



PBAHB

PBA Holdings Bhd
200001012513 (515119-U)

Memenuhi segala keperluan bekalan air anda

Meeting all your water supply needs

12

An Award-Winning Year

PBA Holdings Bhd
SUSTAINABILITY STATEMENT **2025**



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SUSTAINABILITY STATEMENT 2025

Statement Overview

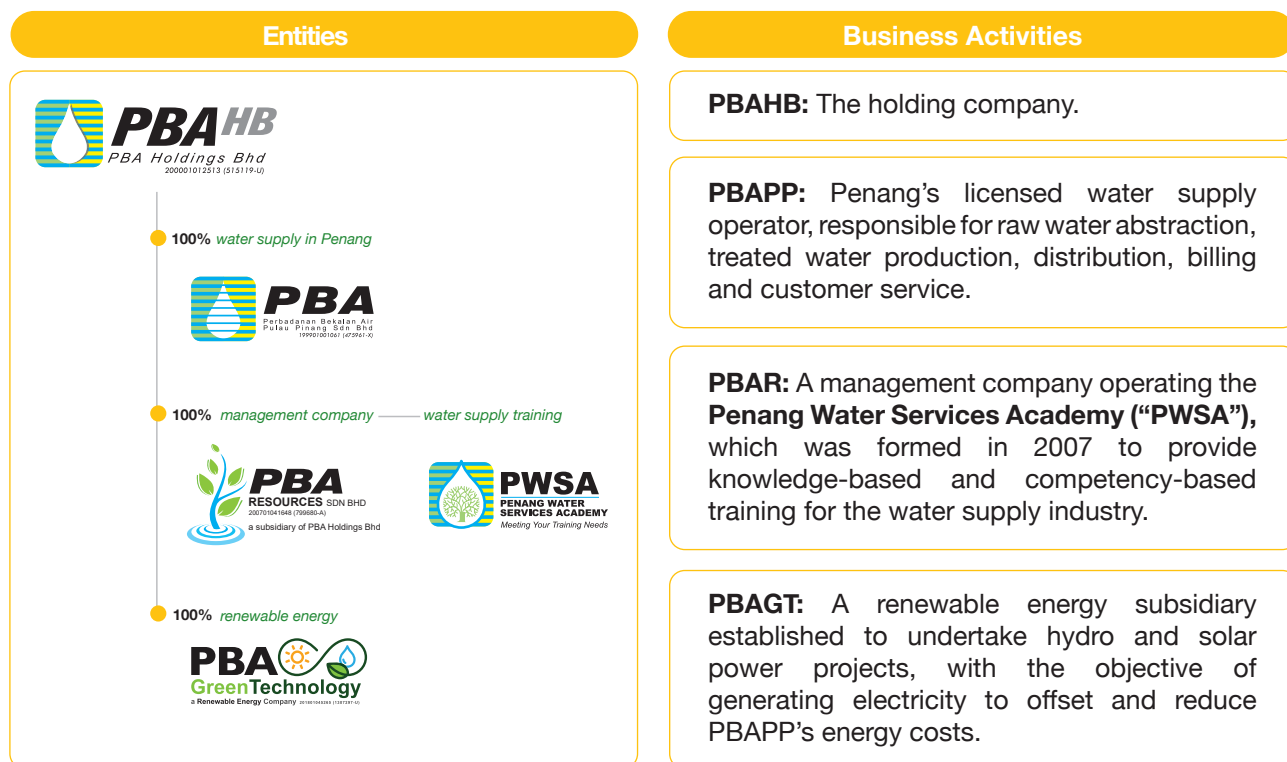
PBA Holdings Bhd (“PBAHB” or “the Company”) provides water supply and related services in Penang through its wholly owned subsidiaries (“PBA” or “the Group”) Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (“PBAPP”), PBA Resources Sdn Bhd (“PBAR”) and PBA Green Technology Sdn Bhd (“PBAGT”).

Our principal subsidiary PBAPP, the licensed water supply operator for the state of Penang, seeks to deliver safe, clean and reliable water to consumers while upholding environmental responsibility and operational excellence.

This Sustainability Statement (the “Statement”) presents PBA’s sustainability performance for the financial year 2025 and outlines how the Group integrates sustainability across its operations while maintaining operational efficiency.

Scope and Boundary

The reporting period for this Statement covers 1 January 2025 to 31 December 2025 (“FY2025”) and includes the data and activities from PBAHB and its subsidiaries.



Reporting Approach

PBA’s Statement has been prepared in compliance with Bursa Malaysia Securities Main Market Listing Requirements (“MMLR”) and references the following frameworks.

- International Financial Reporting Standards (“IFRS”) Sustainability Disclosure Standards: IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information
- International Financial Reporting Standards (“IFRS”) Sustainability Disclosure Standards: IFRS S2: Climate-related Disclosures
- Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition)
- United Nations Sustainable Development Goals (“UN SDGs”)
- Global Reporting Initiative (“GRI”) Standards 2021

Data Assurance

PBA's Management and Board have reviewed the contents of this Statement. For the financial year ended 31 December 2025, the Group obtained limited assurance on the following indicators in accordance with the Malaysian Approved Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

No.	Indicators	Unit
1	Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM
2	Confirmed incidents of corruption and action taken	Number
3	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number
4	Number of work-related fatalities	Number
5	Lost time incident rate	Rate
6	Total energy consumption	MWh

For further details, please refer to the Independent Practitioner's Limited Assurance Report on page 71.

Contact Us

We value feedback and insights from our stakeholders. Please direct any questions or suggestions to the contact points below.

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Navigating Icons

Core Values

- Accountability
- Communication
- Teamwork
- Integrity
- On-Going Learning
- New Ways of Improvement

Stakeholder Groups

- Shareholders
- Government & Statutory Bodies
- Consumers
- Employees
- Suppliers & Vendors
- Local Communities & Special Interest Group

Material Sustainability Matters

- CGAC Corporate Governance & Anti-Corruption
- RC Regulatory Compliance
- CSDP Customer Service & Data Protection
- PS Product Stewardship
- SCM Supply Chain Management
- EECR Energy, Emissions & Climate Resilience
- WEM Waste & Effluent Management
- WC Water Consumption
- LPS Labour Practices & Standards
- OHS Occupational Health & Safety
- DI Diversity & Inclusion
- CE Community Engagement

Focus Areas

- Focus Area 1: Strengthening Integrity and Governance
- Focus Area 2: Ensuring Quality Product and Services
- Focus Area 3: Protecting Our Environment
- Focus Area 4: Caring for Our Peop

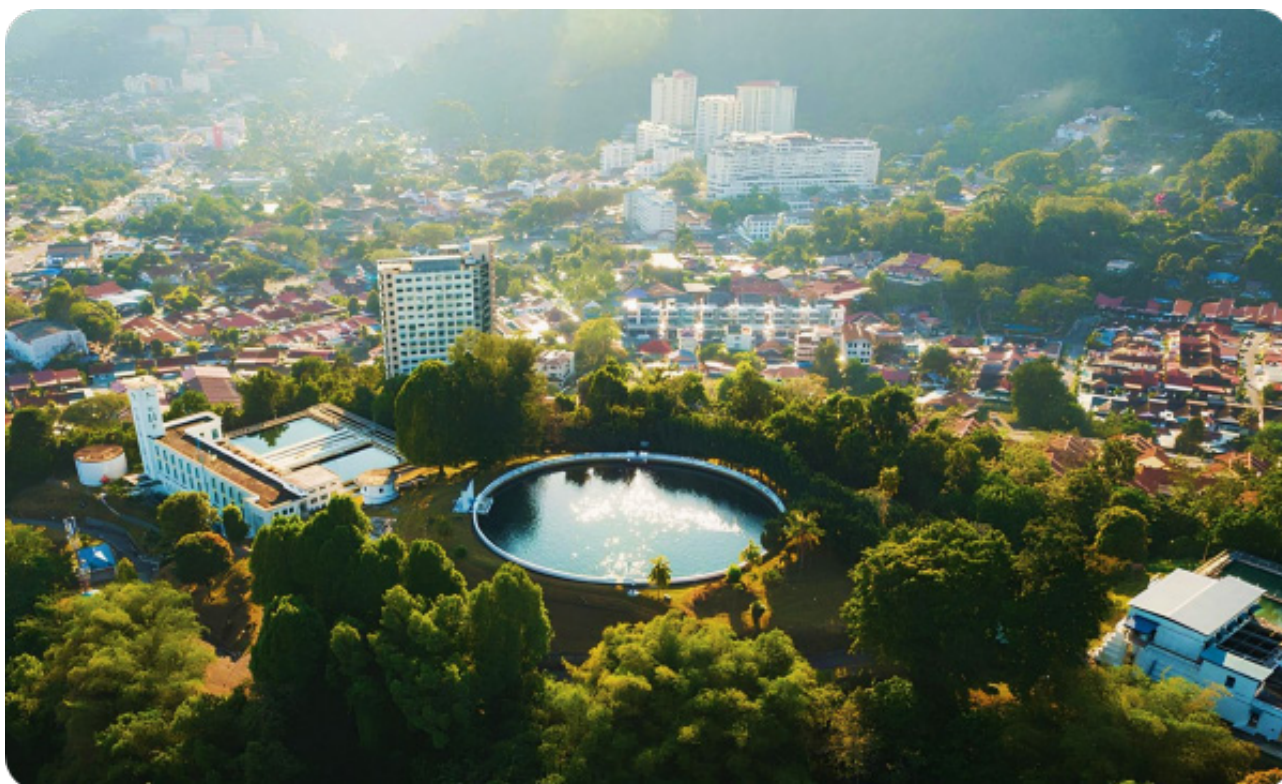
Charting a Path Towards a Water-Resilient Future

Since our establishment in 2001, PBA has served as Penang's trusted water services provider, delivering a safe, reliable and efficient water supply to support the state's socio-economic development. The Group continues to strengthen Penang's water resilience by advancing integrated water management solutions aligned with the Penang2030 vision of a smart, sustainable and livable state.

To strengthen stewardship of Penang's potable water resources, the Group prioritises resource management, operational efficiency and responsible governance. We work with neighbouring water operators including Syarikat Air Darul Aman ("SADA") in Kedah to support long-term regional water security and promote inter-state collaboration, with operations conducted in accordance with applicable national regulatory requirements including standards set by the Ministry of Health ("MOH") and National Water Services Commission ("SPAN").

During the reporting period, PBA increased water treatment capacity, improved distribution efficiency, strengthened governance practices and enhanced climate and environmental resilience. In recognition of the increasing risks and opportunities associated with climate change, the Group also developed a Net Zero strategic roadmap to reduce greenhouse gas ("GHG") emissions across its operations while supporting long-term operational efficiency and resilience.

In parallel, PBA commenced climate-related reporting aligned with the International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards covering climate-related risks and opportunities, governance framework and performance metrics.



Charting a Path Towards a Water-Resilient Future (Cont'd)

PBAPP's Sukuk Programme and Sustainable Finance Framework



In July 2025, PBAPP launched the RM5.0 billion Islamic Medium-Term Notes (“IMTN”) Sukuk Programme together with a Sustainable Finance Framework, becoming the first Penang state Government-Linked Company to establish both platforms.

Structured under a Shariah-compliant Sukuk Wakalah arrangement, the programme provides a scalable, flexible platform for raising medium- to long-term financing through the Malaysian capital markets. Proceeds from the Sustainability Sukuk will support the Water Contingency Plan 2030 (“WCP 2030”), broader capital and operating expenditure requirements including refinancing and other eligible green and social initiatives.

The Sukuk Programme received a AAA/Stable credit rating while the Sustainable Finance Framework was awarded a Gold Sustainable Finance Rating reflecting strong governance, sound credit fundamentals and alignment with sustainable finance best practices. This milestone highlights PBA's commitment to sustainable capital allocation, financial resilience and the delivery of essential public services aligned with the Penang2030 vision.

Zero Waste Recycling Initiative at the Sungai Dua Water Treatment Plant



PBAPP implemented a Zero Waste Recycling Project at the Sungai Dua Water Treatment Plant to convert water treatment residue (“WTR”), classified as scheduled waste, into green building materials while continuously recovering supernatant water for reuse as recycled raw water.

Operating on a continuous 24-hour basis, the project generated an average of 25.4 million litres per day (“MLD”) of recycled water in September 2025, strengthening water security in Penang. Concurrently, dewatered WTR is repurposed into cement bricks containing 30% recycled material, reducing landfill disposal and supporting sustainable construction practices.

The initiative enhances operational sustainability with the capacity to process over 91,000 tonnes of WTR in 2025, increasing annually without incurring additional capital expenditure. In line with the Environmental Quality Act 1974, the project delivers environmental and economic benefits including a 74% reduction in recycling costs compared with landfill disposal.

These achievements reflect PBA's dedication to operational excellence, financial prudence and environmental stewardship in securing Penang's water future. Looking ahead, the Group will strengthen and expand Penang's water supply infrastructure to enhance resilience and meet future demand.

Recognition for Excellence in Water Supply and Management

In FY2025, the Group received multiple prestigious awards in recognition of its excellence in water management, sustainability and corporate performance. These achievements reflect our teams' commitment to delivering sustainable water services and value to our shareholders.



Malaysian International Water Convention 2025: Gold Award in the Circular Economy & Water Reuse Category

17 October 2025 | We were honoured with the Gold Award at the Malaysian International Water Convention under the Circular Economy & Water Reuse category for our Zero Waste Recycling Project at the Sungai Dua Water Treatment Plant. The project demonstrated innovation in waste reduction, resource recovery and sustainable water management through the recycling of water treatment residue into cement bricks and the recovery of water for reuse.



3rd International Conference on Dam Safety Management and Engineering 2025: “Best Dam Maintenance” Award

5 November 2025 | PBAPP received the “Best Dam Maintenance” award at the 3rd International Conference on Dam Safety Management and Engineering (“ICDSME 2025”) for our management of the Teluk Bahang Dam. The award recognises PBAPP’s excellence in maintaining dam safety and resilience, guided by ISO standards for quality management (ISO 9001), occupational health and safety (ISO 45001) and environmental management (ISO 14001).

Recognition for Excellence in Water Supply and Management (Cont'd)



Malaysia Water Association (“MWA”) Awards 2025: Malaysia Water Award for Management 2025

15 October 2025 | The Group received the MWA Management 2025 Award in recognition of our performance in water supply management. The award acknowledges our water supply operations, ISO-certified management systems, sustainability reporting, and innovative initiatives, including the:

- Zero Waste Water Treatment Residue Recycling Project at the Sungai Dua Water Treatment Plant
- GeoWater Real-time Geographic Information System (“GIS”) platform for monitoring water infrastructure, consumption and pipeline performance
- Water Contingency Plan 2030 (“WCP 2030”), comprising eight key infrastructure projects to enhance treated water capacity and access

The award marks the fourth time Penang has received this prestigious national recognition, highlighting PBAPP’s continued commitment to sustainable water management and operational excellence.



The Edge Centurion Club Awards 2025

7 August 2025 | The Group received two prestigious awards from The Edge for its outstanding performance among public-listed telecommunications, media and utilities companies with a market capitalisation below RM1 billion:

- Highest Growth in Profit After Tax (“PAT”) over three years (2022–2024)
- Highest Returns to Shareholders over three years (2022–2024)

These awards highlight PBA’s financial performance and commitment to shareholder value creation. Despite operating in a tightly regulated water supply industry, PBA achieved strong profitability and maintained consistent shareholder returns, marking its 24th consecutive year of dividend payments since 2002.

This recognition reflects the collective efforts of PBAHB and PBAPP teams, underpinned by disciplined financial management, tariff revisions and effective strategic execution.

Recognition for Excellence in Water Supply and Management (Cont'd)



UNGCMYB “Forward Faster Sustainability” CEO Award 2026 UNGCMYB ESG Select List

29 January 2026 | The Group received the United Nations Global Compact Network Malaysia & Brunei (“UNGCMYB”) Forward Faster Sustainability CEO Award 2026. The award recognises our CEO, Dato’ Ir. Pathmanathan K., for his leadership in embedding sustainability into the Group’s core business strategy and operations as a mid-tier organisation.

The recognition was based on the following key initiatives.

- Ongoing expansion and diversification of Penang’s water supply infrastructure under the RM2.1 billion Water Contingency Plan 2030 (“WCP 2030”)
- Implementation of the Zero Waste Water Recycling Project at the Sungai Dua Water Treatment Plant to recover supernatant water as an additional raw water source and recycle treatment residue into cement brick raw material
- Generation of approximately 200,000 kWh of solar energy per month at the Bukit Dumbar Reservoir and Pumping Station Complex
- Re-activation of the Pulau Aman pilot desalination project to assess the feasibility of strategic desalination for future public water supply
- Achievement of a 30% reduction in internal water consumption across all PBAPP facilities in Penang

25 November 2025 | PBAHB was also included in the UNGCMYB ESG Select List, achieving a 3-star recognition. This acknowledgement highlights the Group’s measurable progress in ESG practices. Key factors include the Zero Waste Water Recycling Project at Sungai Dua, the promotion of a 250 litres per capita per day (“LCD”) domestic water consumption target for Penang, and the launch of a RM5 billion Islamic medium-term notes programme with an “AAA/Stable” sustainable rating.

Advancing Sustainable Water Security for Penang

PBA focuses on securing long-term water security for Penang while managing environmental impacts responsibly and supporting resilient communities. Throughout the year, the Group maintained reliable operations and continued to strengthen sustainability and governance practices, reinforcing our role as a trusted and responsible water services provider.

Recognition for Excellence in Water Supply and Management (Cont'd)

Focus Area 1: Strengthening Integrity and Governance

Anchored in Integrity and Accountability

We drive a resilient water supply by embedding robust governance frameworks across our operations and ensuring accountability to stakeholders.



100%

Board participated in the Corruption-Free Pledge



181,104

MyPBA mobile application downloads in FY2025, supporting greater use of digital service channels



Zero

Substantiated complaints related to customer data privacy breaches over the **past three years**

Focus Area 2: Ensuring Quality Products and Services

Delivering Excellence, Ensuring Reliability

Our primary mandate is to provide clean, safe and continuous water supply to the state of Penang. We achieve this through regulatory compliance, continuous infrastructure upgrades and quality control processes.



107,303

Total Water Capacity (ML)



100%

Compliance to Ministry of Health on Water Quality Assurance Programme Standards



100%

Procurement expenditure was allocated to local suppliers

Recognition for Excellence in Water Supply and Management (Cont'd)

Focus Area 3: Protecting Our Environment

Sustainable Stewardship for the Future

In our efforts to reduce PBA's environmental footprint, the Group's climate action strategy focuses on long-term preservation through initiatives such as catchment protection and energy efficiency.



37,423.49

Metric tonnes of waste diverted from landfill



0.41%

Reduction in energy intensity



FY 2025

Developed a Net Zero Strategic Roadmap

Focus Area 4: Caring for Our People

Empowering Talent, Enriching Communities

PBA's success is attributed to our people, who are the backbone of the business. We foster a safe, inclusive and nurturing work environment while contributing to the communities in which we operate.



22.75%

Reduction in the Lost Time Injury Rate ("LTIR") compared to the previous reporting year.



139,160.5

Hours of training provided to employees across the Group



RM 2,983,440

Spent for community programmes, sponsorships, and donations

Delivering Reliable Water Services for Penang

PBA oversees the full spectrum of water services from raw water abstraction and treatment to distribution, billing and customer support. With the Penang State Government as our majority shareholder, we remain committed to delivering a continuous and reliable 24-hour water supply that meets the needs of the state.

The Group operates in compliance with regulatory requirements under the supervision of the National Water Services Commission (“SPAN”) and aligns our practices with national standards to ensure operational excellence and maintain public trust.

Beyond water service delivery, PBA plays a key role in supporting Penang’s social and economic development while safeguarding the environment. Guided by the Penang2030 vision, the Group continues to strengthen our position as a leader in resilient water management, building a water system that promotes sustainable growth, resilience and shared prosperity.

