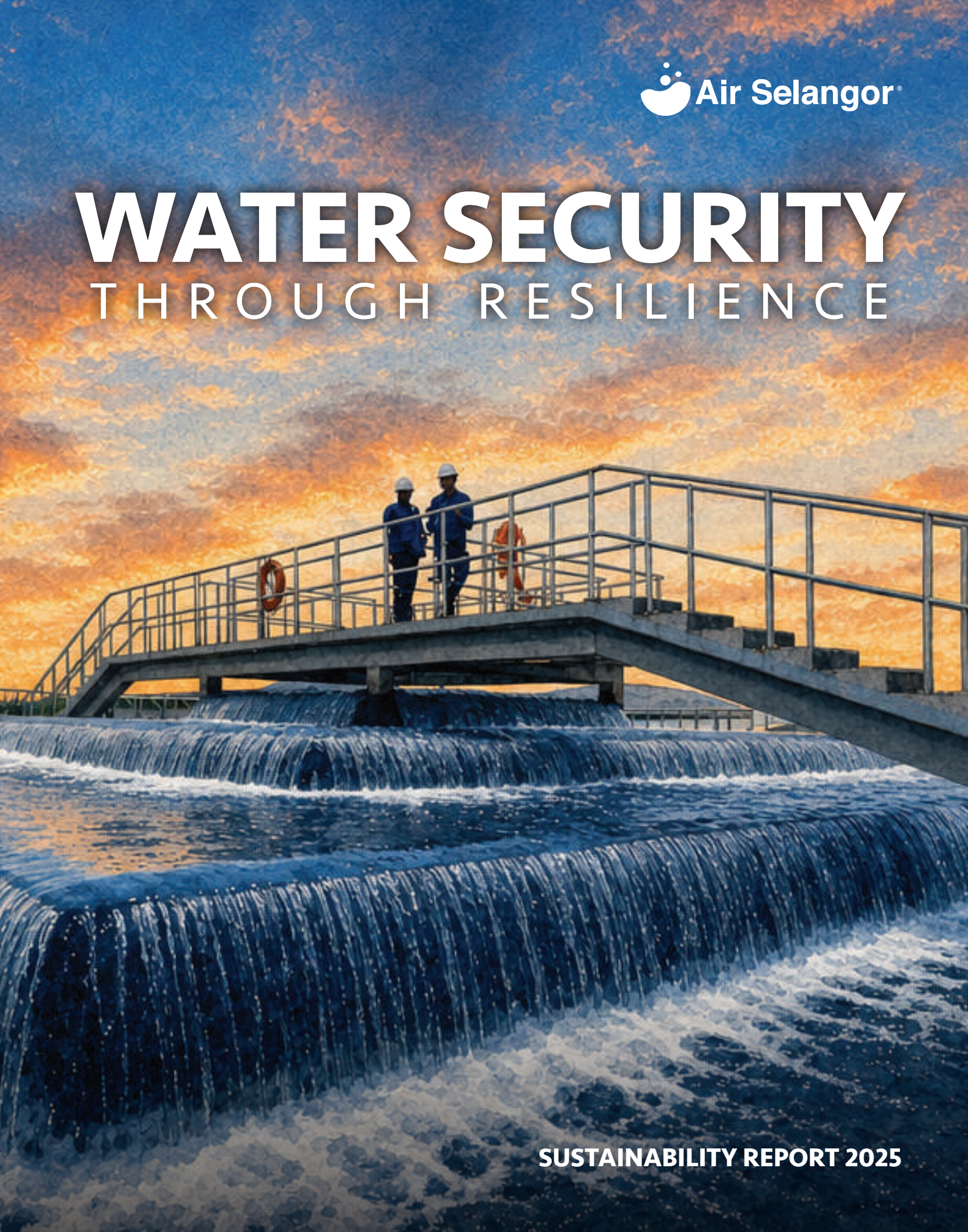
Air Selangor®

WATER SECURITY
THROUGH RESILIENCE



SUSTAINABILITY REPORT 2025

Table of Contents

CHAPTER 1: INTRODUCTION AND OVERVIEW

1 About This Report
3 Inside This Report
4 About Air Selangor
7 Key Assets

CHAPTER 2: LEADERSHIP

8 Chairman's Note
12 Message from the Chief Executive Officer
18 Who We Are

CHAPTER 3: PERFORMANCE HIGHLIGHTS

26 2025 Highlights
28 Key Performance Data
29 Air Selangor Event Highlights
32 Awards and Accolades
34 Financial Performance

CHAPTER 4: SUSTAINABILITY STRATEGY AND PILLARS

36 30-Year Business Plan
40 Sustainability Approach
46 Air Selangor Sustainability Strategy 2020–2030
48 Materiality Approach
53 Stakeholder Engagement
55 Mapping of Sustainability Pillars, Material Sustainability Matters, SDGs, and SPIs
56 Risks and Opportunities

CHAPTER 5: ENVIRONMENTAL STEWARDSHIP

62 Enhancing Water Resource Security and Demand Management
72 Reducing the Impact of Climate Change

CHAPTER 6: SOCIAL RESPONSIBILITY

86 Delivering Customer Service Excellence
94 Prioritising Employee Health, Safety, Competency and Diversity
109 Giving Back to the Community

CHAPTER 7: GOVERNANCE AND ACCOUNTABILITY

116 Strengthening Governance and Increasing Transparency
137 Leveraging Digitalisation to Support a Circular Economy

CHAPTER 8: GLOSSARY AND INDEX

140 Performance Data
141 Association Memberships
142 GHG Emissions Methodology
149 GRI Content Index
158 SASB Content Index
165 IFRS S2 Content Index
178 Glossary

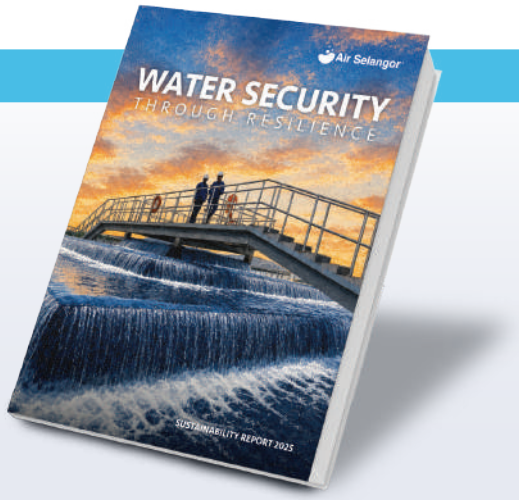


Scan to view our Sustainability Report online

About This Report

Cover Rationale

The cover reflects Air Selangor's pursuit of Water Security Through Resilience. The convergence of water, infrastructure and people illustrates the interconnected foundations of a secure and sustainable water ecosystem. The horizon signifies foresight and long-term stewardship, underscoring Air Selangor's commitment to investing in resilient infrastructure, sustainable water management and future-ready solutions. As stewards of this vital resource, Air Selangor continues to strengthen resilience across its operations, ensuring water remains accessible, reliable and sustainable for present and future generations.



Scope and Boundary

The Air Selangor Sustainability Report 2025 (the Report) presents the sustainability-related performance, initiatives and outcomes of Pengurusan Air Selangor Sdn Bhd (Air Selangor, or the Company) for the reporting period from 1 January 2025 to 31 December 2025. The Report covers the Company's principal operations across Selangor, Kuala Lumpur, and Putrajaya, including our headquarters (HQ), customer service offices, regional offices, operational assets, and the core activities in raw water abstraction, water treatment, and treated water distribution, unless otherwise stated.

In defining the scope and boundary of this Report, we have taken into consideration our operational control, key business activities and principal assets, as well as material upstream and downstream interactions within our value chain. This includes our dependencies on water resources, catchments, electricity and fuel, suppliers, regulators, business partners, communities, and consumers. The scope also reflects areas where sustainability and climate-related factors may influence operational resilience, infrastructure planning and service continuity.

Reporting Framework

In strengthening the structure and clarity of sustainability disclosures, Air Selangor has taken reference from internationally recognised sustainability disclosure standards, including IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related Disclosures. The principles of these standards have been used to inform the organisation and presentation of sustainability- and climate-related information in this report, without constituting formal adoption.

This approach complements the reporting frameworks that continue to underpin our sustainability reporting, namely the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) Standards for Water Utilities and Services, and Bursa Malaysia's Sustainability Reporting Guide (3rd Edition). Together, these frameworks support comprehensive coverage of material environmental, social and governance (ESG) matters, while promoting a structured, transparent and decision-useful presentation of the Company's sustainability performance and commitments.

For emissions-related disclosures, Air Selangor applies the Greenhouse Gas (GHG) Protocol: Corporate Accounting and Reporting Standard. The United Nations Sustainable Development Goals (SDGs) are also used as a reference framework to demonstrate how our initiatives contribute to broader global development priorities.

About This Report

Connectivity with Financial Statements

We prepare our financial statements in accordance with Malaysian Financial Reporting Standards (MFRS), which are aligned with International Financial Reporting Standards (IFRS). This provides a consistent foundation for transparent and comparable financial reporting, and supports our ongoing efforts to strengthen the connection between financial and sustainability-related information.

Air Selangor continues to review the requirements of IFRS S1 and IFRS S2 to enhance internal readiness for sustainability-related financial disclosures. This work focuses on assessing data availability, governance processes, internal controls, and cross-functional coordination required to present sustainability- and climate-related information in a financially relevant manner. By drawing on these standards and frameworks, Air Selangor aims to provide clearer disclosure on the sustainability- and climate-related risks and opportunities that may influence operational resilience, infrastructure planning and long-term value creation.



First-time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs

In preparing for future adoption, we have considered the proportionality mechanisms and additional transition reliefs (ATRs) available to Group 3 entities under the National Sustainability Reporting Framework (NSRF). Where applicable, the following transition reliefs are relevant to Air Selangor:

- **Comparative Information Relief:** Air Selangor is not required to present comparative IFRS-related disclosures in the current reporting period (ATR 1). However, where data is available and prepared on a consistent basis, we continue to provide selected comparative information to maintain continuity with prior sustainability reporting practices and support trend analysis.
- **Climate-First Approach:** Air Selangor is permitted to prioritise disclosures on climate-related risks and opportunities in accordance with IFRS S2, and apply IFRS S1 only to the extent that it relates to climate-related disclosures during the transition period (ATR 2). Some climate-related risks and opportunities (CROs) are progressing through data maturation and therefore, financial quantification for CROs is incomplete and to be refined in subsequent reporting periods.
- **Scope 3 GHG Emissions Disclosure Relief:** Air Selangor is permitted to defer full disclosure of Scope 3 GHG emissions in the first annual reporting period applying IFRS S2, except for categories already required by applicable regulators (ATR 3). We have calculated Scope 3 emissions for seven categories, and will aim to complete our Scope 3 inventory following completion of a full value chain analysis.

We will continuously improve our systems to collect accurate, reliable and decision-useful data to enhance disclosures in future reporting cycles.

Approach to Materiality

The contents of this report are informed by the Company's approach to materiality, which involves the identification and prioritisation of sustainability-related risks and opportunities that are most relevant to Air Selangor and its stakeholders. This process incorporates stakeholder engagement outcomes and internal assessments, and considers potential implications over the short-, medium- and long-term, including impacts on operational performance, capital expenditure (CAPEX) planning, cash flows and access to financing.

Forward-Looking Statements

Certain sustainability-, climate-, and nature-related disclosures in this report may contain forward-looking information based on assumptions, estimates, expectations, and information available at the reporting date. Actual outcomes may differ due to factors beyond Air Selangor's control, including regulatory developments, climate variability, operational conditions, stakeholder expectations, financing conditions, and changes in technology or market practice. Data limitations, assumptions and estimation boundaries are disclosed where relevant.

Let Us Hear from You

Air Selangor remains committed to enhancing transparency and continuously improving the quality of its sustainability disclosures. Stakeholders are encouraged to share their feedback, queries or suggestions to support ongoing improvement in future reporting.

sustainability@airselangor.com

Inside This Report

The Air Selangor Sustainability Report 2025 captures a year of continued progress in strengthening the systems that keep water flowing safely, reliably, and sustainably for the communities we serve. It reflects how Air Selangor continues to grow from a water services provider into a more resilient, future-ready utility, one that is better prepared to respond to rising demand, climate pressures, operational complexity, and stakeholder expectations.

The Report begins by setting out how recognised sustainability frameworks have shaped our reporting approach, supporting clearer, more transparent, and more decision-useful information. It places Air Selangor within the wider water value chain, where our customers, assets, people, infrastructure, natural resources, suppliers, regulators, communities, and partners each play an important role in sustaining water security.

Guidance from our leadership sets the tone for the year's progress, reinforcing the importance of public trust, long-term resilience, stronger execution, and service excellence. This direction is carried through our performance in 2025 and our continued progress under Air Selangor's 30-Year Business Plan, which remains central to how we plan, invest, and deliver for the future.

Our Sustainability Strategy provides the structure for translating Air Selangor's long-term ambitions into focused action across the business. As part of this framework, we assess CROs and sustainability-related risks and opportunities (SROs) to guide our priorities, strengthen risk management, and identify opportunities that support service reliability, resource efficiency, environmental stewardship, and long-term stakeholder value.

From this framework, our seven key sustainability pillars guide the priorities we pursue across the business. To provide a clearer view of how these priorities are managed and delivered, the seven pillars are organised under the ESG lens within this report. Together, these disclosures show how our actions contribute to resilient water services, responsible resource management, inclusive social outcomes, sound governance, and sustainable value creation across our operations and value chain.

Our Sustainability Chapters:

Environment

Reducing the Impact of Climate Change

Framed around climate resilience and environmental stewardship, this chapter describes how Air Selangor is embedding climate and environmental considerations into planning, operations, and long-term decision-making. It covers climate governance, climate risk assessment, greenhouse gas (GHG) emissions management, energy and renewable energy initiatives, biodiversity considerations, water conservation, waste management, recycling, and environmental monitoring.

Enhancing Water Resource Security and Demand Management

Long-term water security is addressed through Air Selangor's efforts to balance supply expansion with demand optimisation, alternative water solutions, and operational efficiency. The chapter covers demand management, Central Water Reclamation (CWR), water grid connectivity, raw water security, non-revenue water (NRW) reduction, water supply planning, and asset management, showing how Air Selangor is building a more adaptive and resilient water system.

Social

Prioritising Employee Health, Safety, Competency and Diversity

Air Selangor's workforce priorities are reflected through its focus on building a safe, capable, inclusive, and future-ready organisation. The chapter covers health and safety management, safety governance, Health, Safety and Environment (HSE) training, workplace safety culture, employee wellbeing, Rakan Prihatin, engagement, benefits, training and development, and diversity, equity, and inclusion.

Giving Back to the Community

Community contribution is positioned as an extension of Air Selangor's responsibility as an essential water services provider. Guided by the Sesama Mara platform, the chapter highlights community engagement, strategic community investment, volunteerism, education support, festive assistance, support for vulnerable households, and access to essential water services through initiatives such as Box of Hope, Hydro Heroes, and Skim Air Darul Ehsan (SADE).

Delivering Customer Service Excellence

Centred on the fundamentals of reliable service delivery, this chapter outlines how Air Selangor strengthens water supply, water quality assurance, customer responsiveness, and service accessibility. It highlights comprehensive monitoring, accredited laboratory capabilities, real-time water quality systems, pipe and reservoir cleaning, customer engagement, complaint management, and digital service channels that support safe, reliable, and responsive water services.

Governance

Strengthening Governance and Increasing Transparency

Strong governance, integrity, risk management, and transparency underpin Air Selangor's role as a critical public utility. The chapter covers Board oversight, enterprise risk management (ERM), sustainability governance, integrity and anti-corruption, whistleblowing, business continuity, cybersecurity, data privacy, financial resilience, tariff and pricing considerations, procurement, supply chain management, and environmental compliance.

Leveraging Digitalisation to Support a Circular Economy

Digitalisation is presented as a key enabler of service efficiency, customer empowerment, and more sustainable resource use. Through the Air Selangor mobile application and web platform, the chapter highlights how digital services improve customer convenience, reduce manual and paper-based processes, support e-Bil and self-service functions, enhance communication, and encourage more responsible water consumption.

About Air Selangor



Our Vision

We will be the leading water services provider in Asia by 2030.

Our Mission

We deliver the best experience to our customers.

Air Selangor is the largest provider of water services in Malaysia. We are responsible for the abstraction and treatment of raw water, and distribution of treated water to customers throughout Selangor, Kuala Lumpur, and Putrajaya – collectively referred to as our Distribution Area. Over 2.82 million accounts from domestic, non-domestic, and other consumer categories are supported by this service.

Air Selangor is wholly owned within the Selangor State Government corporate structure. Our ultimate holding company is Menteri Besar Selangor Incorporated (MBI Selangor), a corporate entity established under Enactment No. 3 of the Menteri Besar Selangor Enactment 1994, while our immediate holding company is Air Selangor Holdings Berhad (AIS Holdings). This ownership structure reinforces our public service mandate and long-term responsibility to support water security across the areas we serve.

Our business is anchored in an end-to-end water supply value chain. It begins with raw water resources, including rivers, dams, ponds, and groundwater sources regulated by the relevant authorities. Raw water is abstracted and conveyed to our water treatment plants, where it undergoes treatment, quality monitoring, and operational control before being stored, pumped, and distributed through our service reservoirs, trunk mains, and pipe network to consumers. This value chain is supported by customer service, asset management, procurement, digital systems, risk management, and corporate functions that enable safe, reliable, and efficient service delivery.

