------------------|------------------------|
|                               | Leasehold       |                   |                  | Freehold        |                   |                  | Total             |                    |                    | Total NBV (RM'000) (9) |
|                               | 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) |                        |
| Perlis                        | 52              | 182,513           | 4,824            | 402             | 98,110            | 10,590           | 454               | 280,623            | 15,414             | 21,247                 |
| Kedah                         | 334             | 9,850,910         | 54,427           | 870             | 3,422,896         | 224,633          | 1,204             | 13,273,806         | 279,060            | 307,316                |
| Pulau Pinang                  | 222             | 785,897           | 82,602           | 824             | 1,050,700         | 126,201          | 1,046             | 1,836,597          | 208,803            | 668,003                |
| Perak                         | 792             | 6,254,420         | 448,573          | 796             | 10,329,249        | 433,546          | 1,588             | 16,583,669         | 882,119            | 2,107,436              |
| Selangor                      | 1,064           | 14,571,647        | 419,870          | 1,610           | 5,794,956         | 1,277,215        | 2,674             | 20,366,603         | 1,697,085          | 2,034,790              |
| W.Persekutuan                 | 385             | 304,840           | 58,541           | 524             | 2,920,186         | 248,950          | 909               | 3,225,026          | 307,491            | 2,074,572              |
| Cyberjaya                     | 10              | 783,284           | 12,769           | 24              | 29,204            | 16,543           | 34                | 812,488            | 29,312             | 325,251                |
| N.Sembilan                    | 293             | 1,823,022         | 120,314          | 717             | 1,245,509         | 237,986          | 1,010             | 3,068,531          | 358,300            | 1,022,509              |
| Melaka                        | 375             | 743,356           | 23,564           | 541             | 204,518           | 360,057          | 916               | 947,874            | 383,621            | 235,052                |
| Johor                         | 1,005           | 3,905,905         | 433,069          | 1,274           | 1,317,107         | 475,304          | 2,279             | 5,223,012          | 908,373            | 1,413,693              |
| Pahang                        | 415             | 3,253,283         | 48,189           | 736             | 635,774           | 338,969          | 1,151             | 3,889,057          | 387,158            | 3,779,227              |
| Terengganu                    | 370             | 6,989,915         | 41,205           | 476             | 11,363,120        | 115,435          | 846               | 18,353,035         | 156,640            | 1,635,307              |
| Kelantan                      | 361             | 1,292,470         | 6,950            | 390             | 2,445,014         | 38,359           | 751               | 3,737,484          | 45,309             | 718,436                |
| Sabah                         | 361             | 6,455,976         | 81,336           | 60              | 4,501,754         | 35,524           | 421               | 10,957,730         | 116,860            | 532,086                |
| Sarawak                       | 0               | 0                 | 0                | 0               | 0                 | 0                | 0                 | 0                  | 0                  | 40                     |
| United Kingdom                | 91              | 16,471,880        | 416,263          | 0               | 0                 | 0                | 91                | 16,471,880         | 416,263            | 0                      |
| Australia                     | 2               | 1,162,379         | 17,653           | 0               | 0                 | 0                | 2                 | 1,162,379          | 17,653             | 0                      |
| Kuwait                        | 0               | 0                 | 0                | 0               | 0                 | 0                | 0                 | 0                  | 0                  | 87                     |
| <b>Total</b>                  | <b>6,132</b>    | <b>74,831,697</b> | <b>2,270,149</b> | <b>9,244</b>    | <b>45,358,097</b> | <b>3,939,312</b> | <b>15,376</b>     | <b>120,189,794</b> | <b>6,209,461</b>   | <b>16,875,052</b>      |

The land and buildings comprise power stations, mini hydros, jetties, dams, substations, solar farms, wind farms, residential houses, apartments, holiday bungalows, office buildings, investment property, warehouses, stores and workshops.

## NOTICE OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty Sixth Annual General Meeting (36<sup>th</sup> AGM) of Tenaga Nasional Berhad (TNB or the Company) will be held at **Pusat Konvensyen Leo Moggie, TNB Platinum, No. 3, Jalan Bukit Pantai, Bangsar, 59100 Kuala Lumpur, Malaysia (Meeting Venue)** and will be broadcasted live from the Meeting Venue on Thursday, 21 May 2026 at 10.00 a.m., to transact the following businesses:

### AGENDA

#### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the Financial Year ended 31 December 2025 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) Tan Sri Abdul Razak bin Abdul Majid | <b>Ordinary Resolution 1</b> |
| (ii) Muazzam bin Mohamad                | <b>Ordinary Resolution 2</b> |
| (iii) Ong Ai Lin                        | <b>Ordinary Resolution 3</b> |