Our Water Assets and Service Coverage



Average Population Served

1,800,400
people



Daily Water Production

1,208 MLD
per day



Water Supply Coverage

100% urban &
99.8% rural



Average Daily
Water Consumption

870 MLD



Raw Water Storage
and Regulation

4 dams



Water Treated
Through

10 WTPs



Treated
Water Reservoirs

59 reservoirs



Water
Distribution Network

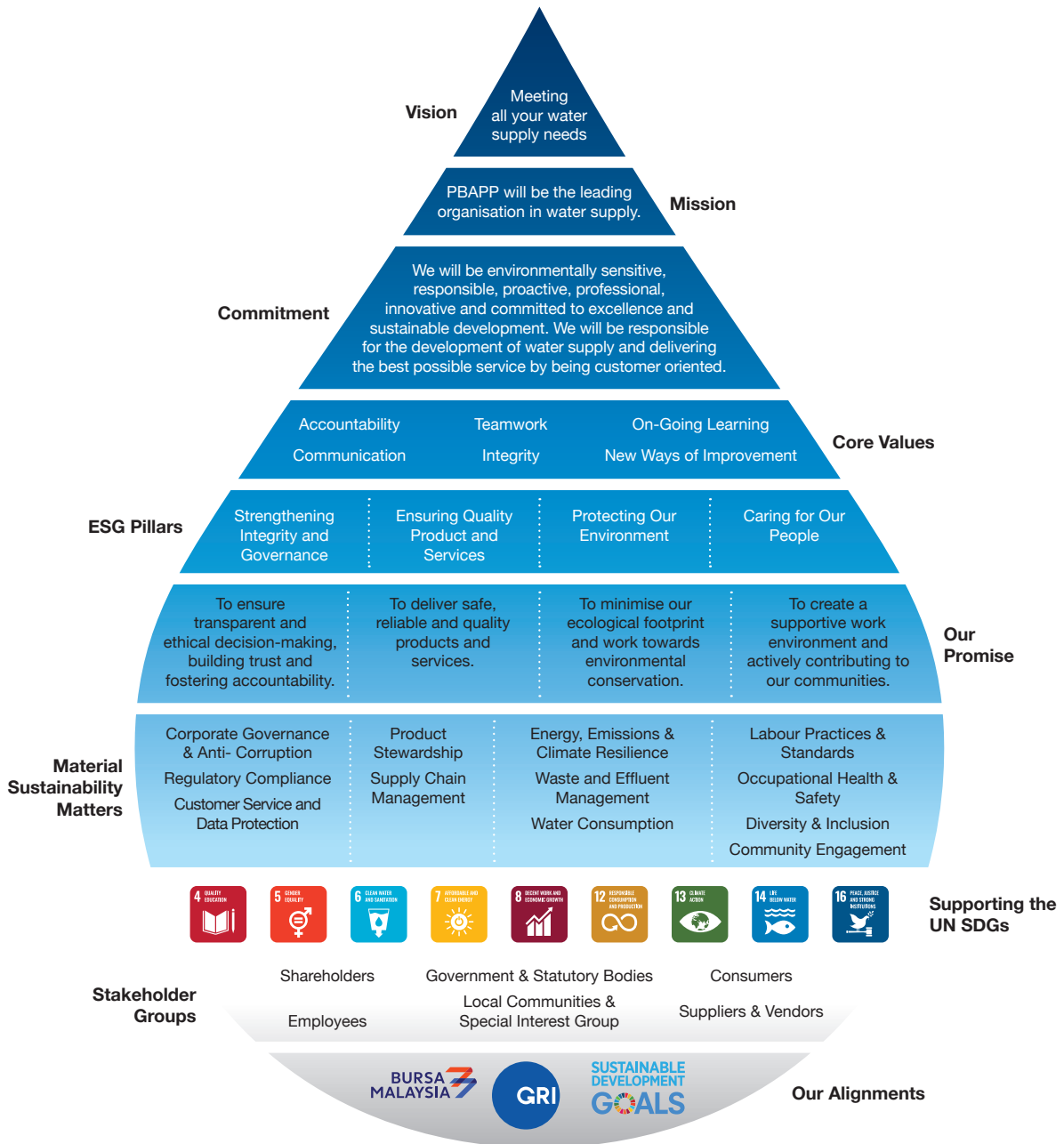
4,776 km
of pipelines



Our Approach to Water Stewardship

The Sustainability Strategy and Sustainability Policy form the foundation of our approach to embedding sustainability across our business and governance practices. Together, they guide decision-making, establish clear expectations and integrate sustainability and climate considerations across the Group

Sustainability Strategy for Responsible Business



Our Approach to Water Stewardship (Cont'd)

Core Principles of Our Sustainability Policy

- 01** Ensure a reliable and continuous water supply by addressing consumer needs, promoting prudent water consumption and reducing NRW losses across the distribution network.
- 02** Maintain high standards of drinking water quality through treatment processes, continuous monitoring and compliance with national regulatory requirements for safe and clean water.
- 03** Enhance water infrastructure efficiency by adopting innovative technologies, managing energy consumption and greenhouse gas (“GHG”) emissions to support climate resilience.
- 04** Implement waste management practices by reducing waste, promoting resource recovery and applying circular economy principles in water treatment and operational processes.
- 05** Advance social equity and inclusion by ensuring equitable access to clean water for communities, while fostering participatory engagement in water-related initiatives.
- 06** Promote water stewardship and sustainability awareness through stakeholder education, outreach and community engagement programmes to encourage responsible water use.
- 07** Collaborate with government agencies, neighbouring states, industry partners and civil society organisations (“CSOs”) to strengthen regional water management, enhance resource security and address water challenges.

Supporting Global Goals

In 2025, we aligned our initiatives with the UN SDGs to address water scarcity, strengthen climate resilience and promote social equity.

4 QUALITY EDUCATION

SDG 4: Quality Education

Target: 4.3 | 4.4
 PBA invested 139,160 training hours across technical, operational, safety and professional domains, supported by PBA Water Services Academy (“PWSA”), an accredited centre providing knowledge and competency-based training. We also provided vocational courses for school-leavers, developing a capable workforce for the water sector.

CM PS LPS OHS

5 GENDER EQUALITY

SDG 5: Gender Equality

Target: 5.5
 We foster a respectful and inclusive workplace that supports equal employment opportunities, fair treatment and merit-based progression. Women are represented at the highest level of governance and comprise over 30% of management positions, reflecting the Group’s ongoing efforts to equal opportunities and talent development.

DI LPS

6 CLEAN WATER AND SANITATION

SDG 6: Clean Water and Sanitation

Target: 6.1 | 6.5
 Water quality was managed through surveillance and monitoring in collaboration with the Penang Health Department and PBAPP, in line with the Ministry of Health’s Quality Assurance Programme (“QAP”). PBA operates a Central Laboratory accredited with MS ISO/IEC 17025:2017 and promotes water conservation through the Aqua Save Certification Programme.

RC PS SCM WEM
 CE

7 AFFORDABLE AND CLEAN ENERGY

SDG 7: Affordable and Clean Energy

Target: 7.3
 PBA improves operational efficiency and expands the use of cleaner energy solutions to enhance the reliability and cost-effectiveness of its water services. These efforts are integrated into operational planning through infrastructure upgrades, energy-efficient equipment, renewable energy and the adoption of lower-emission technologies.

EECR RC

Supporting Global Goals (Cont'd)


8 DECENT WORK AND ECONOMIC GROWTH

SDG 8: Decent Work and Economic Growth



Target: 8.8
We support workforce growth and the local economy by providing employment to over 1,500 employees while ensuring fair wages, safe working conditions, equitable labour practices and opportunities for continuous skills development.

RC CGAC PS SCM
LPS OHS DI



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12: Responsible Consumption and Production




Target: 12.4 | 12.5
The Group promoted responsible resource use through initiatives such as recycling water treatment residue into cement bricks, recovering supernatant water and implementing robust waste management and environmental practices across all facilities.

PS SCM WEM EECR




13 CLIMATE ACTION

SDG 13: Climate Action




Target: 13.2
Climate resilience was integrated into water infrastructure planning to ensure service continuity during climate-related events. PBA improved energy efficiency and implemented the Net Zero Roadmap, strengthening operational resilience and long-term water security for the people of Penang.

RC EECR WEM PS




14 LIFE BELOW WATER

SDG 14: Life Below Water



Target: 14.1
Effluents and WTR are managed in compliance with environmental regulations to protect aquatic ecosystems. In 2025, the Zero Waste Recycling Project at the Sungai Dua Water Treatment Plant recycled residue into cement bricks while also recovering over 25 million litres of water daily, reducing landfill reliance and supporting cost-effective operations.

PS SCM WEM RC



Supporting Global Goals (Cont'd)

16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS



SDG 16:

Peace, Justice and
Strong Institutions

Target: 16.5
 PBA strengthened governance and institutional integrity through a formal anti-corruption and ethics framework that supports ethical conduct, regulatory compliance and accountability. This was underpinned by a dedicated integrity function led by a certified Integrity Senior Executive and supported by established anti-corruption, ethics and whistleblowing mechanisms.

RC

CGAC

CSDP







Advancing Global Principles for Responsible Business

PBAHB joined the United Nations Global Compact Network Malaysia & Brunei (“UNGCMYB”) in 2024, demonstrating the Group’s commitment to responsible business practices aligned with the United Nations Global Compact’s (“UNGC”) 10 Principles across four key areas. These principles support the broader objectives of the UNSDGs.

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: Businesses should ensure they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4: Businesses should work toward the elimination of all forms of forced and compulsory labour.
- Principle 5: Businesses should support the effective abolition of child labour.
- Principle 6: Businesses should promote the elimination of discrimination in employment and occupation.

Environment

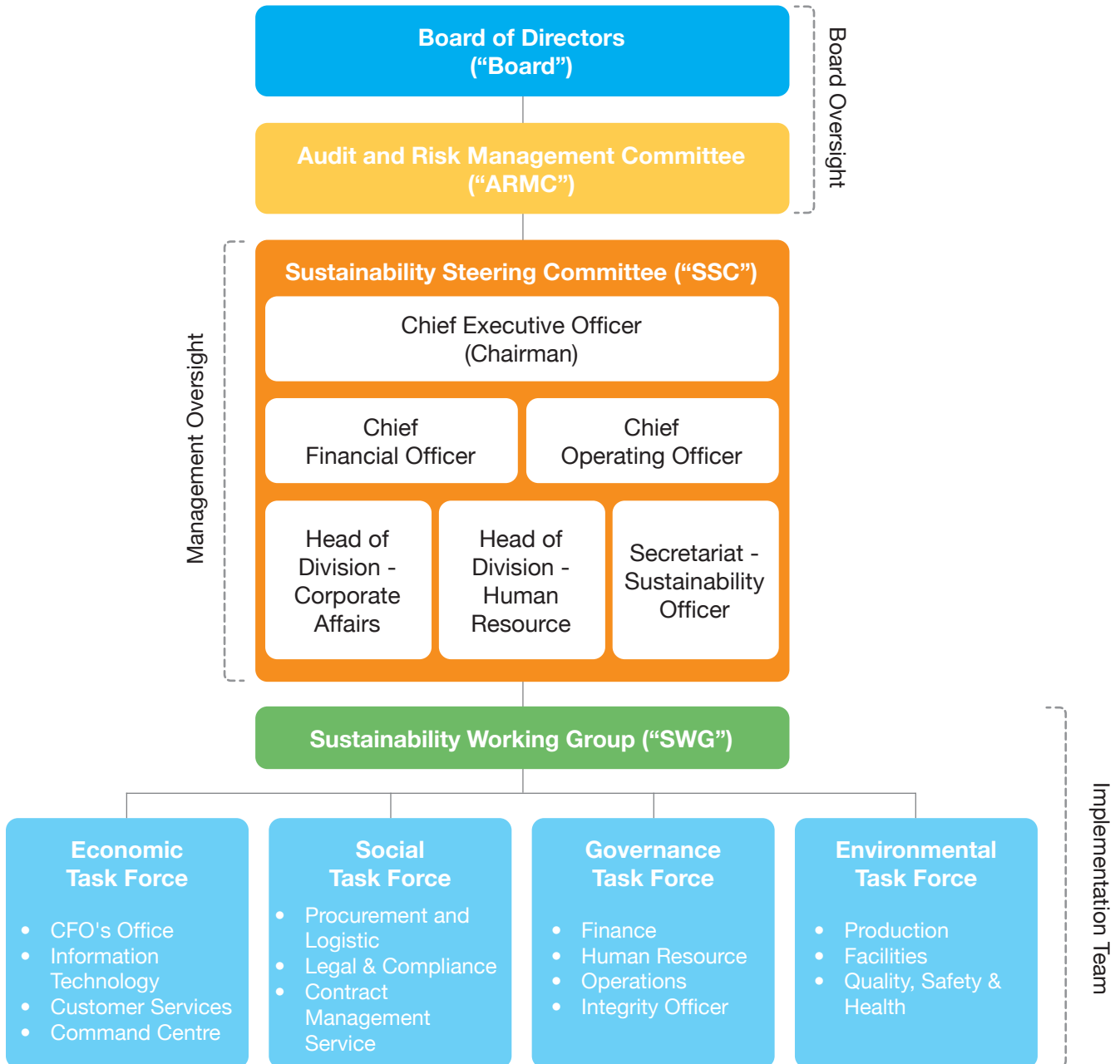
- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Governance and Oversight of Sustainability

Effective governance drives the integration of sustainability considerations into the Group’s strategy, operations and risk management processes. The Board of Directors has oversight of sustainability and climate-related risks and opportunities and is supported by the Audit and Risk Management Committee, the Sustainability Steering Committee and the Sustainability Working Group.



Additionally, members of the Sustainability Governance participate in training programmes, workshops, conferences and events to remain informed on sustainability trends, knowledge and regulatory requirements. The following outlines the sustainability awareness events attended in 2025.

Governance and Oversight of Sustainability (Cont'd)

Programme/Conference/Event	Date	Participants
Leadership in OSHA (Amendment) 2022 Compliance	August 2025	Members of the Board
Climate Reporting: TCFD & IFRS S2	July 2025	Member of the Board
Climate Resilience and Financial Modelling	September 2025	Member of the Board
Net Zero Strategy Roadmap Development Workshop	January & July 2025	Members of the SSC, HOD & SWG
Basic Greenhouse Gas (GHG) Accounting Training	August 2025	Members of the SWG
Business & Human Rights Accelerator	February – June 2025	Members of the SWG & HODs
Climate Ambition Accelerator	May – November 2025	Members of the SWG
SDG Ambition Accelerator	February – June 2025	Members of the SWG & CFO
SDG Innovation Accelerator for Young Professionals	April – August 2025	Members of the SWG
Target Gender Equality Accelerator	September 2025 – March 2026	Members of the SWG

Entities	Roles and Responsibilities
Board Oversight	<p>The Board has ultimate responsibility for PBA’s strategic direction on sustainability and provides oversight of the Group’s sustainability-related risks and opportunities (“SRROs”) and climate-related risks and opportunities (“CRROs”) across environmental, social and governance matters.</p> <p>In discharging this responsibility, the Board:</p> <ul style="list-style-type: none"> • Provides strategic oversight of and approves the Group’s sustainability agenda, statements, policies and strategies, as well as SRROs and CRROs that may affect PBA’s long-term performance and resilience • Approves the integration of SRROs and CRROs into the Group’s overall strategy and enterprise risk management framework • Considers SRROs and CRROs when reviewing PBA’s strategy, performance objectives and risk management processes, including their alignment with the Group’s business model and regulatory obligations • Ensures that appropriate governance structures, resources and reporting mechanisms are in place to support the effective management and disclosure of sustainability and climate-related matters
	<p>The ARMC supports the Board in discharging its oversight responsibilities on sustainability, risk management, internal controls, assurance and reporting. Sustainability oversight is embedded within the ARMC’s broader mandate for audit and risk management.</p> <p>In fulfilling this responsibility, the ARMC:</p> <ul style="list-style-type: none"> • Reviews the Group’s sustainability and climate-related policies, initiatives, targets and Sustainability Statement prior to submission to the Board for approval • Provides guidance and input on SRROs and CRROs and their integration into the Group’s risk management framework • Oversees the adequacy and effectiveness of internal controls, data governance and assurance processes relating to sustainability and climate reporting and disclosures • Monitors the outcomes of periodic or ad hoc internal or external audit or assurance reviews relating to sustainability and climate-related information

Governance and Oversight of Sustainability (Cont'd)








Entities		Roles and Responsibilities
Management Oversight	Sustainability Steering Committee ("SSC")	<p>The Management's role in assessing, monitoring and managing SRROs and CRROs is coordinated through the SSC which comprises top management and is chaired by the Chief Executive Officer ("CEO").</p> <p>In discharging this responsibility, the SSC:</p> <ul style="list-style-type: none"> • Supports the ARMC in ensuring that SRROs and CRROs are identified, assessed and managed in accordance with the Group's risk management framework • Integrates SRROs and CRROs into the Group's risk management framework and implementation processes • Recommends sustainability and climate-related strategies, initiatives and targets to the ARMC for consideration and approval by the Board • Proposes updates or enhancements to sustainability and climate-related policies, standards and procedures, where required • Monitors and reports on progress in implementing sustainability and climate-related initiatives and action plans
Implementation Team	Sustainability Working Group ("SWG")	<p>The SWG operates at the operational level and supports the SSC in executing sustainability and climate initiatives across the Group's day-to-day activities.</p> <p>In fulfilling this responsibility, the SWG:</p> <ul style="list-style-type: none"> • Implements sustainability and climate-related initiatives, action plans and controls across business units and operations • Identifies and proposes SRROs and CRROs relevant to the Group's activities • Monitors, tracks and compiles sustainability and climate-related data in accordance with regulatory requirements • Reports sustainability performance data and implementation progress to the SSC on a regular basis to support management review and decision-making

Serving as the Group's primary forum for coordinating sustainability matters, the SSC ensures alignment across strategy, risk management and reporting. The SSC provides regular updates to the ARMC on progress, emerging risks and recommendations while the ARMC reports key sustainability matters to the Board. Matters of significant importance or potential material impact may be escalated to the Board at the discretion of the SSC and ARMC.

Integrating Stakeholder Perspectives

SHAREHOLDERS

Shareholders shape the company's direction through active participation, voting and financial contributions, driving transparency and supporting PBA's mission to deliver essential water services.












Areas of Concern	Our Responses to Concerns	Engagement Method & Frequency
Sustainable Financial Performance and Revenue Growth	<ul style="list-style-type: none"> Quarterly and annual reporting on economic and financial performance 	Annual Report 
Continuous Business and Operational Development	<ul style="list-style-type: none"> Ongoing development and expansion of new projects 	Company Website 
Regulatory Compliance	<ul style="list-style-type: none"> Disclosure of compliance with laws and regulations 	Press Releases 
Adherence to Good Corporate Governance Practices	<ul style="list-style-type: none"> Establishment of a comprehensive governance structure and corporate governance policy 	Company Website 
Promotion of Integrity and Transparency in Dealings and Disclosures	<ul style="list-style-type: none"> Establishment of Integrity Policy and Integrity Framework 	Company Website 
Enhancement of Shareholder Value	<ul style="list-style-type: none"> Regular updates on economic and financial performance 	Annual General Meetings / Annual Report Press Releases  

 Every 3 years
  Annually
  Half-yearly
  Quarterly
  Bimonthly
  Monthly
  Weekly
  Daily
  Ongoing
  Ad-hoc

Integrating Stakeholder Perspectives (Cont'd)

GOVERNMENT & STATUTORY BODIES

The government and regulatory authorities establish frameworks, authorise operations and provide financial support while fostering trust and collaboration to ensure safe, reliable and sustainable water services.














