



TNB SUSTAINABILITY STATEMENT 2025



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.

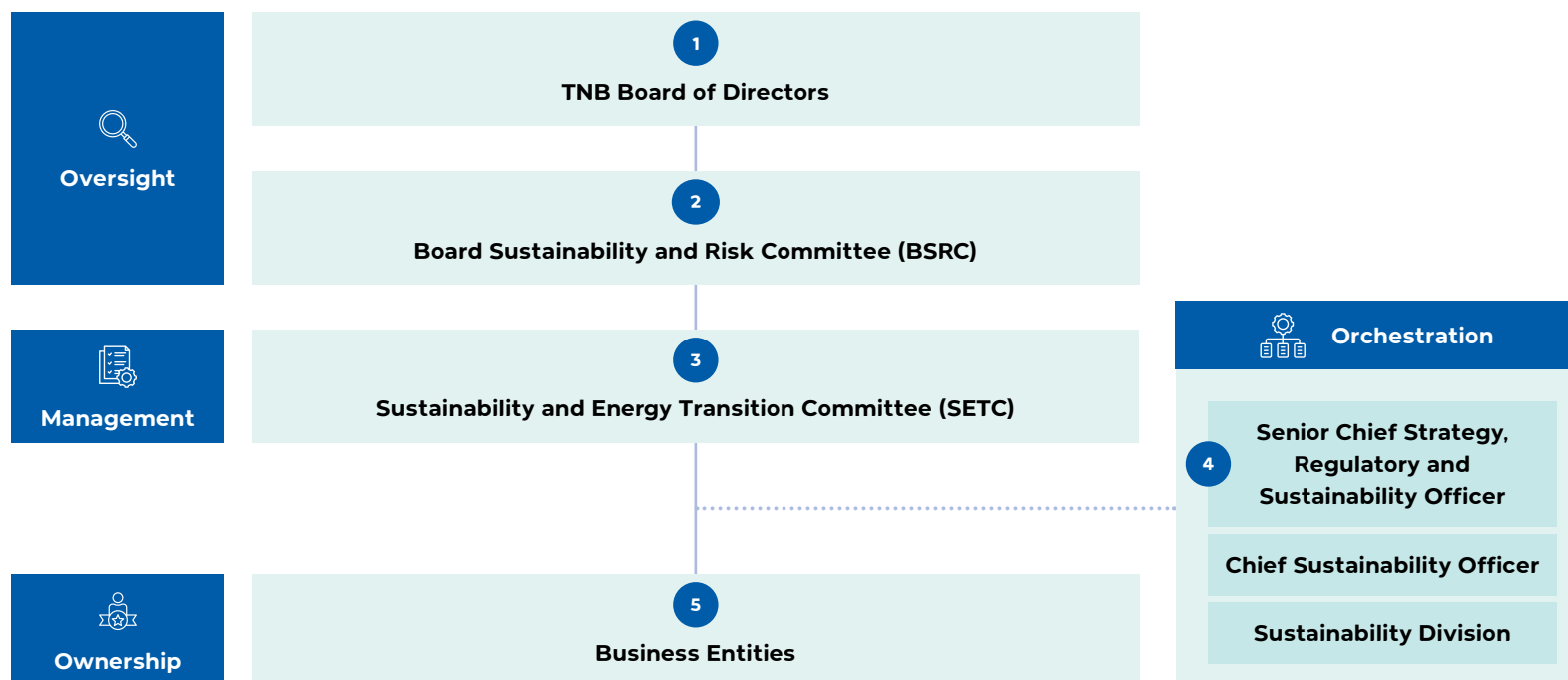
Judgement and assumptions were also applied in considering the metrics within disclosure topics in reference to SASB, including GHG quantification methodologies, identification and quantification of sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs)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

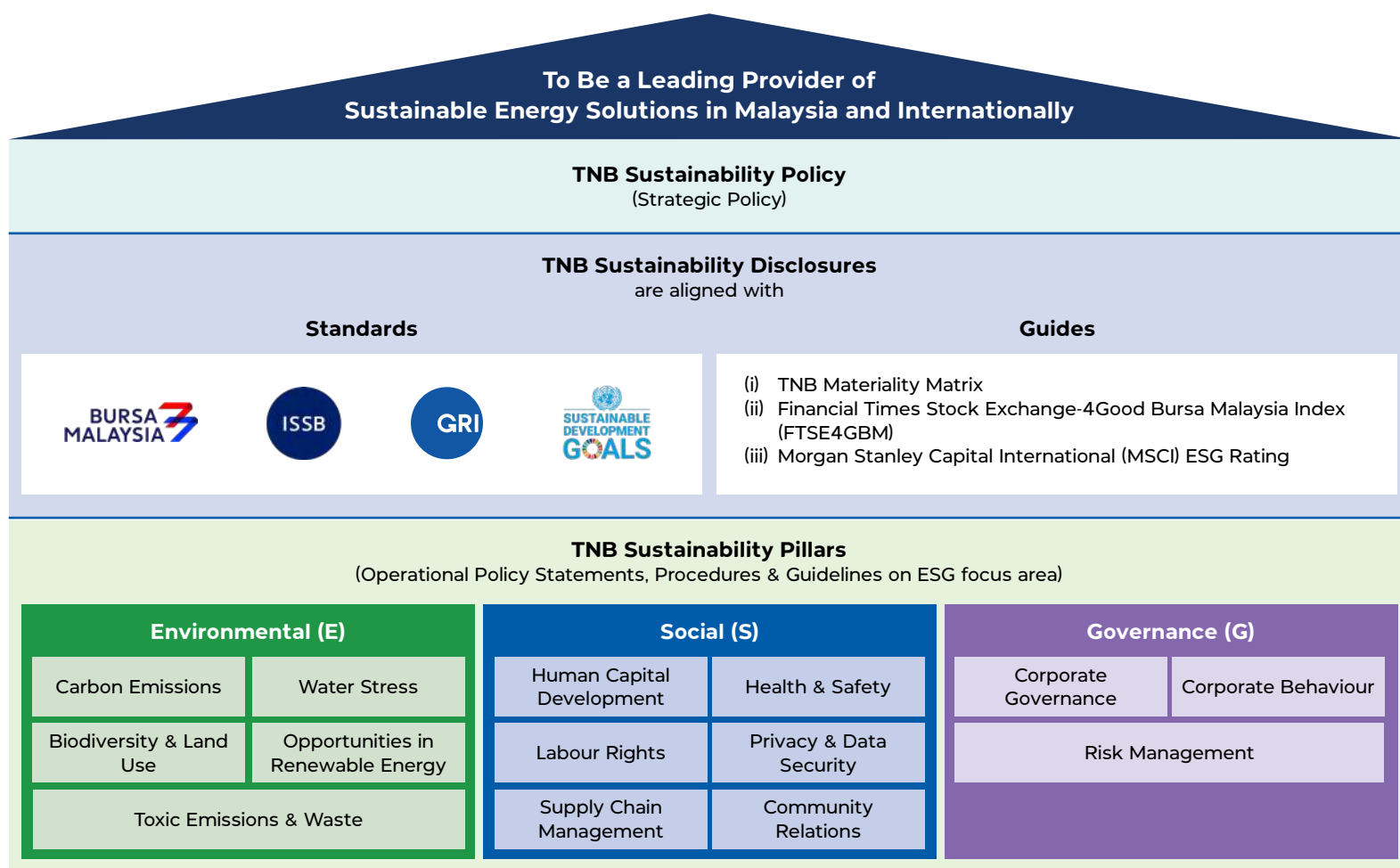
TNB Chief Sustainability Officer leads the Sustainability Division as a strategic partner to TNB Business entities in driving positive sustainability impact and unlocking opportunities to achieve the Group's aspirations. The division executes this mandate through four (4) key pillars: strengthening sustainability 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.



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

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.

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: **29,298**

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

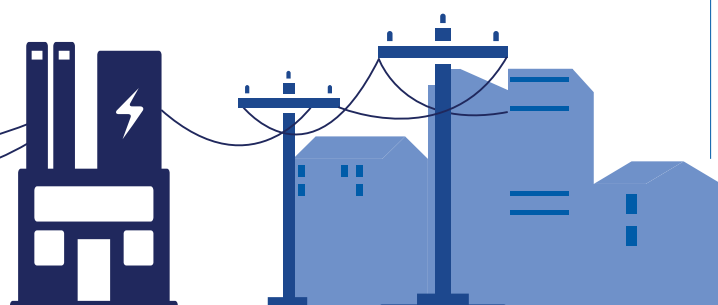
Procurement of energy from Independent Power Producers

Malaysia, UK,
Ireland, Australia,
Türkiye and
Saudi ArabiaTotal Installed
RE Capacity:
4,681 MWTotal Number of
Power Plants:
217 units

Malaysia

Total Length of
Transmission
Network:
29,744 kmSmart Meters
Deployed:
>5.6 million
as at
31 December
2025

Malaysia

Number of
Customers:
11.39 millionTotal Energy
Units Sold in
Malaysia:
140,137.6 GWh

Relations with End Users

OUTPUTS & 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 tCO₂e/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 tCO₂e/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 & 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 & 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 & 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) IFRS S2.10(a)	IFRS S1.30(b) IFRS S2.10(b)	IFRS S1.32(b) IFRS S2.13 (b)	IFRS S1.29(d), 35(d) 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)
IFRS S2.10(a)

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

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

IFRS S1.29(d), 35(d)
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:

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



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	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. 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. 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.				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. 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. 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. Collectively, these challenges may delay project delivery, increase development costs and impede RE capacity growth.			
Impact on Business Model & Value Chain	- Strengthens TNB's low-carbon portfolio and value chain resilience through diversified RE assets and reduced fuel dependence. - Enhances local supply chain participation and supports Malaysia's energy transition ecosystem.				- Impedes TNB's RE growth target and energy transition progress to achieve the Net Zero aspiration by 2050. - Impedes the transition from fossil fuel generation sources to clean energy.			
Effect on Strategy & Decision Making	- Guides capital allocation to accelerate RE growth and grid readiness. - Is heavily integrated into TNB's RT 2.0 strategy via Pillar No. 1: Deliver Clean Generation. - Promotes strategic partnerships and land optimisation to unlock large-scale domestic and regional RE opportunities.				- Prioritises early site acquisition and diversifies RE project locations to reduce development delays and minimise exposure to land and water constraints. - 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.			
Effect on Financial Performance, Position & Cash Flow	Improves RE revenue streams.				Delays revenue realisation from new domestic and international RE investments.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Revenue RM2.2 bil	Revenue <RM4 bil	Revenue RM4 bil – RM10 bil	Revenue >RM 10 bil	–	Unrealised Revenue <RM50 mil	Unrealised Revenue RM50 mil – RM450 mil	Unrealised Revenue >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	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. 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. 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.				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. 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. 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.			
Impact on Business Model & Value Chain	• Strengthens system reliability and operational resilience by enabling the grid to manage higher variability and intermittency from VRE sources. • Enhances integration across generation, grid and customer segments through AI-driven optimisation, energy storage, fast-ramping assets and demand-side participation.				• Impede TNB's RE growth target and energy transition progress to achieve the Net Zero aspiration by 2050. • Increased reliance on thermal power plants to maintain grid reliability and system stability.			
Effect on Strategy & Decision Making	• 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). • Supports long-term planning for flexible system operations to minimise curtailment, optimise dispatch and maintain affordability under higher VRE penetration.				• Allocate capital for grid modernisation with advanced automation, real-time monitoring and self-healing technologies. • Deploy systems such as WAMS and ADMS for real-time optimisation of transmission and distribution power flows.			
Effect on Financial Performance, Position & Cash Flow	• Reduces long-term system costs by minimising curtailment losses, improving asset utilisation and deferring expensive reinforcement investments. • Strengthens revenue sustainability by improving network performance and enabling future flexibility services and RE-related value pools.				• Revenue shortfall from potential RE curtailment due to grid system limitations in accommodating high RE penetration.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	CAPEX RM1.4 bil – RM1.9 bil	CAPEX <RM5 bil	CAPEX <RM5 bil	CAPEX <RM5 bil	–	–	Unrealised Revenue <RM50 mil	Unrealised Revenue <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			
Description	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. 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.				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. 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.			
Impact on Business Model & Value Chain	- Expands TNB's value chain beyond domestic operations by enabling cross-border power exchange, unlocking new regulated and non-regulated revenue pools. - Enhances system flexibility to balance variable RE through diversified regional supply sources, strengthening long-term grid resilience.				Cross-border energy trading uncertainty may affect TNB's regional market position.			
Effect on Strategy & Decision Making	- Guides long-term investment prioritisation in interconnection assets and wheeling infrastructure under RT 2.0 and Malaysia's regional energy ambitions. - Strengthens regional collaboration and scenario-based planning to optimise trading arrangements and ensure commercially viable cross-border models.				- Continuous engagement with regional stakeholders to co-develop commercially attractive cross-border models. - Apply scenario-based investment evaluations to manage market uncertainties and mitigate revenue risks.			
Effect on Financial Performance, Position & Cash Flow	- Creates medium- to long-term earnings uplift from wheeling charges and energy trading margins as interconnection capacity is optimised. - Supports diversified revenue streams and improved system efficiency from regional RE integration.				Unrealised revenue from energy trading due to weaker-than-expected regional electricity demand.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Revenue RM45.9 mil	Revenue <RM50 mil	Assessment is ongoing	Assessment is ongoing	–	Unrealised revenue <RM5 mil	Assessment is ongoing	Assessment 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.

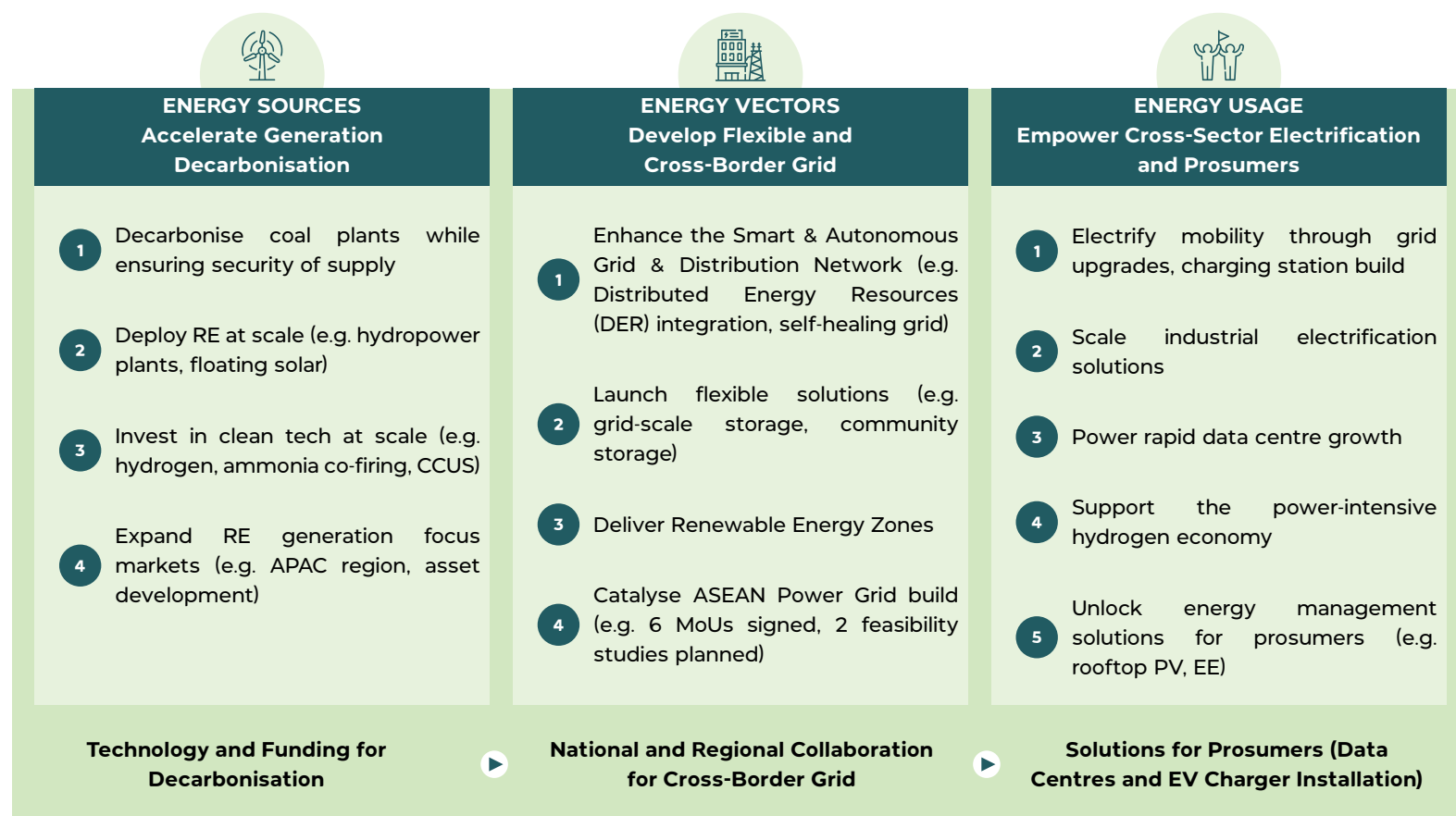
At the management level, the Group Executive Management Committee (GEMC) actively steers strategic alignment and makes decisive interventions on major initiatives that impact grid readiness.

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

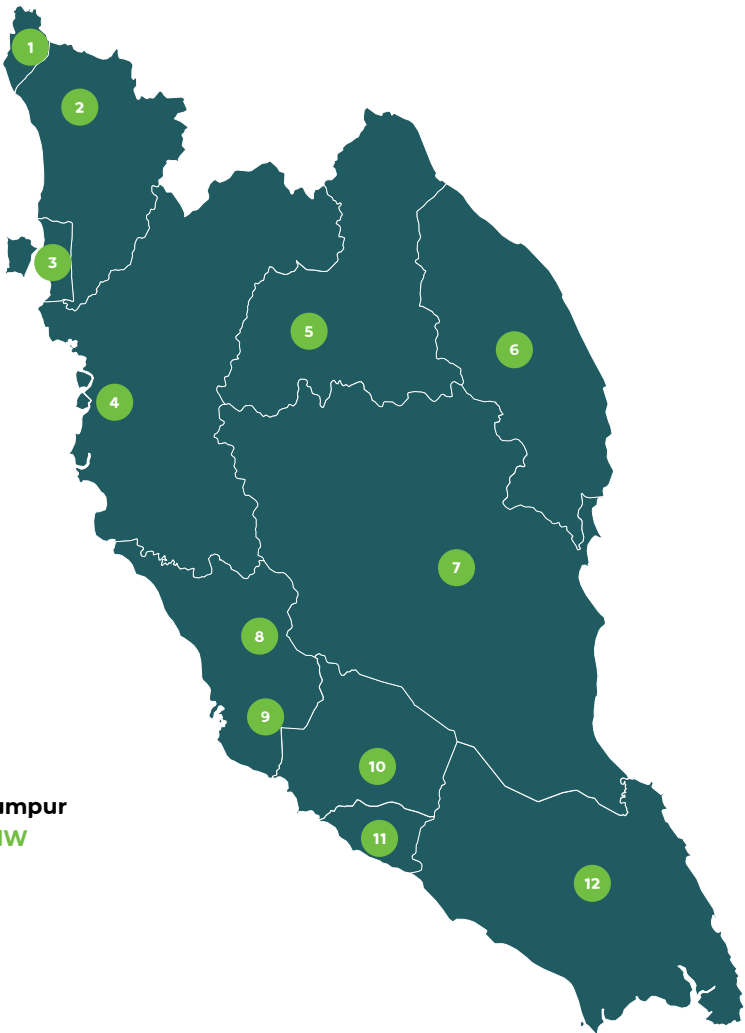
At the distribution level, TNB currently hosts about 7.3 GW of RE. Technologies such as the digital management systems, voltage-regulation tools and advanced analytics help manage higher solar penetration and avoid localised constraints. These capabilities improve network readiness for rooftop and commercial 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
5 PCCs – 45 MW | 7 Pahang
47 PCCs – 274 MW |
| 2 Kedah
37 PCCs – 285 MW | 8 Selangor & Kuala Lumpur
358 PCCs – 3,548 MW |
| 3 Pulau Pinang
34 PCCs – 701 MW | 9 Putrajaya
20 PCCs – 60 MW |
| 4 Perak
58 PCCs – 431 MW | 10 Negeri Sembilan
42 PCCs – 264 MW |
| 5 Kelantan
15 PCCs – 123 MW | 11 Melaka
36 PCCs – 208 MW |
| 6 Terengganu
23 PCCs – 132 MW | 12 Johor
126 PCCs – 1,175 MW |