*Please refer to Explanatory Note (b)*
3. To re-elect Datuk Ir. Ts. Shamsul bin Ahmad who was appointed to the Board and retires in accordance with Clause 63(2) of the Company's Constitution and being eligible, offers himself for re-election.  
*Please refer to Explanatory Note (b)* **Ordinary Resolution 4**
4. To approve the payment of the following Non-Executive Directors' fees from the 36<sup>th</sup> AGM until the next Annual General Meeting (AGM) of the Company:
 

|                                                                                                                                                                                 |                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| (i) Director's fee of RM32,000.00 per month to Tan Sri 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 Tan Sri Abdul Razak bin Abdul Majid, Non-Executive Chairman | <b>Ordinary Resolution 5</b>  |
| (iii) Director's fee of RM20,000.00 per month for the following Non-Executive Directors:                                                                                        |                               |
| a. Rohaya binti Mohammad Yusof                                                                                                                                                  | <b>Ordinary Resolution 6</b>  |
| b. Muazzam bin Mohamad                                                                                                                                                          | <b>Ordinary Resolution 7</b>  |
| c. Ong Ai Lin                                                                                                                                                                   | <b>Ordinary Resolution 8</b>  |
| d. Gopala Krishnan K.Sundaram                                                                                                                                                   | <b>Ordinary Resolution 9</b>  |
| e. Dato' Merina binti Abu Tahir                                                                                                                                                 | <b>Ordinary Resolution 10</b> |
| f. Dato' Zulkifli bin Ibrahim                                                                                                                                                   | <b>Ordinary Resolution 11</b> |
| g. Alan Hamzah Sendut                                                                                                                                                           | <b>Ordinary Resolution 12</b> |

*Please refer to Explanatory Note (c)*
5. To approve the payment of benefits payable to the Non-Executive Directors (excluding Non-Executive Directors' fees) amounting to RM2,129,650.00 from the 36<sup>th</sup> AGM until the next AGM of the Company.  
*Please refer to Explanatory Note (c)* **Ordinary Resolution 13**
6. 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.  
*Please refer to Explanatory Note (d)* **Ordinary Resolution 14**
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 (Act).

## NOTICE OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 36<sup>th</sup> 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 13 May 2026. Only a depositor whose name appears on the ROD as at 13 May 2026 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 2026

### 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 4 - 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 Ong Ai Lin as Senior Independent Non-Executive Director and is satisfied that she has complied with the independence criteria as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and continues to bring independent and objective judgment to the Board deliberations.

The BNRC and Board also considered the Board Effectiveness Assessment (BEA) including the Self and Peer Assessment results of Tan Sri Abdul Razak bin Abdul Majid, Muazzam bin Mohamad and Ong Ai Lin and agreed that they have met the Board's expectation in terms of experience, expertise, integrity, competence, commitment and individual contribution by continuously performing their duties diligently as Company Directors. The BEA scores also indicate that the retiring Directors met the performance criteria required of an effective and high-performance Board.

Tan Sri Abdul Razak bin Abdul Majid, Chairman of TNB, is an Appointed Director representing the Minister of Finance (Incorporated) (MoF Inc.), the Special Shareholder of TNB. He brings extensive experience in the electricity utility and engineering sectors, built through his long-standing service with Lembaga Letrik Negara/TNB and his previous roles, including as Chairman of the Energy Commission.

Muazzam bin Mohamad, a Non-Independent Non-Executive Director representing Permodalan Nasional Berhad (PNB), has expertise in investment, corporate strategy, and sustainability. He spearheaded the establishment of PNB Group's stewardship framework and currently oversees institutional governance, corporate and investment sustainability, as well as shareholder activism functions at PNB.

Ong Ai Lin, Senior Independent Non-Executive Director and Chairman of the Board Sustainability and Risk Committee, possesses extensive expertise in audit, governance, risk & compliance, and technology and cybersecurity risk management and is a Fellow Chartered Accountant (FCA) of the Institute of Chartered Accountants in England and Wales (ICAEW).

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.

NOTICE OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING

The Board on 27 February 2026 had approved, with the concurrence of MoF Inc., the appointment of Datuk Ir. Ts. Shamsul bin Ahmad as President/Chief Executive Officer, Non-Independent Executive Director with effect from 1 March 2026.

In accordance with the Company's policy, which limits the tenure of Independent Directors to nine (9) years without further extension, Juniwati Rahmat Hussin has expressed her intention to remain in office until the conclusion of the 36<sup>th</sup> AGM.

The BNRC and Board hereby recommend for the re-election of each Director who is retiring at the 36<sup>th</sup> AGM.

Any Director referred to in Ordinary Resolutions 1 to 4, who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at the 36<sup>th</sup> AGM.

(c) **Ordinary Resolutions 5 to 13 - 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 36<sup>th</sup> AGM pertaining to the Non-Executive Directors' remuneration of the Company and TNB Subsidiaries Category II and III through separate resolutions as follows:

- (i) **Ordinary Resolutions 5 to 12** on the payment of Non-Executive Directors' fees for the Non-Executive Chairman and each Non-Executive Director separately from the 36<sup>th</sup> AGM until the next AGM of the Company.
- (ii) **Ordinary Resolution 13** on the payment of benefits payable (excluding Non-Executive Directors' fees) to the Non-Executive Directors from the 36<sup>th</sup> AGM until the next AGM of the Company.

The proposed Ordinary Resolutions 5 to 12 and Ordinary Resolution 13 for the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company from the 36<sup>th</sup> 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.

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 13 be passed at the 36<sup>th</sup> 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.

(d) **Ordinary Resolution 14 - Re-appointment of Auditors**

Based on the External Auditors Assessment Result for the Financial Year under review, the Board and Board Audit Committee are satisfied with the quality of service delivered, adequacy of resources provided, effectiveness of communication, independence, objectivity, and professionalism demonstrated by the External Auditors in discharging their duties. In view of this satisfactory performance, the Board recommends their re-appointment for shareholders' approval at the 36<sup>th</sup> AGM.