Areas of Concern	Our Responses to Concerns	Engagement Method & Frequency
Regulatory Compliance	<ul style="list-style-type: none"> Disclose compliance with the Energy Commission (“EC”), SPAN, the Department of Occupational Safety and Health (“DOSH”) and the DOE 	Report Submission 
Health and Safety Protocols	<ul style="list-style-type: none"> Establish the Occupational Safety & Health Policy 	Meetings / Training Programmes 
Energy and Waste Management Practices	<ul style="list-style-type: none"> Develop and implement a solar farm 	Audit / Inspection Visits 
Discharge of Water Treatment Residue in Accordance with Regulations	<ul style="list-style-type: none"> Comply with standards and regulations governing the discharge of water treatment residue 	Inspection / Enforcement Visits 
Data and Information Management for River Basins, Flood Mitigation and Dams	<ul style="list-style-type: none"> Use advanced data management systems to monitor river basins, flood mitigation and dam operations 	Meetings 
Legally Operated PBA Facilities within Forest Reserves with Required Permits	<ul style="list-style-type: none"> Obtain and renew necessary permits 	Meetings 
Sustainable Business Strategies and Policies	<ul style="list-style-type: none"> Establish the Sustainability Policy 	Announcements 
Timely Reporting	<ul style="list-style-type: none"> Form reporting schedules and mechanisms for up-to-date information 	Press Releases 
Key Performance Indicators (“KPIs”)	<ul style="list-style-type: none"> Conduct regular assessments to measure our performance against KPIs 	Audits 
Consumption Data	<ul style="list-style-type: none"> Ensure regular calibration and implement accurate consumption data management metering systems 	Emails 
Adherence to safety and health protocols related to infectious diseases	<ul style="list-style-type: none"> Adhere to MOH requirements 	Online Meetings 

 Every 3 years
  Annually
  Half-yearly
  Quarterly
  Bimonthly
  Monthly
  Weekly
  Daily
  Ongoing
  Ad-hoc

Integrating Stakeholder Perspectives (Cont'd)
















CONSUMERS

Consumers' behaviour, feedback and engagement play a pivotal role in shaping operations and sustainability efforts, supporting effective water management, customer satisfaction and service improvements to meet community needs.

Areas of Concern	Our Responses to Concerns	Engagement Method & Frequency
Quality of Water Supply	<ul style="list-style-type: none"> Compliance with related legislative and legal standards Continuous improvement of Quality Management System per ISO 9001:2015 standard 	Customer Satisfaction Survey / Public Consultations 
Quality of Provided Services	<ul style="list-style-type: none"> Establishment of Quality Policy Employee Training Opportunities for Competency Enhancement 	Emails / 24 Hours Call Centre / Mobile Apps / Training Evaluation 
Reliable Water Supply with Limited Interruptions (Scheduled/ Unscheduled)	<ul style="list-style-type: none"> Upgrade of sedimentation tanks and dams Implementation of Water Contingency Plan 2030 	Face-to-face interaction through service counters Press Release  
Dispute Resolution Procedures	<ul style="list-style-type: none"> Establishment of Appeal Committee 	Special committee to deal with customer disputes 
Affordable Water Tariffs	<ul style="list-style-type: none"> Benchmarking and review of water tariffs Address queries and concerns related to water tariffs 	Media / MyPBA App Counter / Emails / Letters / Call Centre 
Water Conservation Initiatives and Efforts	<ul style="list-style-type: none"> Enforcement of water-saving devices installation Establishment of Aqua Save certification programme 	Awareness Programmes 
Innovativeness and Cost-Effectiveness of Technologies Used	<ul style="list-style-type: none"> Exploration of new technologies, including desalination technology to secure water supply 	Annual Report Press Release  
News and Information Dissemination to Customers	<ul style="list-style-type: none"> Regular customer updates and information through various channels 	Annual Report Press Release  
Corporate Social Responsibility	<ul style="list-style-type: none"> Engagement in community initiatives 	Sponsorship / Donations 
Health and safety measures related to infectious diseases, as categorised by the MOH	<ul style="list-style-type: none"> Strict adherence to health and safety regulations 	Social Media 

 Every 3 years
  Annually
  Half-yearly
  Quarterly
  Bimonthly
  Monthly
  Weekly
  Daily
  Ongoing
  Ad-hoc

Integrating Stakeholder Perspectives (Cont'd)

EMPLOYEES		
<p>Employees are the driving force behind the Group's operations and their skills, commitment and engagement. They ensure the delivery of reliable and sustainable water services to consumers.</p>		
Areas of Concern	Our Responses to Concerns	Engagement Method & Frequency
Corporate Direction and Growth Plans	<ul style="list-style-type: none"> Communicate the company's policy, vision, mission and objectives to employees to ensure alignment 	Induction / Briefing New Employee 
Job Security	<ul style="list-style-type: none"> Establish structured frameworks to support job security and sustain employee compensation packages 	Union Collective Agreement 
Career Development and Opportunities	<ul style="list-style-type: none"> Provide ongoing training and development opportunities to enhance employees' knowledge, skills and competencies 	Training / Succession Planning  
Remuneration and Benefits	<ul style="list-style-type: none"> Offer competitive remuneration packages and comprehensive benefits programmes 	Employee Satisfaction Survey Collective Agreement / Compensation Packages Benchmark with Industrial Practice  
Employee Welfare	<ul style="list-style-type: none"> Provide comprehensive benefits to employees 	Meetings / Discussions / Consultations  
Operational Efficiency	<ul style="list-style-type: none"> Implement regular assessments and employee feedback to drive ongoing improvements in work processes 	KPIs / Performance Appraisal 
Communication Efficiency	<ul style="list-style-type: none"> Provide regular updates, open-door policies and effective communication channels 	Bulletin / HR Memo / Circular 
Reliability of IT Infrastructure	<ul style="list-style-type: none"> Implement regular IT maintenance and prioritise cybersecurity measures 	Email Circulars / IT System Audit 
Transparency in Employee Relations and Employment Matters	<ul style="list-style-type: none"> Provide open communication channels and maintain industrial harmony 	Union Meetings / Employee Handbook / Collective Agreement / Employee Grievance Process 
Health and Safety During Outbreaks of Infectious Diseases	<ul style="list-style-type: none"> Strict adherence to health and safety regulations by the Company and Ministry of Health ("MOH") 	Online Meetings Covid-19 Memo / Emails  
Health and Safety Post-Infectious Disease Recovery	<ul style="list-style-type: none"> Implementation of standard operating procedures where necessary 	Online Meetings / Internal Memos 

 Every 3 years  Annually  Half-yearly  Quarterly  Bimonthly  Monthly  Weekly  Daily  Ongoing  Ad-hoc

Integrating Stakeholder Perspectives (Cont'd)

SUPPLIERS & VENDORS		
Suppliers and vendors are essential partners in supporting the supply chain and infrastructure development. They contribute to the reliability, efficiency and sustainability of water services.		
Areas of Concern	Our Responses to Concerns	Engagement Method & Frequency
Fair Contract Terms	<ul style="list-style-type: none"> Provide fair and equitable contract terms that mutually benefit both parties Practice open tenders and open quotations while sourcing goods 	Supplier Evaluation Contract Negotiation
Optimal Payment Schedule	<ul style="list-style-type: none"> Provide fair and equitable contract terms that mutually benefit both parties Maintain clear and consistent supplier guidelines 	Contract Negotiation
Cost Optimisation	<ul style="list-style-type: none"> Seek opportunities to enhance efficiency, reduce unnecessary expenditures and streamline processes 	Vendors Evaluation
Equitable Opportunities for Participation	<ul style="list-style-type: none"> Practice open tenders and open quotations while sourcing goods Provide phone calls when opportunities to tender for projects arises 	Advertisements / Tender Evaluation Committee / Tender and Quotation Evaluation
Transparent and Consistent Purchasing Policies and Procedures	<ul style="list-style-type: none"> Establishment of standard operating procedures in all ISO management systems Maintain clear and consistent supplier guidelines 	Vendors Evaluation
Reliable Vendors – Suppliers, Contractors and Service Consultants / Service Providers	<ul style="list-style-type: none"> Ensure that PBAPP appoints only reliable vendors capable of supplying goods, workmanship and services that meet PBAPP's expectations, requirements and specifications 	Vendors Evaluation / Quotation Evaluation Committee / Condition of Contract

Every 3 years
 Annually
 Half-yearly
 Quarterly
 Bimonthly
 Monthly
 Weekly
 Daily
 Ongoing
 Ad-hoc

Integrating Stakeholder Perspectives (Cont'd)

LOCAL COMMUNITIES & SPECIAL INTEREST GROUPS

Local communities and special interest groups contribute valuable feedback, raise awareness and collaborate on conservation efforts, fostering transparency, influencing policies and promoting sustainable water practices for mutual benefit.

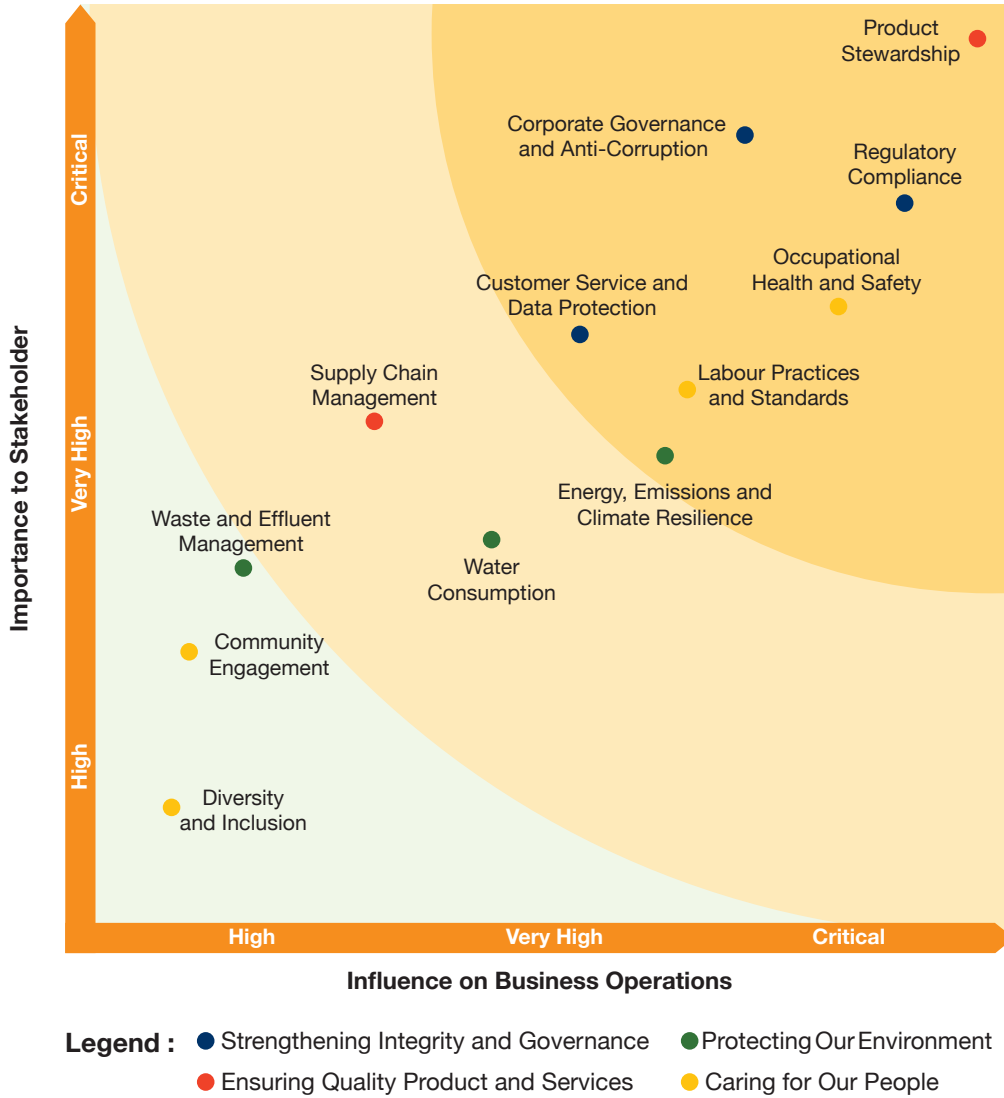
Water Watch Penang	Penang Island City Council (MBPP) & Seberang Perai City Council (MBSP)	DOE
Penang Green Council	MOH	Public and community adjacent to water treatment plants that need to comply to Control of Industrial Major Accident Hazards (“CIMAHA”) Regulations
Fire and Rescue Department of Malaysia	DOSH	

Areas of Concern	Our Responses to Concerns	Engagement Method & Frequency
Conservation Issues	<ul style="list-style-type: none"> Establishment of Environmental Policy Participation in environment and water conservation exhibitions Updates on conservation initiatives in annual reports 	Consultation Meetings / Press Release / Social Media
General Safety Measures and Procedures, Disaster Recovery Plans	<ul style="list-style-type: none"> Establishment of emergency response team (“ERT”) Establishment of crisis management plan Updates on conservation initiatives in annual reports 	24-Hour Call Centre / Social Media
Maintenance of General Recreational Facilities	<ul style="list-style-type: none"> Implement regular assessments and maintenance schedules for general recreational facilities 	Meetings / Correspondence / Public Complaints
Waste Management	<ul style="list-style-type: none"> Explore the viability of recycling treated sewage water for industrial re-use in collaboration with the IWK 	Consultation Meetings / Joint Events / Notice Board

Every 3 years
 Annually
 Half-yearly
 Quarterly
 Bimonthly
 Monthly
 Weekly
 Daily
 Ongoing
 Ad-hoc

Integrating Materiality into Value Creation

Materiality guides the identification, prioritisation and management of sustainability matters with the greatest impact on PBA's business and stakeholders. During the year, the Group reviewed 12 material matters and confirmed that they remain relevant and aligned with the our operations and strategic priorities.



No.	Ranking of Material Matters	No.	Ranking of Material Matters
1	Product Stewardship	7	Energy, Emissions and Climate Resilience
2	Regulatory Compliance	8	Water Consumption
3	Corporate Governance and Anti-Corruption	9	Supply Chain Management
4	Occupational Health and Safety	10	Waste and Effluent Management
5	Labour Practices and Standards	11	Community Engagement
6	Customer Service and Data Protection	12	Diversity and Inclusion

Our Performance Scorecard

The Group monitors key performance indicators (“KPIs”) across four focus areas encompassing governance, quality products and services, environment and people. These KPIs are reviewed to ensure their continued relevance and effectiveness in driving improvements and strengthening the resilience of our water assets.

Material Sustainability Matters	Key Performance Indicators	Performance in FY2025
Focus Area 1: Strengthening Integrity and Governance		
Corporate Governance & Anti-Corruption	Maintain zero incidents of bribery and corruption	0
	Maintain zero incidents of reports received through whistleblowing channels	0
Data Privacy & Cybersecurity	Maintain zero customer privacy breaches and data losses	0
Focus Area 2: Ensuring Quality Products and Services		
Product Stewardship	Maintain 100% compliance with water quality parameters under the MOH’s QAP	100%
	Achieve reduction of non-revenue water to 29.1%	28.40%
Supply Chain Management	Achieve 90% of total procurement spend on local suppliers	100%
Focus Area 3: Protecting Our Environment		
Energy, Emissions & Climate Resilience	Maintain electricity intensity at 0.484 kWh/m ³ as per FY2024	0.482 kWh/m ³
	Establish a baseline year for GHG emissions by 2025	Baseline year: FY2024 (GHG emissions: 160,804.75 tCO ₂ e)
Water Consumption	To establish baseline water consumption per capita for PBAPP premises by 2025.	50 litres per day per employee
Focus Area 4: Caring for Our People		
Occupational Health & Safety	Maintain a lost time injury (“LTI”) rate of < 2.15 per annum	1.46
	Ensure at least 10% of employees receive health and safety training	25.49%
Labour Practices & Standards	Maintain zero cases of discrimination and non-compliance related to child/forced labour	0
	Achieve an average of 40 training hours per employee annually	90.48
	Maintain zero cases of substantiated complaints of human rights violations annually	0
Diversity & Inclusion	Achieve 30% women representation on the Board by 2025	33.33%
	Attain 30% women representation at the management level by 2025	Top Management: 40%
		Senior Management: 30%
	Middle Management: 48%	
Community Investment	Allocate RM2,800,000 for community investments for the year 2025	RM 2,983,440

Note: Sustainability KPIs will be progressively aligned with relevant indicators prescribed by SPAN in future reporting periods

Strengthening Integrity and Governance

PBA strengthens the water sector by complying with relevant laws and standards, upholding good governance and preventing corruption. We also prioritise data protection and customer service excellence to strengthen stakeholder confidence and ensure reliable service delivery.



Material Sustainability Matters

CGAC

RC

CSDP

Stakeholder Groups



Core Values

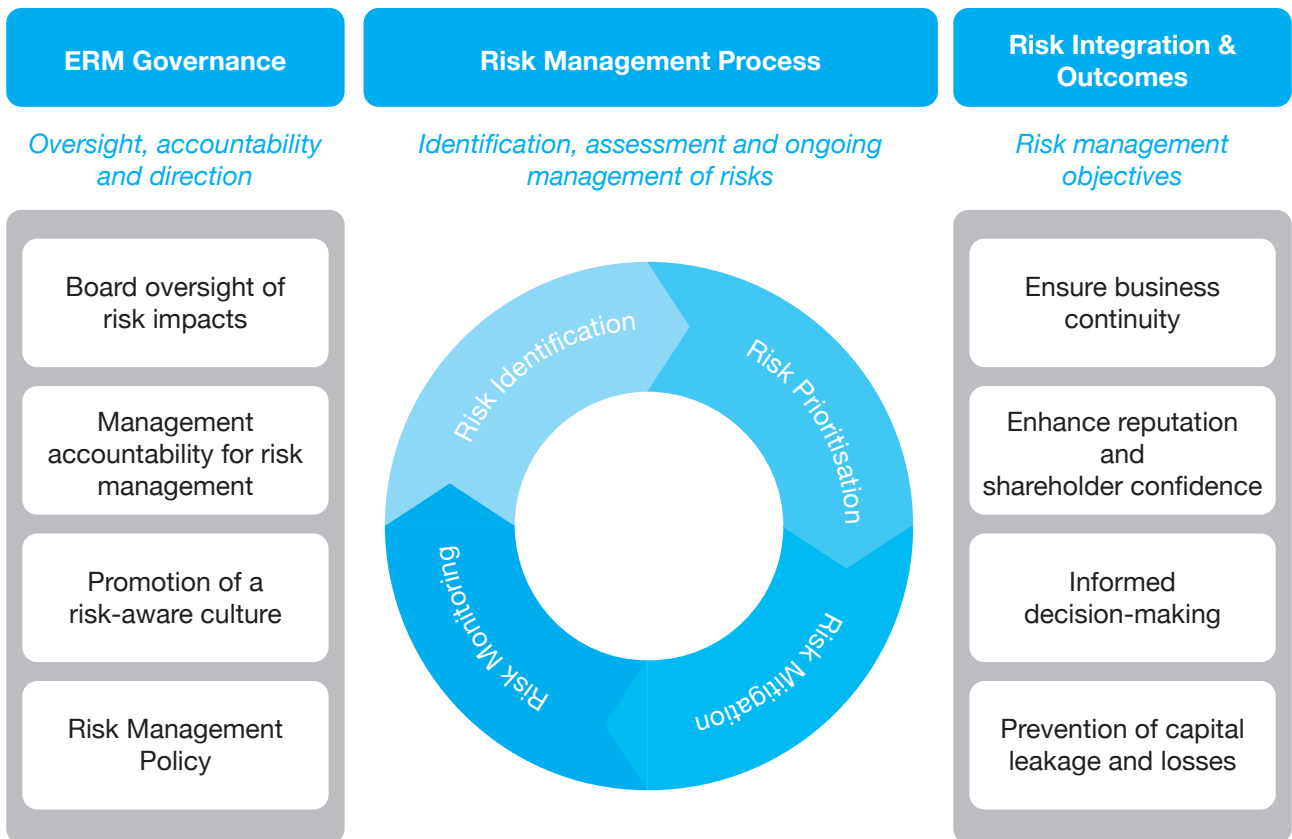


Regulatory Compliance

The Group is guided by internal policies and procedures that reinforce compliance and support operational efficiency in adhering to applicable laws and regulations. We maintain a register of applicable laws and regulations, which is reviewed and updated regularly.

Risk Management

Our approach to risk management involves identifying and managing risks that may impact our operations. We have an Enterprise Risk Management (“ERM”) process in place to support Board oversight and decision-making.



During the reporting year, the Group identified and assessed operational risks through our risk management processes, with key risks documented in the risk register. These include risks such as structural failure of dams and water treatment plants, insufficient raw water supply, regulatory non-compliance, raw water pollution and rising operational costs. Appropriate mitigation and control measures are implemented to manage these risks and minimise potential operational disruptions.