DEPENDENCY ON WATER RESOURCES, ENERGY AND CLIMATE SENSITIVITY

Air Selangor plays a critical role in Malaysia's water sector, producing an average of 5,378 million litres per day (MLD) of clean and safe treated water in 2025. Our operations are regulated under the Water Services Industry Act 2006 and by Suruhanjaya Perkhidmatan Air Negara (SPAN), and are supported by a network of water treatment facilities and assets, more than 5,000 employees, and 1,533 business partners. Our 2025 water reserve margin stood at 17.86%, reinforcing the continued importance of timely supply augmentation, demand management, and network optimisation as water demand grows across the areas we serve.

This operating context makes water security, energy reliability, and climate resilience central to our ability to maintain service continuity. Our operations are highly dependent on the availability and quality of raw water resources, as well as reliable electricity and fuel to support water abstraction, treatment, pumping, storage, and distribution activities. Energy reliability and efficiency are therefore key considerations in operational planning, infrastructure investment, and network optimisation.

Our value chain is also sensitive to climate variability, including droughts, flooding, shifting rainfall patterns, and pollution events that may affect raw water availability, treatment requirements, infrastructure resilience and system reserve margins. These factors are considered in water resource planning, operational decision-making, and long-term infrastructure development to support supply reliability and water security. These dependencies are fundamental to how we assess resilience, plan for future demand, and safeguard long-term water security.

About Air Selangor



OUR CORE VALUES

At Air Selangor, our core values define our culture and how we work together.

Teamwork
Providing support to one another, working collaboratively, respecting one another's views, and making our work environment well balanced and enjoyable.

Honesty
Being open and truthful in all dealings to allow us to be of great service to our colleagues and customers.

Integrity
Continually doing the right thing no matter what the consequences. With integrity, we will live by our standards and beliefs even when no one is watching.

Professionalism
At all times, we strive for excellence and quality in everything we do on top of being reliable and responsible.

Highest Standards of Service
We respect our customers and strive to deliver timely, responsive and proactive services at all times.

About Air Selangor

Air Selangor's core principles of teamwork, honesty, integrity, professionalism and service excellence form the behavioural and governance foundation that supports the Company's ongoing efforts to strengthen sustainability-related disclosures. These values guide how SROs and CROs are identified, assessed and communicated, and support consistent decision-making across the organisation. In this context, the Company's approach to sustainability reporting, which takes reference from IFRS S1 and IFRS S2, is underpinned by a strong culture of accountability, transparency and long-term service reliability. This foundation supports clearer articulation of sustainability and climate-related considerations that may influence operational resilience, infrastructure planning and long-term value creation, without constituting formal adoption of the IFRS Sustainability Disclosure Standards.



OUR CUSTOMERS

Domestic

2,485,093
accounts

Domestic accounts consist of residential properties, which form the largest portion of the total accounts registered with Air Selangor.

Non-Domestic

334,537
accounts

Non-domestic accounts cover industries, commercial areas, government offices and ships.

Others

5,498
accounts

Customers under this category include religious and charitable institutions.

Key Assets

Raw Water Storage

8 Dams[1]

3 Off-River Storage

1 Hybrid Off-River Augmentation System (HORAS) 600

Water Production



34 Water Treatment Plants

Water Distribution

31,817 km Pipe Length

1,708 Service Reservoirs

743 Pump Houses

Water Quality

1,488 Water Sampling Stations[2]

39 Off-Plant Autonomous Chlorine Injection Systems (OACIS)

15 River Monitoring Stations

4 Accredited Regional Laboratories

190 Hybrid Distribution Water Quality Real-Time Analyser (HYDRA)

Note:

[1] *Air Selangor operates seven dams, while one dam (Batu Dam) is operated by the Department of Irrigation and Drainage (JPS).*

[2] *The number of active sampling stations varies annually depending on stations sampled by MOH and in-house sampling during the year.*

Chairman's Note

Yang Amat Berhormat
Dato' Seri Amirudin Shari
Chairman





Chairman's Note

Assalamualaikum warahmatullahi wabarakatuh,
Salam Kita Selangor.

Water is more than an essential service. It is the foundation of public health, economic confidence and the quality of life enjoyed by every *rakyat* in Selangor. As our state continues to grow and evolve into one of Southeast Asia's leading economic centres, our responsibility extends beyond meeting today's needs. We must ensure that future generations inherit a water system that is resilient, sustainable and worthy of the public's trust.

Water security has therefore become one of the defining priorities of the State Government of Selangor. It underpins our aspirations for inclusive development, strengthens investor confidence and safeguards the well-being of our communities. As Malaysia continues to attract investments in high-value industries such as digital infrastructure and data centres, we remain committed to ensuring that economic progress is matched by responsible stewardship of one of our most precious resources.

Water Security, Held in Public Trust

Economic growth and environmental responsibility must move forward together. Through the First Selangor Plan or *Rancangan Selangor Pertama* (RS-1), we laid the foundations for a more resilient water future by strengthening source protection, investing in infrastructure, embracing digital innovation and reinforcing governance across the water ecosystem. These efforts reflect our conviction that resilience is not built during times of crisis, but through consistent planning, prudent investment and decisive action.

Building on this momentum, the Selangor Agenda for Green Economy (SAGE), launched in 2025, charts the State's next decade of sustainable growth. Its focus on low-carbon development, clean energy, green innovation and responsible governance reinforces Selangor's ambition to remain economically competitive while advancing climate resilience and environmental sustainability. Complementing these efforts are the Selangor Climate Change Policy and the Selangor Climate Adaptation Centre, which together strengthen our long-term capacity to respond to climate risks while accelerating our transition towards a zero-carbon future.

Chairman's Note

As the State Government's water services provider, Air Selangor carries a responsibility that extends well beyond supplying treated water. Together, we are safeguarding one of Selangor's most strategic public assets. Water security demands foresight: protecting our water sources before they are threatened, investing in infrastructure before capacity becomes constrained and strengthening operational resilience before disruptions occur.

This is why Air Selangor's aspiration to become Asia's leading water services provider is significant. It reflects not only operational excellence but also our shared commitment to responsible governance, long-term planning and public accountability.



Public Service with Purpose

Good governance is measured not only by the infrastructure we build, but by the people we protect. Access to clean, safe and affordable water should never become a burden for families, particularly those requiring greater support. This principle continues to guide the State Government's commitment to inclusive public service through the *Skim Air Darul Ehsan* (SADE). In 2025, the expansion of the household income eligibility threshold from RM5,000 to RM6,000 enabled more families to benefit from 20 cubic metres of free water every month. With over 367,000 approved recipients since its introduction, SADE reflects our commitment to ensuring that no one is left behind as Selangor continues to prosper.

At the same time, affordability must be balanced with sustainability. A resilient water system requires continuous investment in treatment capacity, distribution infrastructure, digital technologies, operational readiness and long-term asset renewal. These investments are essential to ensure that future generations continue to enjoy reliable water services.

This responsibility is particularly significant given Air Selangor's service area across Selangor, Kuala Lumpur and Putrajaya, which collectively contribute approximately a quarter of Malaysia's Gross Domestic Product. Reliable water services are therefore not only a public necessity but also a strategic enabler of national economic resilience.

Selangor welcomes investments that create quality jobs, strengthen innovation and generate long-term economic value. However, economic growth must never come at the expense of water security. Our approach is therefore clear: industries with intensive water demand must also embrace responsible water management. Fit-for-purpose solutions, including the greater use of reclaimed water for suitable industrial applications, will help reduce unnecessary reliance on potable treated water while supporting sustainable industrial expansion. This is responsible growth in practice – balancing competitiveness, environmental stewardship and the long-term interests of the *rakyat*.

Chairman's Note

Securing the Source, Safeguarding the System

Water security begins long before water reaches our treatment plants. Protecting rivers and raw water sources is both an environmental responsibility and a strategic necessity. Pollution, climate variability, urbanisation and competing land-use pressures require closer collaboration between the State Government, Air Selangor, regulators, local authorities, federal agencies and all stakeholders responsible for safeguarding our shared water resources.

The Zero Discharge Policy represents an important step in strengthening this protection. By establishing a comprehensive regulatory framework to manage discharges into our water sources, it reinforces the polluter-pays principle while strengthening accountability and prevention.

These efforts are complemented by the *Skim Jaminan Air Mentah* (SJAM), which enhances Selangor's raw water assurance through continuous monitoring, stronger enforcement, pre-treatment planning and rapid emergency response capabilities. The absence of Emergency Response Plan activations due to pollution throughout 2025 demonstrates the value of proactive governance and early intervention in protecting our water resources.

Looking further ahead, the Selangor Water Master Plan 2025–2050 will provide a comprehensive roadmap for integrated water resource management, addressing climate resilience, urbanisation, flood management, drought preparedness and sustainable water use across the State's major river basins.

Strategic infrastructure investments will continue to play a central role. The Rasau Water Supply Scheme represents one of Selangor's most significant long-term water security investments, strengthening supply resilience while providing greater flexibility to meet the demands of a growing population, expanding industries and emerging economic sectors.

The Road Ahead: Securing Water for Generations

The challenges ahead will continue to evolve. Climate change, population growth, urban expansion and economic transformation will place increasing pressure on our water resources. Meeting these challenges requires more than infrastructure alone. It requires strong institutions, sound governance, forward-looking policies and the collective commitment of government, industry and society.

The foundations established through RS-1, strengthened by SAGE and supported by our broader climate and water governance initiatives, provide Selangor with a clear direction for the future. Our task now is to translate these ambitions into meaningful outcomes through disciplined execution and sustained collaboration.

This year's theme, "**Water Security Through Resilience**," reflects more than an aspiration. It represents our commitment to ensuring that every household, every business and every community continues to receive safe, reliable and affordable treated water, today and for generations to come.

> **"I remain confident that Air Selangor, together with the Board of Directors, management, employees, regulators and partners, will continue to strengthen our water system through operational excellence, innovation and responsible stewardship. Most importantly, we will continue to uphold the public trust placed in us by the people of Selangor."**

Because when we secure our water, we secure our future.

Yang Amat Berhormat
Dato' Seri Amirudin Shari
Chairman

Message from the Chief Executive Officer



Adam Saffian Ghazali
Chief Executive Officer (CEO)

Dear Valued Stakeholders,

Since beginning our sustainability journey five years ago – establishing our goals, charting milestones, and planning towards our vision – 2025 has been the year we turned our ambitions into reality, as we delivered measurable outcomes. In line with our theme, **Water Security Through Resilience**, it marked a year of strengthening the systems, partnerships and capabilities needed to secure reliable water services amid rising demand, climate pressures and evolving stakeholder expectations. It is with great pride that I present Air Selangor's 2025 Sustainability Report to you.

Message from the Chief Executive Officer

Financing the Work That Keeps Water Flowing

Financial sustainability is the foundation that enables us to deliver reliable and high-quality water services to 9.6 million consumers every day. It allows us to renew ageing infrastructure, safeguard water quality, reduce NRW, enhance customer experience and invest in the capacity needed to support growth across our Distribution Area.

Our financial sustainability strategy focuses on stable revenue generation, cost optimisation, prudent capital allocation and renewable energy expansion. Following the revised tariff structure implemented in 2024 and further tariff and surcharge revisions in 2025, Air Selangor managed the financial and operational implications of these changes while balancing affordability, cost recovery and service reliability. This included the introduction of a dedicated tariff category for data centres, with a flat rate of RM5.31 per m^3, enabling our billing, revenue and demand management systems to better reflect the service profile of high-consumption users.

In 2025, water sales revenue increased by 10.5% to RM3.06 billion, while total revenue and other income grew by 20.4% to RM3.58 billion. Operating expenditure increased by 5.5% to RM3.88 billion, reflecting a cost-intensive operating environment shaped by financing costs, electricity tariffs, treatment chemicals, energy-related expenses, maintenance, asset rehabilitation and system expansion. Despite stronger revenue, Air Selangor recorded an operating shortfall of approximately RM303.6 million, underscoring the structural gap between rising cost pressures and existing tariff levels. This reinforces the need for a balanced and progressive tariff framework that supports cost recovery over time while enabling continued investment in infrastructure resilience and long-term water security.

We strengthened the link between financial planning, risk management, sustainability and operational delivery. Anchored by our 30-Year Business Plan and Strategic Plans and Initiatives (SPIs), we maintained a disciplined focus on investing in the right priorities at the right time. These frameworks guide performance monitoring, resource allocation and accountability, ensuring that capital and operational investments are directed towards areas that deliver lasting value.

In 2025, this approach translated into measurable progress across our SPIs. Under SPI 1: Water Forever, we maintained a water reserve margin of 17.86%, close to the 18.00% target, while progressing major supply projects such as Rasau Water Supply Scheme Stage 1 and Langat 2 Phase 1. Under SPI 2: Improvement in Asset Reliability and Resilience and SPI 3: Improving Digital Operational Efficiency, we advanced reservoir and pump house rehabilitation, expanded Intelligent Command Centre (ICC) coverage and strengthened asset visibility through asset tagging.

Under SPI 4: Towards Best Customer Service, we continued meter replacement, installed ultrasonic smart meters with leak detection and maintained a Water Quality Complaint Index below target. Under SPI 5: NRW Reduction, we sustained progress through active leakage control, pressure management, targeted pipe rehabilitation and replacement, metering accuracy improvements and stronger network monitoring. NRW improved from 27.0% in 2024 to 26.8% in 2025, enabling Air Selangor to secure the 2024 NRW matching grant of RM389.5 million, while the corresponding claim for 2025 remains under regulatory review and due diligence.

Network performance also improved, with the Pipe Burst Index (PBI) reducing from 3.25 to 2.94 incidents per 100 km of pipeline. These outcomes show why NRW reduction is not merely an operational target. Every reduction in water loss improves water availability, cost efficiency, infrastructure returns and pressure on water resources, directly strengthening the long-term security of supply for the communities we serve.

Financial sustainability is therefore one of the main ways we protect service reliability today while preparing for the needs of tomorrow. As part of this broader commitment to financial stewardship, Air Selangor remains committed to prudent, transparent and responsible tax practices, in compliance with applicable Malaysian tax laws and regulatory requirements. To enhance oversight, accountability and consistency across the organisation, we are formalising our Tax Framework while continuing to monitor regulatory developments that may affect the water sector and our long-term resilience.

Beyond the SPIs, the State's foresight in mitigating river pollution and raw water shortage risks through SJAM was instrumental in supporting zero Emergency Response Plan (ERP) activations due to pollution in 2025. From an operational standpoint, SJAM gives Air Selangor earlier visibility of raw water risks, stronger coordination with LUAS and operational teams, and more time to act before potential source issues affect treatment and distribution. This proactive approach strengthens the conditions for uninterrupted service delivery and reinforces our ability to stay ahead of disruption.

Message from the Chief Executive Officer

Partnerships Built for Delivery

As demand grows and infrastructure requirements become more complex, Air Selangor is improving not only what we deliver, but how we deliver. Major infrastructure must be delivered with greater speed, technical depth, financing flexibility, and execution certainty to support long-term water security. In light of this, we have advanced Public-Private Partnership (PPP) models, including Build-Operate-Transfer (BOT) arrangements where suitable, as part of our forward infrastructure and investment approach.

In 2025, we engaged the market through the Air Selangor Private Partnership (ASPP) Vendor Townhall, which brought together 721 internal and external stakeholders to support future PPP initiatives. This engagement reflected our intent to build long-term delivery partnerships that can strengthen operational efficiency, regulatory compliance, infrastructure resilience, and service reliability. This is supported by our wider procurement and vendor ecosystem. In 2025, Air Selangor worked with 3,035 registered vendors and recorded RM968 million in procurement spend, with 99% awarded to local vendors. This vendor ecosystem is part of the delivery capacity required to execute infrastructure, rehabilitation, digitalisation and operational improvement at scale.

Strong procurement governance remains essential to maintaining stakeholder trust, operational integrity and delivery excellence. We continued to strengthen oversight, transparency and accountability across our supply chain while leveraging digital solutions such as the e-Annual Procurement Plan (e-APP), i-Tender Platform, Convene system, and Vendor Performance Management System (VPMS) to enhance procurement planning, due diligence and performance monitoring. These efforts support fair competition, responsible business conduct and more resilient delivery outcomes across our operations.

Going forward, PPP models will form part of a wider infrastructure toolkit, alongside capacity expansion, asset readiness, source diversification, reclaimed water, demand management and system optimisation.



Message from the Chief Executive Officer

Diversifying Supply for Long-Term Resilience

Supply diversification is central to Air Selangor's long-term water resilience strategy. It reduces reliance on conventional raw water sources, strengthens system flexibility, and supports future demand growth across the areas we serve. Our approach combines reclaimed water, alternative raw water sources, water grid connectivity, demand management, infrastructure optimisation, and major water security projects. Each has a specific role in building a more adaptive water system.

CWR is one component of this broader diversification agenda. Through this model, treated effluent is reclaimed and converted into water suitable for non-potable industrial and commercial use. This allows suitable demand, especially from water-intensive sectors, to be served without placing unnecessary pressure on potable treated water supply.