## NOTICE OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING

### NOTES:

1. The 36<sup>th</sup> AGM of TNB will be held on a **hybrid mode** whereby the shareholders shall have the option, either:
  - (i) to attend physically at the Meeting Venue (Physical Attendance); or
  - (ii) to attend virtually via the Remote Participation and Electronic Voting (RPEV) facilities to be provided by Boardroom Share Registrars Sdn. Bhd. (Virtual Attendance).

#### Meeting Participation:

- Physical Attendance - All shareholders, proxies, corporate representatives or attorneys who wish to attend and participate at the 36<sup>th</sup> AGM physically are required to register for the meeting at the Meeting Venue.
  - Virtual Attendance - The RPEV facilities will be opened for registration from Wednesday, 22 April 2026 onwards.
  - All members, shareholders, proxies, corporate representatives or attorneys attending physically or virtually are required to pre-register their attendance via Boardroom Smart Investor Portal (BSIP) at <https://investor.boardroomlimited.com>. This is to enable the Company to ascertain their eligibility to participate in the AGM based on General Meeting ROD as at 13 May 2026 and to enable the Company to make the necessary preparations for the AGM, particularly at the Meeting Venue.
  - The appointment of proxy/proxies must be submitted not less than 48 hours before the time appointed for the taking of the poll or **no later than Tuesday, 19 May 2026 at 12.00 p.m.:**
    - (a) Electronically via BSIP at <https://investor.boardroomlimited.com>;
    - (b) Via email at [bsr.proxy@boardroomlimited.com](mailto:bsr.proxy@boardroomlimited.com); or
    - (c) In hard copy form. The hard copy of Proxy Form must be deposited at the office of Boardroom Share Registrars Sdn. Bhd. at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - The Proxy Form, together with the Administrative Details of the 36<sup>th</sup> AGM outlining the applicable procedures, is accessible on the Company's website at [www.tnb.com.my](http://www.tnb.com.my).
2. A member 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.
  3. 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.
  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. Pursuant to Paragraph 8.29A of the MMLR, voting at the Meeting will be conducted by poll.

## STATEMENT ACCOMPANYING NOTICE OF THE 36<sup>TH</sup> 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) Tan Sri Abdul Razak bin Abdul Majid
- (ii) Muazzam bin Mohamad
- (iii) Ong Ai Lin

**The Director who was appointed to the Board and is retiring in accordance with Clause 63(2) of the Company's Constitution and seeking for re-election:**

- (i) Datuk Ir. Ts. Shamsul bin Ahmad

The profiles of the retiring Directors, including their declarations of conflict of interest are set out in the Board of Directors' Profile on pages 231 to 242 of this Integrated Annual Report.

Save for Tan Sri Abdul Razak bin Abdul Majid and Datuk Ir. Ts. Shamsul bin Ahmad, whose interests in the securities of the Company are disclosed on page 473 of this Integrated Annual Report, none of the above Directors has any interest in the securities of the Company or its subsidiaries.

## ADMINISTRATIVE DETAILS OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (36<sup>TH</sup> AGM)

### A. MODE OF MEETING

The 36<sup>th</sup> AGM of Tenaga Nasional Berhad (TNB or the Company) will be held on a **hybrid mode** in accordance with paragraph 8.27A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and Principle C of the Malaysian Code on Corporate Governance 2021 (MCCG) whereby listed issuers are encouraged to leverage technology in conducting general meetings to facilitate voting and remote shareholders' participation.

The date, time and venue of the 36<sup>th</sup> AGM are as follows:

|       |   |                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date  | : | Thursday, 21 May 2026                                                                                                                                                                                                                                                                                                                                                                                                   |
| Time  | : | 10.00 a.m.                                                                                                                                                                                                                                                                                                                                                                                                              |
| Venue | : | <b>(a) Meeting Venue (Physical Attendance)</b><br>Pusat Konvensyen Leo Moggie<br>TNB Platinum<br>No. 3, Jalan Bukit Pantai<br>Bangsar, 59100 Kuala Lumpur<br>Malaysia<br><br><b>(b) Online Meeting Platform (Virtual Attendance)</b><br>Virtually by way of electronic means via Boardroom Smart Investor Portal (BSIP) at<br><a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> |

Shareholders shall have the option to attend the hybrid 36<sup>th</sup> AGM either physically at the Meeting Venue or virtually via the Remote Participation and Electronic Voting (RPEV) facilities to be provided by Boardroom Share Registrars Sdn. Bhd. (Boardroom), the appointed Poll Administrator for this AGM. The Meeting Venue is in Malaysia where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act 2016 (CA2016).

### B. ENTITLEMENT TO PARTICIPATE AND VOTE

For the purpose of determining a shareholder who shall be entitled to attend the 36<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors (ROD) as at 13 May 2026. Only a depositor whose name appears therein shall be entitled to attend the 36<sup>th</sup> AGM or appoint a proxy(ies) to attend, participate and vote on his/her behalf.

If you are unable to participate at the 36<sup>th</sup> AGM, you may:

- Appoint proxy/proxies to participate and vote on your behalf; or
- Appoint the Chairman as your proxy to vote on your behalf

and indicate your voting instructions in the Proxy Form.

If you wish to participate at the 36<sup>th</sup> AGM, you must not submit any Proxy Form. You will not be allowed to participate in the meeting together with proxy/proxies appointed by your good self.