There were no substantiated cases of regulatory non-compliance, nor penalties or fines imposed during the reporting period.

Corporate Governance and Anti-Corruption

We uphold corporate governance and anti-corruption measures to reinforce our credibility as a state-owned entity.

The Group is guided by an Integrity Policy that promotes integrity and establishes clear standards of ethical conduct. The policy outlines reporting mechanisms and governance oversight to ensure that integrity-related concerns are addressed appropriately.

Integrity Governance and Practices

Ethical standards and conduct

- The Integrity Policy sets minimum standards of ethical conduct applicable to directors, employees and associated persons
- Expectations include compliance with applicable laws, ethical decision-making and responsible conduct in business dealings

Reporting mechanisms

- Established channels are available for reporting integrity-related concerns
- Confidential and anonymous reporting is permitted
- Measures are in place to protect individuals who report concerns in good faith from retaliation

Integrity governance and oversight

- Integrity matters are governed through defined roles and responsibilities at Board and management levels
- The Board oversees integrity-related issues and sets expectations for ethical conduct
- The Integrity Officer is responsible for implementing the Integrity Policy and related procedures

Investigation and corrective action

- All reported integrity-related concerns are reviewed and investigated in accordance with established procedures
- Matters are escalated to the Integrity Officer and where required, to senior management or the Board
- Appropriate disciplinary and corrective actions are taken where breaches are substantiated

Anti-corruption measures form part of the Group's broader integrity framework and are designed to prevent, detect and address corruption risks across our operations. PBA seeks to inculcate a culture of integrity across the organisation. Since FY2024, anti-corruption training has been delivered primarily through the Group's employee induction programme to ensure new employees understand the Group's integrity standards, policies and reporting mechanisms.

Anti-Corruption Training in FY2025

92

employees attended anti-corruption training in FY2025

Middle Management	<div style="width: 8.0%; background-color: #1a3d54; height: 10px;"></div>	8.0%
Executives	<div style="width: 12.2%; background-color: #1a3d54; height: 10px;"></div>	12.2%
Clerical and Technical Personnel	<div style="width: 6.1%; background-color: #1a3d54; height: 10px;"></div>	6.1%
Industrial Manual Group	<div style="width: 5.1%; background-color: #1a3d54; height: 10px;"></div>	5.1%










Corporate Governance and Anti-Corruption (Cont'd)

Anti-Corruption Training in FY2025

The Board of Directors of PBAHB reaffirmed their commitment to integrity through participation in the Corruption-Free Pledge. This reinforces leadership accountability in promoting ethical conduct and supporting a corruption-free organisational culture.

Customer Service and Data Protection


The Group provides multiple customer service channels to support timely communication, issue resolution and access to information on water services. Digital platforms enable customers to manage billing, access consumption information and submit service requests. This reduces reliance on physical touchpoints while improving service efficiency.

Customer Access and Engagement	Digital Enablement	Data Protection
<p><i>Customer service access channels</i></p> <ul style="list-style-type: none">  24-hour call centre  myPBA mobile application  myPBA portal  E-mail and social media 	<p><i>Supporting efficient and accessible service transactions</i></p> <ul style="list-style-type: none">  Digital billing and payments  Usage tracking and reporting  Service requests and notifications 	<p><i>Safeguarding customer data and system integrity</i></p> <ul style="list-style-type: none">  Guided by the Group's Privacy Notice and Privacy Policy and Information Security Policy  Information security aligned with ISO/IEC 27001:2022


Additionally, customer information is protected through established privacy and information security measures guided by the Personal Data Protection Act (“PDPA”) 2010 and its amendments, as well as the Group’s Information Security Policy.

In FY2025, a dedicated Data Protection Officer (“DPO”) has been appointed to oversee data protection practices across the Group. The DPO conducts audits on critical departments to ensure proper data handling and compliance with internal policies. In addition, PBAPP is developing a company-wide data protection framework to further strengthen governance and enhance information security. These measures protect customer data from unauthorised access, misuse and data breaches, strengthening cybersecurity.

Total MyPBA Mobile Application Downloads in FY2025

 **FY2025: 181,104**
29% increase from FY2024

Breaches of customer privacy and losses of customer data

 **ZERO**
substantiated complaints concerning breaches of customer privacy and losses of customer data over the past three years

Ensuring Quality Product and Services

PBA strengthens the water sector by complying with relevant laws and standards, upholding good governance and preventing corruption. We also prioritise data protection and customer service excellence to strengthen stakeholder confidence and ensure reliable service delivery.



Material Sustainability Matters

- PS
- SCM
- CSDP

Stakeholder Groups



Core Values

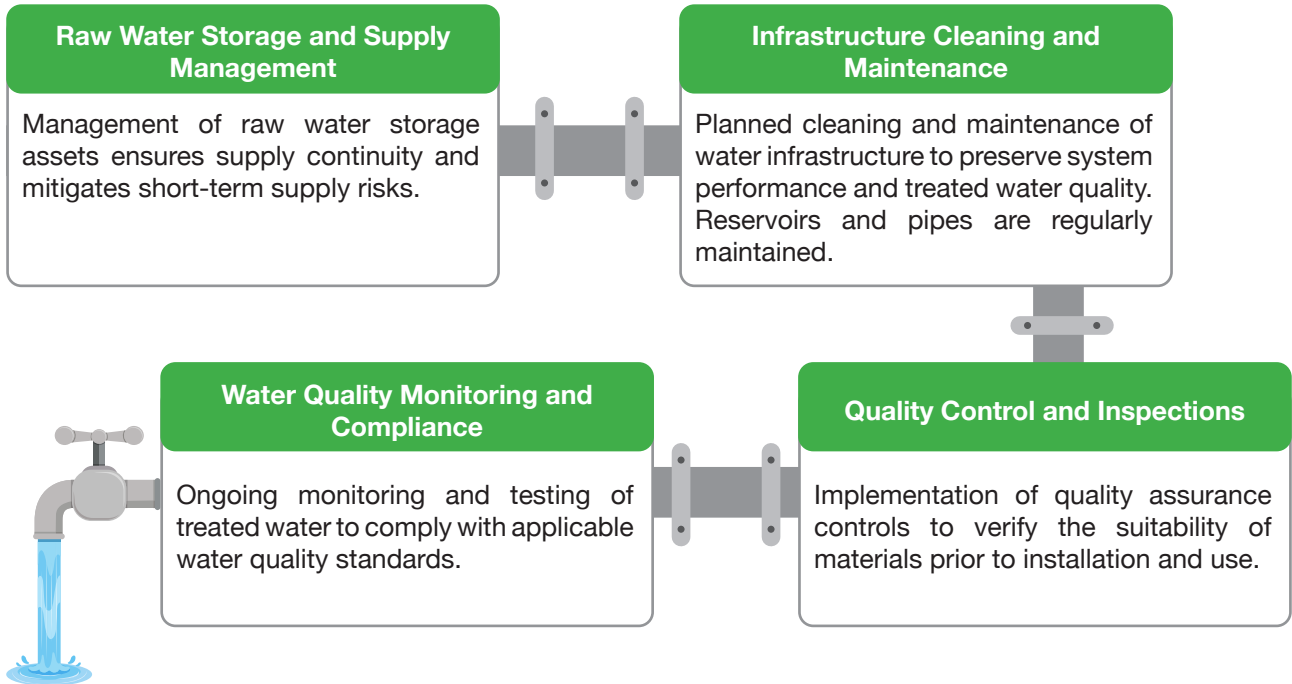


Product Stewardship

We provide clean and safe water to meet the water supply needs of Penang. This is achieved through adherence to applicable regulations, regular water quality testing and continuous monitoring of our distribution network to enhance efficiency and supply reliability.

In delivering treated water to customers, the following sections describe PBA's activities across raw water storage, infrastructure maintenance, quality control and water quality monitoring.

Activities Supporting Water Quality



Raw Water Storage and Supply Management

Air Itam Dam

Effective Storage: 2.159 billion litres
Role: Raw water storage for treatment operations
Supply Link: Air Itam WTP

Mengkuang Dam

Effective Storage: 86.400 billion litres
Role: Pumped water storage for treatment operations
Supply Link: Sungai Dua WTP


Raw Water Storage and Supply Management (Cont'd)

Bukit Panchor Dam



Effective Storage: 0.225 billion litres
Role: Raw water storage for treatment operations
Supply Link: Bukit Panchor WTP

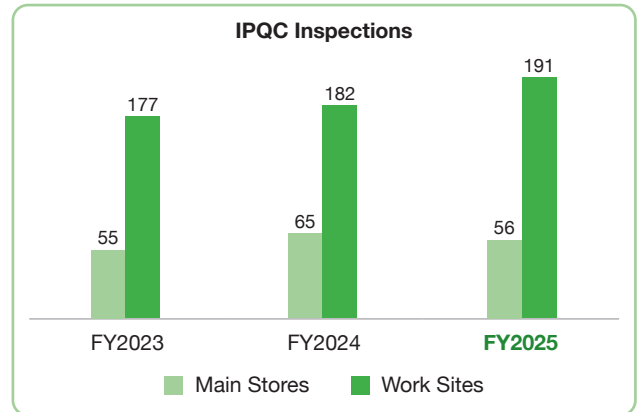
Teluk Bahang Dam



Effective Storage: 18.240 billion litres
Role: Raw water storage for treatment operations
Supply Link: Teluk Bahang WTP

Quality Control and Inspections


We manage quality risks associated with pipes and valves in the water distribution network through pre-installation assurance controls. The Group conducts factory acceptance tests on these critical components to verify compliance with SPAN registration requirements prior to delivery. We also carry out Incoming Product Quality Control (“IPQC”) inspections at main stores and work sites to provide further verification, ensuring that pipes and valves meet durability, performance and safety requirements before installation.




Water Quality Monitoring and Compliance

The Group maintains water quality through routine monitoring and testing of treated water across treatment plants and the distribution network. Sampling and analysis are conducted in accordance with the Ministry of Health’s Quality Assurance Programme (“QAP”) to assess physical, chemical and microbiological parameters and confirm compliance with applicable standards.

In FY2025



216
sampling locations were monitored



3,386
water quality analyses conducted on treated water

Key water quality compliance outcomes for treated water in FY2025 are summarised below.

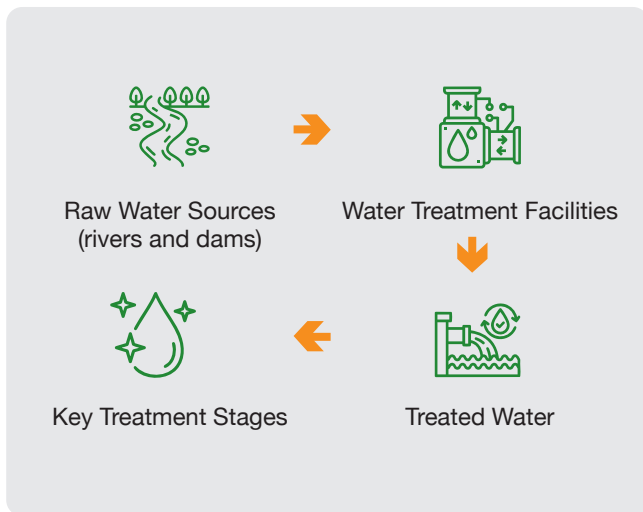
Parameters	MOH QAP Limit (%)	PBAHB Compliance		
		FY2023	FY2024	FY2025
Free Chlorine	98.15	100.00%	100.00%	100.00%
<i>E. Coli</i>	99.85	100.00%	99.97%	100.00%
Residual chlorine + <i>E. Coli</i>	99.95	100.00%	100.00%	100.00%
Turbidity (NTU)	98.00	100.00%	99.97%	100.00%
Aluminium	90.00	98.20%	95.38%	94.04%

Supply Chain Management

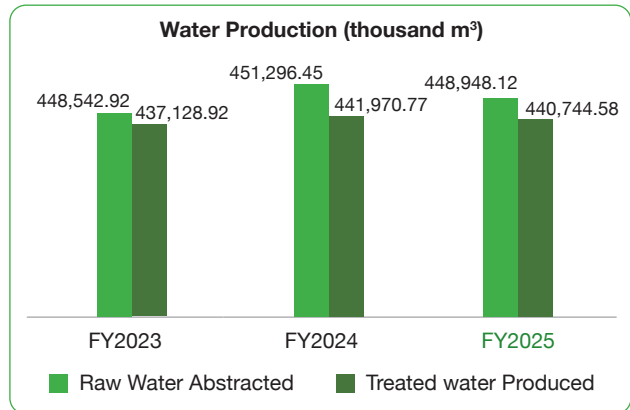
We rely on a secure and reliable infrastructure and equipment to support water treatment and distribution activities. To this end, we strengthen our supply chain to ensure the consistent delivery of treated water to consumers across Penang.

Water Production

Water production represents the upstream stage of PBA’s supply chain, beginning with the abstraction of raw water and its treatment into potable water. The Group manages water production activities to support the consistent availability of treated water for downstream supply. Treatment processes across PBA’s facilities primarily utilise conventional water treatment methods, with membrane filtration and Dissolved Air Flotation (“DAF”) applied at selected plants.



Raw water abstraction and treated water production volumes are presented below.

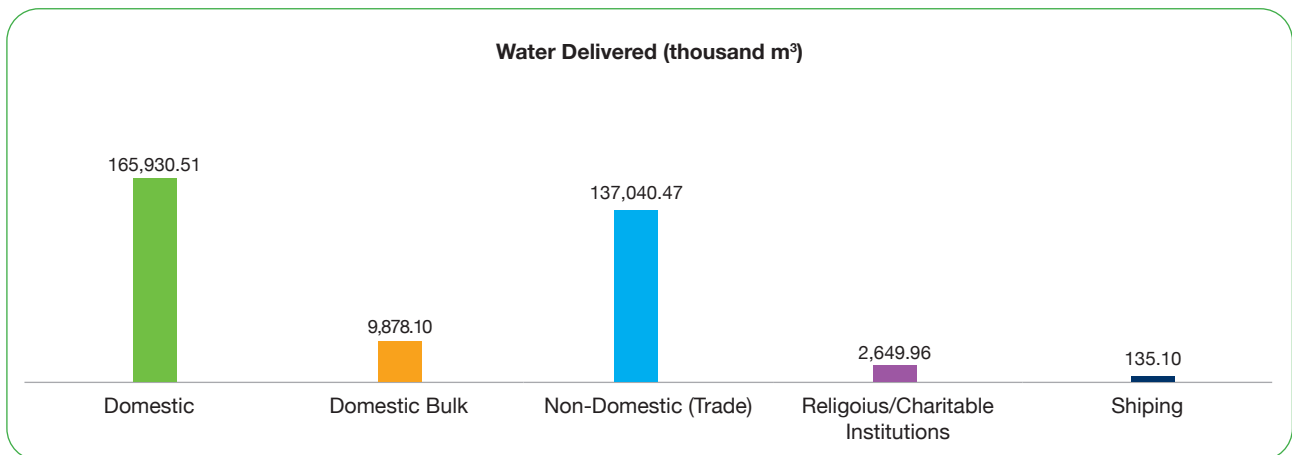


Water Delivered

We deliver treated water to customers across Penang, serving domestic households and non-domestic users from multiple sectors.

Average Retail Water Rate
(per 100 cubic feet)








4.35



Supply Chain Management (Cont'd)







Non-Revenue Water

Non-Revenue Water (“NRW”) refers to treated water that is lost within the distribution network before.

Key Drivers of NRW	Our Initiatives in FY2025
 Ageing pipelines and leakages	 Implemented 30 pipe replacement programme in year 2025.
 Pipe bursts and infrastructure failures	 Replaced 140,691 meter under meter replacement programme covering both conventional and smart meter.
 Metering inaccuracies	 Installed 306 units of District Metering Area (“DMA”) meters across Penang
 Unauthorised usage	<p style="color: #008000;">FY2025 Performance</p> <p>Total Water Produced: 440,744.58 thousand m³ Total Water Delivered: 315,614.13 thousand m³ NRW: 125,130.44 thousand m³</p>

Water Infrastructures and Water Capacities

PBA’s water infrastructure forms the backbone of the state’s water supply system. We operate a network of dams, treatment facilities, storage assets and distribution infrastructure to treat, store and deliver safe water to customers in Penang.

 Total Water Capacity (ML) 112,683	Total Number of Water Infrastructures				
	 Dams 4	 WTPs 10	 Treated Water Reservoirs 59	 Treated Water Towers 46	 Booster Pump Stations 102

The scale and configuration of these assets support supply reliability, demand balancing and pressure management across the distribution network. Through effective asset management, PBA enhances system efficiency, reduces the risk of service disruptions and strengthens the long-term sustainability of its water supply operations.

Responsible Procurement and Supplier Sustainability Assessment

Procurement supports the supply chain by ensuring the timely availability of goods and services required for water operations, with sourcing undertaken locally to support operational continuity and supply reliability.



100%

of procurement expenditure was allocated to local suppliers over the past three reporting years.

During FY2025, PBAHB introduced a structured supplier sustainability assessment as part of our responsible supply chain management approach. In our first year of implementation, the assessment was conducted on the Group's top 20% of key suppliers and vendors by procurement expenditure.

The assessment is intended to enhance the Group's understanding of suppliers' sustainability practices across governance, environmental, social, quality and data protection areas. The findings provide an initial baseline and reference point for the Group's ongoing evaluation of supply chain sustainability considerations.

PBAHB's Supplier Sustainability Assessment Criteria

Governance and Ethical Conduct	Product and Service Quality	Data Privacy and Cybersecurity
<ul style="list-style-type: none"> • Code of Ethics and Anti-Bribery policies • Whistleblowing mechanisms • Regulatory compliance • Conflict of interest policies • ESG risk integration within ERM framework 	<ul style="list-style-type: none"> • Quality management systems (e.g. ISO 9001) • Product safety and compliance testing • Regular audits and inspections • Training and certification programmes 	<ul style="list-style-type: none"> • PDPA compliance • Data breach detection processes • NDA/confidentiality clauses • Data retention and secure disposal practices
Environmental Management	Social Responsibility and Labour Practices	Community Engagement
<ul style="list-style-type: none"> • Tracking and disclosure of energy, GHG emissions, water and waste data • Environmental certifications (e.g. ISO 14001) • Resource efficiency initiatives 	<ul style="list-style-type: none"> • OSH policies and systems • Incident tracking and LTIR • Human rights and labour standards • Migrant worker protections • Employee welfare and grievance mechanisms 	<ul style="list-style-type: none"> • CSR initiatives • Volunteering and local programmes • Impact measurement and reporting

The assessment indicated that our suppliers maintain established practices in governance, product quality and labour standards, with opportunities for improvement in environmental management, data privacy and cybersecurity and community engagement. The results provide insights to guide the next steps in strengthening sustainability practices across the supply chain.

Responsible Procurement and Supplier Sustainability Assessment (Cont'd)

Sustainability in Action: Sukuk Wakalah Programme: Driving Sustainable Water Management

In 2025, PBAPP became the first Penang state-linked company to access the capital markets under a Shariah-compliant sustainable finance framework through the Islamic Medium-Term Notes (“IMTN”) Programme, based on the principle of Wakalah bi al-Istithmar (“Sukuk Wakalah”). The programme, with a total nominal value of up to RM5.0 billion, supports PBAPP’s strategic sustainability and water infrastructure initiatives under the Penang Water Contingency Plan 2030.

PBAPP holds a AAA credit rating from RAM Rating Services and a Gold Sustainable Finance Rating from RAM Sustainability, reflecting the Group’s robust financial standing and commitment to ESG integration. The inaugural issuance of RM300 million on 4 September 2025 included tenures of 10 and 15 years, with corresponding profit rates of 3.57% and 3.75%.