In 2025, CWR moved into operational delivery through an integrated reclaimed water value chain involving treated effluent supply by Indah Water Konsortium (IWK), reclamation and processing by CWR, and distribution to industrial end-users. This ecosystem was strengthened through strategic agreements, including the Reclaimed Water Supply Agreement between Air Selangor and Amazon Data Services (ADS) for Amazon Web Services (AWS)-linked data centre developments. Together with the Bulk Water Supply Agreement (BWSA) between Air Selangor and CWR, and the Bulk Treated Effluent Supply Agreement (BTESA) between IWK and CWR, these agreements form an integrated delivery model for reclaimed water in the Klang Valley.

This is significant because reclaimed water allows us to support industrial growth while protecting potable treated water for domestic and essential needs. In 2025, CWR supplied approximately 1,200 million litres of reclaimed water, marking an important initial milestone for alternative water solutions. As this model scales, we will continue working with IWK, private sector users, government stakeholders, and regulators to expand diversified water solutions that support resource efficiency, climate adaptation, sustainable economic growth, and long-term water security.

Where Sustainability Becomes Service

For Air Selangor, sustainability is delivered through operations. It is reflected in reliable supply, efficient resource use, resilient assets, water quality, customer service, safety, and long-term capacity planning. In 2025, our execution focus produced measurable progress across the water system. Average treated water production increased to meet evolving system requirements, while supply planning remained focused on long-term resilience.

The Rasau Water Supply Scheme continued to progress as a strategic water security project. It addresses growing demand, reserve margin pressure, and stronger source diversification. In 2025, key packages of the Rasau Water Supply Scheme Stage 1 were under construction, while subsequent packages moved through tender evaluation. Once completed in phases, the Rasau Water Supply Scheme is expected to strengthen future supply resilience and support demand growth, particularly for Klang and surrounding areas.

NRW reduction remained one of our most important sustainability levers. In 2025, our NRW rate improved to 26.8%, supported by physical loss and commercial loss reduction initiatives, including leak detection, pressure management, pipe replacement, meter replacement, and billing efficiency improvements. Reducing water loss protects the value of treated water, improves resource efficiency, supports financial sustainability, and reduces avoidable pressure on raw water sources, treatment systems, and energy use.

We made progress in asset resilience and digital operations through pipe replacement works, asset tagging, smart meter deployment, water quality monitoring, and the continued use of systems such as the Intelligent Command Centre and online hydraulic modelling. These tools improve operational visibility, support faster response, and enable more data-led decision-making across the network.

Customer outcomes remain the final test of operational execution as stronger systems only matter when they translate into safer water, more reliable supply, faster response and better customer experience. In 2025, Air Selangor recorded 99.96% overall treated water quality compliance, supported by approximately three million analyses per year in laboratory capacity and 302,412 water quality analyses performed on distribution network samples from 1,488 sampling stations. We continued progress under the Trust Our Water initiative, and improvements in digital service delivery.



In **2025**, Air Selangor recorded

99.96%

overall treated water quality compliance.

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Message from the Chief Executive Officer

Sharing the Responsibility for Every Drop

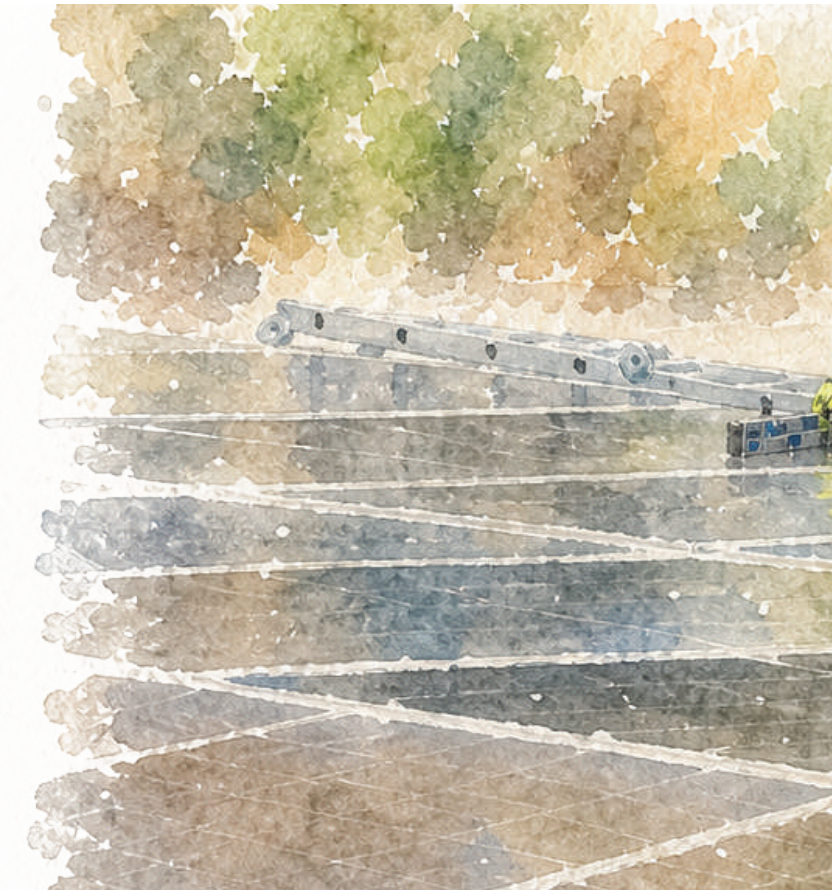
Water conservation and demand management require both company action and consumer participation. Supply expansion alone is not enough. As population growth, urbanisation, industrial development, and climate variability continue to place pressure on water resources, demand management must become a practical and sustained priority.

Our Demand Management Strategy complements supply expansion, CWR, NRW reduction, and infrastructure optimisation. It brings together behavioural engagement, innovation and technology, strategic partnerships, policy coordination, sustainable financing, and efficiency improvements across the water system.

In 2025, consumption behaviour remained a challenge. Average daily domestic consumption increased to 240 litres per capita per day, above our long-term aspiration of 180 litres per capita per day by 2030. This reinforces the need for stronger shared responsibility between Air Selangor, regulators, businesses, communities, and consumers.

To address this challenge, our Water Conservation Unit strengthened its outreach efforts through targeted awareness and engagement programmes. Program Lestari Air engages educational institutions, including universities and schools, to nurture a culture of water stewardship among future generations. Program Hargai Air works closely with religious institutions such as mosques and churches to promote responsible water use through community-based engagement. We also continued to use Misi Jimat Air bersama BoBoiBoy, a programme designed to encourage children and families to adopt simple daily water-saving habits through relatable characters and interactive learning. These efforts are further reinforced through strategic collaborations with corporate organisations and public-sector stakeholders, broadening the reach of water conservation initiatives and fostering collective action towards sustainable water management. In 2025, we implemented 58 water conservation programmes, reaching over 10,000 stakeholders and members of the public. This included engagement with 16 schools and higher learning institutions, reaching approximately 4,800 participants, as well as collaboration with four mosques under Program Hargai Air, reaching an estimated 3,800 participants. The initiative included the replacement of existing ablution taps with three-star rated water-efficient ablution taps, contributing to reduced water consumption while promoting sustainable water-use practices within the community.

We improved internal water efficiency through water audits and used digital channels to support customer awareness. The Air Selangor application platform introduces tools such as water usage insights and sustainability-focused features that help customers better understand the litres per capita per day concept and their consumption patterns.



The objective is to promote water conservation by reducing avoidable water demand, improving resource efficiency, easing pressure on raw water sources, and fostering a more informed customer base. As a key component of demand management, these efforts support the long-term resilience and sustainability of water resources.

Building Readiness for a Changing Future

The next phase of execution will require stronger integration between operational planning, climate implementation, financial planning, risk management, and sustainability reporting. Climate implementation must remain operationally grounded. For a water utility, climate risk affects drought readiness, flood exposure, source reliability, asset resilience, energy use, business continuity, treatment requirements, and system planning. In 2025, we strengthened climate-related workstreams through the Climate Change Working and Technical Committee, integration between ERM and sustainability, climate risk assessment, and the development of our Greenhouse Gas (GHG) Reduction Roadmap.

Message from the Chief Executive Officer



We refined our decarbonisation strategy with a focus on Scope 1 and Scope 2 GHG emissions, where we have the greatest operational influence. Electricity remains the dominant contributor to our emissions profile, so our priorities include energy efficiency, operational optimisation, renewable energy planning, and improved energy performance management. We commenced the development of our Scope 3 GHG emissions baseline across selected categories, building the foundation for more comprehensive value-chain emissions management.

At the same time, we are strengthening disclosure readiness. Air Selangor has taken conceptual reference from IFRS S1 and IFRS S2 to organise sustainability- and climate-related information across governance, strategy, risk management, and metrics and targets. While this does not yet constitute formal adoption, it has helped us strengthen the way we organise sustainability and climate-related information. More importantly, it is improving the internal conversations, data discipline and accountability needed for more decision-useful reporting.

Looking ahead, 2026 and beyond will require sharper execution. We will strengthen climate risk assessment, improve data systems and internal controls, integrate sustainability considerations into financial and operational planning, and prepare for more decision-useful disclosures. None of this progress would be possible without the commitment of our employees, Board members, customers, regulators, government agencies, business partners, vendors, and communities.

I would like to express my appreciation to everyone who has supported Air Selangor's sustainability journey and contributed to our progress in 2025, which was capped off with our induction into the Leading Utilities of the World (LUOW). We must continue to evolve in our changing environment, and with this in mind we are refreshing our Purpose, Vision and Culture in 2026 to strengthen organisational alignment and foster a high-performance culture, while ensuring that we remain future-ready in delivering value to our customers, communities and stakeholders.

Sustainability is no longer only about what we aspire to achieve. It is about what we are able to execute, measure, improve, and sustain – and through that, ensure **Water Security Through Resilience**.

Adam Saffian Ghazali
Chief Executive Officer (CEO)

Who We Are
Board of Directors



YAB DATO' SERI AMIRUDIN SHARI

Chairman/Non-Independent
Non-Executive Director

Age: 46

Board Meeting Attendance: 5/5

Date of Appointment: 29 June 2018

Qualifications:

- Bachelor of Science in Human Development, Universiti Putra Malaysia.

YAB Dato' Seri Amirudin Shari is the Dato' Menteri Besar Selangor and serves as Chairman of Air Selangor. His leadership reflects the State Government's oversight of essential public services, including long-term water security, infrastructure resilience, and public value creation. He also holds directorships and positions in several state-linked organisations, including MBI Selangor, Perbadanan Kemajuan Negeri Selangor, Perbadanan Kemajuan Pertanian Selangor, and Yayasan Selangor.



YB DATO' DR AHMAD FADZLI AHMAD TAJUDDIN

Non-Independent
Non-Executive Director
Chairman of the Board Nomination & Remuneration Committee
Chairman of the Board Procurement Committee

Age: 54

Board Meeting Attendance: 3/5

Date of Appointment: 21 March 2025

Qualifications:

- Doctorate in Business Management, Universiti Sains Malaysia
- Master of Business Administration, Universiti Kebangsaan Malaysia
- Bachelor of Arts (Honours) in Islamic Revealed Knowledge and Heritage Studies, International Islamic University Malaysia.

YB Dato' Dr Ahmad Fadzli Ahmad Tajuddin brings extensive public sector leadership experience to the Board. As Selangor State Secretary, he supports the alignment of Air Selangor's strategic direction with the State's governance, development, and public service priorities. He has also held senior positions across state administration, public finance, municipal governance, and public sector capability development, including as Selangor State Financial Officer and Yang Dipertua of the Klang Municipal Council, now known as the Royal Klang City Council.

Board of Directors



YB DATO' IR. IZHAM HASHIM

Non-Independent
Non-Executive Director

Age: 64

Board Meeting Attendance: 4/5

Date of Appointment: 22 June 2020

Qualifications:

- Bachelor (Hons) of Civil Engineering, University of Newcastle Upon Tyne
- Master of Business Administration, Universiti Malaya.

YB Dato' Ir. Izham Hashim contributes engineering, infrastructure, and state development experience to the Board. His background supports Air Selangor's oversight of water services, asset planning, and long-term infrastructure resilience. He also holds roles in key state agencies, including Lembaga Urus Air Selangor, Perbadanan Kemajuan Pertanian Selangor, and Perbadanan Kemajuan Negeri Selangor.



YBHG. DATO' TEO YEN HUA

Independent
Non-Executive Director

Age: 74

Board Meeting Attendance: 3/5

Date of Appointment: 18 June 2018

Qualifications:

- Master of Business Administration with Advanced Certificate in International Business, New Hampshire College, United States of America
- Bachelor (Hons) of Arts (Economics), University of Malaya.

YBhg. Dato' Teo Yen Hua brings deep regulatory and water sector experience to the Board. He was the first CEO of SPAN, serving from March 2007 to August 2014. His experience strengthens the Board's perspective on water services regulation, sector governance, and service delivery expectations.

Board of Directors



HASLINA MANSOR

Independent
Non-Executive Director

Age: 65

Board Meeting Attendance: 4/5

Date of Appointment: 14 April 2022

Qualifications:

- Bachelor of Law (LLB) Honours, University of Malaya.

Haslina Mansor brings strong legal, governance, and public administration experience to the Board. She has held senior leadership roles across Malaysia's legal and regulatory institutions, including as Chairman of the Special Commissioners of Income Tax, Chairman of the Advisory Board in the Prime Minister's Department, Director General of Insolvency, and Head of the Legal Division in the Economic Planning Unit and Public Private Partnership Unit. Her experience supports Board oversight on governance, legal compliance, and institutional accountability.



VILASHINI V. GANESPATHY

Independent
Non-Executive Director
Chairman of the Board Audit Committee

Age: 51

Board Meeting Attendance: 5/5

Date of Appointment: 14 April 2022

Qualifications:

- Bachelor of Science (Hons), majoring in Accounting, Queen's University of Belfast, United Kingdom
- Certified Internal Auditor (CIA)
- Fellow member of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants (MIA)
- Associate member of the Institute of Internal Auditors Malaysia (IIAM).

Vilashini V. Ganespathy brings financial, accounting, governance, and sustainability expertise to the Board. Through her role with the ACCA, she supports technical and professional development for accountants in Malaysia and the region. Her experience includes work on integrated reporting, sustainability and ESG, governance, and Malaysian Financial Reporting Standards, as well as senior finance roles across the automotive, healthcare, and technology sectors.

Board of Directors



TUAN IR. HJ. NISHAD MOHAMED HJ. C J MOHAMED SHAFFY

Independent
Non-Executive Director
Chairman of the Board Risk & Sustainability Committee

Age: 65

Board Meeting Attendance: 5/5

Date of Appointment: 3 October 2022

Qualifications:

- Master of Science in Civil Engineering, University of Colorado Denver
- Bachelor of Science in Civil Engineering, South Dakota State University, United States of America.

Tuan Ir. Hj. Nishad Mohamed Hj. C J Mohamed Shaffy brings specialised expertise in water resources, hydrology, flood mitigation, and public sector water management. He held various senior roles in the Department of Irrigation and Drainage, including Deputy Director General (Specialist Sector), before retiring from public service in 2021. His technical background supports the Board's oversight of water resilience, source security, and climate-related operational risks.



ADAM SAFFIAN GHAZALI

Executive Director

Age: 49

Board Meeting Attendance: 5/5

Date of Appointment: Appointed Executive Director on 15 July 2024, appointed CEO in July 2024

Qualifications:

- Master of Applied Taxation, University of New South Wales
- Bachelor of Business (Accounting and Finance), University of Technology Sydney
- Fellow Chartered Accountant (CA) with Chartered Accountants Australia and New Zealand
- CA with the Malaysian Institute of Accountants.

Adam Saffian Ghazali brings more than 24 years of leadership experience in the water services and utilities sectors. Appointed CEO of Air Selangor in July 2024, he has held senior roles including CEO of Aliran Ihsan Resources Berhad, Chief Financial Officer of Pengurusan Aset Air Berhad (PAAB), and CEO of Alam Flora Sdn Bhd. His experience spans water restructuring, non-revenue water reduction, treatment operations, alternative financing, and utility transformation. He also serves as Deputy President of the Malaysian Water Association and Strategic Council Member of the International Water Association (IWA).

Management Team

ADAM SAFFIAN GHAZALI

Executive Director



Adam Saffian Ghazali's profile has been disclosed in the Board of Directors section.

IR. AINUL AZHAR MOHD JEMONER

Head of Planning & Capital Works



Qualifications:

- Bachelor of Science in Civil Engineering, California State University, Fresno
- Master of Business Administration, UiTM-Cardiff Business School.

Ir. Ainul Azhar Mohd Jemoner brings over 30 years of industry experience across engineering, infrastructure planning, technical services, and operational management. He was appointed Head of Planning & Capital Works on 1 January 2018. His career began with the California Department of Transportation before he returned to Malaysia and joined PLUS Berhad as a senior engineer. Before joining Air Selangor, he served as Senior Engineer 1 in Technical Services at OPUS International Consultants, and prior to his current role, he was Head of Operational Services Department.

IR. ZAIRI ZAINUDDIN

Head of Water Quality



Qualifications:

- Bachelor of Chemical Engineering, Universiti Teknologi Malaysia
- Professional Engineer registered with the Board of Engineers Malaysia (BEM) and The Institution of Engineers Malaysia (IEM)
- Accredited member of The Institution of Chemical Engineers, United Kingdom (IChemE).

Ir. Zairi Zainuddin was appointed Head of Water Quality on 1 January 2018. He brings more than 24 years of experience in chemical and process engineering, supporting Air Selangor's focus on water quality assurance and technical compliance. He began his career as a Process Engineer at Palm-Oleo Sdn Bhd, and before joining Air Selangor, served as a Chemical Sales Engineer at Peka Perdana Sdn Bhd and Process Engineer at Natural Oleochemicals Sdn Bhd.