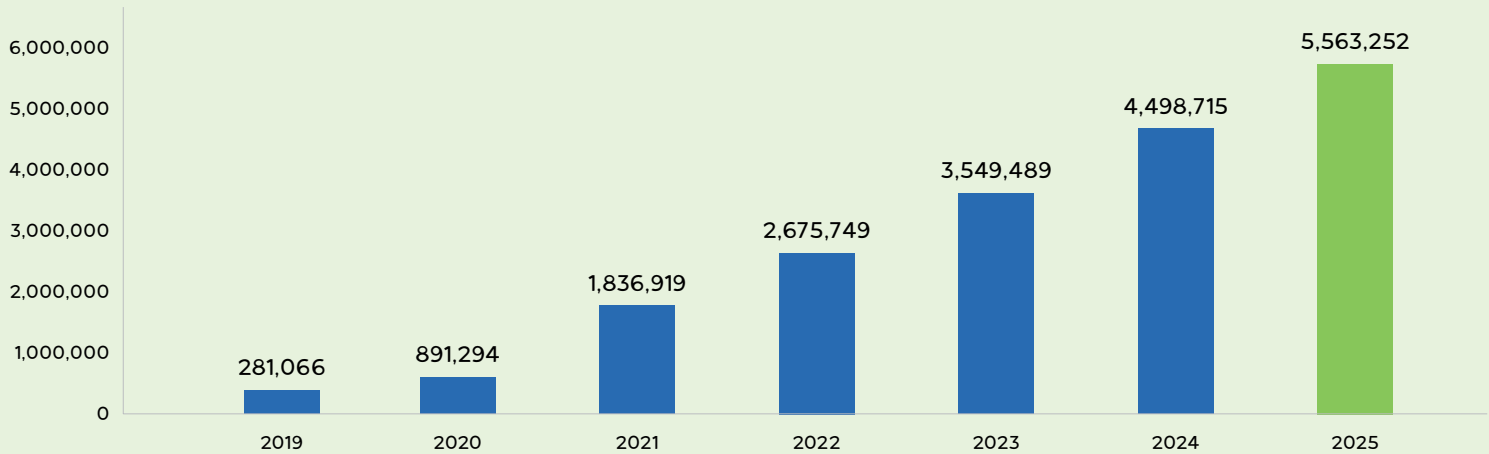
ENERGY TRANSITION AND GRID RESILIENCY

2 BUILDING A SMART AND AUTONOMOUS GRID

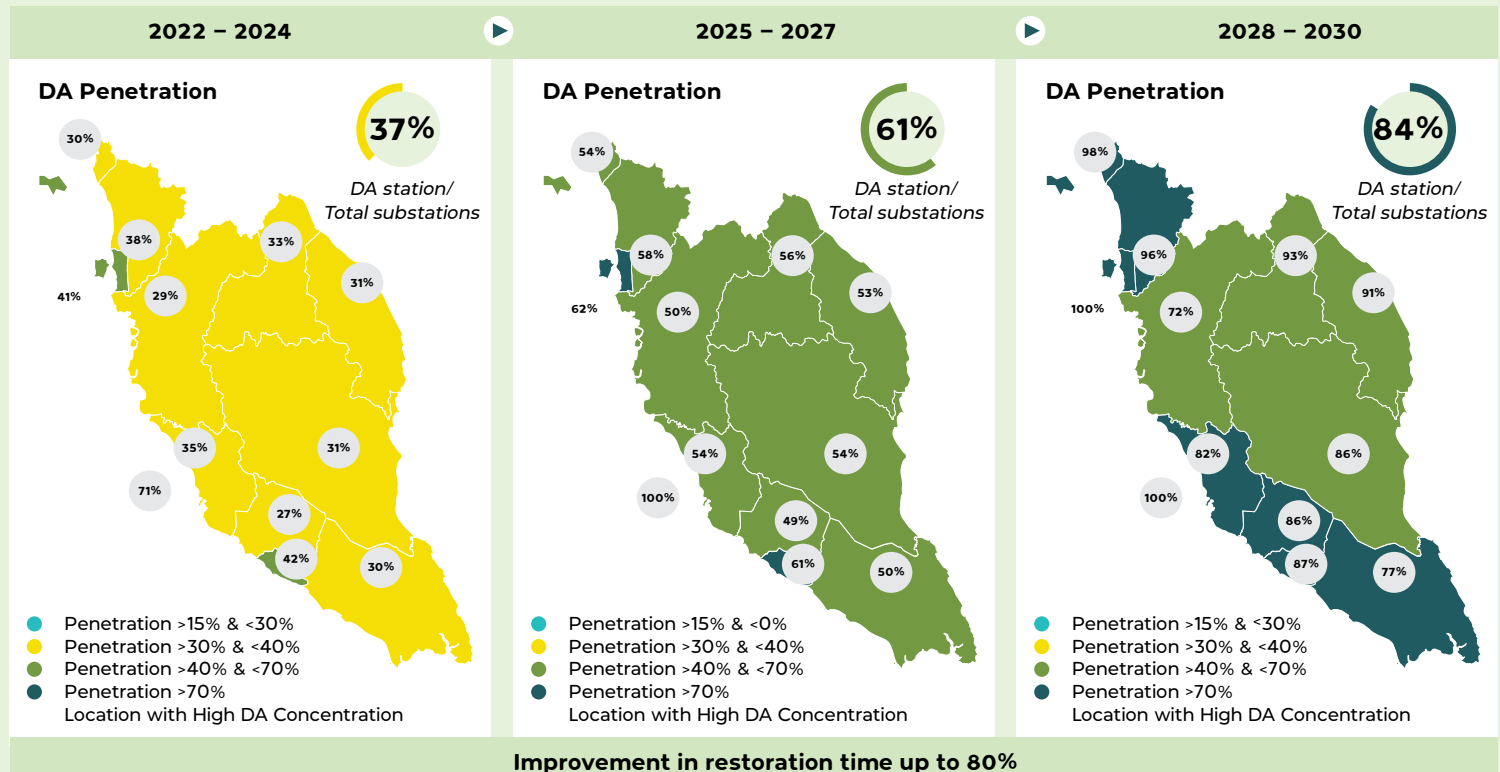
TNB is modernising its grid operations by deploying digital technologies that enhance real-time visibility, accelerate operational decisions and strengthen network safety. Key initiatives include automation at substations, advanced distribution management systems in control centres and the installation 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

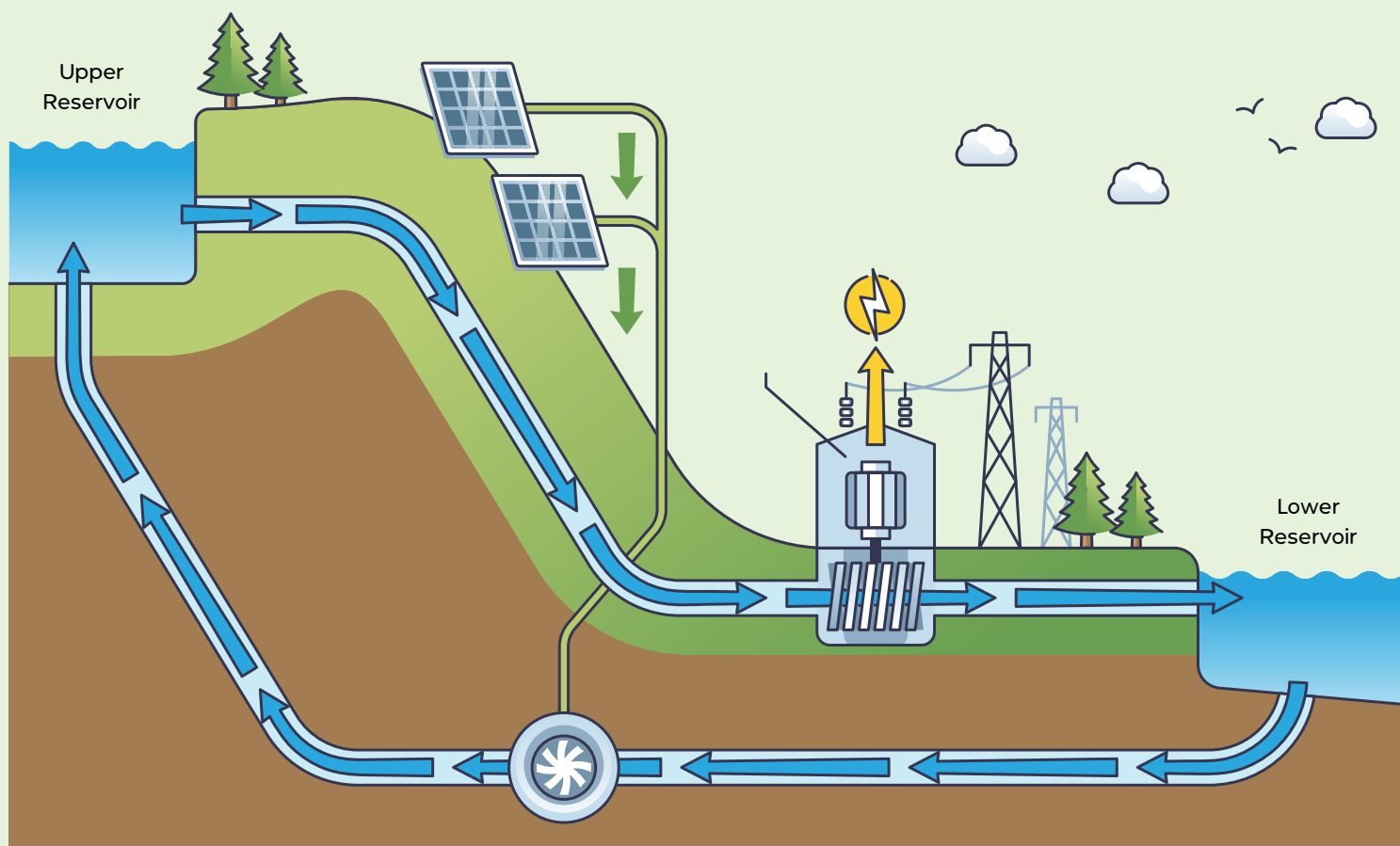
As RE grows, the grid must be able to absorb greater variability while maintaining stability. Thus, it is important to deploy flexible solutions to support a high RE penetration system. TNB is developing system-flexibility solutions that support system stability and power quality through the Battery 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/ GRI	Metric	Units	FY2023	FY2024	FY2025	Target FY2025	Future Target	Remarks
END-USE EFFICIENCY AND DEMAND								
IF-EU-420a.2	Percentage of electric load served by smart grid technology	%	-	40.20	52.20	-	-	
GRID RESILIENCY								
Average Power Outage Duration (TNB)								
IF-EU-550a.2	System Average Interruption Duration Index (SAIDI)	Minutes/ Customers/ Year	46.10	47.88	46.93	≤47	≤47	
G4 - EU29	System Average Interruption Frequency Index (SAIFI)	Minutes/ Customers/ Year	0.80	0.96	0.95	-	-	
	Customer Average Interruption Duration Index (CAIDI)	Minutes/ Customers/ Year	57.40	50.13	49.61	≤60	≤60	
Average Power Outage Duration (SE)								
IF-EU-550a.2	System Average Interruption Duration Index (SAIDI)	Minutes/ Customers/ Year	266.37	203.65	187.13	≤220	≤220	
G4 - EU29	System Average Interruption Frequency Index (SAIFI)	Minutes/ Customers/ Year	12.61	10.79	9.88	-	-	
	Customer Average Interruption Duration Index (CAIDI)	Minutes/ Customers/ Year	21.12	18.87	18.94	-	-	
Incidents of Non-Compliance With Electricity Infrastructure Regulations and Standards								
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	-	-	
Operation Impacted by Disruption (TNB)								
IF-EU-550a.2	Total generation and transmission capacity impacted by disruption	MW	-	-	892	-	-	
	Total population affected by disruption	Number	-	-	367,462	-	-	
Operation Impacted by Disruption (SE)								
IF-EU-550a.2	Total generation and transmission capacity impacted by disruption	MW	-	-	657	-	-	
	Total population affected by disruption	Number	-	-	215,180	-	-	
TRANSMISSION AND DISTRIBUTION LINES								
Length of Above and Underground Transmission and Distribution Lines by Regulatory Regime (TNB)								
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	-	-	
Length of Above and Underground Transmission and Distribution Lines by Regulatory Regime (SE)								
IF-EU-000.C	Transmission	Circuit-km	3,161	3,147	3,150	-	-	
	Distribution	Circuit-km	27,668	29,265 ¹	27,252	-	-	Reduction is due to cable replacements and upgrades
G4 - EU4	Total wholesale electricity purchased	GWh	-	-	6,518	-	-	
ENERGY TRANSITION AND INNOVATION								
Installations of RE and Infrastructure Associated With Smart Grid Technology								
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)	-	

¹ 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.

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GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

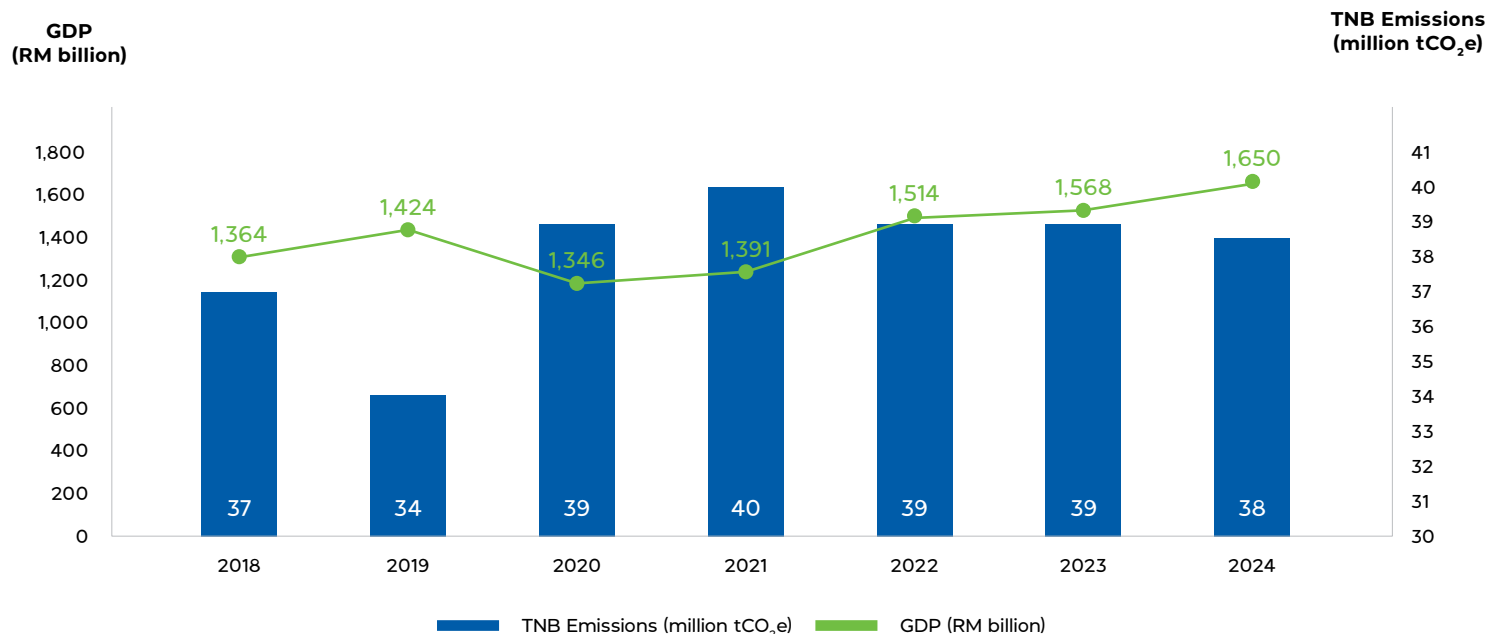


WHY IS IT IMPORTANT?

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	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. 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. 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.				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. 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. 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.			
Impact on Business Model & Value Chain	- Reduces portfolio-level operational risk exposure through natural retirement of thermal assets. - Lowers portfolio-weighted insurance premium through generation mix transition.				- Impede energy transition progress and GHG emissions reduction targets to achieve Net Zero by 2050. - Impede the transition of brown energy (fossil fuels) to clean energy.			
Effect on Strategy & Decision Making	- Prioritises generation mix transition that improves structural risk profile and long-term cost efficiency. - Incorporates portfolio-weighted insurance cost implications into capacity planning and asset retirement sequencing.				- Advance pilot projects for emerging technologies and build strategic Research and Development (R&D) collaborations to evaluate technical feasibility and maturity. - Implement phased adoption strategies to manage cost uncertainties and reduce technology-integration risks.			
Effect on Financial Performance, Position & Cash Flow	Net savings from insurance premiums arise from natural retirement of thermal assets and expansion of lower-risk renewable capacity.				Higher operational costs arising from additional emissions charges as a result of delayed energy transition projects.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	–	–	Cost Avoidance RM50 mil – RM450 mil	Cost Avoidance RM50 mil – RM450 mil	–	Cost Increase <RM50 mil	Cost Increase RM50 mil – RM450 mil	Cost Increase RM50 mil – 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	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. 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. 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.				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. 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. 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.			
Impact on Business Model & Value Chain	- Enhances system flexibility and strengthens TNB's ability to balance VRE through reliable gas-fired generation. - Reinforces energy supply security and operational resilience by maintaining dependable dispatchable capacity during the transition period.				- Impede energy transition progress and GHG emissions reduction targets to achieve Net Zero by 2050. - Impede the transition of brown energy (fossil fuel) to clean energy.			
Effect on Strategy & Decision Making	- Guides strategic investments in regasification capacity, liquefied natural gas (LNG) import infrastructure and hydrogen-ready gas plants to ensure fuel availability and operational efficiency. - Supports long-term transition planning by optimising gas dispatch, extending asset life and preparing for future low-carbon co-firing pathways.				- Invest in regasification facilities, LNG import infrastructure, and optimise gas plant dispatch during periods of high availability. - Strengthen efficiency initiatives for thermal plants and explore hydrogen co-firing to enhance fuel flexibility and reduce reliance on natural gas.			
Effect on Financial Performance, Position & Cash Flow	- Stabilises earnings by reducing reliance on volatile global coal markets and enabling more efficient system operations. - 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.				Higher operating costs resulting from reduced power plant efficiency due to non-optimal operations during periods of limited gas supply.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Revenue RM6.3 bil	Revenue RM5 bil – RM10 bil	Revenue >RM10 bil	Revenue >RM10 bil	–	Cost Increase <RM50 mil	Cost Increase <RM50 mil	Cost Increase <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.

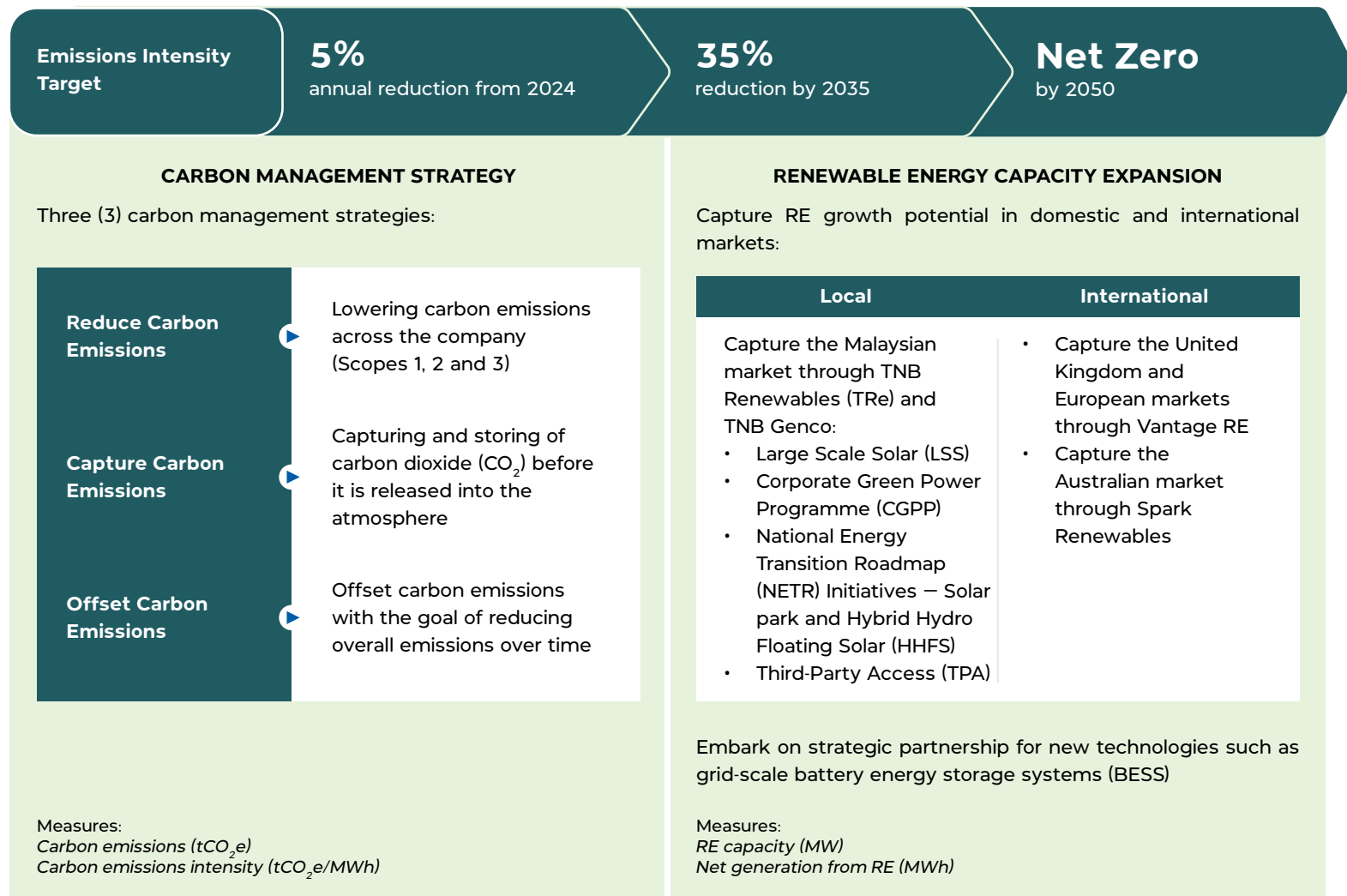
The Investment Executive Committee (IEC) evaluates renewable energy and decarbonisation project proposals to ensure alignment with TNB's strategic priorities, financial requirements and energy transition objectives. Following deliberation, the IEC or the relevant higher-level committees will grant approval 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
TNBJ U1	• Improve make-up water consumption via valves replacements	6%
TNBJ U4	• Repair the passing High Pressure (HP) Heater and Pressure Relief (PR) valve • Optimise the Flue Gas Desulphurisation (FGD) system • Prioritise higher Calorific Value (CV) coal for new contracts	1%
TNBJ U5	• Improve condenser backpressure by repairing air-ingress leakage and cleaning the condenser tube • Improve make-up water by repairing the passing isolation valve and upgrading to zero-leakage valve type	2%
JEP 1	• U1 Major Outage (HP Heater replacement)	7%
JEP 2	• 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 CO₂e 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 a 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.