The Sukuk Wakalah Programme is aligned with leading sustainability and ESG frameworks, including:

- Sustainable and Responsible Investment (“SRI”) Sukuk Framework
- ASEAN Green, Social and Sustainability Bond Standards
- ICMA Green, Social and Sustainability Bond Principles

Proceeds from the programme are allocated to projects that advance sustainable water management and social infrastructure, including:

Category	Project	Amount Allocated (RM Million)	Utilisation Amount (RM Million)	Location	Type of Utilisation
Sustainable Water & Wastewater Management	114 Million Litres per Day (MLD) Mengkuang Park Water Treatment Plant	249.3	20.5	Seberang Perai Utara (SPU)	New Project
	Land Purchase for the 1,800 mm Pipeline from Macallum to Bukit Dumbar Reservoir	20.0	20.0	Timur Laut (DTL)	New Project
	90 MLD Pump Set at Bukit Dumbar Reservoirs Pump House	7.5	0.9	Timur Laut (DTL)	New Project
N/A	Future Projects	23.3	-	-	-
Total (RM Million)		300.00	41.4		

As of 31 December 2025, RM41.4 million of proceeds had been utilised to fund these projects, ensuring long-term water sufficiency, operational resilience, and responsible resource management in Penang.

Protecting Our Environment

PBA seeks to reduce our environmental footprint by lowering energy and water consumption, emissions and waste generation. We integrate climate resilience into our operations to protect natural resources and strengthen water management.



Material Sustainability Matters

EECR

WEM

WC

Stakeholder Groups



Core Values



Energy, Emissions and Climate Resilience

Building Climate Resilience in Water Management



Climate change directly influences water availability, infrastructure reliability and service continuity, with potential implications for operational resilience and costs. In response, the Group is exploring measures to manage energy consumption, reduce greenhouse gas (“GHG”) emissions and strengthen climate resilience across our operations. In line with the National Sustainability Reporting Framework (“NSRF”), we have commenced climate-related reporting aligned with IFRS S2 to address climate-related risks and integrate them into decision-making and operations.

Governance

The Group reinforces accountability and maintains oversight of climate-related risks and opportunities through a governance framework. The sustainability governance structure embeds responsibility for climate matters, while climate considerations are integrated into the Group’s business strategy and enterprise risk management processes.

For further information on the roles and responsibilities for climate oversight and management, refer to the “Sustainability Governance” section.

Strategy

PBA recognises that climate change presents risks and opportunities that may affect our business model, operations and financial performance. The Group considers climate-related factors in its strategic planning and risk management processes to understand potential impacts on its assets, operations and long-term resilience.

Time Horizons

PBA applies defined time horizons to support the identification and assessment of climate-related risks and opportunities. These time horizons provide a structured basis for analysis and are subject to refinement as climate-related data, assumptions and assessment methodologies continue to evolve.

- Short-term risks (0 to 12 months)
- Long-term risks (beyond 5 years)
- Medium-term risks (1 to 5 years)

Strategy

Climate-related Risks and Opportunities







Risks		Description	Potential Impact
Physical Risks	Acute	<ul style="list-style-type: none"> • Potential short-term extreme climate-related events <ul style="list-style-type: none"> ○ Extreme rainfall and riverine flooding events ○ Prolonged drought and reduced water availability 	<ul style="list-style-type: none"> • Worker safety and productivity: Increased risk of heat stress, exhaustion and heatstroke may pose health and safety risks for on-site workers or field operators, impacting workforce availability and response times • Water supply disruption: Flooding or drought may damage raw water intakes, water treatment facilities and distribution networks, leading to service interruptions and increased repair costs • Water supply constraints: Reduced River flows or reservoir levels during prolonged dry periods may limit raw water availability, potentially affecting treatment output and supply reliability • Operational strain: Increased demand for water during dry periods may place additional pressure on treatment and distribution infrastructure • Cost implications: Additional measures such as demand management, alternative sourcing or infrastructure improvements may increase operational costs
	Chronic	<ul style="list-style-type: none"> • Increased frequency and severity of flooding, potentially exceeding historical flood levels • Prolonged droughts and shifting rainfall patterns affecting raw water sources and reservoir capacity • Gradual rise in temperature and sea levels, threatening low-lying infrastructure and water quality 	<ul style="list-style-type: none"> • Infrastructure degradation: Long-term exposure to flooding or soil erosion may weaken pipelines, treatment facilities and storage tanks, leading to higher maintenance and rehabilitation costs • Water scarcity and reduced yield: Prolonged dry seasons can reduce raw water availability, affecting treatment output and service continuity • Higher operational costs: Sustained climatic pressures may increase operational costs related to water treatment, pumping and water resource management • Infrastructure vulnerability: Rising sea levels may increase the risk of coastal flooding or saline intrusion into nearby water sources in low-lying areas, potentially affecting water infrastructure or raw water quality • Water quality deterioration: Higher temperatures may accelerate biological activity or chemical reactions in water sources, which may increase treatment requirements • Operational efficiency: Rising temperatures may increase energy demand for water treatment and pumping processes, potentially increasing operational expenditure

Legend:




- Short-term risks (0 to 12 months)
- Medium-term risks (1 to 5 years)
- Long-term risks (beyond 5 years)

Strategy

Climate-related Risks and Opportunities

Risks		Description	Potential Impact
Transition Risks	  Policy and Legal	<ul style="list-style-type: none"> Evolving national climate policies and regulatory frameworks, including the potential implementation of a carbon tax 	<ul style="list-style-type: none"> Increased capital expenditure on energy-efficient equipment, the retrofitting of ageing facilities and the modification of existing infrastructure Increased energy costs due to carbon pricing mechanisms or compliance measures Exposure to penalties and reputational risks in the event of non-compliance, which could affect PBA's financial performance
	  Technology	<ul style="list-style-type: none"> Emerging regulatory and market requirements to decarbonise the value chain are driving the need for technological upgrades and innovation (e.g. replacing fixed-speed drive pump to a variable-speed drive pump, solar power integration) 	<ul style="list-style-type: none"> Incurred upfront costs from investments in new low-emissions technologies to meet market and regulatory requirements Write-downs and premature decommissioning of existing equipment that no longer meets efficiency or emissions standards
	  Market & Reputation	<ul style="list-style-type: none"> Increased stakeholder concerns and stakeholder feedback Stricter sustainability reporting requirements demand transparency and investment in sustainable practices 	<ul style="list-style-type: none"> Negative stakeholder sentiment and reputational risks could potentially impact customer confidence

Legend:

-  Short-term risks (0 to 12 months)
-  Medium-term risks (1 to 5 years)
-  Long-term risks (beyond 5 years)

To address our climate-related risks, PBA has mitigation and adaptation actions currently in place, with potential areas for improvement. These measures reflect PBA's existing response to climate-related risks, while potential opportunities represent incremental developments that may be considered over time.

Strategy

Climate-related Risks and Opportunities

Risks		Current Mitigation and Adaptation Actions	Potential Arising Opportunities
Physical Risks	Acute	<p>The Water Contingency Plan 2030 (“WCP 2030”) provides a structured programme to ensure water supply sufficiency in Penang through 2030. The WCP 2030 expands water treatment capacity, diversifies raw water sources and decentralises treatment facilities, supporting resilience to extreme weather events and longer-term climate variability. Asset renewal and preventive maintenance programmes strengthen infrastructure resilience, while non-revenue water (“NRW”) reduction initiatives and water conservation programmes improve system efficiency and demand management under prolonged dry conditions.</p>	<ul style="list-style-type: none"> Progressively incorporate climate resilience considerations into ongoing infrastructure upgrades and asset maintenance programmes. Enhance the use of existing operational and hydrological data to support improved operational planning, monitoring and response during periods of extreme weather. Strengthen alignment between current operational procedures and emergency response arrangements to support service continuity during climate disruptions. Where appropriate, integrate climate-related considerations into longer-term infrastructure and water resource planning processes as data availability and analytical capabilities evolve.
	Chronic		
Transition Risks	Policy and Legal	<p>Climate-related risks are being identified for integration into the enterprise risk management framework under the oversight of the Risk Management Committee. The Sustainable Finance Framework supports funding for resilient infrastructure, energy efficiency and climate adaptation investments.</p>	<ul style="list-style-type: none"> Apply insights from the ongoing integration of climate-related risks into the enterprise risk management framework to inform future capital planning and regulatory readiness. Where relevant, consider the availability of government incentives and policy mechanisms to support planned investments in energy efficiency, resilience and climate adaptation.
	Technology	<p>Pilot solar photovoltaic (“PV”) systems at the Bukit Dumbar reservoir, the deployment of LED streetlights and ongoing energy efficiency optimisation reduce reliance on grid electricity. Progressive upgrades of conventional meters and the introduction of smart meters enhance consumption monitoring, support NRW reduction and improve operational efficiency</p>	<ul style="list-style-type: none"> Build on the performance and operational learnings from existing pilot solar PV systems, energy efficiency measures and metering upgrades to inform future decisions on potential scaling, subject to technical, operational and funding considerations. Leverage data generated from conventional and smart meter upgrades to further support NRW water management, demand monitoring and system optimisation over time.
	Market and Reputation	<p>Customer access and service continuity are supported through multiple service channels, including a 24-hour call centre, the myPBA mobile application and the myPBA customer portal. These digital platforms enhance responsiveness, transparency and customer engagement, particularly during service disruptions, while sustainability and climate-related disclosures are enhanced to align with evolving regulatory expectations.</p>	<ul style="list-style-type: none"> Build on existing customer service channels and digital platforms to support timely, consistent communication with customers during service disruptions or climate-related events. Enhance sustainability and climate-related disclosures over time to support transparent engagement with regulators, customers and other stakeholders as disclosure expectations continue to evolve.

Overview of Our Net Zero Roadmap

PBA's Net Zero Roadmap provides a clear strategic framework to manage energy costs, emissions and climate-related risks across its water operations. The roadmap prioritises operational efficiency and clean energy adoption to enhance cost stability, strengthen asset resilience and support long-term service reliability.

Vision

We aim to transition towards a low-carbon water utility by improving efficiency, exploring renewable energy and strengthening resilience in support of our Net Zero aspiration.

Current Mitigation & Adaptation Initiatives

- Installation of pilot PV systems to increase renewable energy adoption
- Deployment of LED streetlights to improve energy efficiency
- Establishment of the WCP 2030 to strengthen long-term water supply resilience
- Replacement of obsolete pipelines and meters to reduce NRW
- Development of a Sustainable Finance Framework to fund resilient infrastructure and sustainability projects
- Implementation of public water conservation awareness programmes to support demand management

Demand-led (2026 – 2035)

This pathway lays the foundation for a Net Zero transition by reducing emissions at source. The focus is on improving energy visibility, optimizing asset performance and embedding energy efficiency across core water operations, supported by early-stage renewable initiatives.

Strategic Theme

Energy Use and Data Optimisation

Decarbonisation Pathways

Strategic Pillars

1) Operational Efficiency

Enhance operational efficiency by optimizing energy use, reducing operational costs and supporting long-term sustainability through effective resource management and energy-saving practices.

Focus Areas:



Energy Audits



Infrastructure Efficiency Upgrades



Supervisory Control and Data Acquisition and Automation

2) Clean Energy Transition

Establish the foundation for a renewable energy transition, ensuring a reliable energy supply for water operations through strategic procurement and infrastructure development.

Focus Areas:



On-Site Solar PV System



Floating Solar PV System



Mini and In-Pipe Hydropower System



Green Electricity Tariff ("GET") Subscription

Overview of Our Net Zero Roadmap (Cont'd)

Decarbonisation Pathways (Cont'd)

Technology-led (2036 – 2045)

Building on earlier efficiency gains, this pathway scales the adoption of renewable energy and advanced technologies to strengthen operational resilience, reliability and performance while increasing the share of renewable electricity consumption.

Strategic Theme

Exploration of Renewable Energy Solutions and Technological Advancement

Strategic Pillars

1) Renewable Energy Integration & Optimisation

Scale and optimise renewable energy deployment across water operations to increase clean electricity consumption while maintaining system reliability.

2) Technological Advancements in Operations

Leverage advanced technologies and digital solutions to enhance operational performance, asset resilience and long-term system efficiency.

Removal-led (2046 – 2050)

The pathway addresses residual emissions that cannot be eliminated through efficiency improvements or renewable energy adoption, enabling PBA to achieve Net Zero through credible carbon removal and offset measures.

Strategic Theme

Residual Carbon Removal

Strategic Pillars

1) Natural Carbon Sequestration

Support long-term carbon removal through nature-based solutions that complement operational decarbonization efforts.

2) Carbon Credits

Address residual emissions through the use of credible and verified carbon credits to achieve Net Zero.

Risk Management

PBA recognises climate-related risks and opportunities (“CRROs”) and broader sustainability-related risks and opportunities (“SRROs”) as increasingly relevant to its overall risk profile. The Group has commenced efforts to integrate climate and sustainability considerations into its enterprise risk management framework. Climate- and sustainability-related risks are in the process of being identified for inclusion in the risk register overseen by the Audit and Risk Management Committee (“ARMC”).

Processes for the identification, assessment, prioritisation and monitoring of these risks and opportunities are being developed, with climate scenario analysis expected to be introduced to support future assessments of potential financial and operational impacts across the short, medium and long term.

Overview of Our Net Zero Roadmap (Cont'd)

Metrics and Targets

PBA monitors climate-related indicators to understand and manage the environmental impacts of our water supply operations. These metrics include Scope 1, Scope 2 and Scope 3 greenhouse gas (“GHG”) emissions, as well as waste generation and water consumption across treatment plants and facilities. Tracking these data points enables the Group to assess operational efficiency, identify areas for improvement and implement targeted measures to enhance environmental performance and climate resilience over time.

Quantified Data	Units
GHG Emissions	Tonnes of carbon dioxide equivalent (“tCO ₂ e”)
Fuel Consumption	Litres
Electricity Consumption	Megawatt-hour (“MWh”)
Energy Consumption	Gigajoules (“GJ”)
Water Usage	Megalitres (“ML”)
Waste Disposal	Tonnes

GHG Emissions Measurement Methodology

The Group measures and reports its Scope 1, Scope 2, and Scope 3 GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Where direct emissions measurement systems are not in place across the Group’s operations, emissions are quantified using indirect measurement methodologies, whereby emissions are calculated based on activity data and applicable emission factors. This methodology is applied consistently across reporting periods.

- Scope 1 GHG Emissions:** Scope 1 GHG emissions comprise direct emissions from sources owned or controlled by the Group, primarily arising from the combustion of fuels. Emissions are calculated by applying relevant emission factors to fuel consumption data. Emission factors are derived from the UK Government GHG Conversion Factors 2023, 2024 and 2025.
- Scope 2 GHG Emissions:** Scope 2 GHG emissions represent indirect emissions from the generation of purchased electricity consumed by the Group. The Group reports Scope 2 emissions using the location-based method, which reflects the average emissions intensity of the electricity grids from which electricity is sourced. Emission factors are sourced from the Malaysia Grid Emissions Factor (“GEF”) 2023 and 2024 published by the National Energy Commission published on the 23 February 2026.
- Scope 3 GHG Emissions:** The Group measures Scope 3 GHG emissions using a combination of calculation methodologies, reflecting differences in data availability, data quality and the characteristics of individual value chain activities. During the reporting period, the Group identified, measured and disclosed Scope 3 emissions for Category 6 (Business Travel) and Category 7 (Employee Commuting). Emission factors are sourced from the UK Government GHG Conversion Factors for 2023, 2024 and 2025.

Where the allocation of emissions is required, the Group applies the physical allocation method as the primary basis, reflecting underlying physical relationships such as distance travelled. The economic allocation method is applied only where physical activity data are not available or do not appropriately represent the causal relationship between the activity and the resulting emissions.

Metrics and Targets (Cont'd)

Activity Data Used for GHG Emissions Measurement

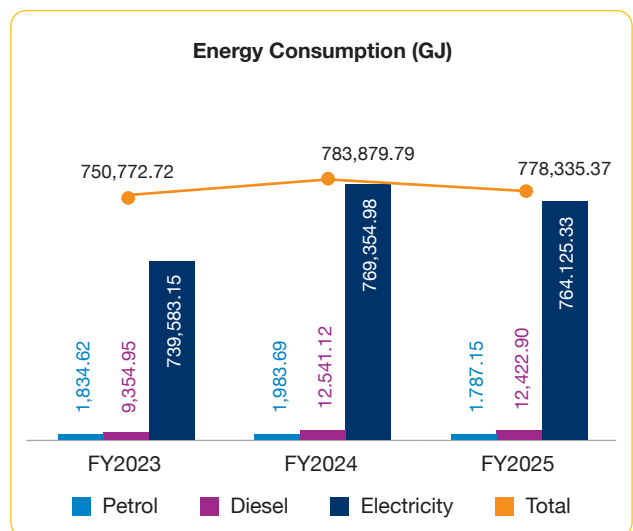
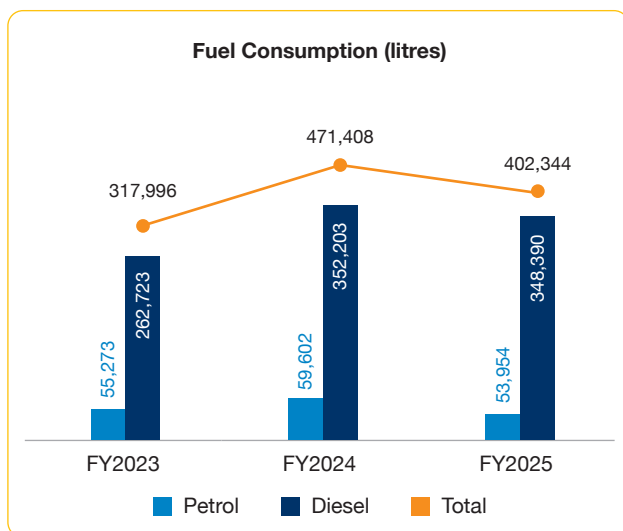
- Scope 1 GHG Emissions: Activity data for Scope 1 GHG emissions comprise quantities of fuel consumed by company-owned or controlled vehicles, including petrol and diesel. Fuel consumption data are obtained from internal fuel usage records.
- Scope 2 GHG Emissions: Activity data for Scope 2 GHG emissions comprise quantities of purchased electricity consumed and measured in kilowatt-hours. Electricity consumption data are obtained from utility invoices issued by electricity providers.
- Scope 3 GHG Emissions:
 - Activity data for Category 7 (Employee Commuting) comprise estimated distances travelled by employees and estimated transport mode distribution. This methodology enables the Group to estimate employee commuting emissions for 100% of employees during the reporting period.
 - Activity data for Category 6 (Business Travel) comprise:
 - Air travel: Flight activity data including origin and destination airport codes, which are used to determine flight distances for emissions calculation; and
 - Land travel: Total mileage claimed by employees for business purposes, supplemented by estimated transport mode distribution where disaggregated trip-level data are not available. This approach is applied consistently across operating entities, including PBAPP and PBAR.

Use of Estimates, Assumptions, and Proxy Data

Where activity data are not available on a timely basis, the Group applies reasonable estimates based on historical data. In instances where data are incomplete or unavailable, proxy data or the most recent relevant industry averages were used. Key estimates, assumptions and data limitations are reviewed periodically and refined as data availability and data quality improve.