*[Please refer to **Section (E)** below for further information in relation to the appointment of proxy.]*

### C. MEETING PARTICIPATION

#### • Physical Attendance

All shareholders, proxies, corporate representatives or attorneys who wish to attend and participate at the 36<sup>th</sup> AGM physically are required to register for the meeting at the Meeting Venue.

*Please refer to Section (iv) below for other information in relation to Physical Attendance at the 36<sup>th</sup> AGM.*

#### • Virtual Attendance

The RPEV facilities will open for registration from Wednesday, 22 April 2026 onwards.

## ADMINISTRATIVE DETAILS OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (36<sup>TH</sup> AGM)

### (i) REGISTER ONLINE WITH BSIP (for first time registration only)

**[Note: You are not required to register again if you have already signed up with BSIP.]**

Please refer to the steps below on how to register for a BSIP account. Kindly follow the steps below for Individual or Corporate account.

- Open an internet browser. The latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
- Go to the BSIP website at <https://investor.boardroomlimited.com>.

| Individual Account<br>(For Shareholder & Proxy)                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Corporate Account<br>(For Representative of Corporate Holder or Authorised Nominees)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▶ Click <b>"Register"</b> to sign up for a user account and select the correct account type <b>"Sign up as Individual"</b>.</li> <li>▶ Complete the registration with all required information. Upload and attach your MyKad (front and back) or Passport in JPEG, PNG or PDF format.</li> <li>▶ Click <b>"Sign Up"</b>.</li> </ul> <p><i>[Note: Please ensure that you sign up for Individual Account if you are an appointed proxy to attend the meeting.]</i></p> | <ul style="list-style-type: none"> <li>▶ Click <b>"Register"</b> to sign up for a user account and select the correct account type <b>"Sign up as Corporate Holder"</b>.</li> <li>▶ Complete the registration with all required information. Upload and attach your MyKad (front and back) or Passport in JPEG, PNG or PDF format, along with the completed authorisation letter.</li> <li>▶ Click <b>"Sign Up"</b>.</li> </ul> <p><i>[Note: If you are appointed as the authorised representative for more than one (1) company, click the home button and select <b>"Edit Profile"</b> in order to add your representation after your BSIP account has been approved.]</i></p> |

- You will receive an e-mail from BSIP for e-mail address verification. Click **"Verify E-mail Address"** from the e-mail received to proceed with the registration.
- Once your email address is verified, you will be re-directed to BSIP for verification of your mobile number. Click **"Request OTP Code"** and an OTP Code will be sent to the registered mobile number. You will need to enter the OTP Code and click **"Enter"** to complete the process.
- Once your mobile number is successfully verified, registration of your new BSIP account will be pending for final verification.
- An e-mail will be sent to you within one (1) business day informing on the approval of your BSIP account registration. Once the registration is completed, you can login at BSIP website at <https://investor.boardroomlimited.com> with the email address and password that you provided during registration to proceed with the next step.

### (ii) REGISTER YOUR ATTENDANCE FOR THE 36<sup>TH</sup> AGM:

| Physical or Virtual Attendance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▶ Go to the BSIP website at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a>.</li> <li>▶ Login your BSIP account with your registered email address and password.</li> </ul> <p><i>[Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free - refer to process "REGISTER ONLINE WITH BSIP" under item C(i) above.]</i></p> <ul style="list-style-type: none"> <li>▶ Click <b>"Meeting Event"</b>.</li> <li>▶ Go to <b>"TENAGA NASIONAL BERHAD (36<sup>TH</sup>) ANNUAL GENERAL MEETING"</b> and click <b>"Enter"</b>.</li> <li>▶ Go to <b>"SHAREHOLDER ATTENDANCE"</b>, click <b>"Register"</b>.</li> <li>▶ Enter your nine (9) digits CDS account number.</li> <li>▶ Read and check the box to accept the Terms &amp; Conditions, then click <b>"Register"</b>.</li> <li>▶ You will receive a notification that your registration has been received and pending verification.</li> <li>▶ Upon system verification against the General Meeting ROD as at 13 May 2026 you will receive an email from Boardroom after 19 May 2026 notifying you whether your registration has been accepted.</li> <li>▶ If your registration is accepted, you will receive:             <ul style="list-style-type: none"> <li>(a) Steps to login to the Online Meeting Platform should you decide to join virtually; and</li> <li>(b) QR code for self-registration should you decided to attend physically at the Meeting Venue.</li> </ul> </li> </ul> |

All members, shareholders, proxies, corporate representatives or attorneys attending physically or virtually are encouraged to register your attendance via BSIP at <https://investor.boardroomlimited.com>. This is to assist the Company to make necessary preparations for the 36<sup>th</sup> AGM, particularly at the Meeting Venue based on General Meeting ROD as at 13 May 2026.

## ADMINISTRATIVE DETAILS OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (36<sup>TH</sup> AGM)

### (iii) JOINING THE VIRTUAL MEETING (RPEV)

Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.

#### Via BSIP

- ▶ Go to the BSIP website at <https://investor.boardroomlimited.com>.
- ▶ Login your BSIP account with your registered email address and password.  
*[Note: If you do not have an account with BSIP, please sign up/register with BSIP for free - refer to "REGISTER ONLINE WITH BSIP" under item C(i) above.]*
- ▶ Click "Meeting Event" and go to "**TENAGA NASIONAL BERHAD (36<sup>TH</sup>) ANNUAL GENERAL MEETING**" and then click "**Join Live Meeting**" to join the proceedings of the 36<sup>th</sup> AGM remotely.