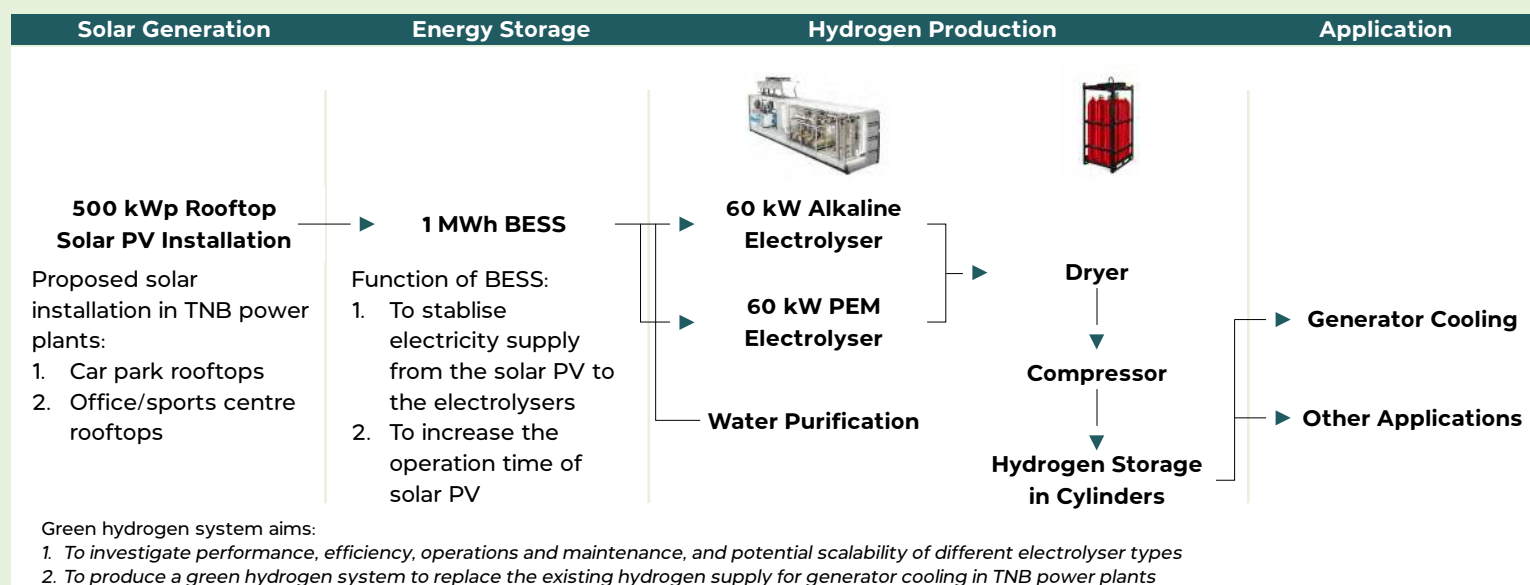
TNB is also exploring low-carbon fuel co-firing such as hydrogen, ammonia and biomass, which are key to TNB's Carbon Management Strategy to annually reduce our emissions intensity towards achieving net zero by 2050, after successfully co-firing up to 60% of ammonia at lab-scale in 2022 and 1% biomass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



GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

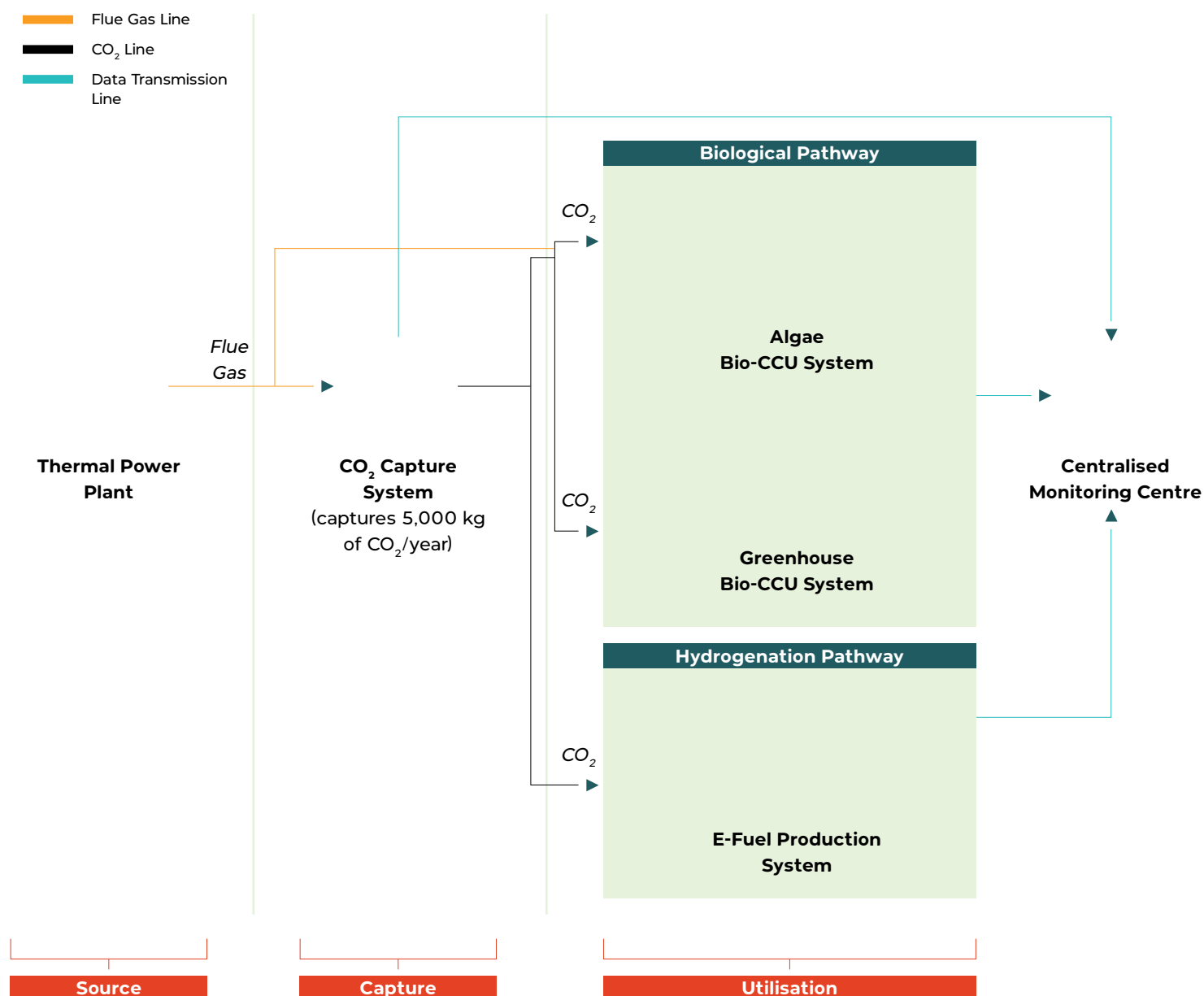
CARBON MANAGEMENT STRATEGY: CAPTURE

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 CO₂. CO₂ utilisation explores biological and hydrogenation pathways to convert captured CO₂ 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 CO₂ 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.

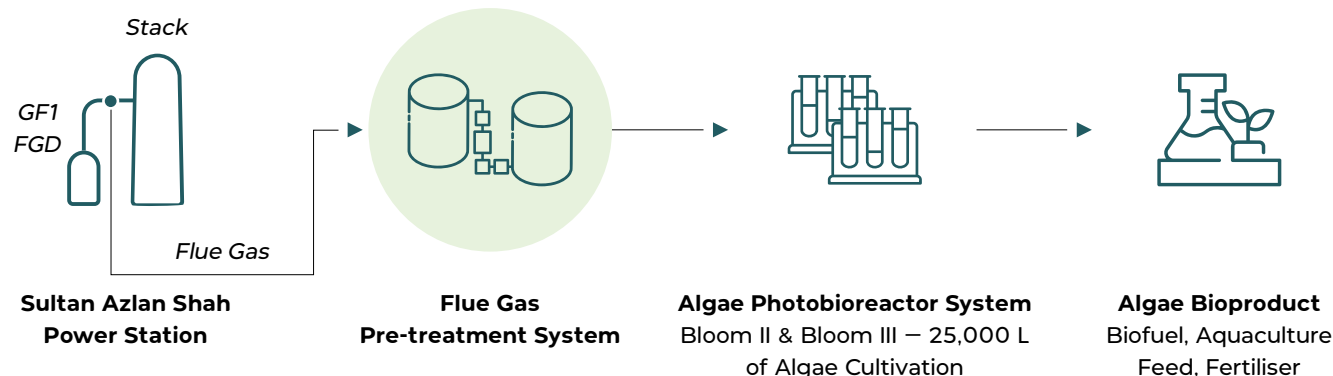
The captured CO₂ will be repurposed for multiple applications, including e-fuel (methane/methanol) production, microalgae cultivation and supporting the High Growth, High Value (HGHV) agriculture sector. The captured CO₂ is supplied to the agriculture sector to enhance dragon fruit cultivation, the inspiration 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 CO₂ 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 CO₂ 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 CO₂ 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 tCO₂e 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 (SF₆) as an insulating medium in high-voltage switchgear and gas-insulated substations within its transmission and distribution infrastructure. However, SF₆ is a GHG with a GWP approximately 23,500 times higher than CO₂. Recognising this, we have implemented measures to reduce our fugitive emissions, with a focus on recycling and reconditioning SF₆ gas.

In 2025, we successfully recycled 8,211 kg of SF₆ gas, which contributed to 192,956 tCO₂e 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 tCO₂e 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 tCO₂e 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 tCO₂e 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 CO₂ 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 tCO₂e 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 tCO₂e 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ 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 tCO₂e 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ 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	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 tCO₂e in Scope 2 emissions and RM4,515.2 in cost savings.
Our Flagship Green Building: TNB Platinum Campus	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. 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. 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.

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 (CO₂), methane (CH₄), nitrous oxide (N₂O), sulphur hexafluoride (SF₆) 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 & 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)
Target	5% Annual Reduction of Scope 1 Emissions Intensity	35% Reduction of Scope 1 Emissions Intensity	Net Zero Emissions
Base Year	2024	2020	
Base Year Emissions Intensity	0.5571 tCO ₂ e/MWh	0.57 tCO ₂ 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

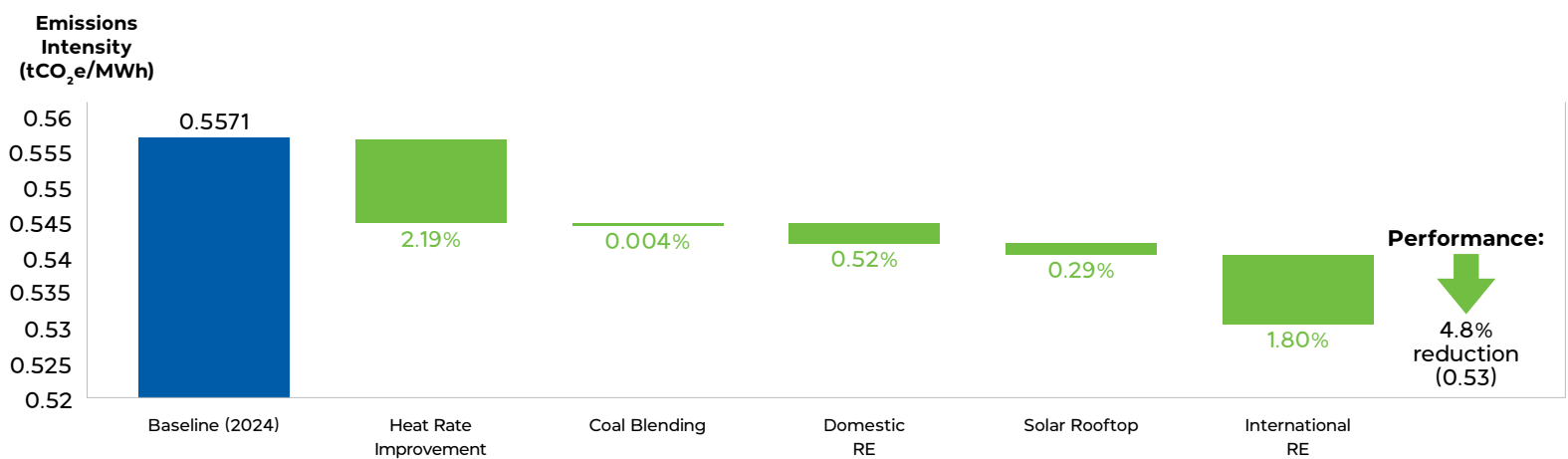
GREENHOUSE GAS EMISSIONS AND ENERGY RESOURCE PLANNING

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 tCO₂e/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 tCO₂e/MWh.

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

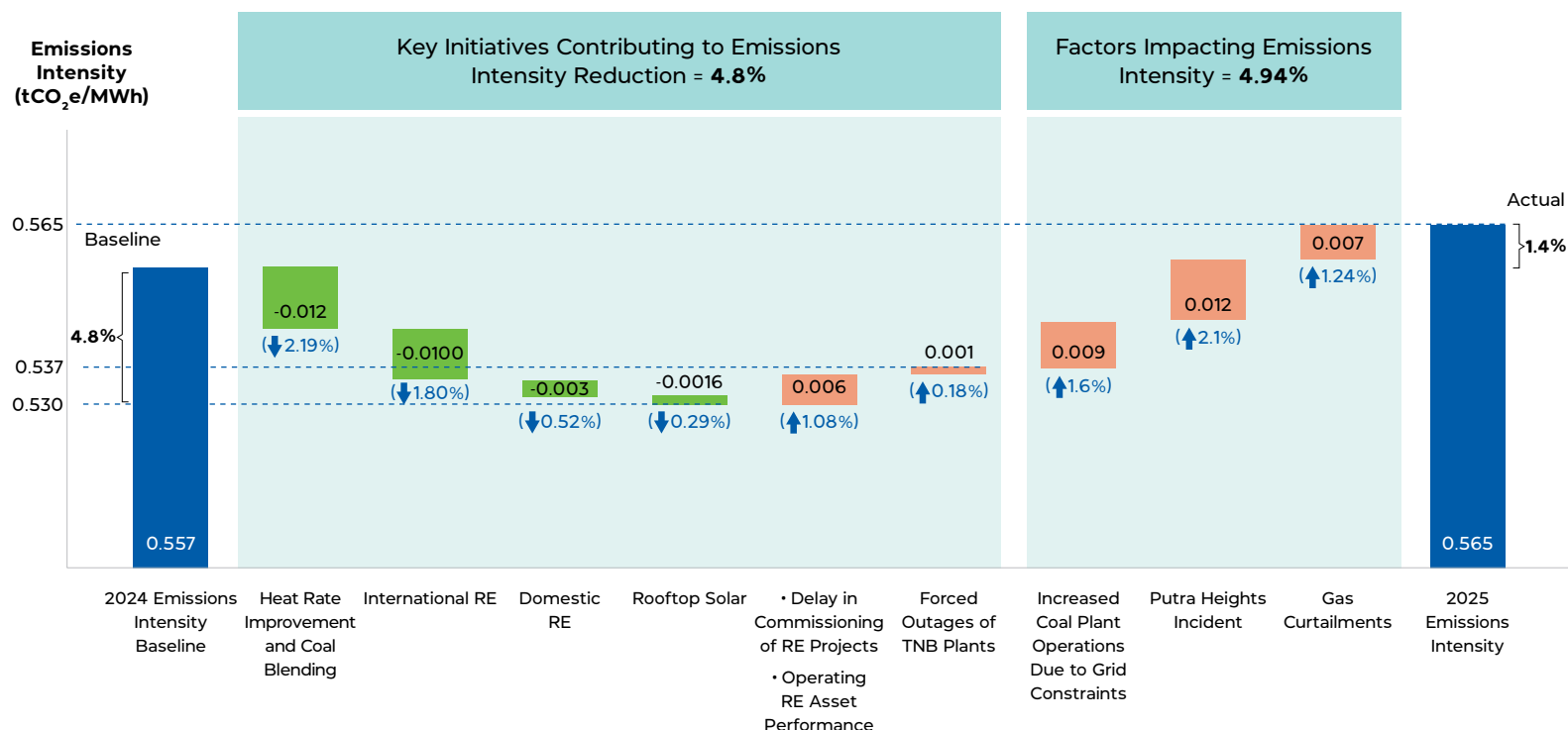


Despite these efforts, actual emissions intensity increased by 1.4% from the 2025 baseline to 0.565 tCO₂e/MWh, primarily due to external system constraints beyond operational control. A key factor was the Putra Heights gas pipeline fire incident in the second quarter of 2025, which disrupted the gas 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 CO₂ 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 tCO₂e/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 tCO₂e/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
GHG EMISSIONS								
Direct (Scope 1) GHG Emissions								
IF-EU-110a.1	Total direct GHG emissions (Scope 1)	Million tCO ₂ e	38.78 ¹	38.80 ¹	39.31 ²	-	-	
Bursa C11(a)	[Emissions Management]							
GRI 305-1								
Energy Indirect (Scope 2) GHG Emissions								
IF-EU-110a.2	Indirect (Scope 2) GHG emissions	Million tCO ₂ e	0.331	0.321 ¹	0.314	1% reduction annually	-	
Bursa C11(b)	[Emissions Management]							
GRI 305-2								
Other Indirect (Scope 3) GHG Emissions								
IF-EU-110a.2	Business travel	Million tCO ₂ e	0.037	0.035	0.056	1% reduction annually	-	
Bursa C11(c)	Employee commuting	Million tCO ₂ e	0.063	0.063	0.112	1% reduction annually	-	
	Total Scope 3 GHG emissions	Million tCO ₂ 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
GHG Emissions Intensity								
GRI 305-4	Scope 1	tCO ₂ e/MWh	0.547	0.557	0.537 ³	5% annual intensity reduction	5% annual intensity reduction	
Gross Global Scope 1 GHG Emissions⁴								
IF-EU-110a.1	CO ₂	Metric Tonnes	-	-	41,135,914.05	-	-	
	CH ₄	Metric Tonnes	-	-	437.23	-	-	
	N ₂ O	Metric Tonnes	-	-	819.65	-	-	
	HFCs	Metric Tonnes	-	-	1.17	-	-	
	SF ₆	Metric Tonnes	-	-	3.73	-	-	
Percentage of Emissions Covered Under Regulation								
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
GHG Emissions Associated With Power Deliveries⁵								
IF-EU-110a.2	GHG emissions associated with power deliveries	Million tCO ₂ e	-	-	98,679,238.61	-	-	
GENERATION PORTFOLIO								
Net Energy Output Broken Down by Primary Energy Source								
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	-	-	
ENERGY MANAGEMENT								
Energy Consumption Within the Organisation								
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		

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

² Excluding external factors that lead to absolute emissions of 41.36 million tCO₂e in FY2025.

³ Excluding external factors that lead to emissions intensity of 0.565 tCO₂e/MWh in FY2025.