Our Performance

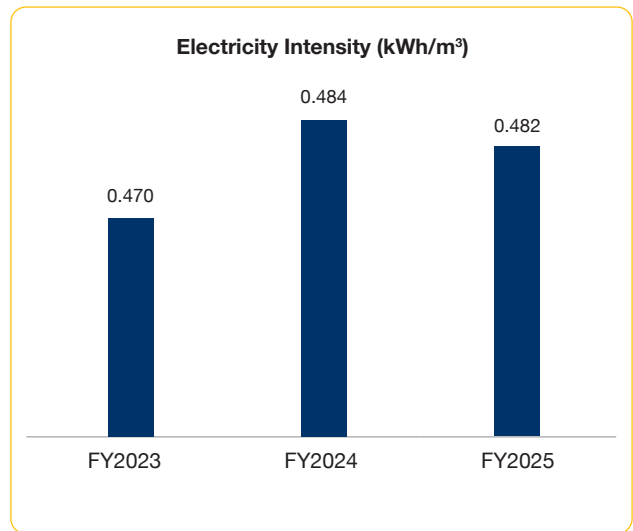
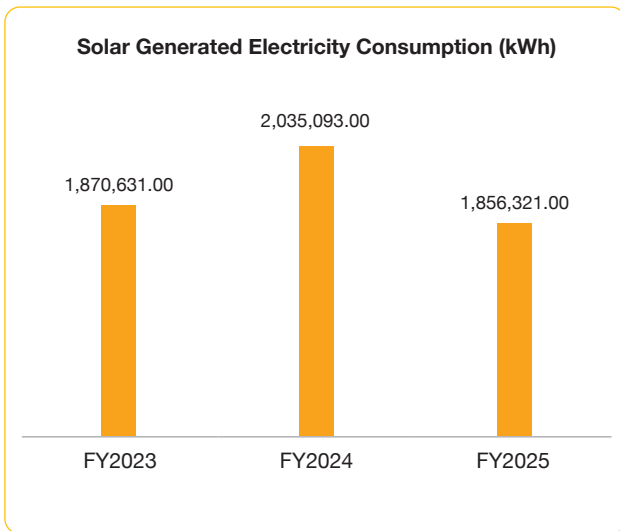
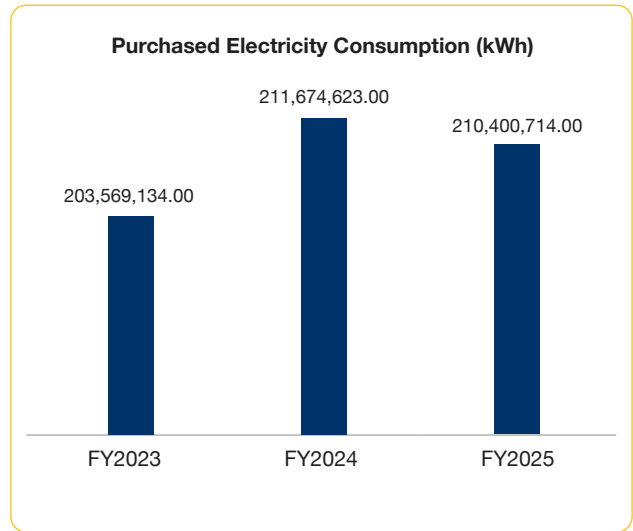
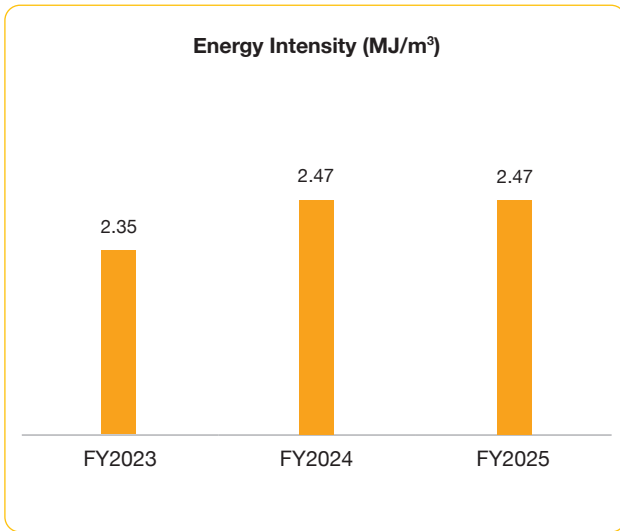
In FY2025, total energy consumption reached 778,335 GJ (216,204 MWh). The majority was sourced from grid electricity (97.32%), followed by fuel (1.82%) and renewable energy from solar (0.86%).



Sustainability Statement 2025 (Cont'd)

Metrics and Targets (Cont'd)

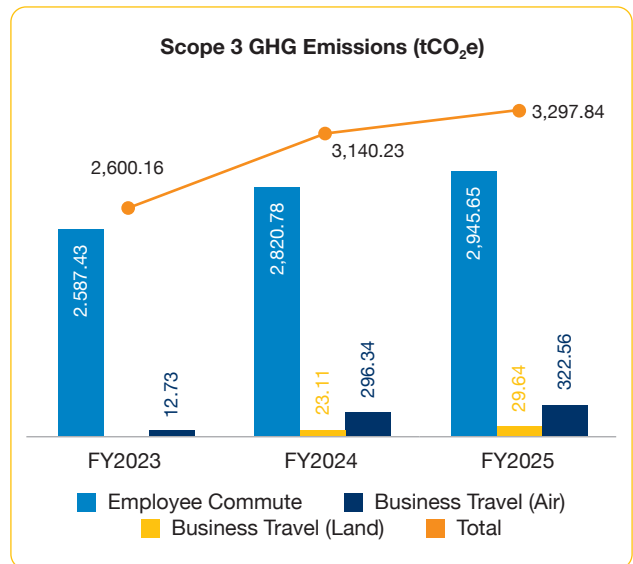
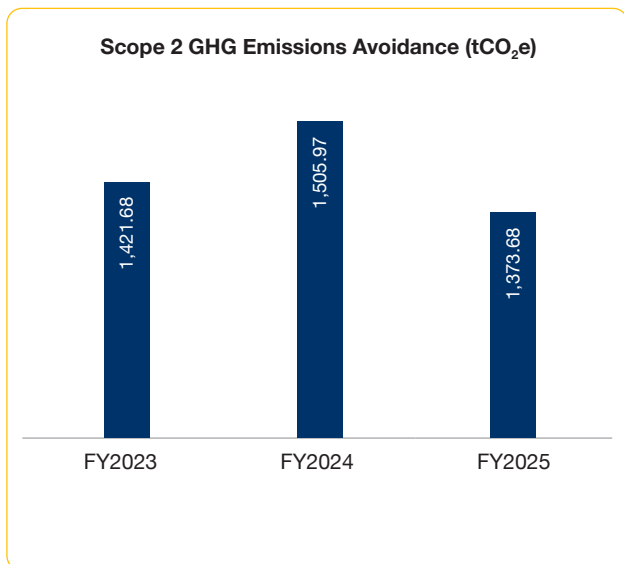
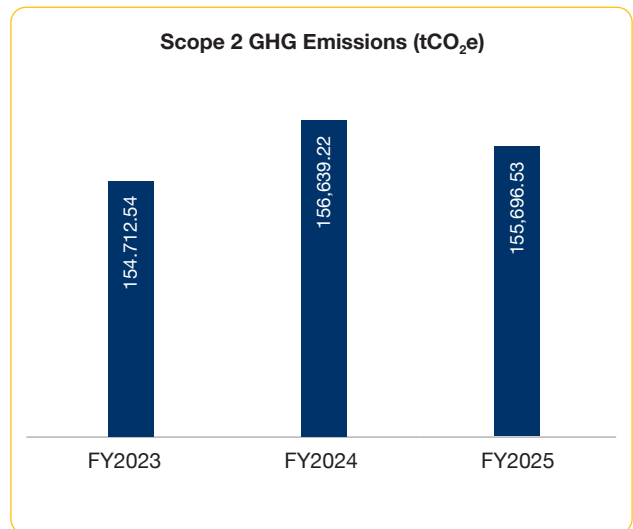
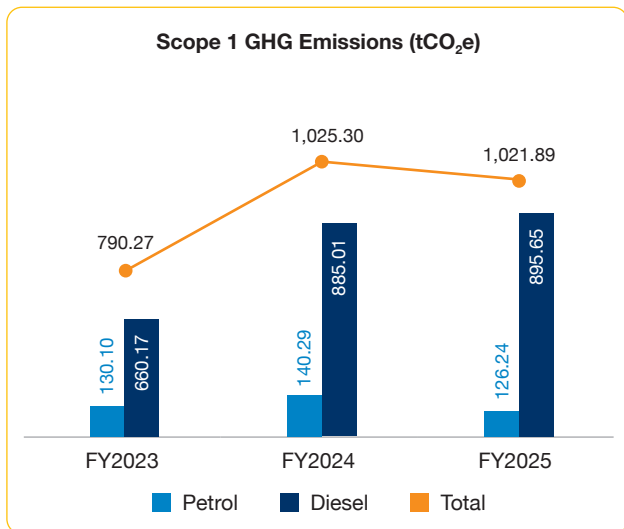
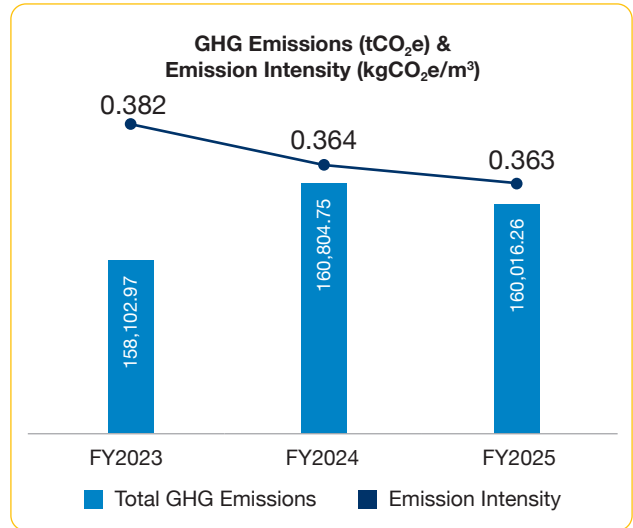
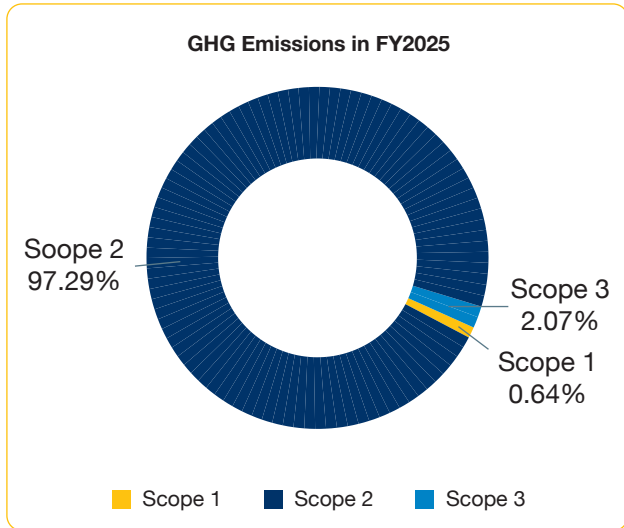
Our Performance (Cont'd)



Metrics and Targets (Cont'd)

Our Performance (Cont'd)

In FY2025, total GHG emissions reached 160,016 tCO₂e, comprising 0.64% from Scope 1, 97.29% from Scope 2, and 2.07% from Scope 3. Renewable energy generated from solar PV contributed to the avoidance of 1,374 tCO₂e of emissions.



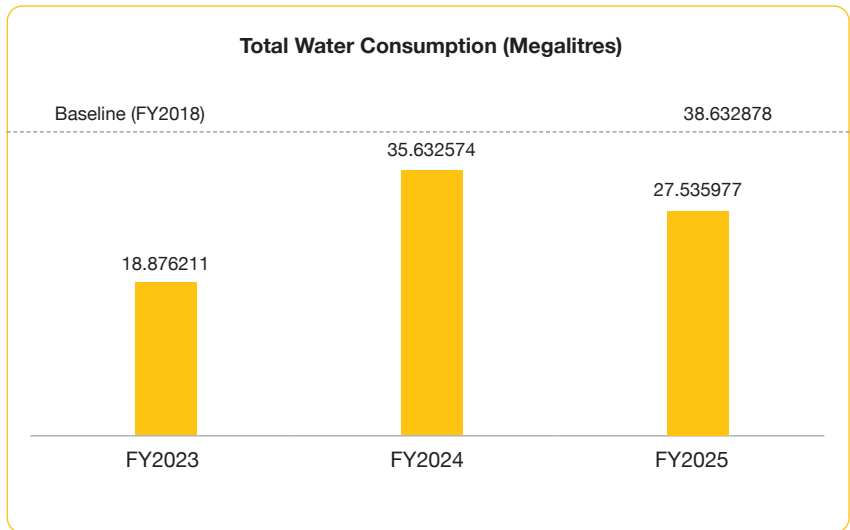
Water Consumption

PBA promotes water conservation at state and organisational levels to strengthen water security. The Group continues to deliver a reliable, high-quality water supply that supports community well-being and Penang’s continued growth.

Penang has mandated the installation of water-saving devices (“WSDs”), enforced by Majlis Bandaraya Pulau Pinang, Majlis Bandaraya Seberang Perai and SPAN. Since 2009, PBAHB has also worked with the Penang State Government to implement the Aqua Save programme, which recognises organisations based on water savings, innovation and conservation practices. In FY2025, a total of 25 organisations continued to hold the certification.

Across the Group, water-use efficiency is strengthened through the replacement of WSDs at PBAPP premises, the repair of leakages and faulty meters and the introduction of weekly water consumption monitoring.

In FY2025, total water consumption decreased by 22.7% compared to the previous year, primarily due to the rectification of underground leakages at several PBAPP premises, which had previously contributed to internal water losses.



To further enhance water-use efficiency, PBAPP introduced a KPI to establish a baseline water consumption rate of 50 litres per day per employee at PBAPP premises by 2025. These measures are expected to improve data accuracy, reduce water losses and enhance internal water management practices.

Waste and Effluent Management

The management of waste and effluent reduces risks to the downstream environment treatment processes and water quality. Efforts from WTPs are managed in line with the Department of Environment (“DOE”) standards.

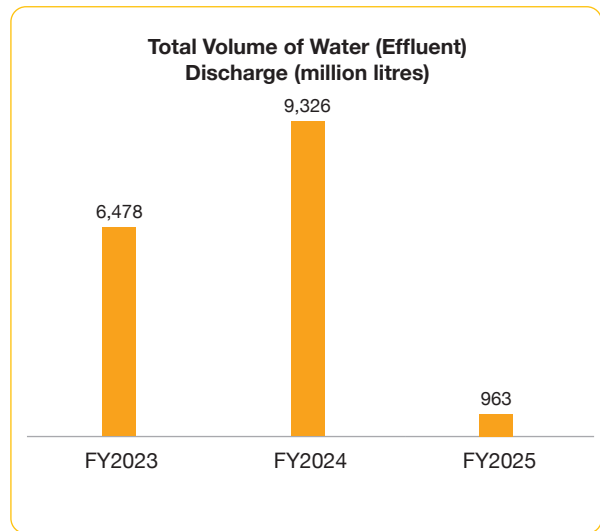
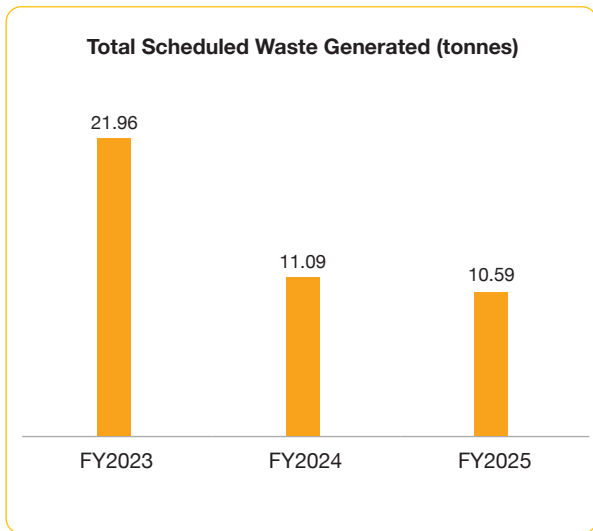
These processes are governed by the ISO 14001:2015 Environmental Management System and a surveillance audit was conducted in February 2026. Waste, including scheduled waste, is managed through procedures covering segregation, storage, labelling and disposal, supported by emergency response protocols for spills or contamination.

Resource use is managed through recycling across offices and water treatment plants, digitalised billing to reduce paper use and participation in the Penang Green Office (“PGO”) Certification programme. As at FY2025, a total of 21 offices and facilities are PGO-certified, including 5 WTPs.

Waste and Effluent Management (Cont'd)

Breakdown of Scheduled Waste Generated (tonnes)

Scheduled Waste	FY2023	FY2024	FY2025
SW 102 Waste of lead-acid batteries in intact or damaged form	0.00	2.06	4.11
SW 305 Used lubricating oil	5.52	1.06	3.08
SW 409 Containers, bags or packaging materials contaminated with chemicals, toxic substances, mineral oils or scheduled waste	16.23	7.95	3.39
SW 410 Rags, plastics, paper or other materials contaminated with scheduled waste	0.21	0.02	0.01



During the water treatment process, effluent generated from activities such as filter backwashing and sedimentation basin cleaning is channelled to desludging facilities, where suspended solids are removed and clarified water is recovered for reuse in the treatment process.

PBAPP operates desludging facilities at the Sungai Dua, Batu Ferringhi, Air Terjun and Air Itam WTPs. Sungai Dua WTP serves as the primary facility, contributing 81.77% of total recycled effluent in 2025. Since February 2025, Sungai Dua WTP has implemented a zero-waste desludging system, where recovered water is fully recycled into the treatment process while separated sludge is further thickened and processed into bricks.

Waste and Effluent Management (Cont'd)

Sustainability in Action: Responsible Management of Water Treatment Plant Residue at Sungai Dua



Key Outcomes:



WTP Residue Managed

Up to **500** mt/day



Cost Savings from Residue Disposal

~74% reduction



Environmental Impact

Reduced risk to
surrounding waterways
and local ecosystems

In 2025, PBA operationalised a major waste and effluent management milestone through the commissioning of the Sungai Dua Dewatering Plant (“SDDP”), a RM20 million WTP residue processing facility supporting Penang’s largest water treatment plant.

The SDDP is designed to handle up to 500 metric tonnes of WTP residue per day, addressing the by-product generated from treating over 1,000 million litres of water daily for approximately 465,000 consumers across Penang Island and Seberang Perai.

Through the implementation of on-site dewatering and controlled processing systems, the facility ensures the safe and compliant handling of WTP residue, which is classified as scheduled waste SW204 under DOE regulations. Operations are carried out by the appointed contractor and remain subject to PBA’s supervision and governance controls, reinforcing regulatory compliance, environmental responsibility, and sound waste management practices.

Beyond its environmental benefits, the outsourcing arrangement enables treated residue to be channelled to a licensed recovery facility for reuse rather than conventional disposal. This circular approach achieves an estimated 74% cost savings compared to untreated residue disposal, while enhancing resource recovery, operational sustainability and lifecycle cost optimisation. It further supports PBA’s commitment to delivering reliable water services without imposing undue financial burden on consumers.

Consequently, unrecycled effluent declined significantly from 6,478 million litres in 2023 and 9,326 million litres in 2024 to 963 million litres in 2025, representing reductions of 85.1% and 89.7%, respectively.

Caring for Our People

PBA supports its people and communities by fostering a safe, inclusive, and respectful workplace, upholding fair labour practices, and investing in employee development and well-being. We engage actively with communities and stakeholders to promote equitable access to water services and contribute to social resilience and shared value.