IR. AZLAN ABDULLAH

Head of Production



Qualifications:

- Bachelor of Science in Civil Engineering, Brown University
- Professional Engineer registered with the BEM
- Chartered Engineer registered with the Engineering Council, United Kingdom
- Chartered Marine Engineer awarded by The Institute of Marine Engineering, Science and Technology (IMarEST)
- ASEAN Chartered Professional Engineer (ACPE).

Ir. Azlan Abdullah has served as Head of Production since 25 October 2021, bringing over 25 years of experience in the utilities, water and engineering sectors. A civil engineering graduate of Brown University, he is a Professional Engineer registered with the Board of Engineers Malaysia (BEM), a Chartered Engineer (UK), a Chartered Marine Engineer and an ASEAN Chartered Professional Engineer. His career spans senior roles at Air Selangor, Malaysia Airlines, UEM Group, SapuraKencana Petroleum and Tenaga Nasional Berhad. His key achievements include overseeing the reliable supply of water to over 9.6 million consumers, introducing performance metrics such as the Water Interruption Index and Modified Water Quality Index, delivering UEM's Technical Competency Framework, and managing offshore installation contracts worth RM5 billion.

Management Team

IR. TS. AHMAD FUAD ZAINUDIN

Head of Distribution



Qualifications:

- Bachelor of Civil Engineering (Hons), Universiti Putra Malaysia
- Master in Water Engineering, Universiti Putra Malaysia
- Professional Engineer registered with BEM and IEM
- Professional Technologist registered with the Malaysia Board of Technologists (MBOT).

Ir. Ts. Ahmad Fuad Zainudin was appointed Head of Distribution on 1 September 2024. He brings more than 18 years of experience in the water industry, particularly in water management and water distribution networks. He began his career with Syarikat Bekalan Air Selangor Sdn Bhd in 2005 and has held various senior positions, including Head of Region for Sabak Bernam, Hulu Selangor, and Kuala Lumpur. Before his current appointment, he was Head of Operational Services.

KELVIN SIEW WENG HOE

Head of Non-Revenue Water



Qualifications:

- Bachelor of Civil Engineering, Universiti Putra Malaysia.

Kelvin Siew Weng Hoe brings over 25 years of experience in the water industry, with strong expertise in water distribution and NRW management. He joined Air Selangor on 3 May 2005 and was appointed Head of Non-Revenue Water on 1 September 2024. He began his career in the water industry after graduating from Universiti Putra Malaysia in 1999, and has since held various technical, operational and leadership roles within the organisation. His previous positions include Technical Manager for the Petaling Region, NRW Manager at HQ, Head of Operation and Maintenance Section, Head of Region for Kuala Lumpur, Head of Region for Petaling, and Executive Director of the NRW Division prior to his current appointment.

RAVINDRAN KARUPIAH

Head of Information Technology



Qualifications:

- Bachelor of Engineering in Electrical, Electronics and System Engineering, Universiti Kebangsaan Malaysia.

Ravindran Karupiah brings more than three decades of information technology (IT) experience to Air Selangor. Appointed Head of Information Technology on 4 February 2015, he has held senior technology roles across water services, telecommunications, consulting, and research. Before joining Air Selangor, he served as General Manager of Information Technology at IWK from 1997 to 2015, and previously held roles at Digi Telecommunications Sdn Bhd, Bass Consulting Sdn Bhd, and the Malaysian Institute of Microelectronics (MIMOS).

Management Team

THAVENDRAN LOGANATHAN

Head of Risk Management



Qualifications:

- Bachelor of Accountancy, majoring in Audit and Governance, Universiti Putra Malaysia
- Master of Business Administration, Universiti Utara Malaysia
- CA, Malaysia
- Certified Integrity Officer (CeIO)
- Certified Sustainability Risk Manager (SRM).

Thavendran Loganathan has served Air Selangor since 10 October 2016 and was appointed Head of Risk Management on 1 January 2019. He brings over 25 years of experience in audit, compliance, and risk management. Before joining Air Selangor, he was Deputy Head of Risk Management at Royal Bank of Canada (Malaysia), and had also served as Vice President of Internal Audit at Bank J. Safra Sarasin in Singapore and Senior Manager of Operational Risk at Hong Leong Bank Malaysia.

ARIS FADZILLAH ZULKIFLI

Head of Internal Audit



Qualifications:

- Bachelor of Accountancy, Universiti Teknologi MARA
- Diploma in Accountancy, Universiti Teknologi MARA.

Aris Fadzillah Zulkifli was appointed Head of Internal Audit on 7 August 2017. He has over 15 years of experience, particularly in internal audit. Before joining Air Selangor, he served as Unit Head at AirAsia Berhad, Assistant General Manager at Kumpulan Perangsang Selangor Berhad, and Senior Manager at the Securities Commission Malaysia.

ELINA BASERI

Head of Corporate Communication



Qualifications:

- Bachelor of Science (Hons), Michigan State University.

Elina Baseri joined Air Selangor on 3 February 2020 and was appointed Head of Corporate Communication on 1 May 2020. She brings over 20 years of experience in corporate and strategic communication, branding, and corporate responsibility. Before joining Air Selangor, she held senior communication roles at Perbadanan Insurans Deposit Malaysia, PERODUA, Sapura Kencana Petroleum Berhad, Maxis Berhad, Agensi Kaunseling dan Pengurusan Kredit, and BERNAS.

ABDUL HALEM MAT SOM

Head of Customer Experience



Qualifications:

- Diploma in Public Administration, Universiti Teknologi MARA
- Bachelor's Degree in Corporate Administration, Universiti Teknologi MARA
- Certificate in Manufacturing Management, Sanno Institute of Business Administration, Tokyo.

Abdul Halem Mat Som was appointed Head of Customer Experience on 1 September 2020. He brings more than 35 years of experience across event management, film production, advertising, manufacturing management, human resources consultancy and training, mass communication, and capital investment. Before joining Air Selangor, he worked with multinational organisations including Omron Malaysia Sdn Bhd and Jami Swilynn Sdn Bhd. He joined Syarikat Bekalan Air Selangor Sdn Bhd in 2014 and has held senior roles in corporate communications, public affairs, and learning and development.

Management Team

MIMI NAZILA NASHARUDIN

Head of Procurement



Qualifications:

- Bachelor of Science in Business Administration, Drexel University, Pennsylvania, United States
- Certified lead auditor for Integrated Management System for ISO 9001, ISO 14001, and ISO 45001.

Mimi Nazila Nasharudin was appointed Head of Procurement on 1 September 2022. She brings more than 30 years of procurement experience, mainly in the oil and gas industry. Her career includes roles at Esso Production Malaysia and Measat Broadcast Network. Before joining Air Selangor, she served as Head of Supply Chain Management OMS at Bumi Armada Navigation Sdn Bhd, managing teams across Kuala Lumpur, Kemaman, Labuan, Singapore, Russia, and Turkmenistan. She was also previously Head of Corporate Supply Chain Management at Sapura Kencana Petroleum Bhd.

AZIDA HALIDIN

Acting Head of Finance & Strategy



Qualifications:

- Bachelor of Accountancy (Hons), Universiti Teknologi MARA
- Master's Degree in Business Administration, Cardiff Metropolitan University
- CA, Malaysian Institute of Accountants
- Certified CA, ACCA, United Kingdom.

Azida Halidin currently serves as Acting Head of Finance & Strategy. Appointed Head of Special Projects on 1 September 2024, she brings over 19 years of experience in accounting and auditing. She began her career with Deloitte Malaysia and Shell Malaysia. Before joining Air Selangor, she served as Senior Account Manager (Tower Lead) at Air Liquide Business Service Sdn Bhd, managing revenue and collections for Asia-Pacific (APAC) legal entities, and previously served as Chief Financial Officer/Head of Procurement at Belait Shipping Co (B) Sdn Bhd.

MUHAMAD ANWAR ZAMREE

Head of Corporate Affairs



Qualifications:

- Bachelor of Laws (Honours), International Islamic University Malaysia; Advocate and Solicitor of the High Court of Malaya.

Muhamad Anwar Zamree was appointed Head of Corporate Affairs on 15 October 2024. He began his career as a corporate and commercial lawyer at a top-tier Malaysian law firm before progressing into senior leadership roles across corporate, commercial, and legal functions. His experience spans land and property, mergers and acquisitions, restructuring, banking, mining, energy, and utilities. Before joining Air Selangor, he was Senior Director and Head of Corporate Services at Lembaga Tabung Angkatan Tentera, and previously held key roles at MBI Selangor and Pelaburan Mara Berhad. He has also served as a board member of Boustead Properties Berhad and as a board committee member for several MBI subsidiaries.

Note:

Asrina Shariff ceased her role as Head of Human Resource on 31 July 2025. Effective 1 August 2025, the Chief Executive Officer (CEO) assumed the role of Acting Head of Human Resource, supported by 'Arash Mohd Zin, Vice President I, Human Resource.

2025 Highlights

OPERATIONAL EXCELLENCE (OEx)

Air Selangor's organisation-wide OEx Transformation Programme is a strategic, multi-year initiative focused on enhancing operational efficiency, strengthening organisational effectiveness, and fostering a deep-rooted culture of continuous improvement. In alignment with our vision to become the leading water services provider in Asia by 2030, the programme integrates critical business requirements across systems, processes, technology, human capital, and organisational structures. By the end of 2025, 18% of the total initiatives had reached completion, with 37% ongoing and the remaining 45% scheduled for subsequent phases. These milestones were delivered through targeted workstreams spanning business processes, technology integration, people development, and strategic change management, with key activities and achievements in 2025 summarised below.



BUSINESS PROCESS

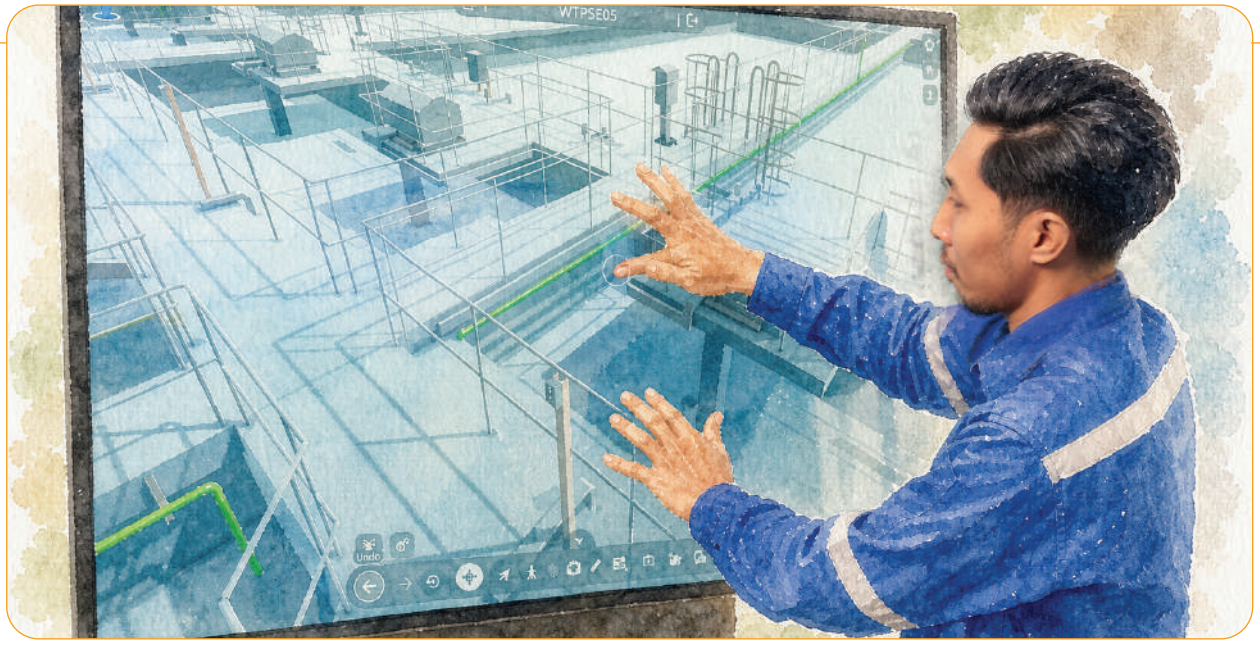
- Established and enhanced frameworks for Transformation Management, Stakeholder Engagement, Sustainability Reporting, Asset Management
- Validated and enhanced to-be processes for initiatives related to Work and Asset Management System (WAMS) enhancement
- Completed impact assessment on Governance Structures and Committees, Limits of Authority, Financial Reporting for organisation transition.

PEOPLE

- Validated Business Activities Assessment (BAA) with Heads of Departments (HODs)
- Mapped key activities and capabilities and developed standardised competency framework
- Conducted skill profiling for 4,982 employees.



2025 Highlights



TECHNOLOGY

- Commenced Digital & IT Steering Committee (DITEC) and the Working Groups, providing clear governance on Digital and IT-related matters
- Finalised Functional Requirement Specifications for initiatives related to WAMS enhancement
- Completed impact assessment on system and application for organisation transition, updated system and application catalogue.



TRANSFORMATION MANAGEMENT OFFICE & CHANGE MANAGEMENT

- A total of 1,439 staff members participated in the OEx Townhall, either through physical attendance or via online streaming
- Conducted OEx Lab for 513 Winning Team members
- Achieved a 95% positive response for the impact of OEx, based on 717 responses collected from two targeted Change Readiness Assessments
- Sent monthly Initiative Updates to Initiative Owner and Leads
- Established OEx Feedback Corner, 'Sembang OEx', regular updates on Hydro News and Viva Engage
- Held OEx roadshows at all regional offices to engage and create awareness.

Key Performance Data

Yearly Average NRW **26.8%** ▼ 0.2%	Revenue **RM3.58 billion** ▲ RM0.6 billion	Carbon Emissions Intensity (per Volume of Water Billed) **0.5183 $kgCO_2e/m^3$** ▼ 0.0022 $kgCO_2e/m^3$	
Asset Condition Score **1.96**	Lost Time Injury Frequency Rate[1] **0.30** ▲ 0.04	Pipe Burst Cases per 100 km per Year **2.94 nos/100 km/year** ▼ 0.31 nos/100 km/year	
Overall Treated Water Quality Compliance **99.96%** ▲ 0.03%	Dam Active Storage[2] **93.66%** ▼ 5.31%	Pipe Leak Cases[3] **227,427** Cases ▼ 30,021 Cases	Pipes Replaced **248.39 km** ▲ 101.89 km
e-Bil Sign Up Rate by Customers **80%** ▲ 2%	Water Reserve Margin[4] **17.86%** ▼ 0.74%	Average Production Volume **5,378 MLD** ▲ 72 MLD	Net Promoter Score **+33** ▲ 7

Notes:

1 *We remain steadfast in our commitment to strengthening occupational health and safety practices across our operations.*

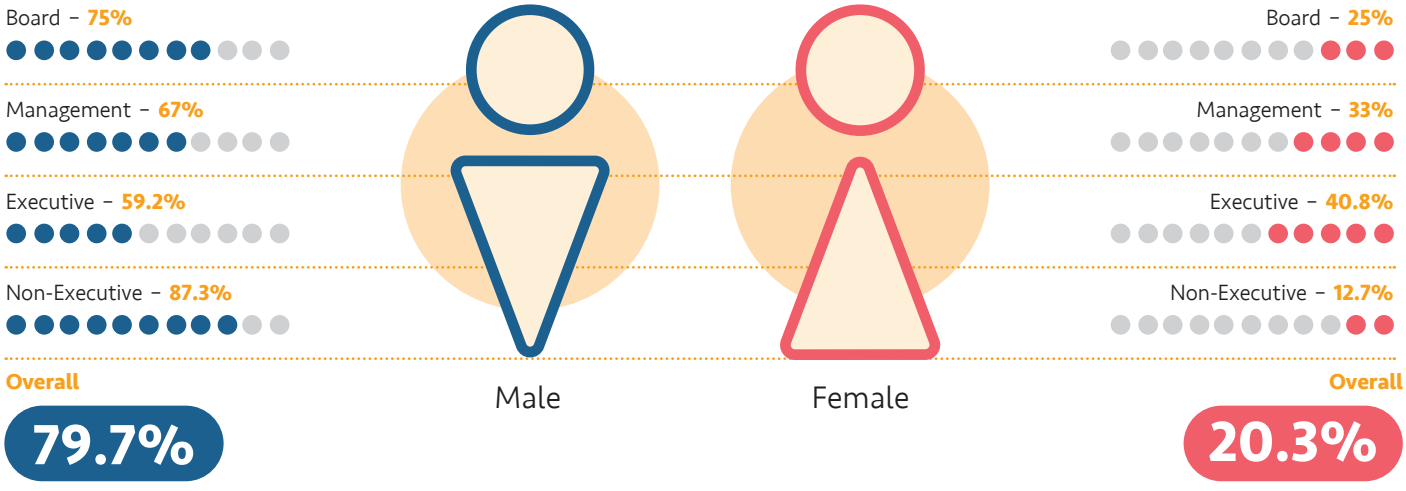
2 *The marginal reduction in Dam Active Storage reflects multiple factors beyond annual cumulative rainfall, including rainfall distribution, inflows, evaporation and water demand. It also reflects controlled reservoir drawdown implemented in accordance with LUAS North-East Monsoon Transition preparedness measures to mitigate the risk of reservoir overflow and downstream flooding impact.*

3 *Pipe leak cases are measured based on the number of cases reported through the Air Selangor app. The decline in reported cases during the reporting period is supported by the positive impact of Air Selangor's progressive pipe replacement programme, as reflected in the reduction of the pipe burst rate compared with 2024, indicating improved network reliability and fewer pipe leak occurrences.*

4 *While Air Selangor's Water Reserve Margin decreased marginally compared to the previous reporting period, it remained comfortably above SPAN's target of 15%.*

Indicators: ● Positive year-on-year performance ● Requiring improvement ▲▼ Upward and downward arrows show an increase or decrease in figures

Gender Diversity Breakdown



Air Selangor Event Highlights

MARCH



6 March 2025

Semenyih 2 Water Treatment Plant Digital Twin Launch

We partnered with Schneider Electric to launch Malaysia's first Digital Twin at the Semenyih 2 Water Treatment Plant. This system creates a real-time digital replica of plant operations, improving predictive maintenance and energy efficiency.