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

⁵ 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	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. 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. 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.				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. 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.			
Impact on Business Model & Value Chain	- Strengthens asset reliability and lifespan across generation and grid operations by embedding climate-resilient design, prioritisation, and maintenance practices. - Reduces exposure to climate-related disruptions, ensuring continuity of power supply and supporting TNB's regulated and non-regulated value pools.				Major electricity supply disruptions may weaken TNB's reliability-based value proposition and customer experience.			
Effect on Strategy & Decision Making	- Guides integration of climate risk analytics into asset planning, investment sequencing, and long-term system design across RP4/RP5 and Energy Transition (ET) roadmaps. - Prioritises targeted resilience upgrades (including flood protection, cooling system reinforcement, and elevated substation design) to safeguard high-risk assets.				- Embed climate considerations into early-stage asset planning and design, supported by robust climate risk assessments. - Allocate sufficient capital for adaptation measures at high-risk sites and enhance proactive monitoring to minimise operational disruptions.			
Effect on Financial Performance, Position & Cash Flow	- Supports long-term value protection through avoided outage-related losses, reduced repair costs, and extended asset lifespans. - Enables stable, regulated returns by ensuring a reliable performance remains within allowed thresholds and minimising unplanned expenditure.				Higher operating costs resulting from damage recovery from the impact of climate hazards.			
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:

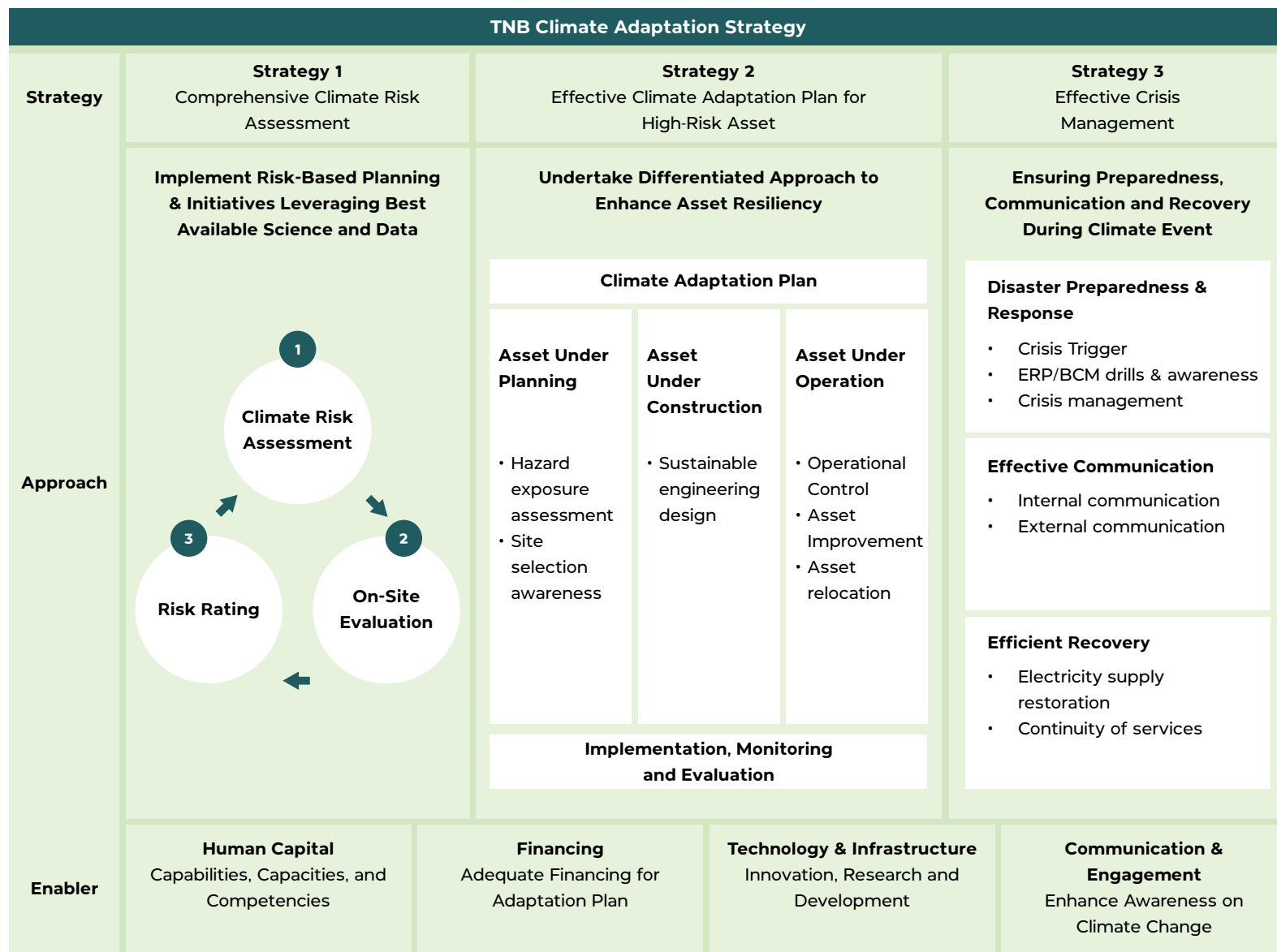
IFRS S2.10(a)(b), S2 13(b)

Type	Climate Hazard	Description	Geographical Boundary	Time Horizon That the Risk Is Expected to Occur
Acute Event-driven risks which are increasing in severity and frequency	Flood 	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 	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 	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
Chronic Risks arising from longer-term shifts in climatic patterns	Soil Movement 	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 	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
Flood 	- 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. - Develop and implement a flood response plan, including shutdown procedures, dam water release procedure followed by rapid response from the Emergency Response Team (ERT). - Secure adequate insurance coverage for flood-related damages.
Extreme Heat 	- 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. - Implement demand response programmes to manage peak load during extreme heat events. - Promote energy efficiency programmes to reduce overall demand during heat waves.
Extreme Wind 	- Strengthen Infrastructure, such as enhancing tower safety factor to withstand extreme wind and switch from electric poles to underground cable. - Incorporate wind speed assessment into the design of the solar panel's mounting structure. - Develop and regularly update emergency response plans for extreme wind events. - Implement vegetation management by removal of trees and branches potentially affecting power lines.
Soil Movement 	- 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. - Continuous assessment of the hydro power plant's dam and tunnel integrity leveraging Strong-Motion Accelerograph (SMA). - Compliance with Malaysia Dam Safety Management Guidelines (MyDAMS), which includes surveillance, monitoring, inspection and safety review throughout a dam's life cycle.
Coastal Inundation 	- Implement routine maintenance of corroded assets, which includes regular inspections, repairs, and upgrades of materials that are resistant to saltwater corrosion. - Incorporate the Highest Astronomical Tide (HAT) during the design of seawater intake and seawater discharge points of thermal power plants. - Incorporate IP54-Water Ingress Protection Rating standard into the design of equipment to minimise impact from seawater intrusion.

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
 Flood	- Substation (HV–High Voltage, MV–Medium Voltage, LV–Low Voltage) - Power plants (coal, gas, hydro) - Large Scale Solar (LSS) - Kedai Tenaga - Warehouses	0.56%	0.82%	7.86%	90.76%
 Extreme Heat	- Substation (HV, MV & LV) - Power plants (coal, gas) - Large Scale Solar (LSS) - Kedai Tenaga - Warehouse	0.27%	0.04%	62.47%	37.23%
 Extreme Wind	- Substation (HV, MV & LV) - Power plants (coal, gas) - Large Scale Solar (LSS) - Kedai Tenaga - Warehouse - HV overhead lines (OHL)	0.02%	0.00%	44.05%	55.93%
 Coastal Inundation	- Substation (HV, MV & LV) - Power plants (coal, gas, hydro) - Large Scale Solar (LSS) - Kedai Tenaga - Warehouse - HV overhead lines (OHL)	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: High Transition Risk With Low Physical Risk	IPCC SSP2-4.5 Moderate Transition and Physical Risk	IPCC SSP5-8.5 Low Transition Risk With High Physical Risk
Description	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.
Temperature Increase	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:

SSP2-4.5 (Baseline)	SSP1-2.6 (Optimistic)	SSP5-8.5 (Worst Case)
SSP2-4.5 (Baseline) Value 0 - 0.5m 0.5 - 1.2m 1.2m - 2.5m 2.5m - 4m Above 4m	SSP2-4.5 (Optimistic) Value 0 - 0.5m 0.5 - 1.2m 1.2m - 2.5m 2.5m - 4m Above 4m	SSP2-4.5 (Worst Case) Value 0 - 0.5m 0.5 - 1.2m 1.2m - 2.5m 2.5m - 4m Above 4m

▶ Thermal Plants & Substation: 9.44% of the assets are exposed to coastal inundation risks. HV OHL: 8.28% of the assets are exposed to coastal inundation risks.	▶ Thermal Plants & Substation: 9.33% of the assets are exposed to coastal inundation risks. HV OHL: 8.23% of the assets are exposed to coastal inundation risks.	▶ Thermal Plants & Substation: 9.77% of the assets are exposed to coastal inundation risks. HV OHL: 8.50% of the assets are exposed to coastal inundation risks.
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CLIMATE RESILIENCY

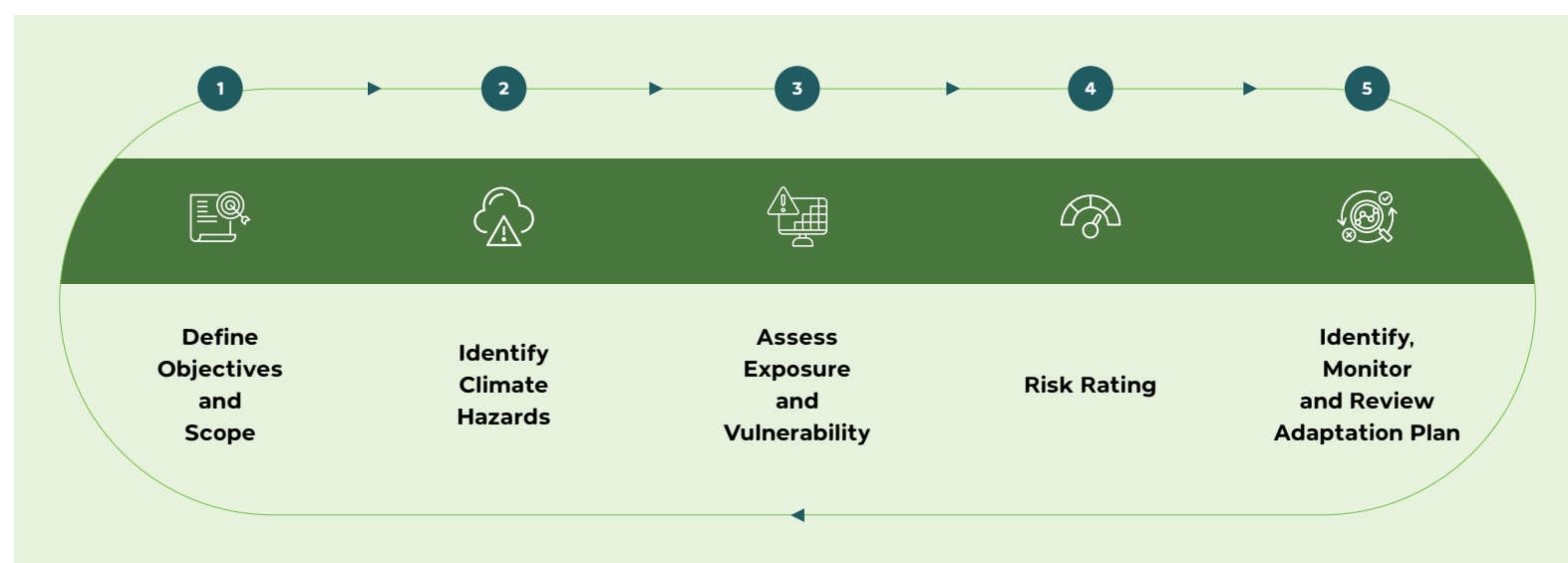
Asset exposure assessments across three (3) climate scenarios (SSP1-2.6, SSP2-4.5 and SSP5-8.5) indicate limited exposure to coastal inundation risks, with potential seawater flooding depths of 0.5 m to 2.5 m (very low to moderate) and no financially material impact identified at the portfolio level. 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	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. 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. 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.				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. 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.			
Impact on Business Model & Value Chain	- 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). - Strengthens customer engagement and cost efficiency through personalised digital services that support energy management and accelerate participation in the energy transition.				Impedes TNB's renewable energy growth targets and weaken its market competitiveness and brand positioning in energy solutions and services.			
Effect on Strategy & Decision Making	- Drives prioritisation of customer-centric green products, digital platforms and targeted marketing investments to scale adoption. - Guides development of bundled, end-to-end solutions to capture new growth pools across residential, commercial and industrial customer segments.				- Leverage customer insights to refine value propositions and accelerate uptake of renewable energy solutions. - Deploy targeted digital marketing and focused campaigns to drive adoption and strengthen customer engagement.			
Effect on Financial Performance, Position & Cash Flow	- Unlocks medium- to long-term revenue uplift from non-regulated energy solutions, improving portfolio diversification and margin resilience. - Enhances cash flow stability through subscription-based digital services, energy advisory fees and increased customer retention from integrated offerings.				Lower-than-expected revenue from non-regulated businesses in energy solutions and services.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Revenue RM135.4 mil	Revenue RM50 mil – RM450 mil	Revenue RM50 mil – RM450 mil	Revenue >RM450 mil	Cost Increase RM34.7 mil	Unrealised Revenue RM50 mil – RM450 mil	Unrealised Revenue RM50 mil – RM450 mil	Unrealised Revenue 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

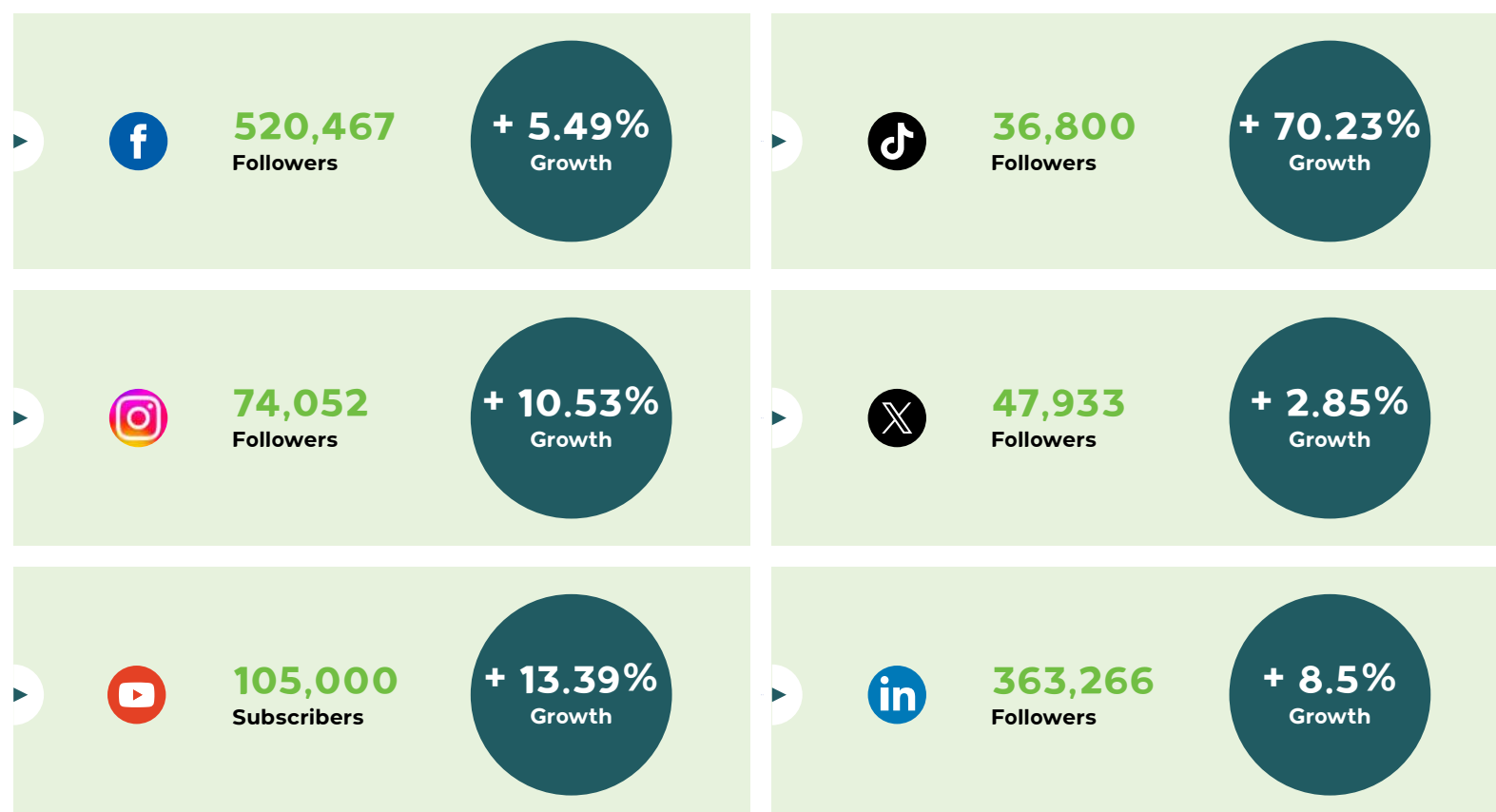
In 2025, TNB introduced a Time-of-Use (ToU) Tariff that encourages Domestic and Non-Domestic Low Voltage Customers to change their electricity consumption pattern by shifting their electricity usage from peak periods to off-peak periods.

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
GSPARX Sdn. Bhd. (GSPARX)	• End-to-end rooftop solar solutions, including consultation, design, installation, monitoring and maintenance of solar photovoltaic (PV) systems • Investor/developer role in solar PV systems for customers • Partnerships to promote clean energy, rooftop, floating and ground-mounted systems in Malaysia • Facilitate the national energy transition by enabling solar PV adoption under the national scheme
TNBX Sdn. Bhd.. (TNBX)	• Supply Agreement – Renewable Energy (SARE) facilitation • Malaysia Renewable Energy Certificates (mRECs) platform and trading support • Beyond-the-meter renewable and energy efficiency provider • Smart-City, EV Mobility and Smart Building solutions • Solar PV insurance and asset protection via SuriaShield™, an insurance product for residential solar PV systems in collaboration with an insurer
TNB Energy Services Sdn. Bhd.	• Energy Performance Contracting (EPC) to provide energy savings to customers via an innovative financing model for Energy Efficiency (EE) upgrades • Energy Audit services to identify and evaluate energy conservation opportunities • EE consultation and advisory services to support on-site energy management and regulatory compliance • Power System Study (PSS) services to evaluate system performance, reliability and safety under various operating and load conditions • Power Quality (PQ) assessment and mitigation services addressing power quality issues at customer premises

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:

Solutions to Offset Scope 2 Emissions Through the Green Electricity Tariff (GET) and Malaysia Renewable Energy Certificates (mRECs)	▶ 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. 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.
Malaysia Green Attribute Trading System (mGATS)	▶ The mGATS serves as the central digital platform for trading, tracking and redeeming mRECs.
Net Energy Metering (NEM)	▶ 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.
Solar Accelerated Transition Action Programme (Solar ATAP)	▶ 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.
Solar for Rakyat Incentive Scheme (SolaRIS)	▶ 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. In 2025, TNB successfully disbursed RM179.3 million of SolaRIS rebates, benefiting 44,899 customers.