- Meeting platform will open for login starting from 9.00 a.m. on Thursday, 21 May 2026 i.e. one (1) hour before the commencement of the 36<sup>th</sup> AGM.
- Important Notes:
  - The quality of the connectivity to the virtual meeting platform for live webcast as well as for remote online voting is dependent on the bandwidth and the stability of the internet connection available at the location of the remote users.
  - Recommended requirement for live webcast:
    - (a) Browser: Latest versions of Chrome, Firefox, Edge, Safari or Opera
    - (b) Bandwidth: Minimum nine (9) Mbps stable speed for High Definition (HD) High Quality video quality or 12 Mbps for Extra HD (EHD) video quality
    - (c) Device with working and good quality speakers
  - You may not be able to gain access to the 36<sup>th</sup> AGM via the RPEV facilities if your connecting device is on network with firewall and other security filtration.

### (iv) PHYSICAL ATTENDANCE

- (a) Registration shall commence at **7.00 a.m. on Thursday, 21 May 2026** at the Meeting Venue and will end at a time as announced by the Chairman of the Meeting. You are encouraged to be punctual.
- (b) Please present the QR code that you received earlier from Boardroom at the self-registration counters to register your attendance.
- (c) No person will be allowed to register on behalf of the registered shareholder/proxy.
- (d) Corporate Representatives are required to present an authorisation letter along with personal identification per item (b) above.
- (e) If you are attending the 36<sup>th</sup> AGM as shareholder as well as proxy, you will be registered once and will be given only one (1) identification wristband.
- (f) You will not be allowed to register on behalf of another person.
- (g) Upon registration, you will be given a **Wristband**. No person will be allowed to enter the meeting room without wearing the wristband. The registration counters shall only manage verification of shareholdings and registration matters.

## D. POLL VOTING

The voting at the 36<sup>th</sup> AGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the MMLR. The Company has appointed Boardroom as the Poll Administrator to conduct the poll by way of electronic voting and Boardroom Corporate Services Sdn. Bhd. as the Scrutineers to verify the poll results.

Shareholders/proxies/corporate representatives/attorneys may proceed to vote on the resolutions from the commencement of the 36<sup>th</sup> AGM at 10.00 a.m. on Thursday, 21 May 2026 (for both Physical and Virtual Attendance) until the end of the voting session which will be announced by the Chairman. Upon completion of the voting session, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

## ADMINISTRATIVE DETAILS OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (36<sup>TH</sup> AGM)

Steps to vote:

| Virtual Attendance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Physical Attendance                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>Once the voting is opened, click on the voting icon. The resolutions and voting choices will be displayed.</li> <li>To vote, please select your voting options shown on screen. A confirmation message will appear indicating that your votes have been received.</li> <li>To change your vote, re-select another voting option. If you wish to cancel your vote, please click "Cancel".</li> <li>Upon completion of the vote casting, you may click the video button to continue to view the live webcast for the announcement of the poll results by the Chairman.</li> </ol> | <ol style="list-style-type: none"> <li>Please vote using your smartphone/tablet with the QR code and credentials issued by Boardroom.</li> <li>For shareholders who did not register with BSIP earlier, you may vote using your smartphone/tablet with the QR code which will be provided upon registration on the day of the meeting.</li> <li>Alternatively, you may submit your vote at the polling kiosks provided by the Poll Administrator.</li> </ol> |

### E. PROXY FORM

The appointment of proxy/proxies may be submitted:

- Electronically via BSIP at <https://investor.boardroomlimited.com>;
- Via email at [bsr.proxy@boardroomlimited.com](mailto:bsr.proxy@boardroomlimited.com); or
- In hard copy form. The hard copy of Proxy Form must be deposited at the office of Boardroom at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

If you wish to submit your Proxy Form electronically, please refer to the procedures for electronic lodgment of Proxy Form as set out below.

- Open an internet browser. The latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
- Go to the BSIP website at <https://investor.boardroomlimited.com>.
- Login your BSIP account with your registered email address and password.
- [Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free - refer to process **"REGISTER ONLINE WITH BSIP"** under item C(i) above.]
- Click **"Meeting Event(s)"**.
- Go to **"TENAGA NASIONAL BERHAD (36<sup>th</sup>) ANNUAL GENERAL MEETING"** and click **"Enter"**.