MAY



12-14 May 2025

Global Water Summit 2025 Paris

Air Selangor achieved two milestones at the 2025 Global Water Summit in Paris: becoming the first Malaysian utility in the LUOW network and seeing the Semenyih 2 Digital Twin Project shortlisted for 'Water Project of the Year' at the Global Water Awards.

JULY



14-18 July 2025

Esri User Conference San Diego, California

Air Selangor won the 2025 Special Achievement in GIS (SAG) Award at the Esri User Conference in San Diego. Esri President Jack Dangermond presented the award to Ir. Ainul Azhar Jemoner, Head of Planning & Capital Works, in recognition of the Geomatic Section's D15+ project. This digital initiative provides timely GIS data through 15 specialised dashboards and applications.

JULY



29 July 2025

7th GRCCS International Conference & Exhibition 2025

Gobi Palaniandy, Vice President of Risk Management & Business Continuity Management, presented "Crisis Simulation Exercise – Air Selangor Case in Point." The session detailed our ISO 22301 operationalisation journey via a full-scale bomb threat simulation on 8 October 2024 – our first integrated exercise addressing both bomb and fire threats.

AUGUST



21-25 August 2025

Sukan Bekalan Air Se-Malaysia (SBAM)

Held every two years, this national event brings together 16 contingents from across the water industry. As the 2025 host, Air Selangor welcomed all participants, fostering sportsmanship and a memorable experience. The Selangor contingent led the final medal tally with seven Gold and three Silver medals.



31 August 2025

68th National Day

Air Selangor debuted at the 68th National Day celebrations (Selangor state level) on 30 August 2025 at Dataran Kemerdekaan Shah Alam. Competing in the "Private/NGO/GLC" category, our 41-member contingent took second place out of eight groups, representing the organisation with exemplary pride and discipline.

Air Selangor Event Highlights

SEPTEMBER



The Future of Earth and Biodiversity, World Expo 2025 Osaka

Air Selangor was honoured to be chosen by the Malaysian Government to represent the nation at the Malaysia Pavilion during World Expo 2025 Osaka. Centred on the theme "The Future of Earth and Biodiversity," our participation was led by Kelvin Siew, Head of Non-Revenue Water, Thavendran Loganathan, Head of Risk Management and Elina Baseri, Head of Corporate Communication.



62 Air Balang untuk Malaysia

We collaborated with Media Prima to make Keretapi Sarong 25 even more colourful with 62 *air balang* or large jar drinks for revellers. In conjunction with Hari Malaysia and coinciding with Air Selangor's 6th anniversary, we offered 62 drinks to everyone who came to the Zon Lepak Paling Malaysia at Raintree Plaza, TRX. All in all, over 20,000 participants took part in the vibrant event.

OCTOBER



Rumah Semai Nurani Adoption Programme Launch

Rumah Semai Nurani is a new Sesama Mara Community Investment programme. It provides 80 residents from Rumah Bakti Al-Kausar, Triniti Children's Home, and Pertubuhan Kebajikan Ehsan Ash-Shakur with comprehensive aid, including basic food via Box of Hope, educational support through Pandai Premium app sponsorships, and festive assistance.

OCTOBER



Malaysia International Water Convention (MIWC) 2025

At MIWC 2025, our Chairman and Menteri Besar of Selangor, YAB Dato' Seri Amirudin Shari, delivered a keynote on "Selangor Blue Spaces Management." CEO Adam Saffian Ghazali also represented Air Selangor, participating in a PAAB fireside chat on ESG excellence and a SPAN seminar on sustainability reporting challenges in the water sector.

NOVEMBER



Governance Excellence Programme 2025

Air Selangor organised the Governance Excellence Programme 2025 as part of our continued commitment to strengthening governance practices across the organisation. Our CEO Adam Saffian Ghazali delivered his opening speech at the event, highlighting risk management excellence, sustainability integration as well as ISO and compliance leadership being the three key pillars that will continue to drive Air Selangor forward.



COP30 Brazil

For the third year, Air Selangor joined the Malaysia Pavilion delegation at COP30 Brazil 2025. During the "Flow of Resilience: Addressing the Water Paradox" panel, Ir. Ainul Azhar Jemoner, Head of Planning & Capital Works, discussed the impact of Malaysia's first Digital Twin Water Treatment Plant. This innovation has improved efficiency by up to 20% and strengthened water security through advanced asset management.

Air Selangor Event Highlights

DECEMBER



Pickle Social with Media

We had a great time with our media friends during Air Selangor's Pickle Social with Media on the pickleball courts. Our CEO, Adam Saffian Ghazali, also participated in the games alongside editors and reporters, joined by Elina Baseri, Head of Corporate Communication, Kelvin Siew, Head of Non-Revenue Water, Ir. Zairi Zainuddin, Head of Water Quality, and Ir. Azlan Abdullah, Head of Production & Special Projects.



Integrated Management System (IMS) Recognition Ceremony

Air Selangor has achieved a major milestone as the first utility provider to secure certification for seven ISO standards under a full IMS. The certified ISO standards are:

- ISO 9001 – Quality Management
- ISO 14001 – Environmental Management
- ISO 45001 – Occupational Health & Safety
- ISO/IEC 27001 – Information Security
- ISO 55001 – Asset Management
- ISO 22301 – Business Continuity
- ISO 37001 – Anti-Bribery.

DECEMBER



IWA Water and Development Congress & Exhibition in Bangkok, Thailand

We were honoured to take the global stage at the IWA Water & Development Congress & Exhibition 2025 in Bangkok. Representing Air Selangor were CEO Adam Saffian Ghazali, Head of Corporate Communication Elina Baseri, Head of Section (HOS) for Laboratory Services Ts. ChM. Humairah Yeoh Yee Voon, HOS for Operation Ir. Ts. Dr. Nurul Sa'dah Bahar, and Vice President II of Special Projects Ir. Ts. M. Zulfadli Awang. We were also recognised under the Climate Smart Utilities 2025 Recognition Programme at the event.



Hydro Heroes Appreciation Luncheon

Our inaugural appreciation ceremony honoured over 200 Hydro Heroes volunteers, a Sesama Mara initiative fostering employee volunteerism. These volunteers support key programmes like Box of Hope, Festive Cheer, and Empowering Online Learning. Since June 2023, 567 volunteers have contributed more than 1,504 hours.

Awards and Accolades

In 2025, Air Selangor continued to earn recognition across key areas of its operations, reflecting the standards to which we hold ourselves as a critical water services provider. These awards and accolades acknowledge our efforts in stakeholder engagement, innovation, operational excellence, and workplace safety, while reinforcing our commitment to continuous improvement. More than a measure of achievement, these recognitions provide external validation of the initiatives, practices, and capabilities that support our long-term ambition to deliver reliable, sustainable, and future-ready water services.



Awards and Accolades



1 CORPORATE & COMMUNITY ENGAGEMENT EXCELLENCE

Air Selangor's commitment to meaningful stakeholder engagement and purpose-driven storytelling was recognised through multiple accolades in 2025.

At the Marketing Experts Choice Award 2025, the organisation was named among the Top 10 winners for Chinese New Year TVC 2025 – "The Empty Chair" and again for Hari Raya Aidilfitri campaign "Di Sebalik Syukur". These recognitions highlight Air Selangor's ability to craft culturally resonant narratives that strengthen community connection and promote shared values.

Further recognition was received at the PR Awards 2025, affirming the organisation's excellence in strategic communications and stakeholder engagement.

In addition, Air Selangor's digital storytelling and brand engagement capabilities were acknowledged at the Hashtag Asia Awards 2025, demonstrating its effective use of digital platforms to drive awareness and engagement with diverse audiences.

2 INDUSTRY LEADERSHIP & OPERATIONAL EXCELLENCE

Air Selangor's strong operational performance and leadership within the global water sector were recognised through prestigious international platforms.

In May 2025, the organisation was admitted into LUOW, a global network recognising high-performing utilities that demonstrate excellence in leadership, innovation, and service delivery. This milestone reinforces Air Selangor's position as a leading regional water utility.

The organisation also received the SAG Award 2025 at the Esri User Conference 2025 (13–17 July 2025), reflecting our advanced adoption of geospatial technologies to enhance operational efficiency, infrastructure management, and customer service delivery.

Further recognition was achieved at the BCI Asia Pacific Awards on 11 November 2025, reflecting the strength of our organisation-wide collaboration in crisis management, crisis communications, operational resilience and emergency preparedness, as well as our contribution to the build environment. The award acknowledged the coordinated efforts of teams across Production, Distribution, Regional Operations, Corporate Communication, Disaster Response Plan/IT and our Business Continuity Management coordinators in strengthening Air Selangor's unified resilience framework.

We were also recognised under the International Water Association (IWA) Climate Smart Utilities 2025 Recognition Programme at the IWA Water and Development Congress & Exhibition 2025, held from 8 to 12 December 2025, affirming our efforts to advance climate resilience and climate-smart water utility practices.

3 HUMAN RESOURCE & WORKPLACE EXCELLENCE

Air Selangor maintained a strong commitment to fostering a safe and healthy working environment, receiving recognition for its workplace practices and safety culture.

Air Selangor was honoured at the RoSPA Health and Safety Awards (24–25 September 2025), underscoring its adherence to high international standards in occupational health and safety.

At the national level, Air Selangor was also recognised at the 43rd MSOSH Award 2025 Luncheon Ceremony on 13 November 2025, organised by Malaysian Society for Occupational Safety and Health. This award reflects continued efforts in strengthening workplace safety practices and promoting a culture of wellbeing across its operations.

In conclusion, the breadth of awards received in 2025 demonstrates Air Selangor's integrated approach to sustainability – spanning community engagement, operational excellence, innovation, and workforce wellbeing. These recognitions reinforce the organisation's ongoing commitment to delivering long-term value to stakeholders while strengthening its position as a resilient and forward-looking water utility.

Financial Performance

Air Selangor's 2025 financial performance reflects the scale of our responsibility as Malaysia's largest water services provider and the financial capacity required to sustain reliable operations, infrastructure resilience, and long-term water security. As a regulated and capital-intensive utility, we managed our financial position with a clear focus on service continuity, cost efficiency, responsible capital allocation, and transparent reporting.

The financial performance data presented in this section is based on Air Selangor's latest available company-level financial records as at 31 December 2025, with the basis of preparation stated where relevant. The figures remain subject to year-end finalisation, review, and adjustment. Air Selangor will continue to strengthen its financial reporting controls and data governance processes to support transparent, consistent, and decision-useful disclosures.

Total Revenue

2025	2024
RM3.58 billion	**RM2.98 billion**

Total Expenditure

2025	2024
RM3.88 billion	**RM3.67 billion**

Note: *Revenue presented excludes intercompany waiver and fair value gain to provide a clearer view of Air Selangor's operating revenue performance.*

REVENUE

In 2025, Air Selangor recorded revenue of **RM3.58 billion**, representing a 20.41% increase from 2024. This performance reflects the full-year effect of the revised tariff structure and the scale of our role as an essential water services provider.

A stronger revenue base supports the long-term reliability of the water system. It enables Air Selangor to continue investing in operations, infrastructure renewal, water quality assurance, and future supply resilience, while maintaining a careful balance between cost recovery and customer affordability.

At the company level, total expenditure increased by RM204.10 million, or 5.56%, resulting in an expenditure of RM3.88 billion in 2025. This reflects the sustained level of resources required to operate, maintain, finance, and renew an essential water system at scale.

The largest expenditure components remained finance and leasing costs, depreciation, repair and maintenance, and staff costs. Together, these costs reflect the underlying requirements of a capital-intensive utility: maintaining asset reliability, funding long-life infrastructure, retaining operational capability, and ensuring service continuity across a large distribution area.

Expenditure Profile	2024		2025	
	RM (million)	%	RM (million)	%
Staff	472.14	12.86	**533.59**	**13.76**
Repair and maintenance	531.92	14.48	**595.04**	**15.35**
Electricity	292.45	7.96	**276.00**	**7.12**
Chemical	70.66	1.92	**76.84**	**1.98**
Purchase of water	409.34	11.15	**394.68**	**10.18**
Finance and leasing cost	858.33	23.37	**880.82**	**22.72**
Depreciation	690.95	18.81	**682.58**	**17.61**
Others	346.63	9.44	**436.98**	**11.27**
Total Expenditure*	**3,672.43**	**100.00**	**3,876.53**	**100.00**

While total expenditure increased, lower electricity and purchase of water costs helped moderate the overall cost movement. This reflects the importance of continued operating efficiency as Air Selangor sustains the investment needed to protect service reliability, strengthen resilience, and support long-term water security.

Note:

* *Total expenditure is based on audited expenditure records and excludes exceptional items, namely intercompany balance written off and other professional service costs relating to subsidiaries. This presentation provides a more comparable view of Air Selangor's underlying expenditure profile.*

Financial Performance

CAPEX CONTRACTS AWARDED [1]

In 2025, Air Selangor awarded RM519.49 million in CAPEX contracts, compared with RM786.26 million in 2024. The year-on-year movement reflects the timing and phasing of project awards across our strategic programmes.

CAPEX Contracts Awarded	2024		2025 [2]	
	RM (million)	%	RM (million)	%
Water Forever (SPI 1) [3]	59.3	7.54	**27.0**	**5.20**
Improvement to Asset Reliability and Resilience (SPI 2)	98.2	12.48	**32.0**	**6.16**
Improving Digital Operational Efficiency (SPI 3) [3]	66.0	8.40	**47.4**	**9.12**
Towards Best Customer Service (SPI 4) [3]	34.2	4.35	**35.7**	**6.88**
NRW Reduction (SPI 5) [3]	507.7	64.57	**371.8**	**71.56**
Creating a Conducive Working Environment (SPI 6)	7.6	0.97	**5.3**	**1.01**
Environmental Stewardship (SPI 7)	13.3	1.69	**0.3**	**0.07**
Total	**786.26**	**100.00**	**519.49**	**100.00**

Capital allocation remained focused on system efficiency and resilience, with NRW Reduction accounting for RM371.80 million, or 71.56% of total CAPEX contracts awarded. The remaining awards supported operational efficiency, customer experience, asset reliability, water security, and workplace readiness, reflecting a targeted investment approach aligned with service reliability and long-term sustainability outcomes.

Note:

(1) *CAPEX contracts awarded represent the value of capital project contracts formally awarded during the reporting year.*

(2) *2025 CAPEX contracts represent projects awarded under the 2025 budget as at 31 December 2025. Additional projects are expected to be awarded in 2026.*

(3) *The amounts under these SPIs include CAPEX funded via the NRW Matching Grant received from SPAN for the achievement of NRW targets.*

SUKUK MURABAHAH & SRI SUKUK

Effective 3 December 2024, we upsized our RM10.0 billion Sukuk Murabahah Programme to RM20.0 billion at existing long- and short-term rating of AAA and P1 respectively, and the 30-year Islamic Medium Term Notes Programme (IMTN) tenure has been extended in perpetuity. In October 2025, we completed our eighth issuance under our RM20.0 billion Sukuk Murabahah Programme. The RM1.5 billion issuance with tenures across five series from seven years to 25 years represents Air Selangor's seventh Sustainable and Responsible Investment Sukuk Kelestarian Air Selangor (SRI Sukuk) issuance.

The proceeds from the SRI Sukuk will be utilised to finance eligible projects that are in compliance with Air Selangor's Sustainable Development Sukuk Kelestarian Framework. Eligible projects include, amongst others, sustainable water supply, sustainable water management, and renewable energy projects, all of which are in line with Air Selangor's sustainability strategies. The proceeds from the IMTNs will be utilised to finance, amongst others, Air Selangor's CAPEX and working capital requirements.

RAM Rating Services Berhad reaffirmed Air Selangor's Sukuk Murabahah Programme's long- and short-term ratings of AAA, with a stable outlook, and P1, respectively, on 28 August 2025. The AAA rating indicates superior safety for payment of financial obligations while the P1 rating reflects high safety for payment of financial obligations in the short term.

30-Year Business Plan

Air Selangor's 30-Year Business Plan sets out our long-term roadmap to secure a sustainable, resilient, and high-quality water future for our Distribution Area. Anchored in seven Strategic Plans and Initiatives (SPIs), the plan guides how we invest in water security, asset reliability, digital transformation, customer service, NRW reduction, people development, and environmental stewardship.