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

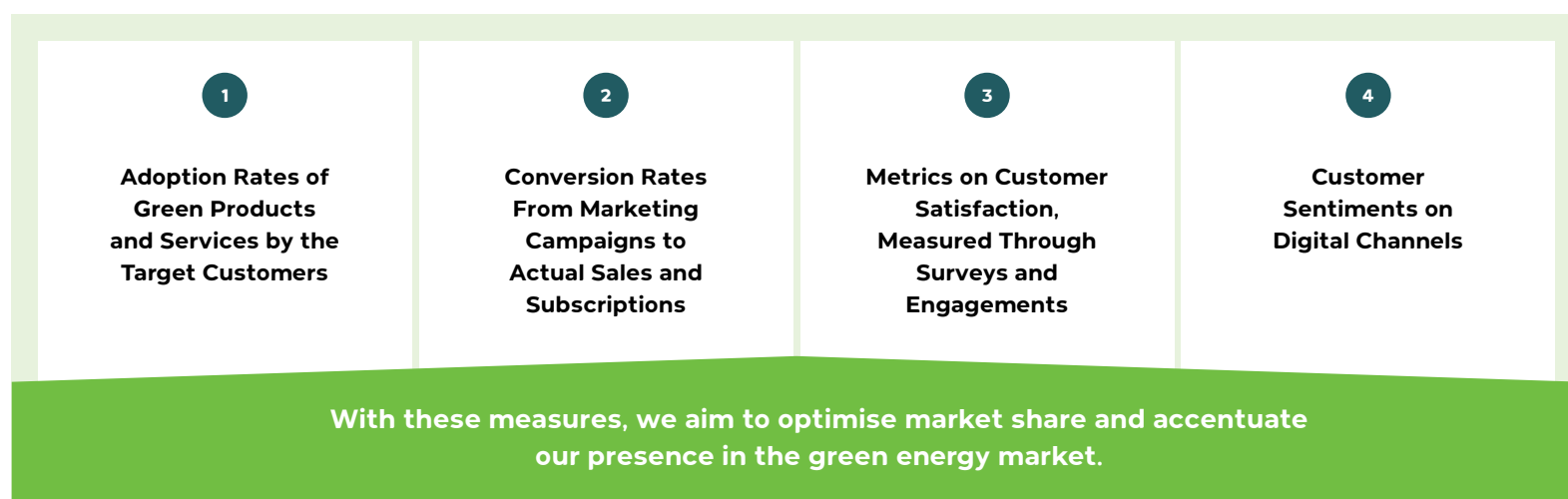
IFRS 51.43(a)(b), 44(a)(b)(c); IFRS 52.24, 25(a)(b)(c)

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/ 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	48,693,783.64¹	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	128,868,602.23¹	136,710,254.65¹	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) [Data Privacy and Security]	Total number of customer privacy complaints	Number	0	0	0	Zero complaints	Zero complaints	
GRI 418-2								

¹ 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	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. 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.				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. 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. 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.			
Impact on Business Model & Value Chain	- Strengthens operational sustainability and water security across generation assets by reducing dependence on freshwater resources and exposure to water scarcity disruptions. - Enhances plant reliability and regulatory compliance in water stress regions, supporting long-term licence to operate and resilient electricity supply.				Undermines TNB's operational sustainability and reduce stakeholders' confidence in its sustainability and eco-efficiency value proposition.			
Effect on Strategy & Decision Making	- Prioritises investment in water-efficient technologies and operational practices for assets exposed to high water stress and climate variability. - Integrates water-scarcity risk considerations into asset planning, performance management, and environmental stewardship frameworks.				- Integrate water management considerations into operational planning to reduce consumption and improve resilience. - Drive continuous efficiency improvements to manage costs and elevate sustainability performance.			
Effect on Financial Performance, Position & Cash Flow	- Delivers recurring operational cost savings through reduced water consumption, improved recycling efficiency, and avoidance of scarcity-driven cost escalation. - Protects long-term asset value and cash flow by reducing exposure to water supply constraints, tariff increases, and potential operational curtailments.				Higher operating costs resulting from increased water consumption and revision of water tariff by authorities.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Cost Savings RM1.3 mil	Cost Avoidance <RM50 mil	Cost Avoidance <RM50 mil	Cost Avoidance <RM50 mil	–	Cost Increase <RM50 mil	Cost Increase <RM50 mil	Cost Increase <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	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. 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.				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. 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.			
Impact on Business Model & Value Chain	- Enhances long-term network resilience by reducing risks such as erosion, landslides, sedimentation, and asset degradation in environmentally sensitive corridors. - Strengthens the licence to operate through proactive protection of critical habitats and ecosystem services that support uninterrupted power delivery, while reducing environmental liabilities.				Undermines TNB's operational sustainability and reduces stakeholders' confidence in its sustainability and eco-efficiency value proposition.			
Effect on Strategy & Decision Making	- Drives wider integration of biodiversity insights into infrastructure routing, vegetation management, and asset planning to mitigate long-term operational risks. - Prioritises the adoption of digital ecological assessment tools to support risk-based decision-making and optimise maintenance investments.				- Invest in ecological monitoring technologies and apply standardised biodiversity metrics for consistent performance assessment. - Integrate biodiversity tracking into sustainability reporting to strengthen transparency and enable informed decision-making.			
Effect on Financial Performance, Position & Cash Flow	- Reduces recurring operational expenditure such as clearance, restoration, and dredging costs associated with environmental impacts on grid and hydropower assets. - Avoids high-cost future liabilities by preventing degradation events that would otherwise trigger costly remediation works and prolonged disruptions.				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.			
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
Thermal Power Plant	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.
Large Scale Solar	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.
Substation	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.
TNB Platinum Building and Balai Islam, Bangsar	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 m³, 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 minimise impact on biodiversity and protect environmental ecosystem					
Aspiration	We aspire for net positive impact on biodiversity for new high biodiversity risk sites					
Guiding Principle	Apply mitigation hierarchy to minimise impact on biodiversity in TNB’s “ Avoid, Minimise, Restore and Offset ” 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.

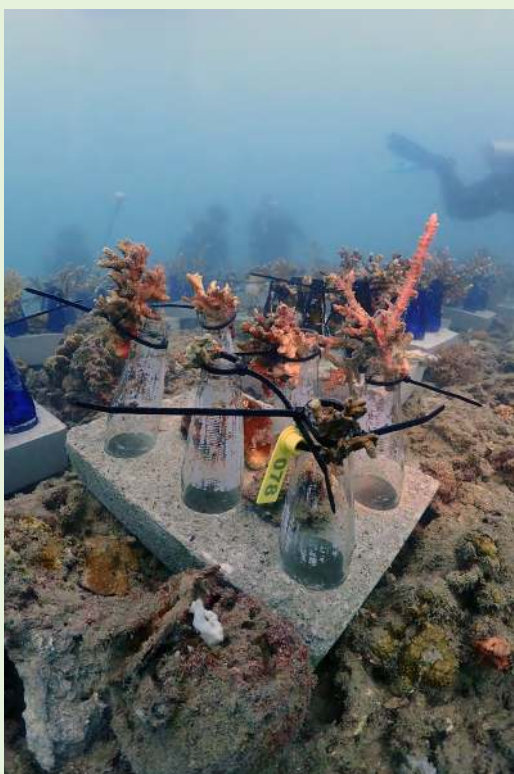
FLOATING SOLAR

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

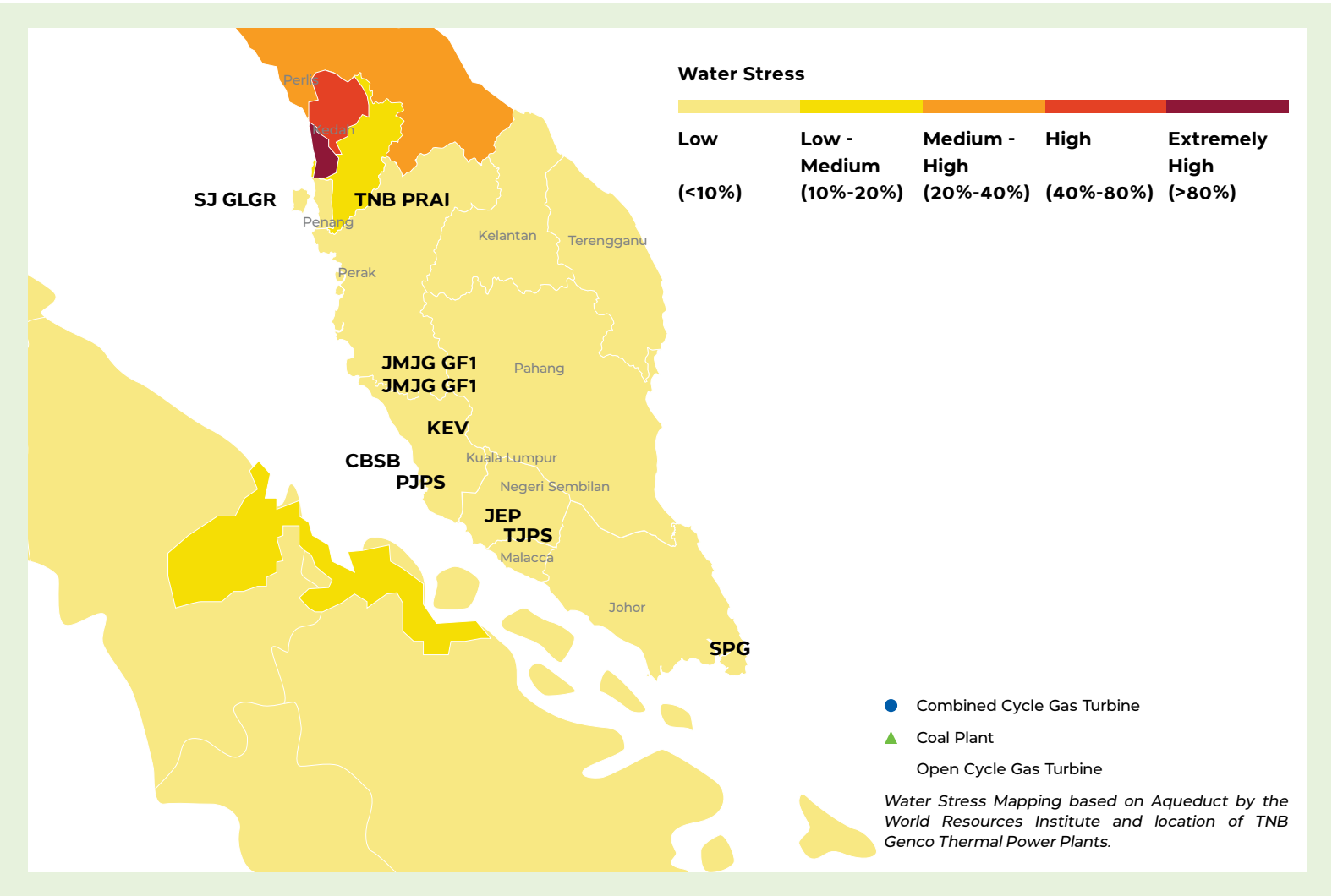
RISK MANAGEMENT

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
Aquatic and Marine Ecosystem 	Flora and Fauna	Use of Aquatic Habitat		H			H		L
		Use of Marine Habitat		H		L	L		L
		Invasive Species		L			H	L	
		Conflict		L			M		
	Water	Water Exploitation					H	H	
		Water Pollution		L		L	H	L	L
	Air	Air Pollution						H	
Land Ecosystem 	All	Climate Change					H		
	Flora and Fauna	Land Use Changes and Habitat Fragmentation	H		L		M	H	M
		Invasive Species						L	
		Conflict	H					H	L
	Air	Air Pollution					H		
	Soil	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
Critically Endangered (CR)	-	-	-	-	0
Endangered (EN)	1	3	-	-	4
Vulnerable (VU)	8	11	-	4	23
Near Threatened (NT)	1	1	-	4	6
Least Concern (LC)	190	83	27	161	461
Data Deficient (DD)	14	-	71	43	128
Not Evaluated (NE)	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:

Avoid	Water Maintenance of a buffer zone from the river reserve	Soil, Flora and Fauna Avoid protected and high biodiversity areas
Minimise	Air - Installation of Flue Gas Desulphurisation (FGD) - Low NO_x Burners - Electrostatic Precipitator Water - Manage water quality	Soil - Prevention of soil pollution - Avoid the use of pesticides for vegetation management using livestock Fauna - Installation of a physical barrier and establishment of a buffer zone to prevent wildlife conflict - Protection of bird life with sound repellent
Restore/ Remedy	Water - Maintaining riparian release Soil - Soil treatment Flora - Rescue, relocation/translocation & monitoring of flora - Nursery of native species seedlings created for reforestation - Replanting of native vegetation - Rehabilitate the degraded forest area	Fauna - Rescue, relocation/translocation & monitoring of fauna - Fish restocking - Develop a wildlife corridor
Offset *Other locations	Flora - Restoration of mangrove habitat - Tree planting	

WATER AND BIODIVERSITY

OUR PERFORMANCE

ISSB/Bursa/GRI	Metric	Units	FY2023	FY2024	FY2025	Target FY2025	Future Target	Remarks
WATER MANAGEMENT								
IF-EU-140a.1	Total Water Withdrawal From All Areas by Sources							
GRI 303-3	Total water withdrawal from all areas	ML	3,694,205	4,235,191	4,514,331	-	-	
	Sources - Surface water							
	Freshwater	ML	3,230	2,389	4,885	-	-	
	Other water	ML	0	0	0	-	-	
	Sources - Seawater							
	Freshwater	ML	0	0	0	-	-	
	Other water	ML	3,679,348	4,221,884	4,498,783	-	-	
	Sources - Third-party water							
	Freshwater	ML	11,627	10,917	10,663	-	-	
	Other water	ML	0	0	0	-	-	
	Percentage of Water Withdrawn From Location With High or Extremely High Baseline Water Stress							
	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	Total Water Discharge to All Areas							
	Total water discharge to all areas	ML	3,684,109	4,225,957	4,505,411	-	-	
	Total Water Discharge to All Areas by Category							
	Category - Freshwater	ML	4,762	4,073 ¹	6,628	-	-	
	Category - Other water	ML	3,679,348	4,221,884	4,498,783	-	-	
	Total Water Discharge to All Areas by Destination							
	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	Total Water Consumption From All Areas							
Bursa C9(a) [Water]	Total water consumption from all areas	ML	10,096	9,234	8,920	-		
	Total Freshwater Consumption From All Areas							
GRI303-5	Water Consumption Intensity	ML	0.127	0.126	0.118	-	15% reduction in water intensity by 2035 using 2025 baseline	
	Percentage of Water Consumed From Location With High or Extremely High Baseline Water Stress							
	Water consumed from areas with High Baseline Water Stress	%	-	-	1.56	-	-	
	Water consumed from areas with Extremely High Baseline Water Stress	%	-	-	0	-	-	
	Water Management Target							
	Percentage Reduction in water intensity	%	-	0.79	5.998	-	-	
IF-EU-140a.2	Incidents of Non-Compliance Associated With Water Quality Permits, Standards and Regulations							
	Number of Incidents of non-compliance associated with water quality permits, standards and regulations	Number	0	2 ²	0	-	-	

¹ Updated calculated number² 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 13th 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	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. 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. 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.				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. 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. Collectively, these technology, regulatory, and social challenges could delay or impede the effective implementation of nuclear power in Malaysia.			
Impact on Business Model & Value Chain	- Builds long-term baseload stability and strengthens the energy-system's resilience in a high-renewables future. - Enhances TNB's technical and regulatory capabilities through early readiness, partnerships, and institutional development.				- Impede energy transition progress and GHG emissions reduction targets to achieve Net Zero by 2050. - Loss of strategic advantage for TNB to position itself as a pioneer and leading entity in nuclear within the Southeast Asian region.			
Effect on Strategy & Decision Making	- Guides phased nuclear readiness planning (technical studies, regulatory frameworks, workforce capability) under long-term decarbonisation strategy. - Supports engagement with government, regulators, and global OEMs to shape policy pathways and deployment models for future nuclear assets.				- Collaborate with regulators and OEMs to expedite the progress of feasibility assessments and clarify technical and safety requirements. - Conduct structured stakeholder engagement and public consultations, enabling phased nuclear deployment that addresses societal and regulatory expectations.			
Effect on Financial Performance, Position & Cash Flow	- Creates long-term value through potential future baseload revenue streams, subject to policy clarity and commercial viability. - Requires upfront investment in feasibility, capability building, and institutional readiness, with returns dependent on the final investment decision and deployment schedule.				- Delayed revenue realisation from the investment. - Higher upfront costs and delayed returns could affect capital allocation and long-term financial performance.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	–	–	–	Revenue >RM5 bil – RM10 bil	–	–	–	Unrealised Revenue <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 13th 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.

IFRS
S1

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	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. 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). 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.				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. 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.			
Impact on Business Model & Value Chain	- Strengthens end-to-end grid efficiency and resilience through modernised digital and physical infrastructure, supporting higher RE penetration and electrification growth. - Enhances customer experience via improved reliability, reduced losses, and expanded digital services across TNB's distribution and retail value chain.				Major electricity supply disruptions may weaken TNB's reliability-based value proposition and customer experience.			
Effect on Strategy & Decision Making	- Prioritises regulated CAPEX allocation toward digital grid technologies (smart meters, automation, Volt-Var optimisation) to deliver RP4/RP5 performance outcomes. - 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.				- Enhance project management through contractor capability development and adoption of digital and AI-enabled tools for scheduling and monitoring. - Strengthen collaboration with regulators and local authorities to improve project approvals and delivery timelines.			
Effect on Financial Performance, Position & Cash Flow	- Drives long-term EBIT uplift from regulated returns on modernisation investments and improved operational efficiencies. - Supports stable and predictable cash flows through regulated revenue mechanisms while moderating system losses and deferring future network reinforcement costs.				Loss of revenue (sales of electricity) from electricity supply interruption.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	CAPEX RM0.5 bil – RM0.9 bil	CAPEX <RM5 bil	CAPEX <RM5 bil	CAPEX <RM5 bil	Unrealised Revenue RM0.69 mil	Unrealised Revenue <RM50 mil	Unrealised Revenue <RM50 mil	Unrealised Revenue <RM50 mil

ENERGY RELIABILITY AND AFFORDABILITY

GOVERNANCE IN ACTION

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

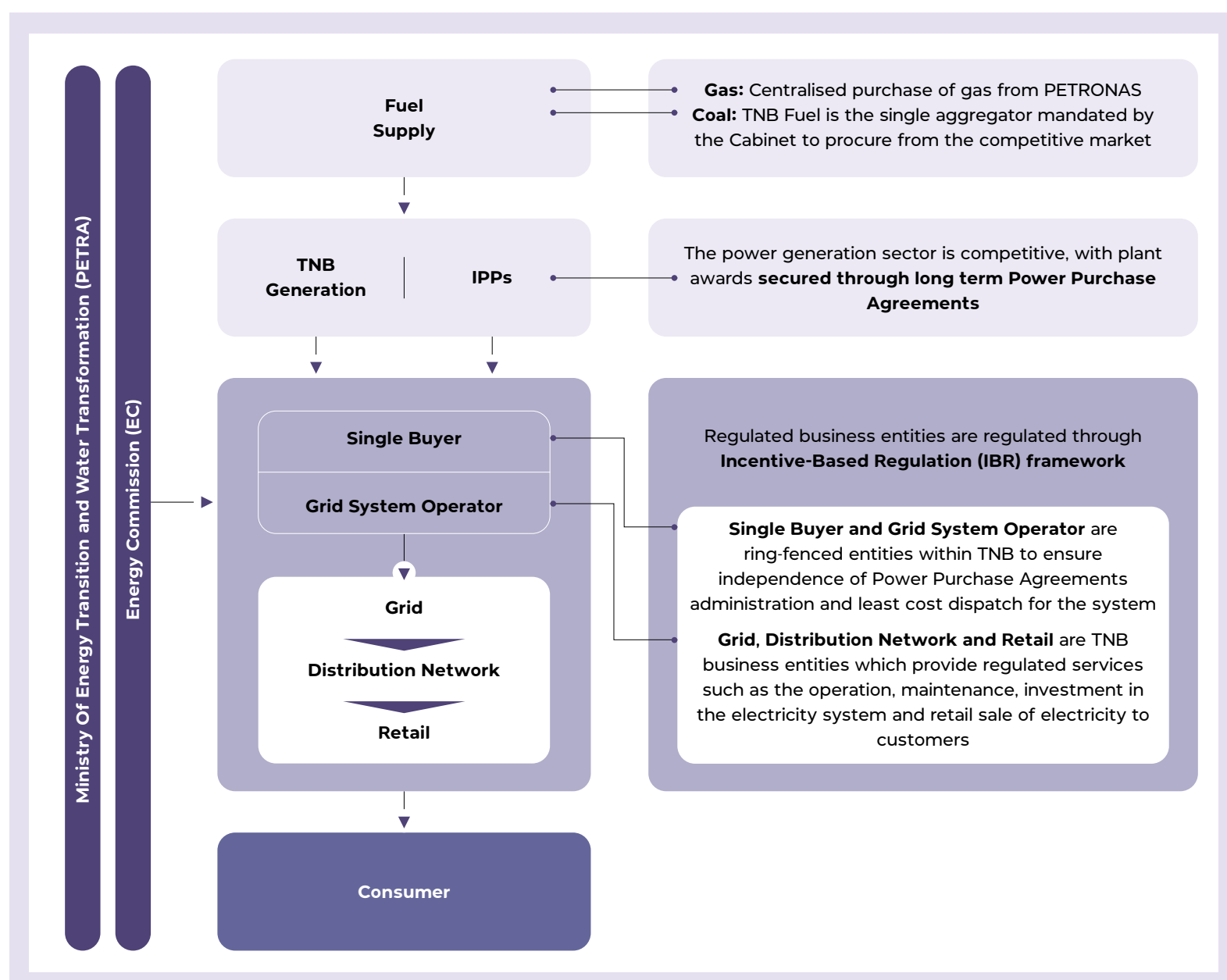
The TNB Board provides strategic oversight of TNB's performance under the Incentive-Based Regulation (IBR) framework. Governance is crucial to ensure capital investments are aligned with the nation's socio-economic goals.