Material Sustainability Matters

LPS

OHS

DI

CE

Stakeholder Groups



Core Values



Labour Practices and Standards

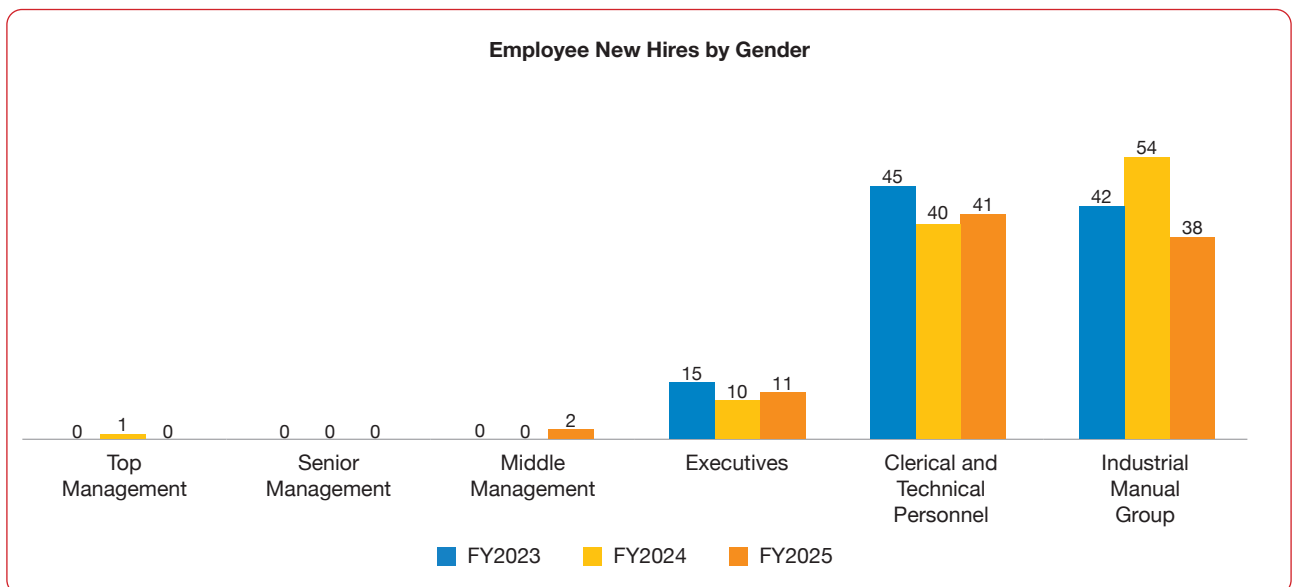
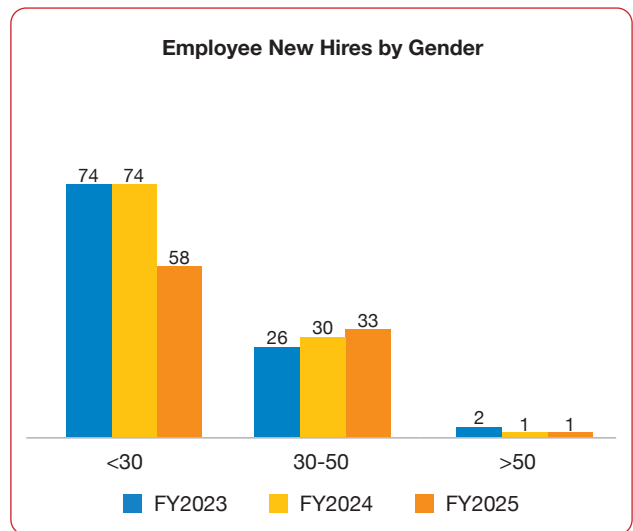
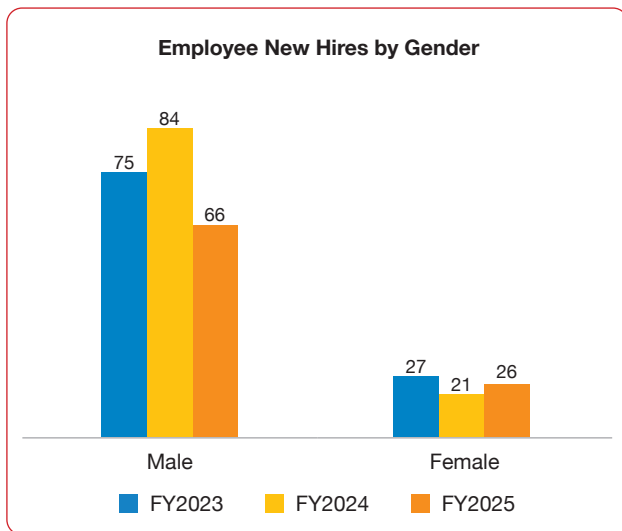
In carrying out our mandate as a state-owned entity, the Group applies robust labour standards that safeguard employee rights, ensure regulatory compliance, and promote a constructive and respectful working environment.

Our employment practices are governed by the Employment Act 1955 and the Industrial Relations Act 1967, which protect employee rights and welfare. PBA works closely with three recognised unions through structured collective bargaining arrangements. Collective Agreements are reviewed and negotiated every three years to ensure employee benefits remain competitive and aligned with regulatory requirements. Salary structures and remuneration packages across all employee categories are also reviewed periodically to promote equity, transparency and compliance.

Employee Recruitment and Turnover

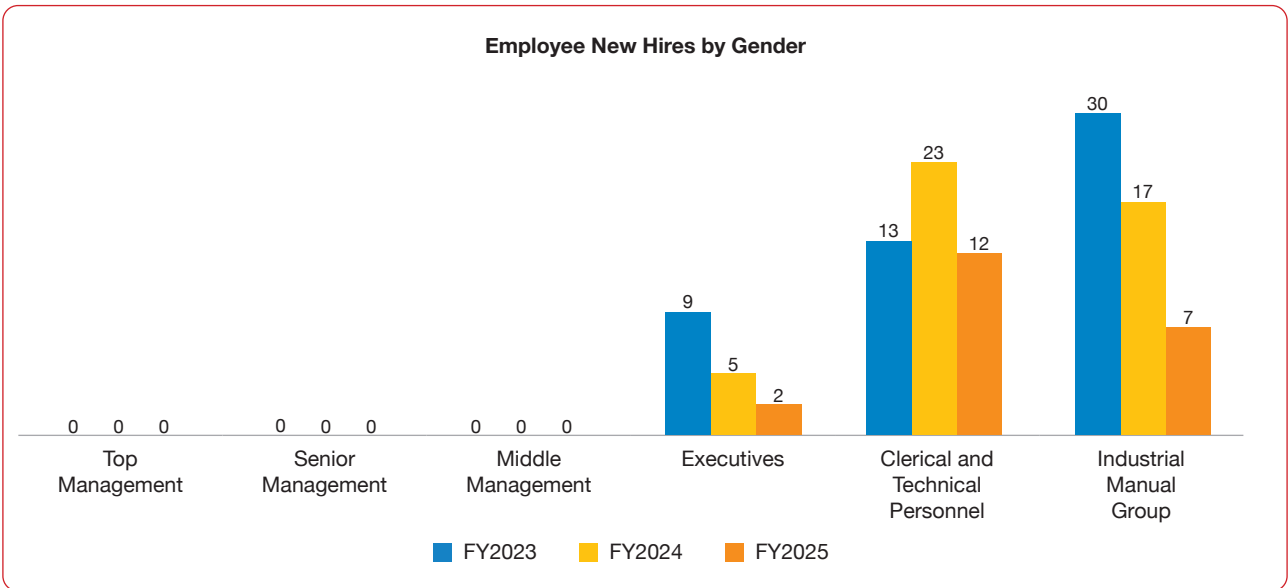
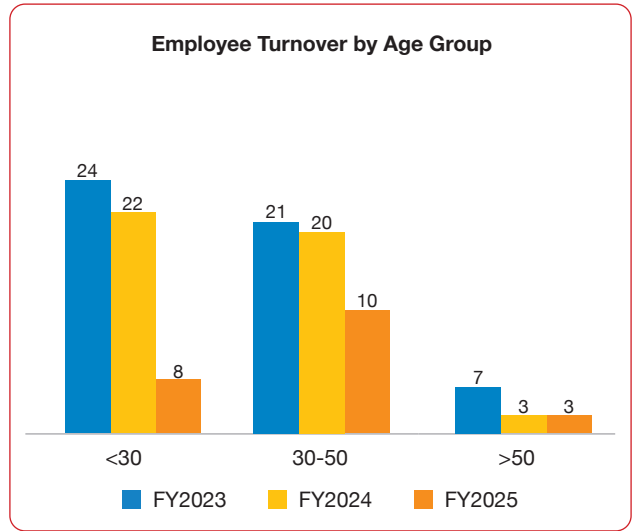
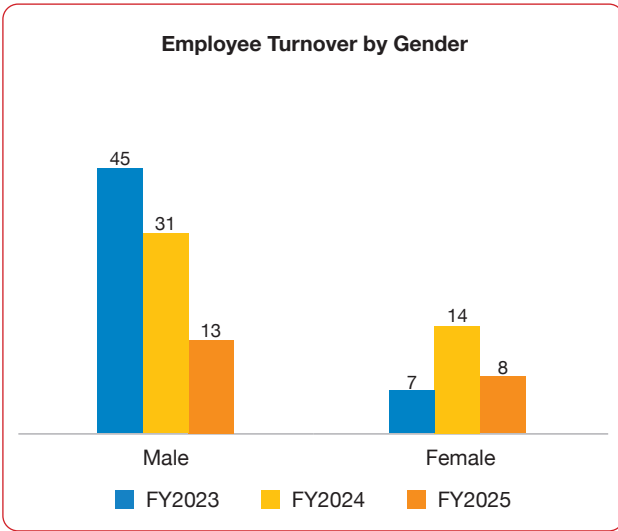
The Group recruited 92 new employees to support operational continuity and organisational growth. Employee turnover stood at 21 employees for the year. These figures reflect ongoing workforce planning efforts aimed at balancing talent acquisition, retention and organisational needs while adapting to workforce expectations.

Employee New Hires by Gender, Age and Employee Category



Employee Recruitment and Turnover (Cont'd)

Employee New Hires by Gender, Age and Employee Category



We provide a comprehensive suite of benefits designed to support employee well-being, financial security and work-life balance. These benefits apply across employee categories and include:

Employee Benefits

- Group personal accident and group term life insurance
- Medical, outpatient, dental and optical healthcare coverage
- Disability and invalidity protection
- Retirement provision and benefits schemes
- Allowances for meals, laundry, driving and standby duties
- Loan facilities for housing, vehicles and computers
- Leave entitlements including annual, maternity, paternity, sick, compassionate, quarantine, examination and union leave

Employee Recruitment and Turnover (Cont'd)

In FY2025, employee compensation and benefits were reviewed and enhanced in accordance with the Collective Agreement 2024–2026, which was finalised on 18 September 2025. These enhancements included updates to salary scale structures, salary adjustments, and improvements to other benefits. Through competitive and equitable remuneration practices, the Group recognises employee contributions while supporting workforce motivation, stability, and long-term engagement.

Employee Engagement

The Group actively promotes a supportive and collaborative workplace culture through regular engagement initiatives that strengthen teamwork and organisational cohesion. Programmes conducted during FY2025 included festive celebrations and a Round Table Session with the CEO. The session provided an open platform for both contract and permanent employees to raise concerns relating to services, systems, the workplace, and leadership. Issues highlighted during the engagement were addressed in a timely manner, reinforcing a responsive and employee-centric working environment.

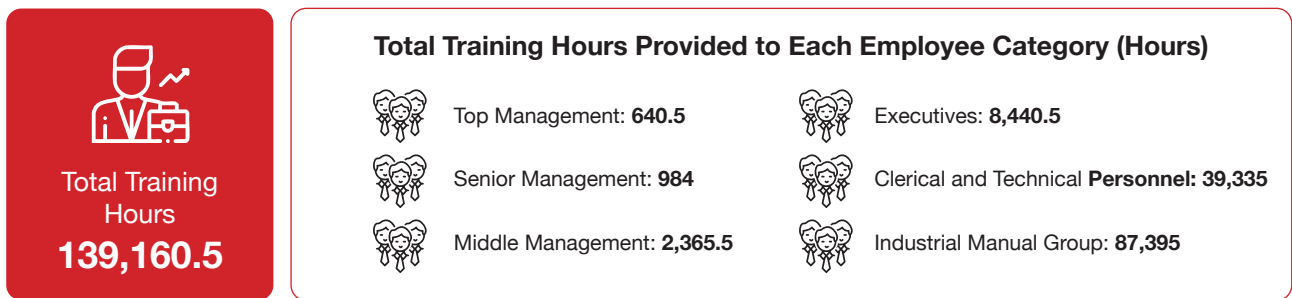
Training and Development

Continuous learning and capability building are integral to maintaining operational excellence. The Group invests consistently in training and development to address skills gaps, enhance job satisfaction and improve productivity.

In support of our sustainability agenda, targeted training was undertaken to strengthen internal capabilities in strategy, risk management and reporting. Key initiatives focused on net zero strategy and transition planning, equipping employees with a foundational understanding of emissions management and decarbonisation pathways.

Training was also conducted to enhance the identification and assessment of SRROs and CRROs, supporting more robust and decision-useful disclosures. In addition, professional competencies in governance and sustainability reporting were strengthened through recognised certification programmes, including SIRIM-aligned certification, to support effective oversight.

Collectively, these initiatives support the Group’s efforts to strengthen risk management, improve disclosure quality and embed long-term value creation considerations across the organisation.



Occupational Health and Safety

Ensuring a safe and healthy workplace remains a fundamental priority for PBA. The Group has established robust occupational health and safety (“OHS”) policies, procedures and governance frameworks to protect employees, operations and surrounding communities, in line with the Occupational Safety and Health Act 1994. Oversight is provided by a Corporate Safety and Health Committee, supported by 10 committees at departmental, sectional and workplace levels to ensure effective implementation across the organisation.

Risk management is strengthened through regular safety inspections, structured training programmes and both internal and external audits conducted in accordance with ISO 45001:2018. Workplace safety committees convene quarterly to review ongoing matters, while management conducts an annual review of overall health and safety performance to ensure continued improvement and sustained compliance.

During FY2025, the Group recorded 3,008,576 working hours, excluding contractors and vendors. A total of 22 work-related injuries were reported, resulting in a LTIR of 1.46, which remained below the Group's KPI threshold of <2.15.

Health and Safety Performance			
	FY2023	FY2024	FY2025
Total Number of Hours Worked	2,893,208	2,967,816	3,008,576
Total Number of Recordable Work-related Injuries	23	28	22
Lost Time Incident Rate (“LTIR”)	1.59	1.89	1.46

To further mitigate safety risks, we adopted a structured approach to strengthening occupational safety and health practices across our operations. A range of preventive and capability-building initiatives was carried out to enhance employee preparedness in areas such as emergency response, life-saving skills, fire safety, confined space work, working at height, safe operation of machinery and vehicles, and ergonomic risk management. Safety engagement at both management and operational levels was also emphasised to reinforce shared responsibility and leadership accountability.

Health and safety training programmes recorded a total of

392

attendances.

HSES 2025

Mental Health

Health Screening

MyMedical Apps

First Aid and AED Training

Weight Loss Competition

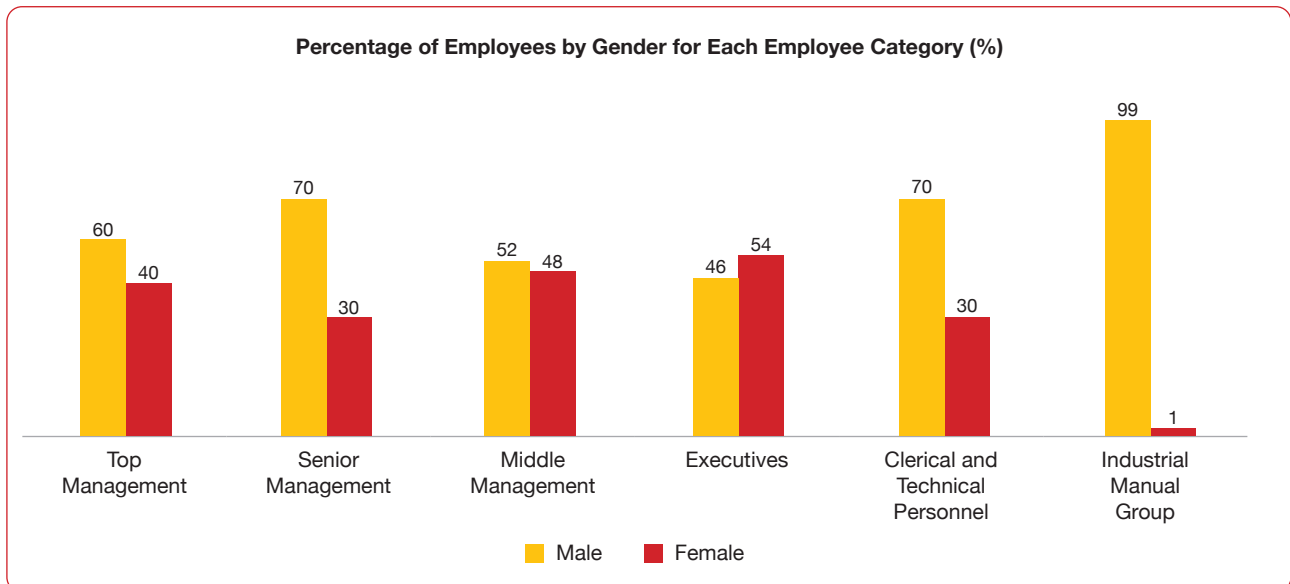
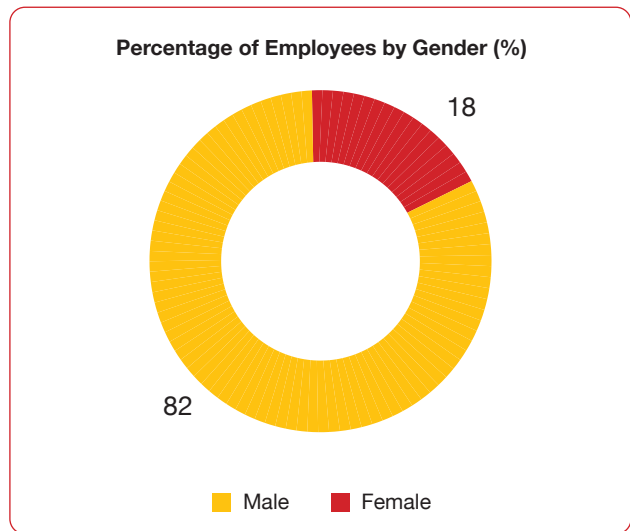
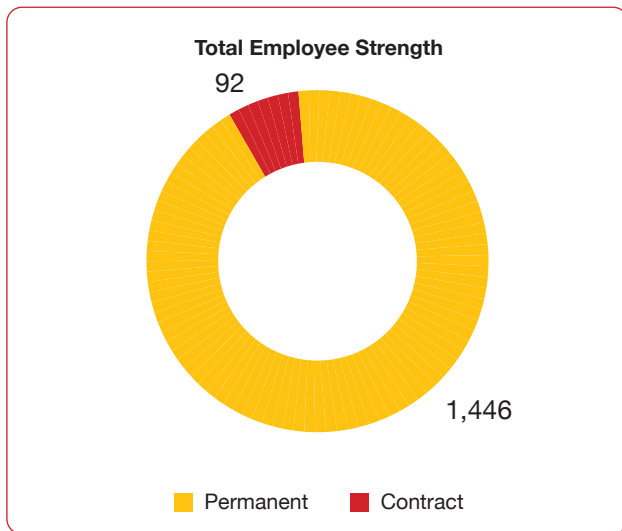
Safe Motorcycling Competition

Diversity and Inclusion

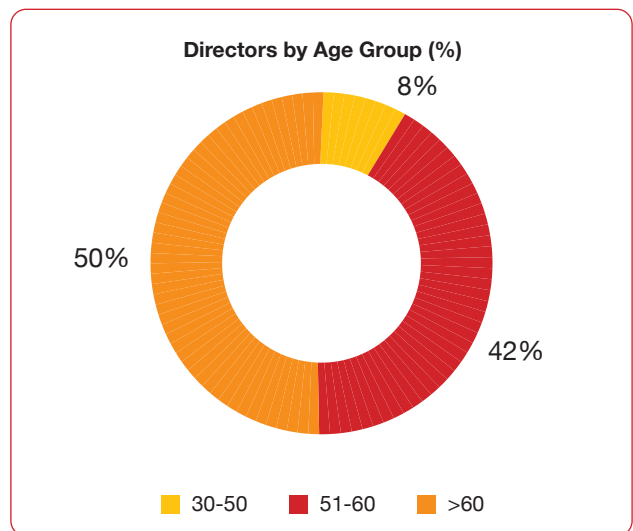
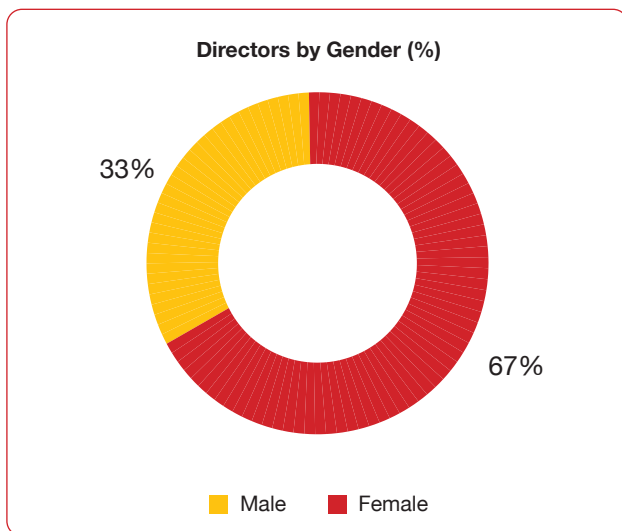
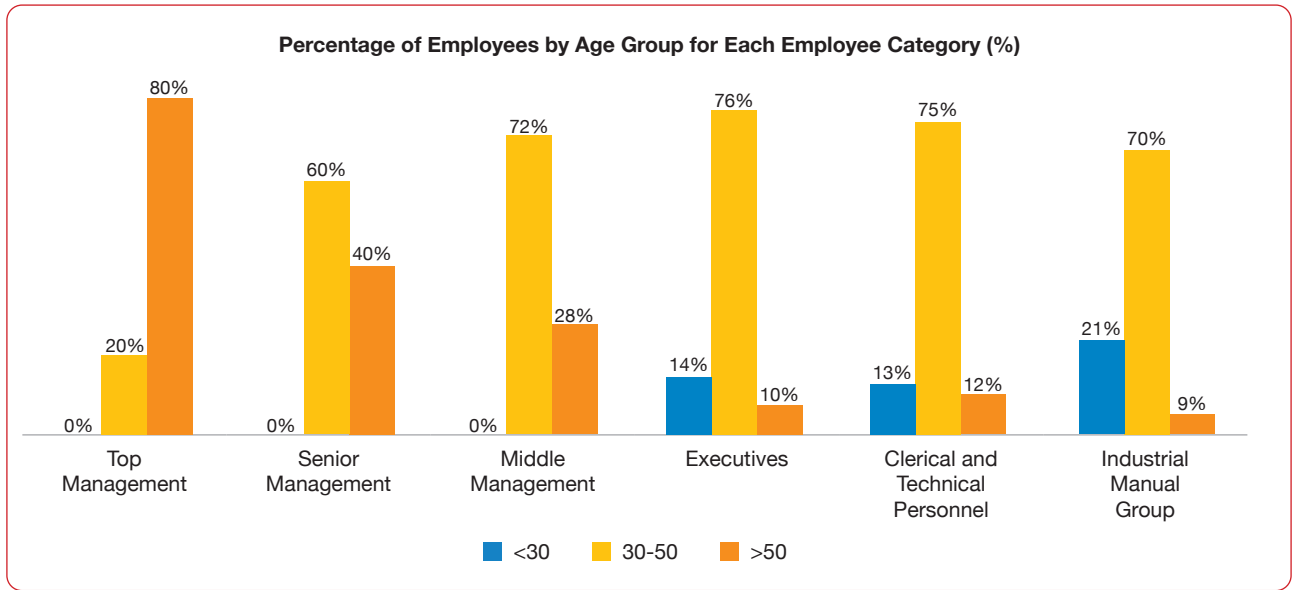
Diversity and inclusion are integral to the Group’s workforce strategy. By embracing a wide range of perspectives and experiences, PBA enhances innovation, decision-making and service delivery while reflecting the communities it serves.