In 2025, we continued to translate this roadmap into action by:

- **Strengthening Supply Resilience**
- **Improving Asset Performance**
- **Expanding Digital Monitoring**
- **Enhancing Customer Experience**
- **Reducing System Losses**
- **Supporting Workforce Readiness**
- **Embedding Responsible Environmental Practices Across Our Operations**

Together, these initiatives reinforce our commitment to meeting future demand while delivering reliable, efficient, and sustainable water services for the communities we serve.

SPI 1 Water Forever

Towards a Sustainable Water Future

Objectives

- Ensure a sustainable water supply for the future.
- Mitigate potential effects of climate change and raw water pollution.
- Design interventions and initiatives that ensure water supply is in tandem with water demand. These actions include reducing system water loss, optimising customer water use and identifying and developing new sources of water.

Achievement as of 2025

- The average treated water reserve margin was at 17.86%, exceeding the 15.0% healthy or safe reserve margin set by SPAN.
- Packages 1, 2 and 3 of Rasau Stage 1 are in the construction stage, with overall progress at 51.76% as of December 2025.
- As of December 2025, all tenders for packages 4, 5, and 6 have been closed and are currently under evaluation.
- Langat 2 Phase 1 was fully operational in September 2024 with a total distributable capacity of 1,130 MLD and as of December 2025, PAAB is currently in process of preparing the tender for Langat 2 Phase 2.

30-Year Business Plan



SPI 2 Improvement to Asset Reliability and Resilience

Towards a Resilient Water Future

Objectives

- Optimise management and maintenance of our assets.
- Ensure uninterrupted water supply to our customers.
- Rehabilitate, replace, and upgrade our assets.
- Improve water storage capacity.

Achievement as of 2025

- Completed rehabilitation works on 62 unused reservoirs out of 144 identified. 19 reservoirs are under construction and design stage.
- Completed refurbishment works on 14 out of 54 identified pump houses. Five pump houses are currently under construction and in the design stage.

SPI 3 Improving Digital Operational Efficiency

Utility of the Future

Objectives

- Leverage the growth of digital connectivity and big data to become the Digital Utility of the Future.
- Ensure effective use of resources across our operations, namely production, distribution, asset inventory and maintenance, and customer management.

Achievement as of 2025

The Intelligent Command Centre (ICC) covers:

- 592 of 670 online pump houses (88.3%)
- 677 of 777 online reservoirs (87.2%)
- 588 of 667 online Suction Tanks (88.2%)
- The Online Hydraulic Modelling Prediction has been utilised to cover a total of 3,148 km and 418 km for Trunk Mains (SSP, Langat, Semenyih, Sungai Batu Scheme) and Distribution Mains (Sepang).

Note:
The figures above have been reduced due to an exercise that updated the online model to align with the latest supply system.

30-Year Business Plan

SPI 4 Towards Best Customer Service

Trust Our Water and Best Customer Service

Objectives

- Improve our service delivery and exceed customer expectations in terms of reliability, responsiveness, and quality continuously.

Achievement as of 2025

- 66,827 units of faulty meters were replaced, achieving 95.5% of the targeted quantity for 2025
- 74,229 units of degraded meters were replaced with an achievement of 82.5%, against the targeted quantity for 2025.
- Total MLD for the 2025 Meter Replacement Programme is 60.55 MLD (198.6%)
- 50,990 ultrasonic smart meters with leak detection were successfully installed
- Achieved a Water Quality Complaint Index ratio of 0.37 complaints per 1,000 connections, below the targeted 0.5
- 100.0% completion of works for two water courses under the Trust Our Water initiative.

We achieved the following water quality targets:

Parameter	MOH Target (%)	Achievement (%)
E. coli	≥ 99.85	100.00
Free Residual Chlorine (FRC)	≥ 99.00	99.99
E. coli & FRC	≥ 99.95	100.00
Turbidity	≥ 98.00	99.96
Aluminium	≥ 95.00	99.47

SPI 5 NRW Reduction

NRW reduction to 26.3% by 2026 and to 17.3% by 2050

Objectives

- Reduce water loss throughout our operations, targeting to achieve 25% by 2029.
- Optimise operational costs and increase our revenue.

Achievement as of 2025

- Achieved NRW reduction of 26.8%, an improvement of 0.2% compared to 27.0% in 2024, surpassing SPAN's NRW Matching Grant target of 27.5%.
- Achieved a PBI of 2.94 bursts per 100 km per year of pipeline. This was an improvement from 3.25 bursts per 100 km per year recorded in 2024
- Completed pipe replacement works at 418 hotspots.

We achieved the following water supply performance against SPAN targets:

Parameter	SPAN Target	Achievement
Repair and resume water supply within 24 hours for communication pipe failure.	87%	95%
Repair and resume supply within 24 hours for failure of mains of diameter less than 200 mm.	88%	94%
Repair and resume supply within 36 hours for failure of mains of diameter more than 200 mm and less than 600 mm.	97%	98%
Repair and resume supply within 48 hours for failure of mains of diameter greater than 600 mm.	98%	99%

30-Year Business Plan

SPI 6 Creating a Conducive Working Environment

World Class Water Services Provider

Objectives

- Position Air Selangor as an employer of choice by creating a safe and conducive work environment.
- Develop and grow talent within our Company to ensure a sustainable pipeline of leaders and achievers.

Achievement as of 2025

- Recorded Lost Time Injury Frequency Rate (LTIFR) of 0.30, slightly higher than 0.26 recorded in 2024.
- Achieved a 93% score in the Employee Engagement Survey.
- A total of 1,927 employees have participated in the Leadership Development Programme since 2019.



SPI 7 Environmental Stewardship

Zero Waste Environment

Objectives

- Operate responsibly, minimising our impact on the environment and adhering to regulations.
- Towards a zero-waste environment, optimising resource use and reducing our carbon emissions.

Achievement as of 2025

Achieved compliance with the Department of Environment's (DOE) Guided Self-Regulation (GSR):

Scope	Compliance
Water Treatment Plants	93.80%
Distribution Activities	95.30%

Recorded produced volume and billed volume carbon emission intensity as follows:

Metric	Emissions Intensity
Produced Volume Carbon Intensity ($kgCO_2e/m^3$)*	0.380
Billed Volume Carbon Intensity ($kgCO_2e/m^3$)*	0.518

* ***Notes:***

- *GHG emission factors were based on Malaysia's 2024 Biennial Transparency Report, submitted to the UNFCCC in December 2024.*
- *Carbon emissions intensity for produced water volume is calculated based on treated water produced post-treatment and prior to distribution.*
- *Carbon emissions intensity for billed water volume is calculated based on billed water volume after distribution and consumer billing.*

Sustainability Approach

SUSTAINABILITY GOVERNANCE

Why It Matters to Us

Water utilities today operate within an increasingly complex landscape, where service reliability, climate resilience, infrastructure investment, regulatory compliance, and stakeholder trust must be managed in an integrated and forward-looking manner. At Air Selangor, SROs and CROs are recognised as critical strategic drivers that shape how we plan, operate, procure, invest, and deliver water services over the long term.

Robust sustainability governance is therefore essential to ensure that these interconnected risks and opportunities are systematically embedded into decision-making at the appropriate levels. This enables the organisation to proactively safeguard operational performance, strengthen infrastructure resilience, enhance project delivery outcomes, and uphold public confidence. Ultimately, it supports Air Selangor's commitment to long-term water security, regulatory alignment, and sustainable value creation for stakeholders.

Our Approach

Sustainability oversight at Air Selangor is embedded within a robust and integrated governance framework, with clearly defined roles and accountabilities spanning the Board, Board Committees, Management, and key business functions. This structured approach reinforces transparency, strengthens accountability, and ensures the consistent and effective implementation of sustainability priorities across the organisation.

At the highest level, the Board Risk and Sustainability Committee (BRSC) plays a pivotal role in supporting the Board's oversight of ERM, sustainability matters, and emerging risks, including those related to climate change. At the management level, sustainability considerations are systematically embedded into strategic and operational decision-making, influencing key areas such as operational performance, infrastructure development, project execution, procurement practices, service reliability, and long-term water security.

This integrated governance approach enhances Air Selangor's ability to proactively manage risks and seize opportunities, while strengthening organisational resilience and long-term value creation. It also supports the Company's progressive alignment with IFRS S1 and IFRS S2, particularly in enhancing Board oversight, reinforcing risk management integration, strengthening data governance and internal controls, and delivering high-quality, decision-useful sustainability disclosures for stakeholders.

Corporate Governance and Board Oversight

Air Selangor upholds a robust corporate governance framework that reinforces accountability, transparency, and long-term value creation. The Board of Directors provides strategic leadership and oversight, guided by the Companies Act 2016, applicable regulatory requirements, and established governance best practices, including alignment with the Malaysian Code on Corporate Governance (MCCG).

The Board is supported by key Board Committees operating under clearly defined Terms of Reference (TOR), which are periodically reviewed to ensure continued relevance and effectiveness. Together, these Committees strengthen governance practices, enhance decision-making quality, and reinforce the integrity of internal controls across the organisation.

For more information on the Board Committees and their respective TOR, please visit our Corporate Governance page at:
https://www.airselangor.com/about-us/corporate-governance

Responsibilities

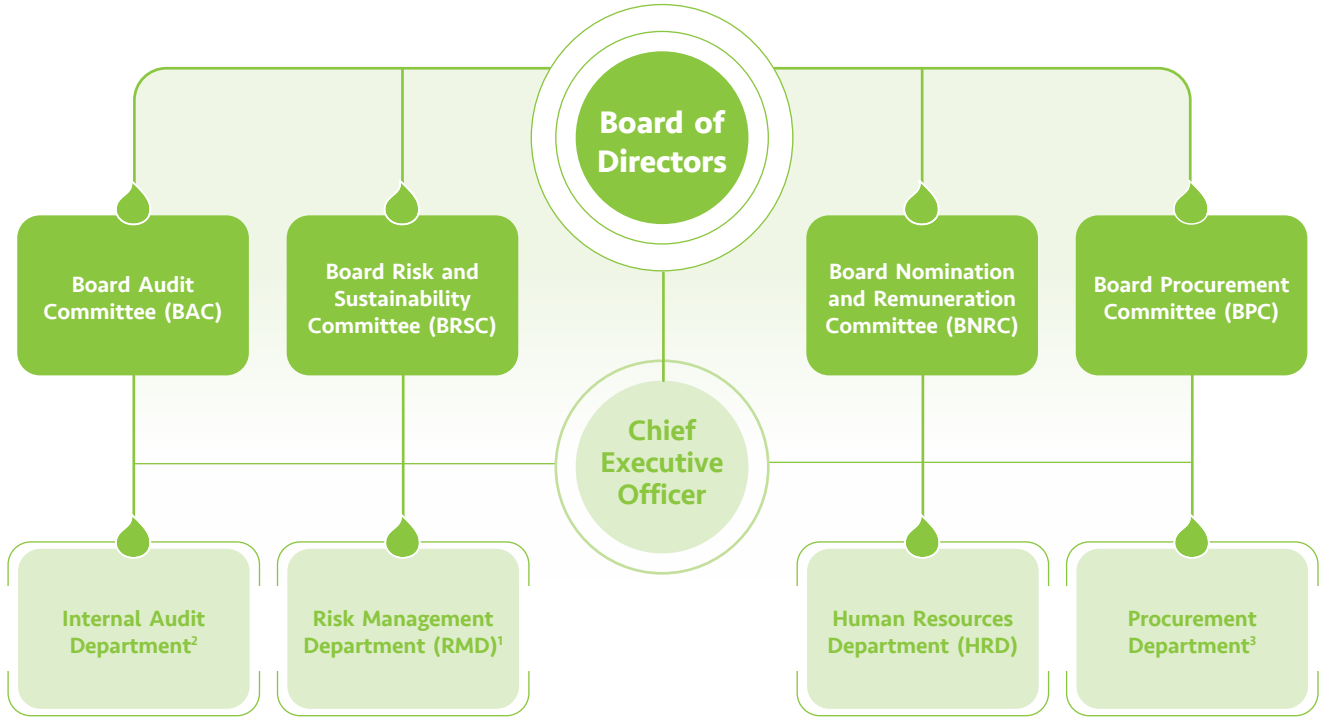
Board Audit Committee (BAC)
Overseeing financial reporting, internal controls, and audit processes.

Board Nomination and Remuneration Committee (BNRC)
Ensuring effective board composition, performance, and remuneration practices.

Board Risk and Sustainability Committee (BRSC)
Overseeing ERM, sustainability matters, and emerging risk areas, including climate-related risks.

Board Procurement Committee (BPC)
Ensuring transparency and integrity in procurement decisions.

Sustainability Approach



Notes:

1. *Offers support and reports directly to the BRSC and administratively to the CEO.*
2. *Reports directly and functionally to the BAC and administratively to the CEO.*
3. *Supports BPC functionally and reports directly to the CEO.*

Risk and Sustainability Governance

The BRSC plays a central role in overseeing the integrated management of enterprise risks and sustainability-related risks and opportunities within Air Selangor's governance framework. This includes comprehensive oversight of enterprise-wide risks, sustainability-related risks and opportunities, mitigation strategies, and the escalation of material matters requiring Board-level deliberation, ensuring that risk and sustainability considerations are managed in a cohesive and aligned manner.

In 2025, Air Selangor strengthened this integrated approach by jointly addressing ERM risks and sustainability risks through structured engagements with all HODs. During the ERM–Sustainability action plan confirmation process, both risk categories were assessed, discussed, and validated in tandem, reinforcing a unified view of operational, strategic, and sustainability exposures across the organisation. The consolidated action plans, reflecting both ERM and sustainability priorities, were subsequently escalated to the CEO for approval and tabled to the BRSC for endorsement. This process reinforces clear risk ownership, strengthens management accountability, and ensures that both enterprise and sustainability risks receive appropriate visibility and oversight at the Board level.

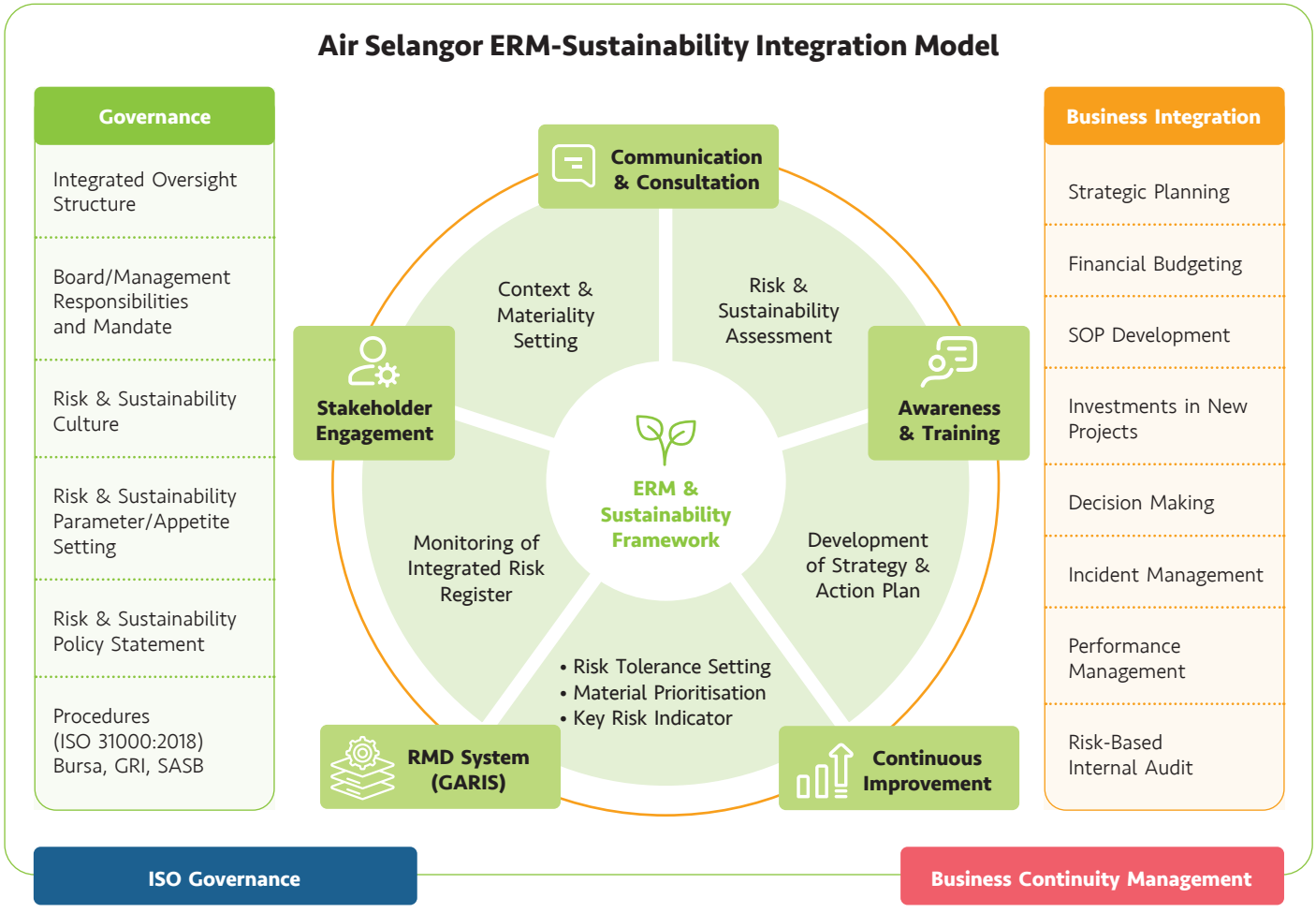
Recognising the increasing significance of climate-related risks to operational resilience and long-term water security, the BRSC will further strengthen its oversight by progressively incorporating more structured and regular climate-related updates. Beginning in 2026, key developments, risk assessments, and mitigation initiatives relating to climate risks will be formally presented to the BRSC by the Chairperson of the Climate Change Technical Committee. This enhancement will provide more consistent Board-level visibility of emerging climate risks and support more informed, forward-looking decision-making.