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
- Moving away from activity-based tariffs to voltage-based tariffs 5-tiered band pricing to 2-tiered band pricing for Domestic customers	- Longer Off-Peak periods include Saturday, Sunday and Public Holidays - Expansion to all registered TNB customers to switch to the ToU Tariff	- Energy Efficiency Incentives channelled to targeted groups, encouraging energy conservation - Rebates are maintained for eligible social institutions & eKasih recipients	- Clear breakdown of cost components for generating and delivering electricity - Automatic Fuel Adjustment (AFA) on a monthly basis to reflect the market fuel prices and foreign exchange rates

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

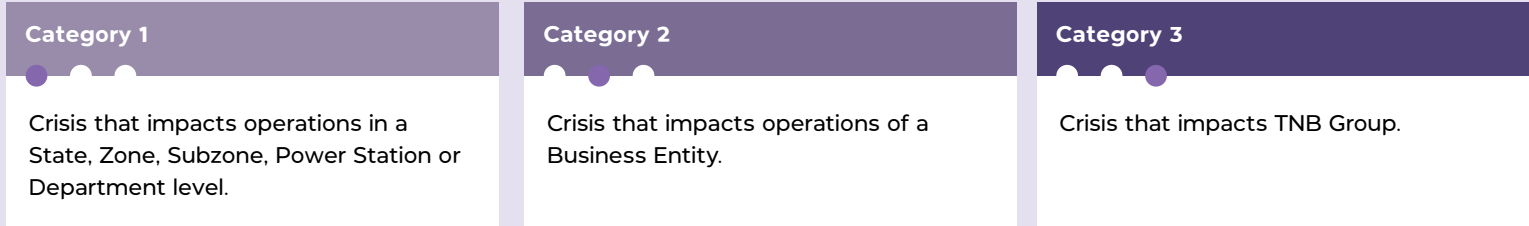
The transition towards a lower-carbon economy and the ongoing evolution of Malaysia's electricity sector create a regulatory environment that requires proactive management. Changes to energy policies, tariff structures, incentive mechanisms, and market design are integral to aligning the sector with 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
ENERGY AFFORDABILITY								
Average Retail Electric Rate for Residential, Commercial and Industrial Customers								
IF-EU-240a.1	Average Retail Electric Rate for All Customers							
	Peninsular Malaysia	sen/kWh	-	-	45.40	-	-	Base tariff set by EC
	Sabah	sen/kWh	-	-	31.49	-	-	
	Residential							
	Peninsular Malaysia	sen/kWh	-	-	33.25	-	-	
	Sabah	sen/kWh	-	-	34.25	-	-	
	Non-Residential (Includes Commercial, Industrial, Agriculture, Mining and Others)							
	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	-	-	
EFFECTIVE STAKEHOLDER ENGAGEMENT								
Regulatory Relationship								
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_x), sulphur oxides (SO_x), 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	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_x, NO_x, particulate matter (PM), and other regulated pollutants that are subject to increasingly stringent enforcement under Malaysia's Clean Air Regulation 2019. 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.				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. Initiatives to improve thermal power plant efficiency are limited by ageing equipment, design, and part-load operations, which reduce thermal performance and increase SO_x, NO_x, and particulate matter emissions to the atmosphere. Furthermore, co-firing with ammonia or biomass faces significant technical challenges (such as combustion stability & boiler compatibility) and commercial barriers (such as high fuel cost & unstable supply), collectively impeding TNB's clean fuel transition and air quality improvement goals. Additionally, increasingly stringent environmental regulations are anticipated, requiring TNB to manage higher compliance costs while proactively exploring technological solutions.			
Impact on Business Model & Value Chain	- Improves operational sustainability and reduces environmental liabilities by lowering SO_x, NO_x, CO, and particulate emissions across generation assets. - Enhances plant performance and regulatory compliance through cleaner fuels, heat rate optimisation, and co-firing solutions, supporting long-term system reliability.				- Impede the transition of fossil fuel generation sources to clean energy. - Undermines TNB's operational sustainability and reduce stakeholders' confidence in its sustainability and eco-efficiency value proposition.			
Effect on Strategy & Decision Making	- Guides prioritisation of fuel diversification (gas, biomass, ammonia co-firing) and efficiency improvement programmes to meet air-quality standards and national decarbonisation targets. - Supports strategic planning for coal retirement and transition toward a cleaner generation mix aligned with RT 2.0 and long-term emissions reduction pathways.				- Implement targeted power plant efficiency improvement programmes and adopt phased air quality improvement initiatives, including co-firing. - Ensure alignment with the Clean Air Regulation 2019 to support decarbonisation and regulatory compliance.			
Effect on Financial Performance, Position & Cash Flow	- Delivers financial value through avoidance of DOE penalties, fines, and unplanned compliance costs associated with emissions exceedances. - Strengthens long-term financial resilience by moderating compliance-related costs and reducing exposure to future air-quality regulations as coal assets retire.				Higher operating costs arising from Department of Environment (DOE) charges imposed for exceeding permitted emissions limits.			
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 & 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_x, SO_x, 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_x and PM emissions across the fleet, driven by the inherent characteristics of coal combustion and fuel composition. Coal plants also emit NO_x, with emissions levels influenced by boiler technology, combustion controls and post-combustion treatment systems. Gas-fired generation contributes negligible SO_x and PM emissions, with NO_x 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_x, NO_x, PM or CO emissions.

AIR QUALITY MANAGEMENT

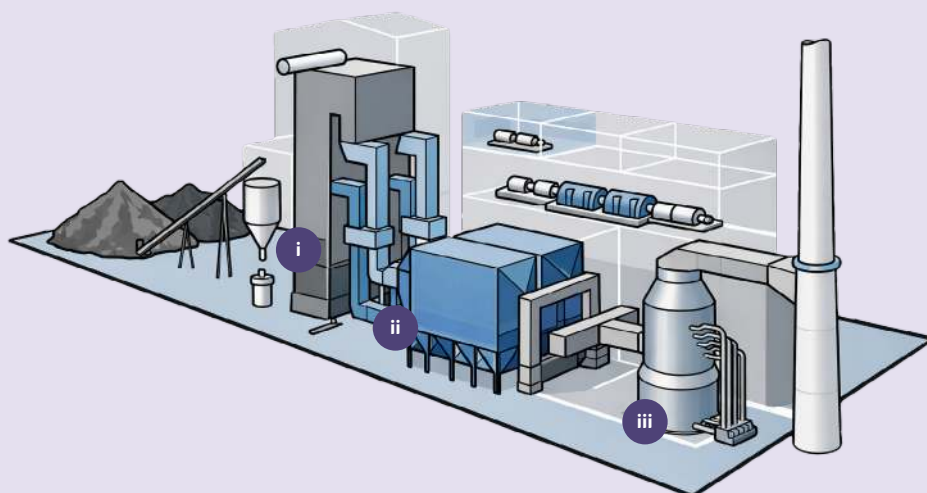
EMISSIONS REDUCTION THROUGH HIGH-EFFICIENCY GENERATION TECHNOLOGIES

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 SO_x , 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- 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 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 NO_x BURNERS

Most of TNB Genco's gas plants and supercritical coal plants are equipped with Low NO_x Burners (LNB) as a primary combustion control mechanism to reduce NO_x formation during combustion. In coal-fired plants, LNB use staged combustion to control fuel and air mixing, lowering flame temperature and minimising 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 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 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 SO_x emissions concentrations across the coal fleet and enables TNB's coal-fired plants to consistently comply with applicable 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_x 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
AIR QUALITY								
Significant Air Emissions								
IF-EU-120a.1	Sulphur Oxides (SO _x)	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 _x)	Metric Tonnes	41,936.32 ¹	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
Percentage of Pollutants Near Dense Area								
IF-EU-120a.1	Sulphur Oxides (SO _x)	%	-	-	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 _x)	%	-	-	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	-	-	

¹ 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	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. 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.				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. 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. 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.			
Impact on Business Model & Value Chain	- 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. - Strengthens downstream value chain integration with the cement, construction and infrastructure sectors, while reducing reliance on landfill disposal and associated operational risks.				- Impedes the transition of fossil fuel generation sources to clean energy. - Undermines TNB's operational sustainability and reduces stakeholder confidence in its sustainability and eco-efficiency value proposition.			
Effect on Strategy & Decision Making	- Prioritises coal ash recovery, quality assurance and market development as part of the coal phase-down and transition strategy. - Guides investment and partnerships in ash processing, logistics and off-take arrangements to maximise recycling rates and monetisation during the transition period.				- Accelerates coal-to-gas transition planning and enhances ash management practices to meet regulatory expectations. - Explores alternative fuels to reduce coal dependency and support Malaysia's broader energy transition.			
Effect on Financial Performance, Position & Cash Flow	- Generates recurring revenue from coal ash recycling and the sale of by-products, partially offsetting declining coal-related margins during the transition. - Improves cash flow and cost structure by reducing ash handling, transport and disposal expenses, while lowering long-term environmental and regulatory liabilities.				Incurs higher operating costs due to increased disposal costs and regulatory compliance expenses.			
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 complying 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.

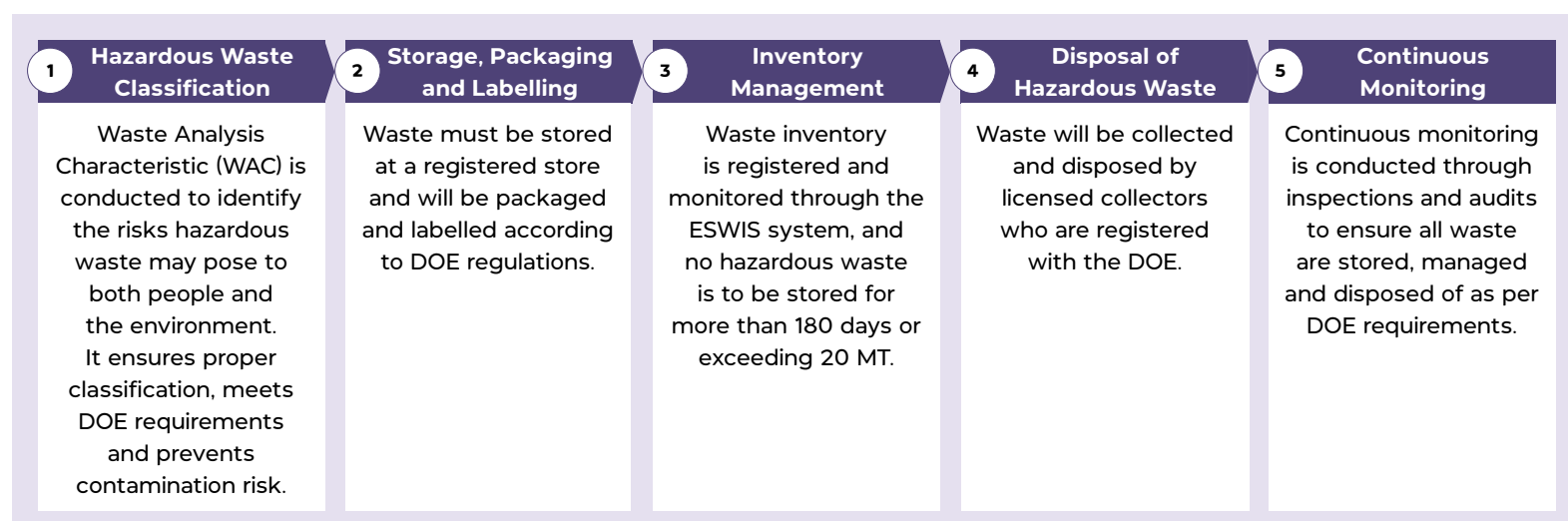
HAZARDOUS WASTE MANAGEMENT

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
Total	1,010,753.47

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.

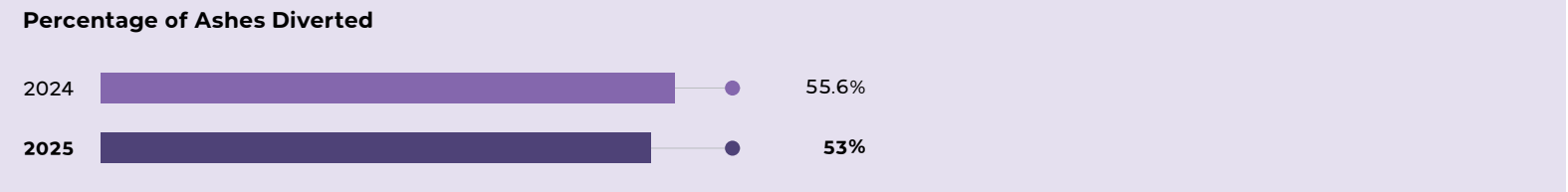
For fly ash, the procedures cover the handling of ash from boilers, Electrostatic Precipitators (ESP) and fabric filters through the Fly Ash Handling System to silos, followed by the transfer to ash ponds via conveyors or the transport to the cement industry for recycling. Each movement is accompanied 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
Total	1,502.7

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
Certified Environmental Professional in Scheduled Waste Management (CEPSWaM)	Power plants Warehouses	75	126
Certified Environmental Professionals in the Operation of Industrial Effluent Treatment Systems (CePIETSO)		21	14
Certified Environmental Professionals in Bag Filter Operation (CePBFO)	Power plants	17	17
Certified Environmental Professional in Scrubber Operations		18	18
Certified Environmental Professionals in Sewage Treatment Plant Operation (CePSTPO)	Power plant offices	14	14
Certified Professional for Environmental Officer in Environmental Impact Assessment (CePEOEIA)	EIA projects	21	21
Certified Inspector of Sediment and Erosion Control (CISEC)		28	13
Total		194	223

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
Third-Party HSE Audit	Independent Audit conducted by certification body (SIRIM)	7
Corporate-level HSE Internal Audit	Audit of TNB divisions or subsidiaries conducted by HSE Corporate	1
Operational-level HSE Internal Audit	Audit of respective divisions or subsidiaries conducted by HSE business partners	7
HSE Inspection	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
COAL ASH MANAGEMENT								
Amount of Coal Combustion Products (CCPS) Generated								
IF-EU-150a.1	Fly ash	Metric Tonnes	-	-	758,674	-	-	
GRI 306-3	Bottom ash	Metric Tonnes	-	-	222,857	-	-	
Percentage of Coal Combustion Products (CCPS) Recycled								
IF-EU-150a.1	Fly ash	%	-	-	64.50	-	-	
	Bottom ash	%	-	-	15.10	-	-	
WASTE MANAGEMENT								
Waste Generated								
Bursa C10(a) [Waste Management] 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	-	-	
Waste Diverted from Disposal								
Bursa C10(a) [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	-	-	
Waste Directed to Disposal								
Bursa C10(a) [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	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. 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.				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. 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. Notwithstanding, continuous safety enhancement remains a priority to safeguard employees and contractors and maintain operational reliability.			
Impact on Business Model & Value Chain	- Strengthens operational reliability and productivity by reducing workplace incidents across TNB's extensive field operations, substations, and transmission network. - Enhances safety standards and lowers exposure to hazardous environments through automation, remote monitoring and digital engineering tools.				Undermines TNB's operational safety and health performance and weaken stakeholder confidence in its safety and health value proposition.			
Effect on Strategy & Decision Making	- Prioritises investments in digital safety technologies (drones, DA, remote sensing, automated switching) to mitigate high-risk activities and comply with safety regulations. - Guides workforce planning and capability development to embed a strong safety culture and support resilient operations across dispersed assets.				- Enhance safety governance and initiatives across key focus areas, including electrical safety, working at heights and road incidents. - Leverage digital and automation solutions to enforce compliance more effectively in high-risk work.			
Effect on Financial Performance, Position & Cash Flow	- Requires capital investment to deploy digital safety technologies across high-risk operational environments, including substations, transmission networks, and switching operations. - Strengthens long-term operational capability and asset performance by embedding advanced safety and automation technologies across the network.				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.			
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

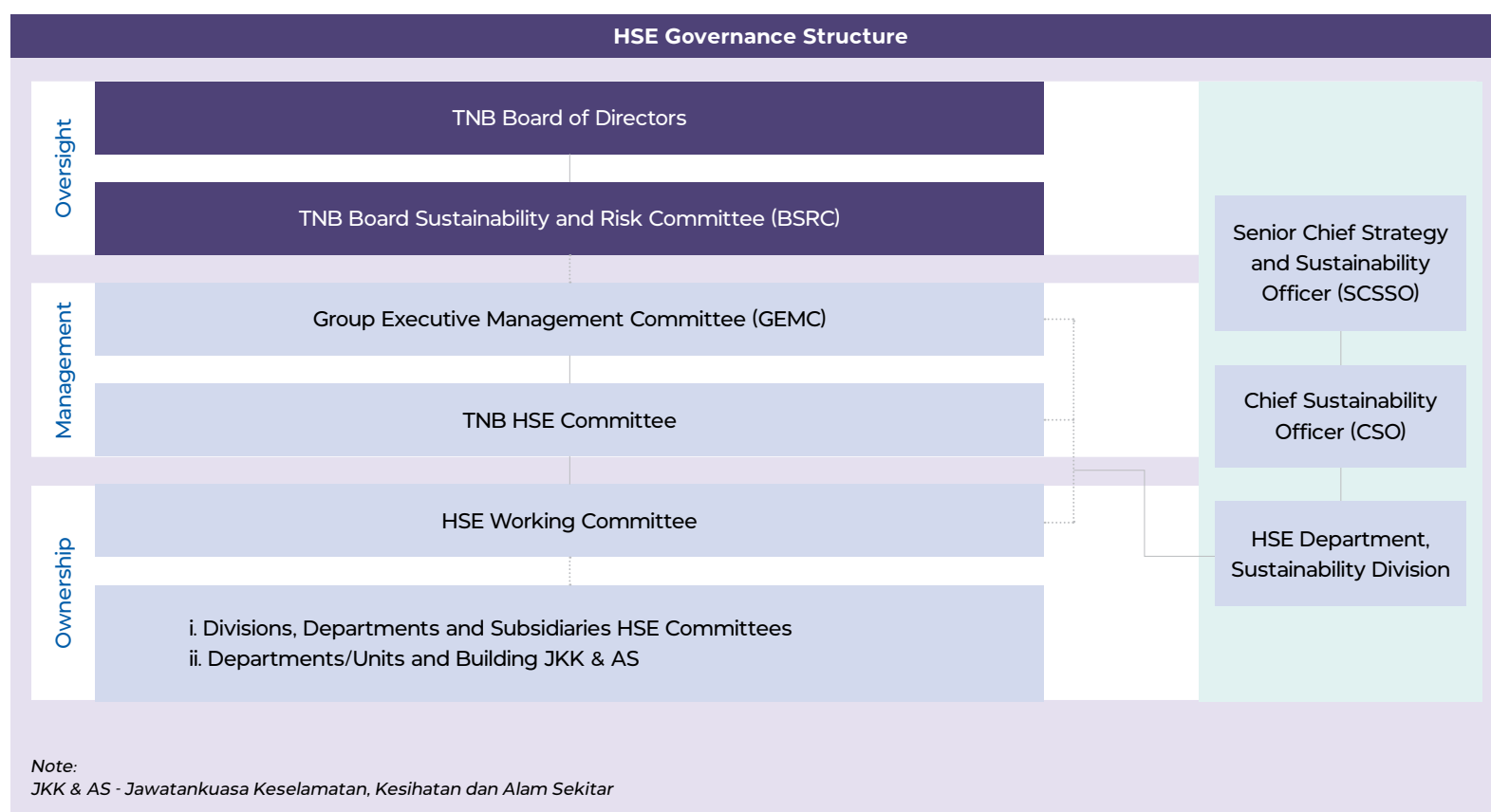
IFRS S1.27(a)(b); IFRS S2.6(a)(b)

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 & 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)

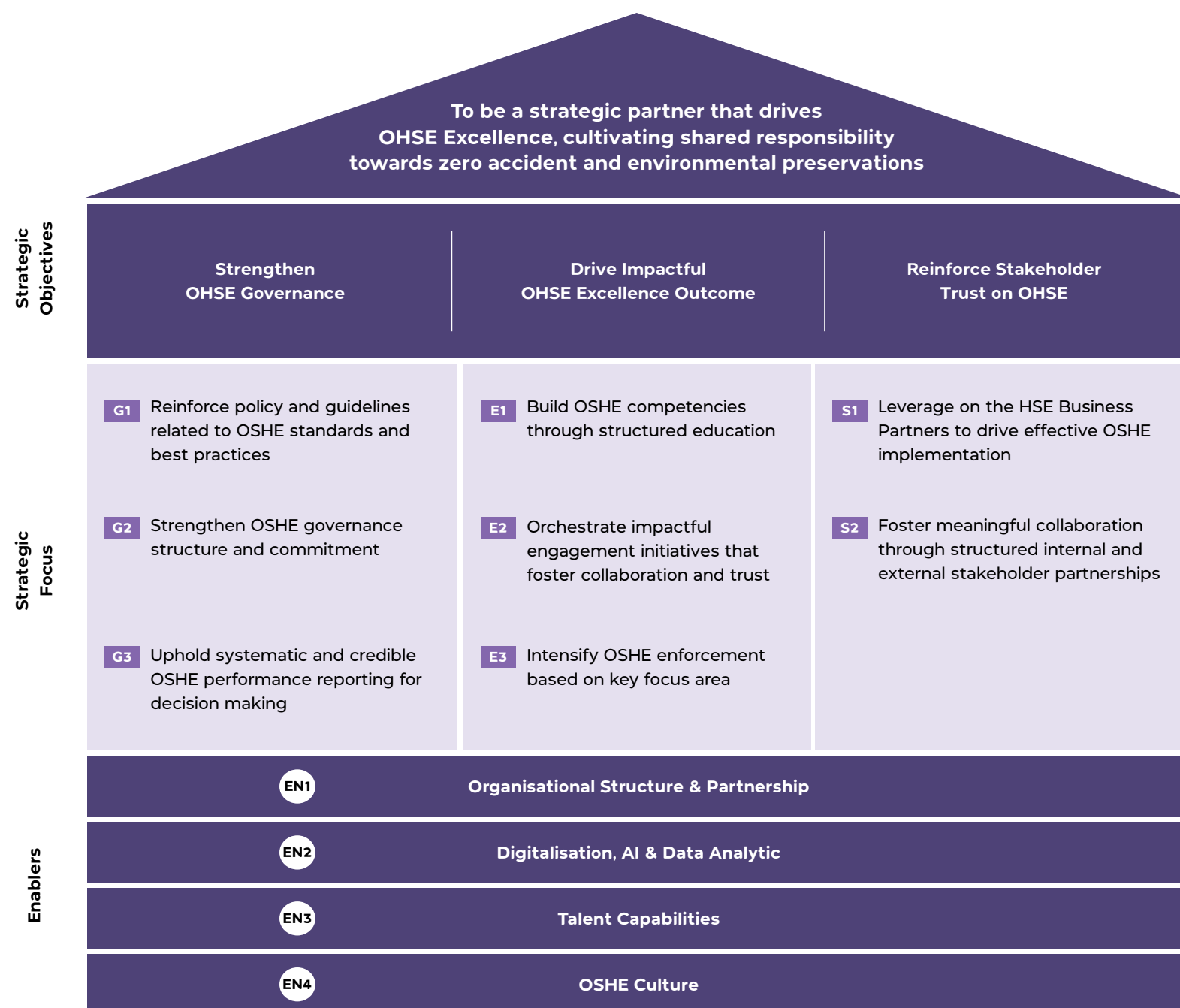
TNB's HSE strategy is operationalised through the Group's Health, Safety and Environment Management System (HSEMS), which serves as the primary mechanism for translating strategic intent into structured, on-the-ground implementation. While the HSE strategy outlines the organisation's long-term direction, 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