The Group promotes equal opportunity and non-discrimination through merit-based recruitment, development and career progression practices. Fairness and transparency underpin all advancement decisions, ensuring talent is recognised and nurtured objectively.

In line with the Group’s Racial Balance Policy, PBA continues to provide balanced and inclusive employment opportunities across all racial groups. As of FY2025, the Group employed 1,538 Malaysian employees, of whom 94% were permanent staff. The workforce comprised 82% male and 18% female employees.



Diversity and Inclusion (Cont'd)



Community Engagement

Community engagement is a core component of our social responsibility, strengthening trust, accountability and long-term relationships with stakeholders. The Group actively supports initiatives that promote social well-being, water conservation awareness and community resilience.

During FY2025, RM2,983,440 was allocated to corporate social responsibility initiatives, reaching 2,797 beneficiaries. These initiatives encompassed water conservation campaigns, educational programmes, infrastructure improvements, sponsorships, donations and water rebates provided to domestic consumers under the revised tariff structure.

Through sustained community engagement, the Group reinforces its role as a responsible corporate citizen and strengthens its social licence to operate.

Community Engagement (Cont'd)

Sustainability in Action: Strengthening Access to Water for Vulnerable Communities



Access to reliable water is fundamental to dignity, health, and quality of life. In FY2025, PBAHB translated this principle into tangible community impact through a RM2 million contributions to the Infrastructure Maintenance Intervention Programme (“PRIHATIN”), aimed at improving water supply systems in low-cost apartment communities across Penang.

Many low-cost housing schemes in Penang were developed without essential suction tanks or pumping systems, leaving residents vulnerable to intermittent water supply, particularly during periods of high demand. Ageing infrastructure, elevated tank locations, and end-of-line pressure constraints have further compounded these challenges, disproportionately affecting B40 households who often lack formal management structures to maintain shared facilities.

Through PRIHATIN, PBAHB’s contribution supports critical upgrades to internal water reticulation systems, including the repair and replacement of leaking tanks and pipes, as well as the installation of suction tanks and pump houses where technically required. Implemented in collaboration with the Penang State Housing Board and local authorities, the programme is expected to benefit approximately 20 low-cost housing schemes, beginning with five sites approved under Phase 1.

Beyond physical upgrades, the initiative reflects PBAHB’s social responsibility to ensure vulnerable communities are not left behind amid rising water demand. As Penang’s consumption reaches 870 million litres per day, the intervention supports equitable access to treated water while strengthening the State’s infrastructure resilience. Through targeted, needs-based solutions, PBAHB delivers lasting value by improving reliability, minimising disruptions, and enhancing daily living conditions for affected residents.

Shaping a Resilient Future for Penang’s Water

PBA’s commitment to sustainability is driven by our responsibility to safeguard Penang’s most vital resource. In strengthening our environmental stewardship, we will continue to uphold resource management, community collaboration and environmental protection to ensure clean and reliable water for all, shaping a resilient water future for Penang.

Bursa Performance Table

Date & Time: 2026-04-30_16:09:37
FYE 31/12/2025

PBA HOLDINGS BHD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Corporate Governance and Anti-Corruption	Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category - Top Management	Percentage	0.00	-	No assurance
Corporate Governance and Anti-Corruption	Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category - Senior Management	Percentage	0.00	-	No assurance
Corporate Governance and Anti-Corruption	Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category - Middle Management	Percentage	8.00	-	No assurance
Corporate Governance and Anti-Corruption	Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category - Executive	Percentage	12.24	-	No assurance
Corporate Governance and Anti-Corruption	Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category - Clerical and Technical Personnel	Percentage	613	-	No assurance
Corporate Governance and Anti-Corruption	Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category - Industrial Manual Group	Percentage	5.09	-	No assurance
Corporate Governance and Anti-Corruption	Bursa C1 (b) Percentage of operations assessed for corruption-related risks	Percentage	0	-	No assurance
Corporate Governance and Anti-Corruption	Bursa C1 (c) Confirmed incidents of corruption and actions taken	Number	0	0	External (Limited)

Bursa Performance Table (Cont'd)

Sustainability Matter		Metric	Measurement Unit	2025	Target	Assurance
Customer Service and Data Protection	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	External (Limited)
Supply Chain Management	Bursa C7(a) Proportion of spending on local suppliers	Percentage	100	100	100	No assurance
Occupational Health and Safety	Bursa C5(a) Number of work-related fatalities	Number	0	0	0	External (Limited)
Occupational Health and Safety	Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.46	<215	<215	External (Limited)
Occupational Health and Safety	Bursa C5(c) Number of employees trained on health and safety standards	Number	392	154	154	No assurance
Community Engagement	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	2,883,440	2,800,000	2,800,000	External (Limited)
Community Engagement	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2797	-	-	No assurance
Community Engagement	Bursa S2(a) Average retail electric or water rate	Rate	4.35	-	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Top Management (<30)	Percentage	0	-	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Top Management (30-50)	Percentage	20	-	-	No assurance

Date & Time: 2026-04-30_16:09:37
FYE 31/12/2025

PBA HOLDINGS BHD
BMLR Transition Period

Bursa Performance Table (Cont'd)

PBA HOLDINGS BHD BMLR Transition Period		Date & Time: 2026-04-30_16:09:37 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Top Management (>50)	Percentage	80	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Senior Management (<30)	Percentage	0	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Senior Management (30-50)	Percentage	60	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Senior Management (>50)	Percentage	40	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Middle Management (<30)	Percentage	0	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Middle Management (30-50)	Percentage	72	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Middle Management (>50)	Percentage	28	-	No assurance

Bursa Performance Table (Cont'd)

PBA HOLDINGS BHD BMLR Transition Period		Date & Time: 2026-04-30_16:09:37 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Executive (<30)	Percentage	14	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Executive (30-50)	Percentage	76	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Executive (>50)	Percentage	10	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Clerical and Technical Personnel (<30)	Percentage	13	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Clerical and Technical Personnel (30-50)	Percentage	75	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Clerical and Technical Personnel (>50)	Percentage	12	-	No assurance

Bursa Performance Table (Cont'd)

PBA HOLDINGS BHD BMLR Transition Period		Date & Time: 2026-04-30_16:09:37 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Industrial Manual Group (<30)	Percentage	21	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Industrial Manual Group (30-50)	Percentage	70	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Industrial Manual Group (>50)	Percentage	9	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Top Management (Male)	Percentage	60	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Top Management (Female)	Percentage	40	30	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Senior Management (Male)	Percentage	70	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Senior Management (Female)	Percentage	30	30	No assurance

Bursa Performance Table (Cont'd)

PBA HOLDINGS BHD BMLR Transition Period		Date & Time: 2026-04-30_16:09:37 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Middle Management (Male)	Percentage	52	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Middle Management (Female)	Percentage	48	30	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Executive (Male)	Percentage	46	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Executive (Female)	Percentage	54	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Clerical and Technical Personnel (Male)	Percentage	70	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Clerical and Technical Personnel (Female)	Percentage	30	-	No assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Industrial Manual Group (Male)	Percentage	99	-	No assurance

Bursa Performance Table (Cont'd)

PBA HOLDINGS BHD BMLR Transition Period		Date & Time: 2026-04-30_16:09:37 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity and Inclusion	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Industrial Manual Group (Female)	Percentage	1	-	No assurance
Diversity and Inclusion	Bursa C3(b) Percentage of directors by gender and age group (Male)	Percentage	67	-	No assurance
Diversity and Inclusion	Bursa C3(b) Percentage of directors by gender and age group (Female)	Percentage	33	30	No assurance
Diversity and Inclusion	Bursa C3(b) Percentage of directors by gender and age group (30-50)	Percentage	8	-	No assurance
Diversity and Inclusion	Bursa C3(b) Percentage of directors by gender and age group (51-60)	Percentage	42	-	No assurance
Diversity and Inclusion	Bursa C3(b) Percentage of directors by gender and age group (>60)	Percentage	50	-	No assurance
Energy, Emissions and Climate Resilience	Bursa C4(a) Total energy consumption	megawatt-hour	216,204	217744	No assurance
Energy, Emissions and Climate Resilience	Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	1,022	1025	No assurance
Energy, Emissions and Climate Resilience	Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	155,697	163,836	No assurance
Energy, Emissions and Climate Resilience	Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	3,298	3,140	No assurance
Labour Practices and Standards	Bursa C6(a) Total hours of training by employee category - Top Management	Hours	640.5	200	No assurance

Bursa Performance Table (Cont'd)

PBA HOLDINGS BHD
 BMLR Transition Period
 Date & Time: 2026-04-30_16:09:37
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour Practices and Standards	Bursa C6(a) Total hours of training by employee category - Senior Management	Hours	984	400	No assurance
Labour Practices and Standards	Bursa C6(a) Total hours of training by employee category - Middle Management	Hours	2,365.5	1,000	No assurance
Labour Practices and Standards	Bursa C6(a) Total hours of training by employee category - Executive	Hours	8,440.5	3,920	No assurance
Labour Practices and Standards	Bursa C6(a) Total hours of training by employee category - Clerical and Technical Personnel	Hours	39,335	26,120	No assurance
Labour Practices and Standards	Bursa C6(a) Total hours of training by employee category - Industrial Manual Group	Hours	87,395	29,880	No assurance
Labour Practices and Standards	Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	6	-	No assurance
Labour Practices and Standards	Bursa C6(c) Total number of employee turnover by employee category - Top Management	Number	0	-	No assurance
Labour Practices and Standards	Bursa C6(c) Total number of employee turnover by employee category - Senior Management	Number	0	-	No assurance
Labour Practices and Standards	Bursa C6(c) Total number of employee turnover by employee category - Middle Management	Number	0	-	No assurance

Bursa Performance Table (Cont'd)

PBA HOLDINGS BHD BMLR Transition Period		Date & Time: 2026-04-30_16:09:37 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour Practices and Standards	Bursa C6(c) Total number of employee turnover by employee category - Executive	Number	2	-	No assurance
Labour Practices and Standards	Bursa C6(c) Total number of employee turnover by employee category - Clerical and Technical Personnel	Number	12	-	No assurance
Labour Practices and Standards	Bursa C6(c) Total number of employee turnover by employee category - Industrial Manual Group	Number	7	-	No assurance
Labour Practices and Standards	Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	-	No assurance
Water Consumption	Bursa C9(a) Total volume of water used	Megalitres	27555977	38.632878	No assurance
Waste and Effluent Management	Bursa C10(a) Total waste generated	Metric tonnes	10.59	-	No assurance
Waste and Effluent Management	Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	3.08	-	No assurance
Waste and Effluent Management	Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	10.59	-	No assurance
Waste and Effluent Management	Bursa S8(a) Total volume of water (effluent) discharge over the reporting period	Million L	963	-	No assurance

Assurance Statement



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Fax +60 (4) 238 2222
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The Board of Directors
PBA Holdings Bhd
Level 32, KOMTAR
Penang Road
10000 Penang

Independent Practitioners' Limited Assurance Report on PBA Holdings Bhd's (the "Company") Selected Sustainability Indicators for the financial year ended 31 December 2025 presented in its 2025 Annual Report

Conclusion

We have performed a limited assurance engagement on whether the Company's selected sustainability indicators ("Selected Sustainability Indicators") for the financial year ended 31 December 2025 listed below have been prepared in accordance with the Company's definition and calculation methodologies as set out in the Company's 2025 Annual Report and/or where relevant, the Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition) ("Applicable Criteria"):

No.	Selected Sustainability Indicators	Amount	Boundary
1	Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM 2,983,440	The Company's operations in Penang, Malaysia (including the Company's subsidiaries).
2	Confirmed incidents of corruption and action taken	0	
3	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	
4	Number of work-related fatalities	0	
5	Lost time incident rate	1.46	
6	Total energy consumption	216,204 MWh	

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Selected Sustainability Indicators for the financial year ended 31 December 2025 presented in the Company's 2025 Annual Report are not prepared, in all material respects, in accordance with the Applicable Criteria.

Our conclusion on the Selected Sustainability Indicators does not extend to any other information that accompanies or contains the Selected Sustainability Indicators and our report.

Basis for conclusion

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements ("ISAE") 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. Our responsibilities under this standard are further described in the *Our responsibilities* section of our report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Assurance Statement (Cont'd)



PBA Holdings Bhd
Independent Practitioners' Limited Assurance Report on the Company's
Selected Sustainability Indicators for the financial year ended 31 December 2025
presented in its 2025 Annual Report
23 April 2026

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Restriction on distribution and use of our report

Our report has been prepared for the Board of Directors of the Company (the "Directors") solely in accordance with the terms of our engagement letter.

Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk.

Without affecting, adding to or extending our duties and responsibilities to the Company or giving rise to any duty or responsibility being accepted or assumed by or imposed on us by any other party, we consent to the inclusion of this report in the Company's 2025 Annual Report, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Selected Sustainability Indicators.

Our conclusion is not modified in respect of this matter.

Responsibilities for the Selected Sustainability Indicators

The management of the Company (the "Management") is responsible for:

- (a) designing, implementing and maintaining internal control relevant to the preparation of the Selected Sustainability Indicators such that they are free from material misstatement, whether due to fraud or error;
- (b) selecting or developing suitable criteria for preparing the Selected Sustainability Indicators and appropriately referring to or describing the criteria used, including who developed them, when not readily apparent from the engagement circumstances;
- (c) preparing and properly calculating the Selected Sustainability Indicators in accordance with the Applicable Criteria;
- (d) preventing and detecting fraud; and
- (e) selecting the content of the Selected Sustainability Indicators, including identifying and engaging with intended users to understand their information needs.

Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that material misstatement, whether due to fraud or error, may occur and not be detected in the Selected Sustainability Indicators.

Assurance Statement (Cont'd)



PBA Holdings Bhd
Independent Practitioners' Limited Assurance Report on the Company's
Selected Sustainability Indicators for the financial year ended 31 December 2025
presented in its 2025 Annual Report
23 April 2026

Our responsibilities

We are responsible for:

- (a) planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Indicators are free from material misstatement, whether due to fraud or error;
- (b) forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- (c) reporting our conclusion to the Directors.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Selected Sustainability Indicators that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Selected Sustainability Indicators and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we have performed the following procedures, amongst others:

- (a) enquired Management to gain an understanding of the processes established from which the Selected Sustainability Indicators are derived;
- (b) interviewed relevant staff responsible for preparing and presenting the Selected Sustainability Indicators in the Company's 2025 Annual Report ;
- (c) compared the Selected Sustainability Indicators presented in the Company's 2025 Annual Report to underlying sources on a sample basis; and
- (d) read the Selected Sustainability Indicators presented in the Company's 2025 Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Other matter

We previously expressed a limited assurance conclusion over the Selected Sustainability Indicators for the year ended 31 December 2024, and our report dated 22 April 2025 included an unmodified conclusion.

Our conclusion is not modified with respect to this matter.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Penang

Date: 23 April 2026

GRI Content Index

Statement of use	PBA Holdings Bhd has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location (Page)
GRI 2: General Disclosures 2021	2-1 Organisational details	2
	2-2 Entities included in the organisation's sustainability reporting	2
	2-3 Reporting period, frequency and contact point	2,3
	2-5 External assurance	3,71
	2-6 Activities, value chain and other business relationships	Throughout
	2-7 Employees	55-60
	2-9 Governance structure and composition	18-20
	2-12 Role of the highest governance body in overseeing the management of impacts	18-20
	2-13 Delegation of responsibility for managing impacts	18-20
	2-14 Role of the highest governance body in sustainability reporting	18-20
	2-22 Statement on sustainable development strategy	4-8,9-17
	2-23 Policy commitments	14
	2-24 Embedding policy commitments	14
	2-26 Mechanisms for seeking advice and raising concerns	18,27
	2-27 Compliance with laws and regulations	30
2-29 Approach to stakeholder engagement	21-25	
2-30 Collective bargaining agreements	55-57	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	38
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	31
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	28
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	48-50
	302-2 Energy consumption outside of the organisation	48-50
	302-3 Energy intensity	48-50
	302-4 Reduction of energy consumption	45-48

GRI Content Index (Cont'd)

GRI Standard	Disclosure	Location (Page)
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	51
	303-2 Management of water discharge-related impacts	51
	303-3 Water withdrawal	51
	303-4 Water discharge	51-53
	303-5 Water consumption	51
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	50
	305-2 Energy indirect (Scope 2) GHG emissions	50
	305-3 Other indirect (Scope 3) GHG emissions	50
	305-5 Reduction of GHG emissions	50
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	51-53
	306-2 Management of significant waste-related impacts	51-53
	306-3 Waste generated	51-53
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	55-56
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	56
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	58
	403-3 Occupational health services	58
	403-4 Worker participation, consultation, and communication on occupational health and safety	58
	403-5 Worker training on occupational health and safety	28,58
	403-6 Promotion of worker health	58
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58
	403-9 Work-related injuries	58
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	28
	404-2 Programmes for upgrading employee skills and transition assistance programs	57
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	60-61
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	60-61
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	32



**24-HOUR
CUSTOMER CALL CENTRE
604-255 8 255**



PBAHB
PBA Holdings Bhd
200001012513 (515119-U)

Memenuhi segala keperluan bekalan air anda
Meeting all your water supply needs

Level 32, KOMTAR, Penang Road,
10000 George Town, Pulau Pinang.
PBAPP Call Centre (24 hours): 604-255 8 255
Email: infopbahb@pba.com.my
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