| By Shareholder and Corporate Holder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | By Nominees Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▶ Select the Company that you are representing - for <b>Corporate Account user only</b>.</li> <li>▶ Go to <b>"PROXY"</b> and click <b>"Submit eProxy Form"</b>.</li> <li>▶ Click <b>"Submit eProxy Form"</b></li> <li>▶ Enter your nine (9) digits CDS account number and number of securities held.</li> <li>▶ Select your proxy/proxies appointment - either the Chairman of the meeting or individual named proxy/proxies.</li> <li>▶ Read and accept the Terms and Conditions and click <b>"Next"</b>.</li> <li>▶ Enter the required particulars of your proxy/proxies.</li> <li>▶ Indicate your voting instructions for each Resolution - <b>FOR, AGAINST, ABSTAIN or DISCRETIONARY</b>. If <b>DISCRETIONARY</b> is selected, your proxy/proxies will decide on your votes during poll at the meeting.</li> <li>▶ Review and confirm your proxy/proxies appointment. Click <b>"Submit"</b>.</li> <li>▶ Download or print the eProxy Form as acknowledgement.</li> </ul> | <ul style="list-style-type: none"> <li>▶ Select the Nominees Company that you are representing.</li> <li>▶ Go to <b>"PROXY"</b> and click <b>"Submit eProxy Form"</b>.</li> <li>▶ Click <b>"Download Excel Template"</b> to download.</li> <li>▶ Insert the appointment of proxy/proxies for each CDS account with the necessary data and voting instructions in the downloaded excel file template. Ensure inserted data is correct and tidy.</li> <li>▶ Proceed to upload the duly completed excel file.</li> <li>▶ Review and confirm your proxy/proxies appointment and click <b>"Submit"</b>.</li> <li>▶ Download or print the eProxy Form as acknowledgement.</li> </ul> |

The proxy forms and/or documents relating to the appointment of proxy for the 36<sup>th</sup> AGM shall be deposited or submitted in the following manner not less than 48 hours before the time for holding the 36<sup>th</sup> AGM or **no later than Tuesday, 19 May 2026 at 12.00 p.m.**



## ADMINISTRATIVE DETAILS OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (36<sup>TH</sup> AGM)

### F. REVOCATION OF PROXY

If you have submitted your proxy form prior to the 36<sup>th</sup> AGM and subsequently decide to appoint another person or if you wish to participate at the 36<sup>th</sup> AGM yourself, please revoke the appointment of proxy/proxies at least 48 hours before the 36<sup>th</sup> AGM. Please find below the steps for revocation of the eProxy Form or hard copy Proxy Form:

| eProxy Form                                                                                                                                                                                                                                                                                                                                                                                    | Hard copy Proxy Form                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▶ Click <b>"Meeting Event"</b> and Enter <b>"TENAGA NASIONAL BERHAD (36<sup>TH</sup>) ANNUAL GENERAL MEETING"</b>.</li> <li>▶ Go to <b>"Submitted eProxy Form list"</b> and click <b>"View"</b> for the eProxy Form.</li> <li>▶ Click <b>"Cancel/Revoke"</b> at the bottom of the eProxy Form.</li> <li>▶ Click <b>"Proceed"</b> to confirm.</li> </ul> | <p>Please write in to <a href="mailto:bsr.proxy@boardroomlimited.com">bsr.proxy@boardroomlimited.com</a> to revoke the appointment of proxy/proxies.</p> |

Upon revocation, proxy/proxies appointed earlier will not be allowed to participate at the 36<sup>th</sup> AGM. In such event, you should advise your proxy/proxies accordingly.

### G. SUBMISSION OF QUESTIONS

| Virtual Attendance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Physical Attendance                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Before Meeting Day</b></p> <p>You may submit your questions before the meeting via BSIP website at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a>. Login to your BSIP account and click <b>"Meeting Event"</b> and go to <b>"TENAGA NASIONAL BERHAD (36<sup>th</sup>) ANNUAL GENERAL MEETING"</b> and click <b>"Enter"</b>. Thereafter, select <b>"SUBMIT QUESTION"</b> to pose your questions. Please submit your questions no later than 10.00 a.m. on Tuesday, 19 May 2026.</p> <p><b>Meeting Day</b></p> <p>You may use the Messaging window facility to submit your questions. The Messaging window facility will open one (1) hour before the 36<sup>th</sup> AGM which is from <b>9.00 a.m. on Thursday, 21 May 2026</b>.</p> | <ul style="list-style-type: none"> <li>▶ You may submit your questions via the QR Code which will be provided upon registration on the day of the meeting.</li> <li>▶ Click on the Messaging window facility to submit your questions. The Messaging window facility will open one (1) hour before the 36<sup>th</sup> AGM which is from 9.00 a.m. on Thursday, 21 May 2026.</li> <li>▶ You may also speak or raise questions during the meeting.</li> </ul> |

We will endeavour to respond to the questions during the meeting or by email or by posting our response on our corporate website after the meeting.

### H. INTEGRATED ANNUAL REPORT 2025

In line with the on-going Group's commitment to the environment, in promoting sustainable practice as well as to achieve greater cost efficiencies, TNB encourages its shareholders to go paperless and access the digital copy of TNB Integrated Annual Report 2025 for perusal by downloading it from the Company's website at [www.tnb.com.my](http://www.tnb.com.my).

### I. REFRESHMENT AND DOOR GIFT

- (1) Light refreshments will be served for the shareholders/proxies attending the AGM. Please proceed to the refreshment counter/area as indicated by the signages.
- (2) Door gift will be provided to shareholders/proxies in the following manner:
  - (a) One (1) door gift for one (1) shareholder either attend via physical or virtual.
  - (b) For a shareholder who has been appointed as a proxy by another shareholder, he/she is only entitled to one (1) door gift.
  - (c) For a shareholder who appoints more than one (1) proxy, door gift will only be provided to the first proxy which stated in the Proxy Form.
  - (d) Where a proxy represents multiple shareholders, the proxy shall be entitled to ONLY one (1) door gift.
  - (e) If the proxy/proxies has/have collected the door gift earlier, shareholder(s) who decided to attend and request to revoke the proxy appointment will not be given any door gift.