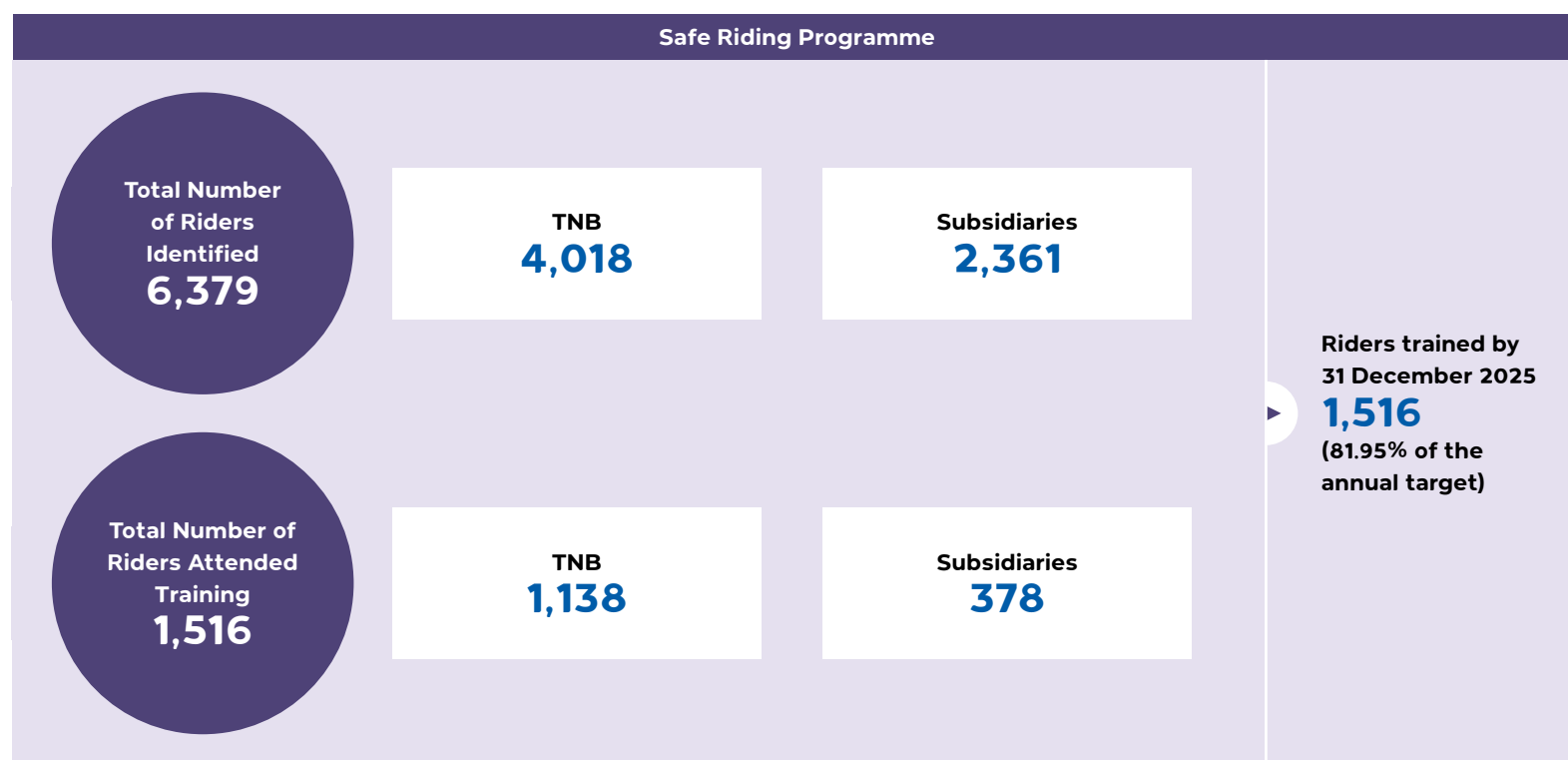
SAFETY, HEALTH AND WELL-BEING

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				
Objective 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	- USECHH Regulations 2000 - CLASS Regulations 2013	
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	- Excessive Noise Identification - Noise Risk Assessment (Personnel & Area)	Ergonomic Risk Assessment	- Chemical Register - Chemical Health Risk Assessment - Exposure Monitoring	
b) Control Measures	Noise Control: - Engineering Control (Enclosure, Damper etc.) - Duration Limit - PPE	Ergonomic Control: - Design & Specification - Mechanical Aid (Tools, Trolley etc.) - Administrative Control	Chemical Control: - Substitution - Local Exhaust Ventilation - Emergency Response Plan (ERP) - Personal Protective Equipment (PPE)	
c) Training	Noise Training (Annually)	- Office Ergonomic e-Learning - Manual Handling e-Learning	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: • Engineering Control • Administrative Control	Radiation Control: • Radiation Protection Officer (RPO) • Shielding (Engineering) • Duration Limit • ERP	Heat Stress Control: • Engineering Control • Administrative Control	Biological Control: • Administrative Control • 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.

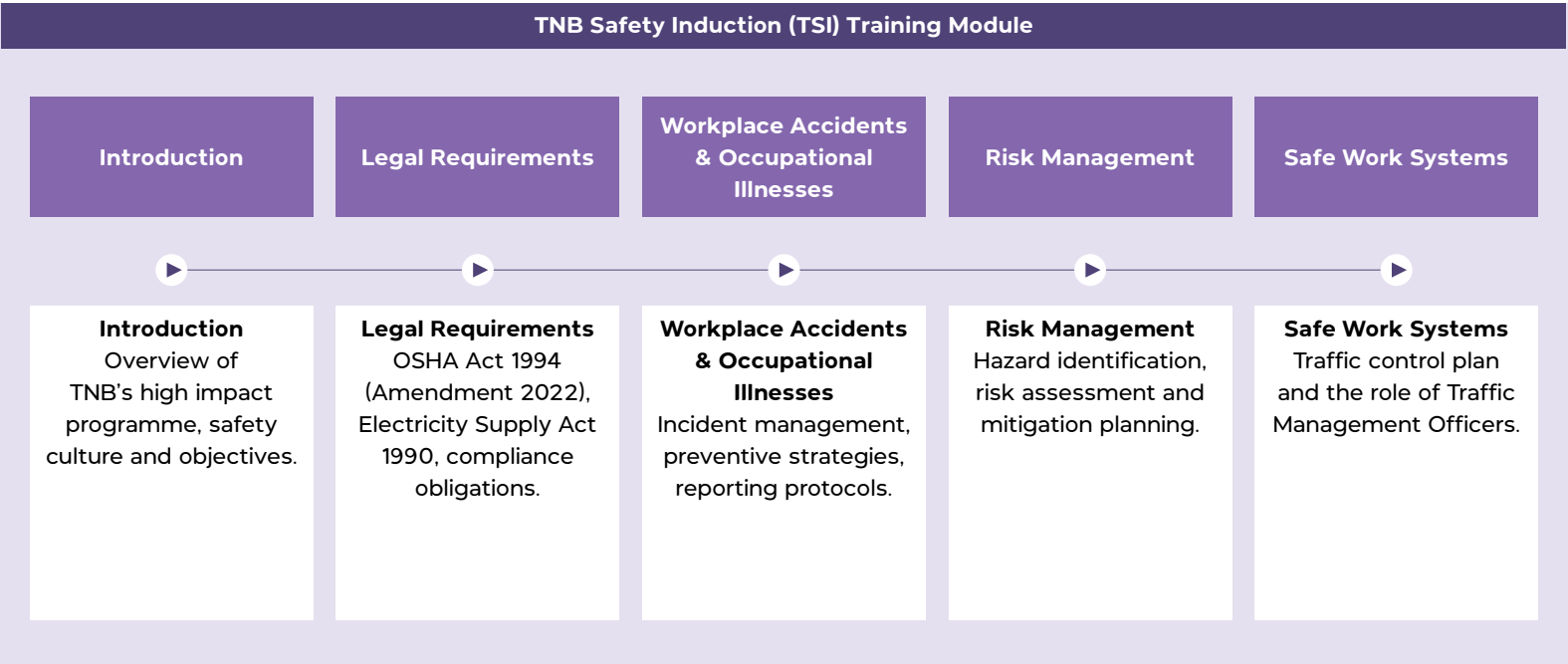
For the 2024/2025 cycle, Distribution Network Division (Kota Bharu, Kelantan) achieved the highest compliance level (Level 5) for both chemical and ergonomics elements.

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
Fatality Rate	0.03	0.04
Total Recordable Incident Rate (TRIR)	4.50	0.77
Lost Time Injury Frequency Rate (LTIFR)	0.83	0.21
Restricted Work Duty (RWD), Medical Treatment Injury (MTI)	44	7
First Aid	49	5
Dangerous Occurrence	12	
Near Miss Frequency Rate (NMFR)	0.24	-
Potential Incident Reports	114,791	-

Performance Analysis

[SASB: IF-EU-320a.1]

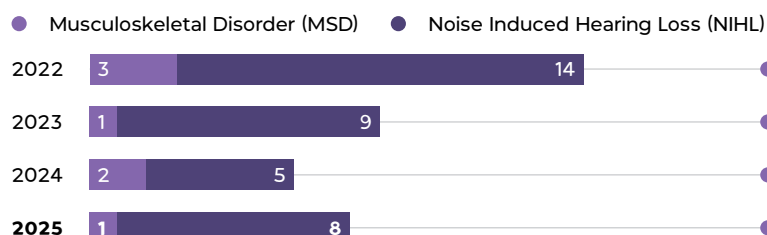
In 2025, three (3) reportable work-related fatal accidents excluding greenfield cases were recorded. We deeply regret the loss of lives and remain committed to preventing such tragedies through continuous improvement in our safety practices through enhanced risk controls, targeted training and stricter 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
Environmental Impact Assessment (EIA)	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.
Chemical Health Risk Assessment (CHRA)	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.
Noise Risk Assessment (NRA)	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.
Ergonomic Risk Assessment (ERA)	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
WORKFORCE HEALTH AND SAFETY								
Number of Fatalities as a Result of Work-Related Injuries								
Bursa C5(a) [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	-	
Fatality Rate								
IF-EU-320a.1	Employees	Number	0.09	0.00	0.03	Zero fatalities	-	
	Contractors	Number	0.08	0.01	0.04	Zero fatalities	-	
Lost-Time Injuries Frequency Rate (LTIFR)								
Bursa C5(b) [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	-	-	
Total Recordable Incident Rate (TRIR)								
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	-	-	
Near Miss Frequency Rate (NMFR)								
IF-EU-320a.1	Employees	Per Million Manhours	0.23	0.23	0.24	-	-	
	Contractors	Per Million Manhours	N/A	N/A	N/A	-	-	
Employees Trained on HSE Standard								
Bursa C5(c) [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 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	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. 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.				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. 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.			
Impact on Business Model & Value Chain	- Strengthens organisational trust and operational integrity by reducing misconduct, fraud exposure and reputational risks across procurement and workforce processes. - Enhances long-term resilience through consistent ethical conduct, transparency and accountable decision-making embedded throughout TNB's value chain.				Undermines TNB's credibility, erodes stakeholder trust and damages its brand image and reputation.			
Effect on Strategy & Decision Making	- Drives prioritisation of strong governance controls, ethics training, internal audits and zero-tolerance frameworks to safeguard organisational credibility. - Informs leadership decisions to reinforce reporting channels, compliance systems and oversight mechanisms aligned with Malaysian Anti-Corruption Commission (MACC) Act and corporate governance standards.				- Strengthen governance structures in line with the MACC Act through rigorous internal audits and ethics compliance. - Deliver comprehensive ethics training and uphold zero-tolerance policies to prevent and mitigate fraudulent behaviour.			
Effect on Financial Performance, Position & Cash Flow	- Reduces financial leakage, legal liabilities, and fraud-related losses, supporting stable cash flows and improved cost efficiency. - Strengthens investor confidence and protects enterprise value by mitigating reputational damage and avoiding regulatory penalties.				Higher operating costs resulting from leakage in procurement cost and expenses due to fraud or corruption.			
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 Malaysian Code on Corporate Governance (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>.

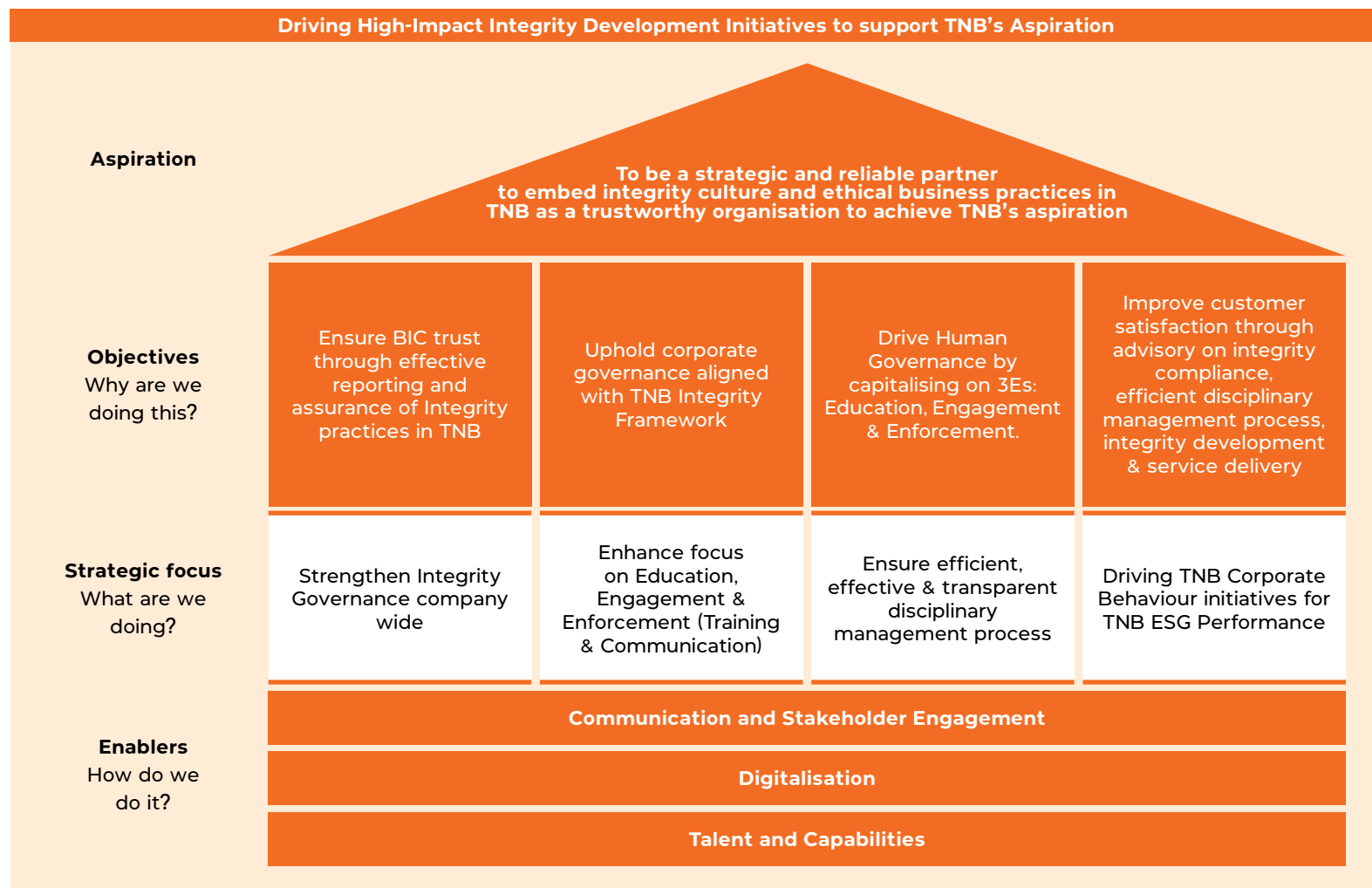
AUTHORITY DELEGATION MECHANISM

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 Malaysian Anti-Corruption Commission (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>](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 & 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 & 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
Orientation & Governance Setup	Data Analysis & Risk Assessment	Scenario Planning	Refinement & Validation
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
ANTI CORRUPTION								
Percentage of Employees That Have Received Training on Ethics and Anti-Corruption by Employee Category								
Bursa C1(a) [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) [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
Confirmed Incidents of Corruption and Actions Taken								
Bursa C1(c) [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	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. 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. 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.				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. 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. 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.			
Impact on Business Model & Value Chain	- Strengthens workforce capability across critical transition areas (renewable integration, grid modernisation, carbon management and digital operations) enhancing long-term operational resilience and execution capacity. - Improves productivity, innovation and safety performance by equipping employees with future-ready technical and leadership skills.				- Limit innovation and execution of strategic energy transition initiatives. - Undermines TNB's ability to deliver reliable, affordable and sustainable energy.			
Effect on Strategy & Decision Making	- Guides strategic prioritisation of reskilling and digital learning programmes to ensure alignment with evolving energy transition roles and competency requirements. - Supports targeted talent planning and succession development to sustain organisational readiness for new technologies and business models.				- Evaluate workforce skills and align roles with future needs that meet energy transition goals. - Deploy tailored reskilling, digital learning and change-management initiatives to enhance workforce adaptability and readiness.			
Effect on Financial Performance, Position & Cash Flow	- 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. - Strengthens financial resilience by reducing productivity loss associated with skills gaps and enhancing workforce efficiency during the transition.				Higher operating costs including cost of productivity, hiring, re-training and other relevant cost resulting from higher turnover rate.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Cost Savings RM17.4 mil – RM22.7 mil	Cost Avoidance <RM50 mil	Cost Avoidance <RM50 mil	Cost Avoidance RM50 mil – RM450 mil	Cost Increase RM18.7 mil	Cost Increase <RM50 mil	Cost Increase <RM50 mil	Cost Increase <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

Safe & Healthy Workplace	• 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. • 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.
Against Bribery and Corruption	• 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.
Labour Protection and Welfare	• Prohibit any form of human trafficking, slavery, child labour and forced labour. • 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.
Wages and Benefits	• 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.
Training and Lifelong Learning	• Empower our workforce through training and lifelong learning, fostering continuous growth through comprehensive training initiatives.
Freedom of Association	• Uphold the right to freedom of association and collective bargaining, empowering employees to engage in organised activities for mutual support and representation. • Enhance and oversee the grievance mechanism, enabling effective communication and reporting of issues.
Diversity, Inclusion and Non-Discriminatory Practices	• Promote diversity and inclusion across age, gender, religious affiliation and different ability, ensuring equal opportunities for all. • Provide protection against unfair dismissal including any unfair dismissal female employee during pregnancy.

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

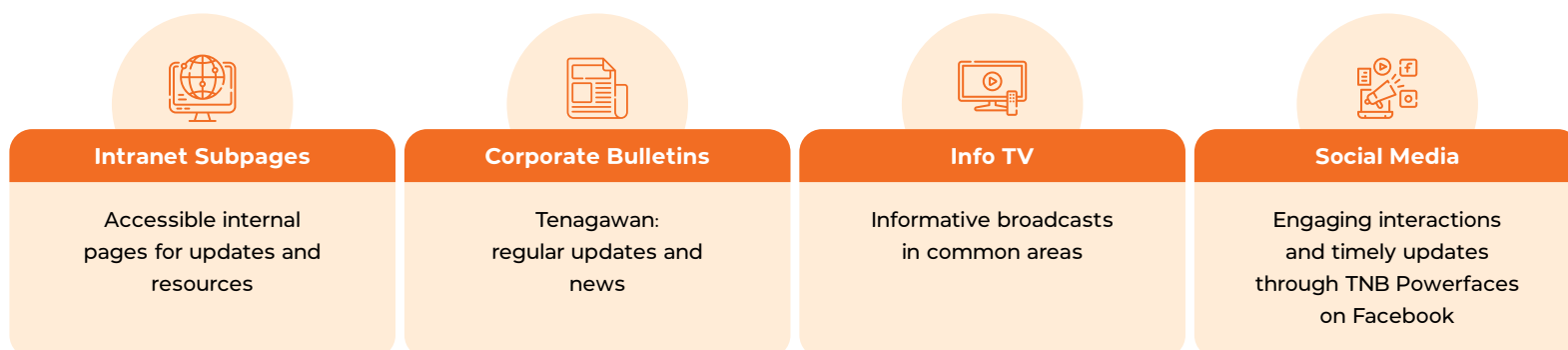
PERFORMANCE-BASED REMUNERATION

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.