In parallel, Air Selangor is undertaking a review and enhancement of the BRSC TOR in 2026 to formally embed climate-related governance, clarify oversight responsibilities, and strengthen decision-making processes. This evolution reflects the Company's commitment to advancing integrated risk and sustainability governance, while positioning Air Selangor to meet evolving climate-related disclosure expectations, including the governance requirements under IFRS S2.

Sustainability Approach

ERM and Sustainability Integration

In 2025, we continued to strengthen our ERM framework as a strategic enabler of resilience, sustainability, and long-term value creation. Our ERM framework supports risk-informed decision-making across business planning, investment governance, project delivery, and operational execution.



A key priority during the year was the integration of sustainability considerations into ERM through the establishment of an ERM-Sustainability Framework and Policy. The integration will systematically embed ESG considerations into enterprise-wide and project-level risk assessments. This included key areas such as climate change, water security, regulatory developments, supply continuity, and infrastructure resilience, enabling more holistic and forward-looking risk-informed decision-making.

Air Selangor has also strengthened project risk governance through the establishment of the Project Risk Assessment Framework (PRAF), which institutionalised mandatory Project Risk Assessments for projects exceeding RM5 million prior to Project Review Committee (PRC) approval. The framework integrates risk assessment activities throughout the project lifecycle – from initiation, planning and design, execution, monitoring, and project closing – supported by stakeholder engagement and cross-functional reviews to ensure risks and opportunities are proactively identified, assessed, monitored, and managed.

For strategic decisions or investments exceeding RM50 million, ERM provides independent risk advisory to Management and the BRSC. In line with the BRSC TOR, Board papers involving significant operational, strategic, financial, or reputational exposure are reviewed with consideration of both risk and sustainability implications. Guided by the PRAF, this governance approach ensures that key risk insights are deliberated prior to Board escalation and that major investment decisions remain aligned with Air Selangor's risk appetite, strategic priorities, and long-term sustainability objectives.

Operational Resilience and Supply Continuity



ERM continues to play a critical role in strengthening operational resilience and safeguarding water supply continuity through forward-looking, risk-informed contingency planning. In 2025, this included the proactive identification of climate-related risks, assessment of alternative and backup water sources, enhancement of emergency response preparedness, strengthening of alternative supply network configurations, and the establishment of clear, coordinated communication protocols with stakeholders and customers. Collectively, these measures reinforce Air Selangor's ability to respond effectively to disruptions while maintaining service reliability.

Beyond its traditional compliance role, ERM has evolved into a strategic partner to operational and business functions, driving smarter, leaner, and more resilient operations across the organisation. This was exemplified by the Water Network & Integrity Workshop, which brought together Risk, operational departments, and regional teams in response to heightened industry focus on underground utility risks. The workshop provided a platform to strengthen infrastructure data integrity and enhance operational decision-making across critical network assets.

A key outcome of this initiative was the prioritisation of improvements in the accuracy, accessibility, and completeness of Geographic Information System (GIS) and network asset data – an essential foundation for effective infrastructure planning, operational efficiency, incident response, and long-term system resilience. The workshop also identified critical operational gaps and targeted improvement opportunities, including the strengthening of existing control measures, advancement of the GIS roadmap through structured resource and system planning, and the establishment of a more robust and systematic knowledge management framework for both internal and external data.

In addition to its ongoing support to the Climate Change Working and Technical Committee, ERM actively contributes to key governance platforms such as the Jawatankuasa Kelulusan Teknikal (JKT). Through these platforms, operational, technical, and implementation risks are rigorously assessed and mitigated in advance of major shutdowns, critical works, and high-impact operational activities – ensuring risks are proactively managed rather than reactively addressed.

At the enterprise level, the Integrated Management System Integrated Risk Assessment (IMSIRA) framework provides a structured and consistent approach for identifying, assessing, and monitoring principal risks across the organisation. The framework enhances risk visibility, strengthens risk ownership, and fosters a proactive risk culture across departments and regions. It also enables more effective mitigation strategies and promotes stronger cross-functional collaboration, ensuring timely responses to evolving operational, strategic, and sustainability-related risks.

As part of Air Selangor's commitment to continuous improvement, IMSIRA was enhanced to Version 2.0 in 2025. This enhancement involved a comprehensive end-to-end reassessment of risk profiles, beginning with the Production Department, covering Source and Treatment operations in collaboration with multiple departments acting as Control Owners. The outcomes of IMSIRA 2.0, including key risk insights and mitigation priorities, were subsequently deliberated at Regional Risk Management Committee (RRMC) meetings in Q3 and Q4 2025 – further strengthening governance oversight, accountability, and alignment of risk management practices across the organisation.

Sustainability Approach

Climate Resilience and Risk Understanding

Recognising the increasing significance of climate-related risks to water security and operational resilience, Air Selangor has proactively strengthened its climate risk management capabilities through targeted collaboration and stakeholder engagement. This includes strategic partnerships with the Malaysian Meteorological Department (MET Malaysia) and active participation in the Climate Change Working and Technical Committee. These initiatives enhance our ability to anticipate, assess, and respond to climate-related risks by improving forecasting capabilities, strengthening data-driven insights, and supporting the development of adaptive strategies to address extreme weather events, water stress, and long-term climate variability.

Building on this foundation, Air Selangor is advancing towards a more comprehensive and structured approach to climate risk management through the Climate Risk Assessment Consultancy Project planned for 2026. The outcomes of this initiative will enable a more robust identification and quantification of both physical and transition risks, inform the development of short-, medium-, and long-term mitigation and adaptation strategies, and support the establishment of an integrated Climate Resilience Framework to enhance long-term sustainability and operational preparedness.

Air Selangor's Governance Excellence Programme (GEP) has further reinforced organisational accountability, strengthened risk ownership, and enhanced alignment between governance, risk management, and strategic priorities. By bringing together the Board, Management, and employees, the programme has played a pivotal role in cultivating a strong governance culture, enhancing organisational resilience, and reinforcing the Company's commitment to integrity, compliance, and sustainability.

Through interactive engagements, cross-functional collaboration, and strong leadership participation, the programme has deepened organisational understanding and practical application of governance and risk principles. The strong tone-from-the-top demonstrated by leadership has been instrumental in embedding a culture of accountability, risk awareness, and ethical decision-making across day-to-day operations. This commitment is evidenced by the successful completion of 94% of Risk Action Plans as at December 2025, reflecting disciplined execution, strong management ownership, and the effective implementation of risk mitigation measures across the organisation.



ISO Governance, Integrated Management Systems and Risk Excellence

In 2025, Air Selangor achieved a significant milestone in governance, risk management, and operational excellence through the successful implementation of a fully integrated ISO Governance Framework under its ERM ecosystem.

Air Selangor became the first utilities company to successfully implement and obtain certification for seven ISO standards under a single IMS. The external certification audit, conducted between April and May 2025, validated the effectiveness of this integrated approach, which harmonises audit processes, documentation, training, risk management, governance structures, and operational controls across the organisation.

The ISO standards certified under the IMS include:

- ISO 9001 – Quality Management System
- ISO 14001 – Environmental Management System
- ISO 45001 – Occupational Health and Safety Management System
- ISO/IEC 27001 – Information Security Management System
- ISO 55001 – Asset Management System
- ISO 22301 – Business Continuity Management System
- ISO 37001 – Anti-Bribery Management System.

Air Selangor's IMS certification serves as a key foundation in strengthening the organisation's ability to systematically manage operational, environmental, safety, security, business continuity, and integrity risks. This integrated approach reinforces consistency, enhances control effectiveness, and supports disciplined risk management practices across all operations.

Sustainability Approach

To sustain and continuously enhance the effectiveness of the IMS, Air Selangor undertook extensive capability-building initiatives in 2025 focused on strengthening organisational competencies in governance, audit, and risk management. These initiatives included structured training programmes such as ISO Internal Auditor certification, Root Cause Analysis, ISO Awareness sessions, and IMSIRA training. Collectively, these programmes have strengthened internal capabilities in audit execution, risk identification, and continuous improvement across the organisation.

A comprehensive ISO/IMS Internal Audit was conducted between September and October 2025, adopting a risk-based sampling approach to ensure focus on critical areas. The audit mobilised more than 130 trained ISO Internal Auditors from across various departments, demonstrating strong cross-functional collaboration, shared accountability, and a deeply embedded culture of governance excellence.

This collective effort was recognised at the ISO Certification Recognition Ceremony held in December 2025, which honoured ISO owners, internal auditors, and key stakeholders for their contributions. The event further reinforced Air Selangor's commitment to accountability, continuous improvement, and sustaining high governance standards. ISO Governance continues to serve as a critical enabler of effective operational risk management, particularly through the IMSIRA platform. In 2025, IMSIRA was enhanced to Version 2.0, reflecting a more robust, comprehensive, and integrated approach to risk identification, assessment, and control. This enhancement included an end-to-end reassessment of operational risks, commencing with the Production Department covering source and treatment processes, and extending to multiple departments acting as control owners.

Key risk insights and mitigation outcomes from the IMSIRA 2.0 review were systematically deliberated at the RRMC and subsequently escalated to the Risk Management Committee (RMC) and the BRSC. This structured governance and escalation framework ensures that critical risks are rigorously monitored, effectively managed, and aligned with Air Selangor's risk appetite and strategic priorities. In parallel, Air Selangor strengthened its document and information governance practices to support the IMS framework and ensure consistency, control, and compliance across the organisation. Comprehensive engagement sessions were conducted across all regions to reinforce the implementation of document control processes, in close collaboration with the Enterprise Content Management (ECM), Compliance, and IT Governance teams.

Further enhancements were made to Procedure AIS-P-001 (Information Handling Procedure) through integration with ECM systems, in collaboration with the IT Division and ISO Governance function. This has significantly improved document integrity, traceability, and control, ensuring that information management practices remain robust, secure, and fully aligned with regulatory and operational requirements.

Alignment with IFRS Sustainability Disclosure Standards

While Air Selangor has not yet formally adopted the IFRS Sustainability Disclosure Standards (IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related Disclosures), significant progress has been made in aligning existing ERM and sustainability practices with the principles underpinning these standards.

For our IFRS S2 disclosures, please refer to Chapter 5: Environmental Stewardship, in the Climate Change Section on page 72–79.

The integration of sustainability into ERM provides a strong foundation to support future compliance, particularly in the following areas:

Governance:
Strengthened oversight by Management and the BRSC ensures clear accountability for sustainability and climate-related risks, consistent with IFRS expectations.

Risk Management:
The IMSIRA framework and embedded project risk assessments enable systematic identification, assessment, and management of sustainability-related risks, including climate risks.

Strategy and Decision-Making:
Integration of ESG considerations into major investment decisions supports alignment with IFRS requirements on linking sustainability risks to strategy and financial planning.

Metrics and Targets (Developing Area):
Ongoing efforts are being undertaken to enhance data governance, risk metrics, and performance tracking to support more robust and decision-useful disclosures.

Air Selangor Sustainability Strategy 2020–2030

SUSTAINABILITY STRATEGY AND ESG FRAMEWORK

Air Selangor operates in a critical water services environment where long-term performance depends on resilient infrastructure, responsible resource management, customer trust, workforce capability, and sound governance. Rising demand, ageing assets, climate pressures, stakeholder expectations, and increasing operating costs require us to manage sustainability performance with a clear focus on service continuity, responsible resource allocation, and long-term value creation.

As Malaysia's leading water services provider, we recognise sustainability as a critical enabler in achieving its vision of becoming a regional leader by 2030. Our sustainability approach is anchored in a comprehensive Environmental, Social, and Governance (ESG) framework that integrates long-term water security, operational resilience, and stakeholder value creation into its core business strategy. This approach is aligned with evolving regulatory expectations and global best practices, including our adoption journey towards IFRS S1 and IFRS S2, ensuring that sustainability- and climate-related risks and opportunities are systematically identified, managed, and disclosed in a transparent and decision-useful manner.



ENVIRONMENTAL STEWARDSHIP

From an environmental perspective, Air Selangor prioritises climate resilience and resource efficiency through a structured GHG Reduction Roadmap. This roadmap establishes a comprehensive baseline for Scope 1, 2, and 3 emissions and outlines a phased decarbonisation pathway. Climate-related risks, including floods, droughts, and water quality degradation, are integrated into ERM and infrastructure planning.

Air Selangor emphasises water resource security by maintaining sufficient reserve margins, diversifying water sources, and embedding climate scenario analysis in line with IFRS S2 requirements. Water conservation initiatives, supported by digital tools and targeted engagement programmes, encourage responsible consumption among users. Operational efficiency remains a key focus, particularly through the reduction of NRW using advanced technologies such as AI-driven leak detection and predictive maintenance.

Air Selangor Sustainability Strategy 2020–2030

SOCIAL RESPONSIBILITY

On the social front, Air Selangor adopts a people-centric approach, recognising that its workforce, customers, and communities are central to its sustainability journey. We are committed to maintaining a safe and healthy workplace, supported by robust occupational health and safety practices, as well as mental health and wellbeing initiatives.

Talent development and diversity are strengthened through structured training programmes, leadership development, and inclusive policies aimed at building a future-ready workforce. In delivering customer excellence, Air Selangor focuses on maintaining high water quality standards, enhancing service responsiveness, and improving accessibility through digital platforms such as its mobile application.

Air Selangor actively engages communities through awareness campaigns, educational initiatives, and strategic partnerships, reinforcing its role as a responsible corporate citizen and strengthening stakeholder trust.

GOVERNANCE AND ACCOUNTABILITY

From a governance perspective, Air Selangor has established a robust structure that embeds sustainability into organisational decision-making. Oversight is provided by the Board of Directors through the Board Risk and Sustainability Committee (BRSC), ensuring alignment between ESG priorities and corporate strategy.

We continue to enhance transparency by aligning its disclosures with recognised frameworks such as GRI, SASB, and Bursa Malaysia's Sustainability Reporting Guide, while progressing towards full adoption of IFRS S1 and IFRS S2. This includes conducting gap assessments, strengthening internal controls, and preparing for external assurance of ESG data.

Ethical conduct remains fundamental, supported by anti-corruption policies and strict regulatory compliance. Financial sustainability is prioritised through balancing tariff affordability with cost recovery, alongside leveraging sustainable financing instruments such as SRI, green, and potential blue sukuk. Supply chain practices are further strengthened through sustainability screening and supplier engagement to ensure responsible procurement.

CONTINUOUS IMPROVEMENT AND STRATEGY REVIEW

Air Selangor is committed to ensuring that its sustainability strategy remains relevant, robust, and aligned with evolving expectations. The sustainability strategy is formally reviewed once every two years to assess its effectiveness, progress against targets, and alignment with corporate priorities.

In addition, the strategy may be reviewed on an annual basis, where necessary, particularly in response to changes in regulatory requirements, reporting standards, industry best practices, or emerging sustainability risks and opportunities. This approach ensures continuous improvement and enables us to remain adaptive and responsive in a dynamic operating environment.

Overall, Air Selangor's ESG-based sustainability blueprint represents a holistic and integrated approach that combines economic performance, environmental resilience, social responsibility, and governance excellence. Supported by digital transformation, stakeholder engagement, and sustainable financing, the Company is well-positioned to deliver long-term value while contributing meaningfully to national and global sustainability goals.



Materiality Approach

In 2025, Air Selangor undertook a comprehensive refresh of its materiality assessment through a structured, multi-stage process encompassing regional engagement, Head Office validation, and enterprise-wide risk review. This approach was deliberately designed to capture diverse, ground-level insights from operational teams across all regions, while aligning these perspectives with broader corporate priorities, strategic objectives, and enterprise risk considerations. By integrating operational realities with top-down governance and risk oversight, the refreshed materiality assessment provides a more balanced, data-driven, and organisation-wide view of the sustainability topics that are most critical to Air Selangor's long-term performance and stakeholder expectations.

The outcomes of this enhanced materiality process serve as a foundational input into Air Selangor's sustainability strategy, risk integration, stakeholder engagement priorities, and evolving disclosure practices. Importantly, the integration of ERM insights into the materiality process strengthens the linkage between sustainability considerations and core business risks, enabling more informed decision-making across planning, investment, and operational activities. This ensures that sustainability is not treated as a standalone agenda, but is embedded within the organisation's overall governance, risk management, and strategic framework.

Looking ahead, the refreshed materiality assessment positions Air Selangor to progressively advance towards the application of double materiality principles. By combining stakeholder perspectives, operational insights, and enterprise risk considerations, the current process establishes a strong initial foundation for assessing both impact materiality (how the organisation affects the environment and society) and financial materiality (how sustainability issues impact business performance). Moving forward, Air Selangor is committed to further enhancing its methodologies, including the introduction of more quantitative assessment techniques, expanded stakeholder engagement, and deeper integration with climate and sustainability-related risk frameworks. This progression will support alignment with evolving global reporting standards and regulatory expectations, while strengthening the quality, transparency, and decision-usefulness of Air Selangor's sustainability disclosures over time.