## ADMINISTRATIVE DETAILS OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (36<sup>TH</sup> AGM)

### (3) VOTING PROCEDURE

The voting at the 36<sup>th</sup> AGM will be conducted via e-polling. Boardroom Share Registrars Sdn. Bhd. has been appointed as Poll Administrator to conduct the polling process. An Independent Scrutineer will verify the result of the poll. Please follow the instructions given during the AGM for the e-polling process.

### (4) FIRST AID

Please refer to any of our staff/First Aiders should any assistance be required.

### (5) PERSONAL BELONGINGS

Please take care of your own personal belongings. TNB will not be held responsible/liable for any lost items.

### (6) HEALTH AND SAFETY MEASURES

All physical attendees at the Meeting Venue must be medically fit to attend the 36<sup>th</sup> AGM. If you have symptoms of being unwell with sore throat, flu, fever, cough or other common symptoms, you are encouraged to keep your mask on during the meeting.

The Company will take the necessary measures against any of the attendees who does not meet the foregoing health protocols.

### (7) NO SMOKING POLICY

TNB enforces a no smoking policy at all TNB premises and therefore, smoking is strictly prohibited. Your co-operation is much appreciated.

### (8) PARKING AREA

You may park your vehicle at the designated parking areas near the TNB Headquarters (TNB HQ) Futsal Court. Kindly proceed to enter TNB HQ via Jalan Bukit Pantai (Gate A) or Jalan Bangsar (Gate D). Shuttle Service is readily available at the designated drop off/pick up points.

### (9) MOBILE DEVICES

Please ensure that all mobile devices i.e. phones/pagers/other sound emitting devices are put on silent mode during the AGM to ensure smooth and uninterrupted proceedings. Any recording of the proceedings, either vocal or audio visual is strictly prohibited.

### (10) HELP DESK

Please proceed to the Help Desk which is located within the registration area should you have inquiry pertaining to the shareholdings and/or registration matters.

### (11) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the Meeting Venue and Online Meeting Platform of the 36<sup>th</sup> AGM and/or any adjournment thereof, a shareholder of the Company:

- (a) consents to the processing of the shareholder's personal data by the Company for:
  - processing and administration of proxies and representatives appointed for the 36<sup>th</sup> AGM;
  - preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and
  - the Company's compliance with any applicable laws, listing rules, regulations, codes and/or guidelines (collectively, the Purposes).
- (b) have the right to access, object to the processing, and request rectification or deletion of the personal data.
- (c) undertakes and warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes.
- (d) agrees to fully indemnify the Company for any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the shareholder's failure to provide accurate and correct information of the personal data.

*(Note: the term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act 2010)*

## ADMINISTRATIVE DETAILS OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (36<sup>TH</sup> AGM)

### (12) ENQUIRIES FOR 36<sup>TH</sup> AGM

If you have any enquiry relating to the 36<sup>th</sup> AGM, please contact Boardroom's Helpdesk from Mondays to Fridays (except Public Holidays) between 8.30 a.m. to 5.30 p.m.:

General Line : +603 7890 4700

Email : bsr.helpdesk@boardroomlimited.com

#### HOW TO GET TO TNB HQ

##### By Train



Take the Light Rail Transit (LRT) to Abdullah Hukum Station;

Or

- Take the KL Monorail Line to KL Sentral and thereafter change to LRT to Abdullah Hukum Station;
- Take the Mass Rapid Transit (MRT) Sungai Buloh-Kajang Line to Pasar Seni Station and thereafter change to LRT to Abdullah Hukum Station;
- Shareholders will need to use the Pedestrian Pedestal at Abdullah Hukum LRT to enter TNB HQ via Gate C or Gate D where the Shuttle Service will be readily available.

##### By Bus



Take the Rapid KL Bus No. 751, 772, 780, 782 and 821 from Pasar Seni, KL Sentral to Abdullah Hukum;

- Shareholders will need to use the Pedestrian Pedestal at Abdullah Hukum LRT to enter TNB HQ via Gate C or Gate D where the Shuttle Service will be readily available.

##### By Car, Grab or Taxi



Shareholders/Proxies may use Gate A or Gate D to enter TNB HQ:

- Gate A of TNB HQ is opposite Selangor Water Supply Company (Air Selangor) and also near Pantai Medical Centre;
- Gate D of TNB HQ is opposite LRT Abdullah Hukum Station. You may take Jalan Bangsar to enter Gate D;
- Catch a Taxi/Grab from anywhere in Kuala Lumpur or Selangor and request for a drop-off at Pusat Konvensyen Leo Moggie, TNB Platinum (Meeting Venue);
- Taxis or Airport Limos are also available from Kuala Lumpur International Airport (KLIA) to the Meeting Venue and the drive takes approximately one (1) hour;
- Accessible Expressways/Highways and major roads that conveniently direct shareholders/proxies to TNB HQ are as follows:
  - Federal Highway,
  - New Pantai Expressway (NPE),
  - Kerinci Link/SPRINT Highway,
  - Jalan Bangsar,
  - Jalan Bukit Pantai, or
  - Jalan Pantai Baru;
- Alternatively, kindly use the GPS or Waze navigation to get to the Meeting Venue.