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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.

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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.

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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) [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) [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 ¹	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) [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
EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITIES								
Workforce by Level and Age Group								
N/A	Non-Executive							
	<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	-	-	
BOARD OF DIRECTORS								
TNB Company Board Directors by Gender								
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	-	
TNB Company Board Directors by Age								
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	-	-	
CAPABILITY BUILDING								
Training Hours								
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 ¹	50.47	57.56	-	-	
[Labour Practices and Standard]								
Average Training Hours by Gender								
GRI 404-1	Male	Hours	48	47.07	58.25	-	-	
	Female	Hours	46	51.62	55.00	-	-	
Total Training Hours by Level								
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								
Capability Building Investments for Employees								
N/A	Total investment	RM million	189.58	197	203.87	-	-	
EMPLOYEE DEMOGRAPHIC BY CONTRACT TYPE								
Bursa C6(b)	Total (Permanent)	Number	31,063 ¹	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								
NEW EMPLOYEE HIRES AND TURNOVER								
Employee Turnover by Level								
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	-	-	
Employee Turnover Rate by Level								
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	-	-	
LABOUR RIGHTS								
Bursa C6(d)	Number of substantiated complaints	Number	0	0	0	-	-	
[Labour Practices and Standards]								
GRI 2-25								

¹ 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	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. 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.				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. 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. 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.			
Impact on Business Model & Value Chain	- Strengthens TNB's social mandate and reinforces long-term licence to operate by uplifting underserved communities through improved energy access. - Enhances stakeholder trust and national alignment, supporting a resilient business ecosystem anchored in shared prosperity and inclusive growth.				Undermines TNB's social positioning, erodes stakeholder trust and damages its brand image and reputation.			
Effect on Strategy & Decision Making	- Drives prioritisation of community-centric programmes aligned with Malaysia MADANI and national socio-economic goals. - Encourages collaboration with government agencies, NGOs and local partners to maximise outreach, impact efficiency, and programme scalability.				- Align CSR programmes with national priorities including the Malaysia MADANI agenda, supported by community needs assessments. - Collaborate with government agencies, NGOs, local councils and private-sector partners to maximise programme reach and resource efficiency.			
Effect on Financial Performance, Position & Cash Flow	Strengthens long-term reputational capital and social value creation, supporting sustained stakeholder confidence and national development contribution.				Reduced social value may indirectly affect long-term reputational, financial positioning and amount contributed for national socio-economic development.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Spend							
	RM232.3 mil	1% PAT	1% PAT	1% PAT	–	Suboptimal Social Impact 3% of CSR spent	Suboptimal Social Impact 2% of CSR spent	Suboptimal Social Impact 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 channeled 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, Malakoff); nine (9) other ministries and government agencies (eg: MoHE, KBS, KESUMA), eight (8) higher learning institutions (UNITEN, UKM, UniMAP, UTM, UMK, UTHM, UniKL & 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:

Confirm AI Programme with UNITEN	Trust School for Peer Assisted Learning and Sharing	Thunderbolts TNB	PINTAR TNB with Yayasan Pintar	Sekolah Angkat MADANI
10 schools	6 schools	7 schools	13 schools	15 schools

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 & 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 channeled 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 tCO₂e 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
COMMUNITY/SOCIETY								
Total Number of Beneficiaries of the Investment in Communities								
Bursa C2(a), C2(b) [Community/ Society]	Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM million	99.04	63.78	101.34	-	-	
GRI 201-1	Beneficiaries of investment in communities	Number	6,635	79,581	713,748	-	-	

MT 14 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	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. 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.				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. 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.			
Impact on Business Model & Value Chain	- Strengthens security and reliability of key fuels and critical components by reducing exposure to global supply shocks and imported material risks. - Supports competitive pricing and stable operations through local sourcing, diversified suppliers and lower carbon-intensity inputs.				Undermines TNB's ability to deliver reliable, affordable and sustainable energy due to the unavailability or rising costs of critical equipment and materials.			
Effect on Strategy & Decision Making	- Drives strategic focus on supplier diversification, localisation, and long-term partnerships to ensure sustained availability of essential equipment and materials. - Guides investment into supplier capability development and sustainable procurement practices to align with energy transition needs.				- Diversify and strengthen the vendor ecosystem to enhance supply chain resilience and competitiveness. - Implement vendor capability-building programmes, including technical support, to accelerate sustainability adoption.			
Effect on Financial Performance, Position & Cash Flow	Unlocks cost avoidance from increasing operating costs due to increasing procurement cost.				Higher operating costs resulting from higher foreign exchange costs due to increased transactions with international vendors.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Cost Savings RM5.4 mil	Cost Avoidance <RM50 mil	Cost Avoidance <RM50 mil	Cost Avoidance <RM50 mil	Cost Increase RM54.2 mil	Cost Increase <RM50 mil	Cost Increase <RM50 mil	Cost Increase <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.

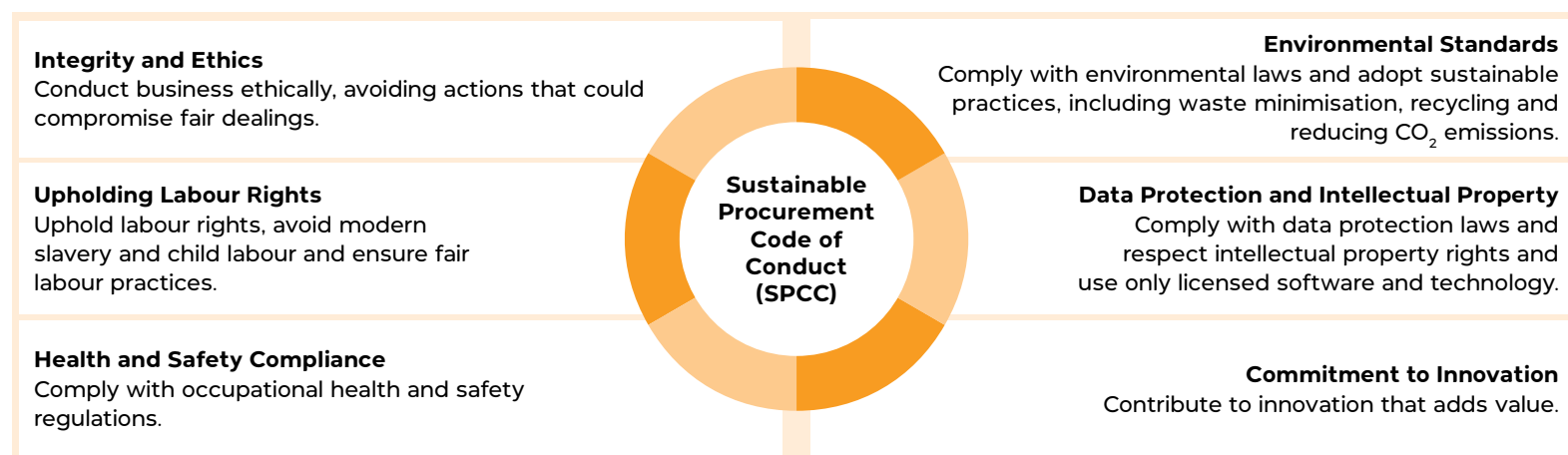
SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN

SUSTAINABLE PROCUREMENT CODE OF CONDUCT (SPCC)

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
Manufacturer	All	≥70%
Contractor	<i>Kontraktor Kerja Bumiputera</i>	100%
	<i>Kontraktor Perkhidmatan Bumiputera</i>	
NETR	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
SUPPLY CHAIN MANAGEMENT								
Proportion of Spending on Local Suppliers								
Bursa C7(a) [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	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). 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. 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.				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. 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. A successful cyberattack could compromise grid reliability, disrupt electricity supply, expose sensitive operational or customer data, resulting in financial loss and adverse reputation.			
Impact on Business Model & Value Chain	- 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. - Strengthens trust in digital platforms, enabling secure delivery of emerging energy-transition solutions such as personalised services, advanced analytics and smart-grid applications.				Undermines TNB's ability to deliver reliable energy and compromising the confidentiality of sensitive information and customer data.			
Effect on Strategy & Decision Making	- Prioritises targeted investments in threat monitoring, OT/IT hardening, data governance, and workforce cybersecurity capability development to proactively manage evolving risks. - Reinforces integration of cybersecurity in digital transformation programmes, guiding enterprise-wide protocols for secure system design and incident response.				- Strengthen TNB's cybersecurity posture through continuous threat monitoring and workforce capability development. - Enhance incident response planning to proactively safeguard critical infrastructure and protect operational data.			
Effect on Financial Performance, Position & Cash Flow	Avoids significant financial losses associated with service disruptions, data breaches and incident response, while reducing long-term insurance and recovery costs.				Higher operating costs resulting from increase in insurance premium and potential losses from cyber incidents.			
Time Horizon	Current	Short	Medium	Long	Current	Short	Medium	Long
Effect on Financial	Cost Savings RM65.8 mil	Cost Avoidance RM50 mil – RM450 mil	Cost Avoidance RM50 mil – RM450 mil	Cost Avoidance RM50 mil – RM450 mil	Cost Increase RM9.4 mil	Cost Increase <RM50 mil	Cost Increase <RM50 mil	Cost Increase <RM50 mil

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 (DPO)**
 TNB has appointed five (5) DPOs 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.

PREScribed TABLE

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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	-		Base tariff set by EC
Energy Reliability & Affordability	Average retail electric rate for all customers: Sabah	sen/kWh	31.49	-		-
Energy Reliability & Affordability	Average retail electric rate for Peninsular Malaysia: Residential	sen/kWh	33.25	-		-
Energy Reliability & Affordability	Average retail electric rate for Sabah: Residential	sen/kWh	34.25	-		-
Energy Reliability & Affordability	Average retail electric rate for Peninsular Malaysia: Non-Residential LV	sen/kWh	51.55	-		-
Energy Reliability & Affordability	Average retail electric rate for Peninsular Malaysia: Non-Residential MV	sen/kWh	49.00	-		-
Energy Reliability & Affordability	Average retail electric rate for Peninsular Malaysia: Non-Residential HV	sen/kWh	49.00	-		-
Energy Reliability & Affordability	Average retail electric rate for Peninsular Malaysia: Non-Residential UHV	sen/kWh	60.93	-		-
Energy Reliability & Affordability	Average retail electric rate for Sabah: Commercial	sen/kWh	32.46	-		-
Energy Reliability & Affordability	Average retail electric rate for Sabah: Industrial	sen/kWh	2775	-		-
Energy Reliability & Affordability	Total net energy output	GWh	75,373.46	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Gas	GWh	19,769.21	-		-

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Tenaga Nasional Berhad

IFRS S1

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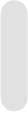
FYE 31/12/2025

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	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Hydro	GWh	7,380.92	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Diesel	GWh	412.82	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Solar	GWh	1,023.61	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Biomass	GWh	15.61	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Biogas	GWh	9.90	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Wind	GWh	44.717	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Oil	GWh	10,768	-		-
Energy Reliability & Affordability	Net energy output broken down by primary energy source: Solar Hybrid	GWh	4,758	-		-
Air Quality Management	Significant air emissions: Sulphur Oxides (SOx)	Metric Tonnes	111,140.00	-		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	-		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	-		Starting in FY2024, the toxic loading value incorporates a revised methodology
Air Quality Management	Significant air emissions: Lead (Pb)	Metric Tonnes	Not Applicable	-		-
Air Quality Management	Significant air emissions: Mercury (Hg)	Metric Tonnes	Not Detected	-		-
Air Quality Management	Percentage of pollutants near dense area: Sulphur Oxides (SOx)	Percentage	100	-		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	-		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	-		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	-		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	-		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	-		-
Waste Management and Coal Ash Management	Amount of coal combustion products (CCPs) generated: Bottom Ash	Metric Tonnes	222,857	-		-
Waste Management and Coal Ash Management	Percentage of coal combustion products (CCPs) recycled: Fly Ash	Percentage	64.50	-		-
Waste Management and Coal Ash Management	Percentage of coal combustion products (CCPs) recycled: Bottom Ash	Percentage	1510	-		-
Safety, Health and Well-being	Fatality rate: Employees	Number	0.03	Zero fatalities		-
Safety, Health and Well-being	Fatality rate: Contractors	Number	0.04	Zero fatalities		-
Safety, Health and Well-being	Total Recordable Incident Rate (TRIR): Employees	Per 1000 Workers	4.50	-		-

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	-		-
Safety, Health and Well-being	Near Miss Frequency Rate (NMFR): Employees	Per Million Manhours	0.24	-		-

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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	-		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	-		-
GHG Emission & Energy Resource Planning	Total direct GHG emissions (Scope 1)	Million tCO2e	39.31	-		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		-
GHG Emission & Energy Resource Planning	Other Indirect (Scope 3) GHG Emissions: Business travel	Million tCO2e	0.056	1% reduction annually		-
GHG Emission & Energy Resource Planning	Other Indirect (Scope 3) GHG Emissions: Employee commuting	Million tCO2e	0.112	1% reduction annually		-
GHG Emission & Energy Resource Planning	Total Scope 3 GHG emissions	Million tCO2e	0.168	-		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	-		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	-		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	-		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	-		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	-		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	-		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	-		None of TNB reported emissions fall within emissions reporting regulatory body
GHG Emission & Energy Resource Planning	GHG emissions associated with power deliveries	Million tCO2e	98,679,238.61	-		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	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Gas	GWh	19,769.21	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Coal	GWh	46,158.96	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Hydro	GWh	7,380.92	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Diesel	GWh	412.82	-		-

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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	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Biomass	GWh	15.61	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Biogas	GWh	9.90	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Wind	GWh	44,717	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Oil	GWh	10,768	-		-
GHG Emission & Energy Resource Planning	Net energy output broken down by primary energy source: Solar Hybrid	GWh	4,758	-		-
Energy Transition and Grid Resiliency	Percentage of electric load served by smart grid technology	Percentage	52.20	-		-
Energy Transition and Grid Resiliency	System Average Interruption Duration Index (SAIDI): Peninsular Malaysia	Minutes/ Customers/ Year	46.93	≤47		-
Energy Transition and Grid Resiliency	System Average Interruption Frequency Index (SAIFI): Peninsular Malaysia	Minutes/ Customers/ Year	0.95	-		-
Energy Transition and Grid Resiliency	Customer Average Interruption Duration Index (CAIDI): Peninsular Malaysia	Minutes/ Customers/ Year	49.61	≤60		-
Energy Transition and Grid Resiliency	System Average Interruption Duration Index (SAIDI): Sabah	Minutes/ Customers/ Year	18,713	≤220		-

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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	-		-
Energy Transition and Grid Resiliency	Customer Average Interruption Duration Index (CAIDI): Sabah	Minutes/Customers/Year	18.94	-		-
Energy Transition and Grid Resiliency	Number of incidents of non-compliance with physical standards and regulations	Number	0	-		-
Energy Transition and Grid Resiliency	Number of incidents of non-compliance with cybersecurity standards and regulations	Number	0	-		-
Energy Transition and Grid Resiliency	Total number of incidents of non-compliance with physical or cybersecurity standards or regulations	Number	0	-		-
Energy Transition and Grid Resiliency	Total generation and transmission capacity impacted by disruption: TNB	MW	892	-		-
Energy Transition and Grid Resiliency	Total population affected by disruption: TNB	Number	367,462	-		-
Energy Transition and Grid Resiliency	Total generation and transmission capacity impacted by disruption: SE	MW	657	-		-
Energy Transition and Grid Resiliency	Total population affected by disruption: SE	Number	215,180	-		-
Energy Transition and Grid Resiliency	Length of above and underground Transmission lines by regulatory regime (TNB)	Circuit-km	26,592	-		-

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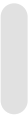
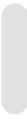
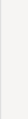
FYE 31/12/2025

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	-		-
Energy Transition and Grid Resiliency	Total wholesale electricity purchased (TNB)	GWh	133,350	-		-
Energy Transition and Grid Resiliency	Length of above and underground Transmission lines by regulatory regime (SE)	Circuit-km	3,150	-		-
Energy Transition and Grid Resiliency	Length of above and underground Distribution lines by regulatory regime (SE)	Circuit-km	27,252	-		-
Energy Transition and Grid Resiliency	Total wholesale electricity purchased (SE)	GWh	6,518	-		-
Customer Experience and Energy Efficiency	Total number of Customer Accounts: Residential	Number	9,368,707	-		-
Customer Experience and Energy Efficiency	Number of Customer Accounts: Residential in Peninsular Malaysia	Number	8,766,538	-		-
Customer Experience and Energy Efficiency	Number of Customer Accounts: Residential in Sabah	Number	602,169	-		-
Customer Experience and Energy Efficiency	Total number of Customer Accounts: Commercial	Number	1,862,093	-		-
Customer Experience and Energy Efficiency	Number of Customer Accounts: Commercial in Peninsular Malaysia	Number	1,748,735	-		-
Customer Experience and Energy Efficiency	Number of Customer Accounts: Commercial in Sabah	Number	113,358	-		-
Customer Experience and Energy Efficiency	Total number of Customer Accounts: Industrial	Number	36,582	-		-

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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	-		-
Customer Experience and Energy Efficiency	Number of Customer Accounts: Industrial in Sabah	Number	1,741	-		-
Customer Experience and Energy Efficiency	Total number of Customer Accounts: Others	Number	112,642	-		-
Customer Experience and Energy Efficiency	Number of Customer Accounts: Others in Peninsular Malaysia	Number	105,841	-		-
Customer Experience and Energy Efficiency	Number of Customer Accounts: Others in Sabah	Number	6,801	-		-
Customer Experience and Energy Efficiency	Total number of Customer Accounts	Number	11,380,024	-		-
Customer Experience and Energy Efficiency	Total electricity delivered to Customer Accounts: Residential	MWh	38,735,998.73	-		-
Customer Experience and Energy Efficiency	Electricity delivered to Customer Accounts: Residential in Peninsular Malaysia	MWh	36,713,306.52	-		-
Customer Experience and Energy Efficiency	Electricity delivered to Customer Accounts: Residential in Sabah	MWh	2,022,692.21	-		-
Customer Experience and Energy Efficiency	Total electricity delivered to Customer Accounts: Commercial	MWh	52,385,318.11	-		-
Customer Experience and Energy Efficiency	Electricity delivered to Customer Accounts: Commercial in Peninsular Malaysia	MWh	49,945,598.93	-		-

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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	-		-
Customer Experience and Energy Efficiency	Total electricity delivered to Customer Accounts: Industrial	MWh	44,489,456.80	-		-
Customer Experience and Energy Efficiency	Electricity delivered to Customer Accounts: Industrial in Peninsular Malaysia	MWh	43,343,754.57	-		-
Customer Experience and Energy Efficiency	Electricity delivered to Customer Accounts: Industrial in Sabah	MWh	1,145,702.23	-		-
Customer Experience and Energy Efficiency	Total electricity delivered to Customer Accounts: Others	MWh	3,409,519.28	-		-
Customer Experience and Energy Efficiency	Electricity delivered to Customer Accounts: Others in Peninsular Malaysia	MWh	3,347,662.43	-		-
Customer Experience and Energy Efficiency	Electricity delivered to Customer Accounts: Others in Sabah	MWh	61,856.85	-		-
Customer Experience and Energy Efficiency	Total electricity delivered to Customer Accounts	MWh	139,020,292.92	-		-
Water and Biodiversity	Total water withdrawal from all areas	ML	4,514,331	-		-
Water and Biodiversity	Water withdrawal sources - Surface water: Freshwater	ML	4,885	-		-
Water and Biodiversity	Water withdrawal sources - Surface water: Others	ML	0	-		-
Water and Biodiversity	Water withdrawal sources - Seawater	ML	4,498,783	-		-

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Water and Biodiversity	Water withdrawal sources - Third party water: Freshwater	ML	10,663	-		-
Water and Biodiversity	Water withdrawal sources - Third party water: Others	ML	0	-		-
Water and Biodiversity	Water withdrawal from areas with High Baseline Water Stress	Percentage	0.004	-		-
Water and Biodiversity	Water withdrawal from areas with Extremely High Baseline Water Stress	Percentage	0	-		-
Water and Biodiversity	Freshwater Withdrawal Intensity	ML/GWh	0.206	-		-
Water and Biodiversity	Total water consumption from all areas	ML	8,920	-		-
Water and Biodiversity	Water Consumption Intensity	ML	0118	15% reduction in water intensity by 2035 using 2025 baseline		-
Water and Biodiversity	Water consumed from areas with High Baseline Water Stress	Percentage	1.56	-		-
Water and Biodiversity	Water consumed from areas with Extremely High Baseline Water Stress	Percentage	0	-		-
Water and Biodiversity	Reduction in water intensity	Percentage	5.998	-		-
Water and Biodiversity	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	0	-		-