# PROXY FORM

## 36<sup>TH</sup> 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<br>1                                        | NRIC No./Passport No.: |               |                | or failing him/her |
|                                                   | Telephone No.:         |               |                |                    |
|                                                   | Email Address:         |               |                |                    |
|                                                   |                        |               |                |                    |
| Proxy<br>2                                        | NRIC No./Passport No.: |               |                | or failing him/her |
|                                                   | 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 **36<sup>TH</sup> ANNUAL GENERAL MEETING (36<sup>th</sup> AGM)** of **TENAGA NASIONAL BERHAD (TNB or the Company)** to be held at Pusat Konvensyen Leo Moggie, TNB Platinum, No. 3, Jalan Bukit Pantai, Bangsar, 59100 Kuala Lumpur, Malaysia (Meeting Venue) and will be broadcasted live from the Meeting Venue on **THURSDAY, 21 MAY 2026 at 10.00 a.m.**, and/or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

| NO.                                                                                                                                                           | RESOLUTIONS                                                                                                                                                                                                                                                                                         | FOR                                                                                                                                                                                                                             | AGAINST |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| <b>ORDINARY BUSINESS</b>                                                                                                                                      |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                 |         |
| Re-election of the following Directors who retire in accordance with Clause 64(1) of the Company's Constitution:                                              |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                 |         |
| 1.                                                                                                                                                            | Tan Sri Abdul Razak bin Abdul Majid                                                                                                                                                                                                                                                                 | <b>ORDINARY RESOLUTION 1</b>                                                                                                                                                                                                    |         |
| 2.                                                                                                                                                            | Muazzam bin Mohamad                                                                                                                                                                                                                                                                                 | <b>ORDINARY RESOLUTION 2</b>                                                                                                                                                                                                    |         |
| 3.                                                                                                                                                            | Ong Ai Lin                                                                                                                                                                                                                                                                                          | <b>ORDINARY RESOLUTION 3</b>                                                                                                                                                                                                    |         |
| Re-election of the following Director who retires in accordance with Clause 63(2) of the Company's Constitution:                                              |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                 |         |
| 4.                                                                                                                                                            | Datuk Ir. Ts. Shamsul bin Ahmad                                                                                                                                                                                                                                                                     | <b>ORDINARY RESOLUTION 4</b>                                                                                                                                                                                                    |         |
| Approval for payment of the following Non-Executive Directors' fees from the 36 <sup>th</sup> AGM until the next Annual General Meeting (AGM) of the Company: |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                 |         |
| 5.                                                                                                                                                            | (i) Director's fee of RM32,000.00 per month to Tan Sri Abdul Razak bin Abdul Majid, Non-Executive Chairman<br>(ii) Director's fees of RM7,000.00 and RM5,000.00 per month for TNB Subsidiaries Category II and III respectively to Tan Sri Abdul Razak bin Abdul Majid, Non-Executive Chairman      | <b>ORDINARY RESOLUTION 5</b>                                                                                                                                                                                                    |         |
| 6.                                                                                                                                                            | (iii) Director's fee of RM20,000.00 per month for the following Non-Executive Directors:<br>a. Rohaya binti Mohammad Yusof<br>b. Muazzam bin Mohamad<br>c. Ong Ai Lin<br>d. Gopala Krishnan K.Sundaram<br>e. Dato' Merina binti Abu Tahir<br>f. Dato' Zulkifli bin Ibrahim<br>g. Alan Hamzah Sendut | <b>ORDINARY RESOLUTION 6</b><br><b>ORDINARY RESOLUTION 7</b><br><b>ORDINARY RESOLUTION 8</b><br><b>ORDINARY RESOLUTION 9</b><br><b>ORDINARY RESOLUTION 10</b><br><b>ORDINARY RESOLUTION 11</b><br><b>ORDINARY RESOLUTION 12</b> |         |
| 7.                                                                                                                                                            | Approval for payment of benefits payable to the Non-Executive Directors (excluding Non-Executive Directors' fees) from the 36 <sup>th</sup> AGM until the next AGM of the Company                                                                                                                   | <b>ORDINARY RESOLUTION 13</b>                                                                                                                                                                                                   |         |
| 8.                                                                                                                                                            | Re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration                                                                                                                                                             | <b>ORDINARY RESOLUTION 14</b>                                                                                                                                                                                                   |         |

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 \_\_\_\_\_, 2026

\_\_\_\_\_  
Signature(s) or Common Seal of Member(s)

**NOTES:**

1. A member 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 13 May 2026 shall be entitled to attend the Meeting or appoint proxy(ies) to attend and/or vote on their behalf.
3. The appointment of proxy/proxies must be submitted not less than 48 hours before the time appointed for the taking of the poll or **no later than Tuesday, 19 May 2026 at 12.00 p.m.:**
  - (a) Electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>;
  - (b) Via email at [bsr.proxy@boardroomlimited.com](mailto:bsr.proxy@boardroomlimited.com); or
  - (c) In hard copy form. The hard copy of Proxy Form must be deposited at the office of Boardroom Share Registrars Sdn. Bhd. at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
4. The Proxy Form, together with the Administrative Details of the 36<sup>th</sup> AGM outlining the applicable procedures, is accessible on the Company's website at [www.tnb.com.my](http://www.tnb.com.my).
5. 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.
6. 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.
7. 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.
8. 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.
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

**BOARDROOM SHARE REGISTRARS SDN. BHD.**

11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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**TENAGA NASIONAL BERHAD**

199001009294 (200866-W)

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[www.tnb.com.my](http://www.tnb.com.my)