MATERIALITY ASSESSMENT APPROACH

Our 2025 materiality assessment was conducted through a phased approach, beginning with regional-level engagement and concluding with enterprise-wide validation.

1. **Identification**
   Materiality Matters Roadshows were conducted across all regions between May and September 2025 to gather operational insights on key sustainability issues. These sessions enabled regional teams to share their perspectives based on day-to-day operational realities, stakeholder expectations and emerging sustainability concerns. The findings were then consolidated into a cross-region materiality matrix for further analysis.

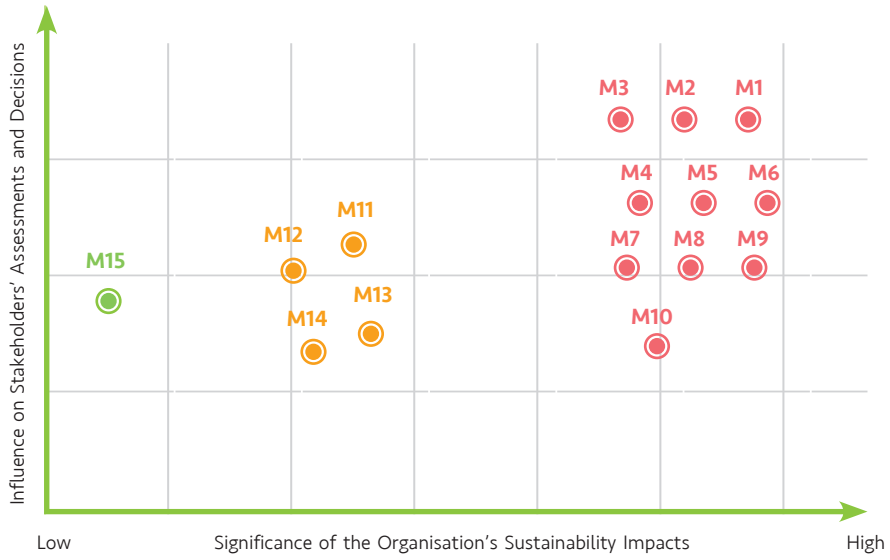
2. **Prioritisation**
   The regional workshops identified several recurring themes across Air Selangor's operations. Governance, NRW, water supply and water reserve margin were consistently prioritised across regions due to their direct link to service reliability, regulatory compliance and stakeholder trust. Other topics such as financial sustainability, energy, environmental compliance and procurement were identified as important medium-priority matters, while health and safety and environmental management emerged as growing areas of focus.

3. **Validation and Strategic Alignment**
   A HQ workshop was conducted to compare the regional findings against Air Selangor's existing materiality matrix. In addition, a second round of validation was conducted during the ERM Workshop on 27 January 2026. By integrating the materiality assessment with ERM considerations, Air Selangor strengthened the link between sustainability priorities, business continuity and long-term value creation.

Materiality Approach

MATERIALITY OUTCOMES AND MATRIX

The 2025 materiality assessment reaffirmed that Air Selangor's most significant sustainability matters are closely linked to water security, operational efficiency, customer trust, governance, employee wellbeing and financial resilience. Nonetheless, compared to the 2024 materiality matrix, several shifts were observed in 2025.



Material Matters

HIGH
1. Water Supply and Quality
2. Customer Service Excellence
3. Optimising Operations and Reducing NRW
4. Financial Sustainability
5. Tariff and Pricing
6. Water Reserve Margin
7. Governance, Integrity & Compliance
8. Health & Safety
9. Water Conservation
10. Cybersecurity

HIGH-MEDIUM TO MEDIUM-MEDIUM
11. Employee Engagement and Development
12. Supply Chain Management
13. Business Innovation and Digitalisation
14. Environmental Management & Net Zero Energy

MEDIUM-LOW
15. Community Engagement and Investment

Key changes compared to the 2024 materiality matrix include:

- **Optimising Operations and Reducing NRW** moved **higher in priority**, reflecting its stronger link to operational efficiency, water security and service reliability.
- **Governance and Integrity** has been **elevated and expanded into Governance, Integrity & Compliance**, reflecting stronger alignment with regulatory expectations and enterprise risk considerations.
- **Environmental Compliance** no longer appears as a standalone matter in the preliminary 2025 matrix and **has been incorporated under the broader Governance, Integrity & Compliance matter**.
- **Water Conservation shifted from high priority** in 2024 **to medium priority** in 2025.
- **Tariff and Pricing** moved **lower on the matrix**, indicating that it is currently viewed as less material compared to core operational and service delivery matters.
- **Business Innovation and Digitalisation** moved **from low to medium priority**, highlighting its growing role in supporting operational improvements and service transformation.

Materiality Approach

The highest-priority matters identified through the 2025 assessment include:

- Water Supply and Quality
- Optimising Operations and Reducing NRW
- Customer Service Excellence
- Water Reserve Margin
- Financial Sustainability
- Governance, Integrity & Compliance
- Health & Safety

These matters are central to Air Selangor's ability to deliver safe, reliable and sustainable water services while maintaining stakeholder confidence and operational resilience.

Other material matters include Water Conservation, Employee Engagement and Development, Business Innovation and Digitalisation, Supply Chain Management, Environmental Management & Net Zero Energy, Tariff and Pricing, and Community Engagement and Investment. While these matters vary in their relative positioning on the matrix, they remain important to Air Selangor's broader sustainability agenda and support the organisation's ability to respond to evolving stakeholder expectations, regulatory developments and environmental challenges.

Air Selangor will continue to monitor and review its material matters to ensure that its sustainability priorities remain relevant, responsive and aligned with stakeholder expectations, regulatory requirements and enterprise risk considerations. By embedding materiality into strategy, risk management and disclosures, we aim to ensure that sustainability remains a practical and decision-ready input for strengthening operational performance and creating long-term value.



Materiality Approach

OUR MATERIAL MATTERS

Environmental Stewardship

Optimising Operations and Reducing NRW

Improving operational efficiency by reducing NRW, managing physical and commercial water losses, enhancing leak detection, replacing ageing pipes and meters, and strengthening asset and network performance.

Refer to pages 67–68 and 71 in Section: Enhancing Water Resource Security and Demand Management.

Water Reserve Margin

Maintaining adequate treated water reserve margin to support supply reliability, meet current and future demand, strengthen system resilience, and guide long-term planning for water treatment capacity, distribution infrastructure, and demand management across our Distribution Area.

Refer to pages 69-71 in Section: Water Reserve Margin.

Environmental Management & Net Zero Energy

Managing environmental impact through climate governance, GHG emissions management, energy efficiency, renewable energy adoption, fleet optimisation, waste management, recycling, environmental monitoring, and progress towards Air Selangor's Net Zero 2040 ambition.

Refer to pages 72–83 in Section: Reducing the Impact of Climate Change.

Water Conservation

Promoting responsible water use through behavioural change, public awareness, community engagement, internal water efficiency initiatives, digital usage insights, and demand management efforts that support long-term water resource sustainability.

Refer to pages 80-82 in Section: Water Conservation.

Social Responsibility

Water Supply and Quality

Ensuring the continuous delivery of safe, reliable, and high-quality treated water through resilient supply planning, robust treatment processes, comprehensive water quality monitoring, accredited laboratory testing, and proactive maintenance of distribution assets.

Refer to pages 87–90 in Section: Water Supply and Quality.

Customer Service Excellence

Strengthening customer trust and satisfaction by improving service responsiveness, communication channels, complaint resolution, digital service accessibility, and engagement with customers across our Distribution Area.

Refer to pages 91–93 in Section: Delivering Customer Service Excellence.

Health & Safety

Protecting employees, contractors, and stakeholders by embedding robust occupational health and safety management, risk assessments, training, audits, emergency preparedness, and a proactive safety culture across the organisation.

Refer to pages 95–99 in Section: Health & Safety.

Employee Engagement and Development

Building a capable, motivated, and future-ready workforce through employee engagement, training and development, leadership programmes, benefits, parental support, inclusion, and initiatives that strengthen employee wellbeing and performance.

Refer to pages 100–108 in Section: Employee Engagement and Development.

Community Engagement and Investment

Supporting communities through strategic social investment, volunteerism, education initiatives, assistance for underserved groups, festive and welfare programmes, and targeted support that strengthens public trust and community resilience.

Refer to pages 109-113 in Section: Giving Back to the Community.

Materiality Approach

Governance and Accountability

Governance, Integrity & Compliance

Embedding ethical conduct, integrity, regulatory compliance, anti-corruption controls, corruption risk assessment (CRA), anti-bribery management systems (ABMS), whistleblowing channels, and transparent governance practices across Air Selangor's operations.

Refer to pages 117-119 in Section: Ethics and Integrity.

Financial Sustainability

Strengthening long-term financial resilience through disciplined governance, sustainable financing, capital management, strategic investment planning, operational efficiency, NRW reduction, climate resilience, energy transition readiness, and transparent reporting.

Refer to page 131 in Section: Financial Sustainability.

Supply Chain Management

Strengthening procurement transparency, supplier accountability, local sourcing, vendor engagement, and responsible supply chain practices to support operational reliability, ethical conduct, cost efficiency, and long-term value creation.

Refer to pages 125-128 in Section: Supply Chain Management.

Cybersecurity

Protecting critical water infrastructure, operational systems, and customer data through strong IT governance, cybersecurity risk management, secure access controls, data protection measures, incident readiness, and continuous system monitoring.

Refer to pages 124-125 in Section: Cybersecurity.

Tariff and Pricing

Balancing affordability, service reliability, and long-term reinvestment needs through responsible tariff and pricing considerations that support infrastructure renewal, operational resilience, financial sustainability, and continued delivery of essential water services.

Refer to pages 132-136 in Section: Tariff and Pricing.

Business Innovation and Digitalisation

Advancing digital transformation to improve customer experience, operational efficiency, service automation, paperless transactions, data-driven decision-making, water usage visibility, and customer participation in more sustainable water practices.

Refer to pages 137-139 in Section: Leveraging Digitalisation to Support a Circular Economy.

OUR IMPACT ON SDGs

In response to the accelerating global imperative for climate action and responsible business practices, Air Selangor has strengthened its commitment to sustainability by embedding ESG principles into the core of its strategy and operations. Our approach is closely aligned with the United Nations SDGs, ensuring that our business delivers long-term value while addressing critical environmental and societal challenges.

Building on our initial alignment with 10 SDGs, Air Selangor expanded its commitment to 12 SDGs in 2025 with the inclusion of SDG 11: Sustainable Cities and Communities and SDG 17: Partnerships for the Goals. This expansion reflects the evolving role of water utilities in shaping resilient, inclusive, and sustainable urban ecosystems.



As the primary water services provider in Selangor, Kuala Lumpur, and Putrajaya, Air Selangor plays a pivotal role in supporting urban sustainability. The inclusion of SDG 11 underscores our responsibility in ensuring reliable, safe and efficient water supply systems that underpin liveable cities, climate resilience, and public health. Our investments in infrastructure modernisation, reduction of NRW, and enhancement of service delivery directly contribute to building sustainable communities.

At the same time, the addition of SDG 17 recognises that achieving sustainability outcomes requires strong collaboration. Water security, climate adaptation, and resource efficiency are complex challenges that extend beyond organisational boundaries. Air Selangor actively engages with regulators, government agencies, industry partners, communities and international platforms to drive collective action, share best practices, and scale impact.

Through this expanded SDG alignment, Air Selangor reinforces its commitment to being a purpose-driven utility – one that not only delivers essential water services but also contributes meaningfully to sustainable development, environmental stewardship, and inclusive growth.

Stakeholder Engagement

Meaningful stakeholder engagement is central to how Air Selangor understands expectations, responds to emerging concerns and strengthens the delivery of reliable, high-quality water services. Through structured and ongoing engagements with relevant stakeholders, we gather insights across key sustainability matters. These engagements support targeted actions, stronger service delivery, greater transparency, and lasting stakeholder relationships.

	Stakeholder Engagement Channels	Key Topics and Concerns	Linkage to Material Sustainability Matter	Our Response
Customers	• Service counters • Open counters • Helpline • Social media • Mobile application • Air Selangor's website • Media • Reports • Campaigns • Complaint investigation.	• Customer service • Feedback on products or services.	• Water Supply and Quality • Customer Service Excellence.	• Face-to-face assistance and interactions • Help Centre assistance and complaint resolution • Mobile application information, announcement and helpline • Website notification • Social media postings, information sharing and announcements • Press releases • Press conferences • Reports • Consumer and action-oriented campaigns.
	Frequency of Engagement: Continuous/Ongoing | Regular			
Regulators	• Meetings • Events • Workshops • Site visits • Enforcement activities • Air Selangor's website • Media • Reports • Campaigns • Complaint investigation.	• Compliance • Innovation in financial services • Contributing to economic recovery and strengthening resilience.	• Governance, Integrity & Compliance • Cybersecurity • Tariff and Pricing • Environmental Management & Net Zero Energy • Water Conservation.	• Participation and sharing of insights during meetings, workshops, forums and special agenda sessions • Conducting study and site visits to other water operators and industries • Policy advocacy to bring forward new guidelines and directives for the water industry • Collaboration and partnerships for events and activities.
	Frequency of Engagement: Monthly | Quarterly | Periodically | As and When Required			
Employees	• Employee engagement survey • Trainings and engagement events • Internal newsletters and bulletins • Performance reviews • Total Asset Management System (TAMS) • Manual and procedures • Management walkabout and leadership listening tour • HSE Week.	• Culture, diversity and inclusion • Health, safety and wellbeing • Employee grievances • Training, professional and career development.	• Health & Safety • Employee Engagement and Development.	• Onboarding programme • Physical, e-learning and online training programmes • Employee engagement and social programmes and activities • Physical and online meetings, internal discussion, Teams communication, emails, website and portal information sharing • Employee annual surveys • Performance evaluation and feedback • Workshops, roadshows, teambuilding.
	Frequency of Engagement: Continuous/Ongoing | Regular			
Developers	• Service counters • Open counters • Helpline • Social media • Mobile application • Air Selangor's website • Media • Reports • Campaigns • Complaint investigation.	• Customer service • Feedback on products or services.	• Water Supply and Quality • Customer Service Excellence.	• Face-to-face assistance and interactions • Help Centre assistance and complaint resolution • Mobile application information, announcement and helpline • Website notification • Social media postings, information sharing and announcements • Press releases • Press conferences • Reports • Consumer and action-oriented campaigns.
	Frequency of Engagement: Continuous/Ongoing | Regular | Annually			

Stakeholder Engagements

Stakeholder Engagement Channels	Key Topics and Concerns	Linkage to Material Sustainability Matter	Our Response
Vendors, Suppliers and Contractors			
• Vendor engagements • Vendor performance reviews/meetings • Vendor surveys • Air Selangor's website • TAMS' Supplier Portal • Tender Air Selangor Telegram channel • Code of business ethics for business associates.	• Efficient and responsible procurement processes • Transparency in procurement processes.	• Governance, Integrity & Compliance • Supply Chain Management.	• Meetings and briefings to discuss projects and updates • System upgrading and introduction of new features or systems • Specific planned and periodical engagement programmes and events • Continuous governance review and enhancement • Review and development of existing and new Standard Operating Procedures (SOPs).
Frequency of Engagement: Continuous/Ongoing | Regular | Annually			
Local Communities and NGOs			
• Meetings • Engagement sessions, community events and Corporate Social Responsibility (CSR) campaigns.	• Community support, aid and assistance • Volunteering • Social welfare • Education.	• Community Engagement and Investment	• Regular and planned engagement sessions • Community events, CSR campaigns, competitions and activities • Aid and assistance programmes • Volunteering initiatives • Social welfare support • Education and awareness initiatives and programmes • Strategic community investment • Sustainable engagement programmes.
Frequency of Engagement: Continuous/Ongoing | Regular | As and When Required			
Government, Industry and Academia			
• Community programmes/ events • Sidang Dewan Undangan Negeri (DUN) • Briefings and engagement sessions • Town halls • Research collaborations • Sharing industry experience.	• Business opportunity • Business strategy • Contributing to economic recovery and strengthening resilience.	• Community Engagement and Investment • Governance, Integrity & Compliance • Cybersecurity.	• Policy and legislative engagements • Regular meetings, briefings and town halls • Strategic collaborations • Sharing sessions and industry forums • New business models and opportunities • Supporting economic recovery • Engagement and investment programmes • Research and development.
Frequency of Engagement: Periodically | As and When Required			
Media			
• Press conferences • Events • Air Selangor's website • Engagement sessions.	• Business strategies • Financial performance • ESG performance • Conduct and culture • Community support	• Community Engagement and Investment • Governance, Integrity & Compliance • Cybersecurity • Business Innovation and Digitalisation.	• Timely press conferences and media briefings • Annual strategic communication plan • Proactive engagement sessions • Annual surveys • Roundtable discussions and feedback sessions • Sharing of company's highlights in terms of financial, community investment, sustainability, and technology or innovation advancement.
Frequency of Engagement: Continuous/Ongoing | Periodically | As and When Required			

Notes:
Frequency of Engagement and Definitions

- *Continuous/Ongoing – Engagement conducted continuously through operational channels and ongoing interactions*
- *Monthly – Engagement conducted at least once every month*
- *Quarterly – Engagement conducted at least once every quarter*
- *Biannually – Engagement conducted twice a year*
- *Annually – Engagement conducted once a year*
- *Periodically – Engagement conducted at scheduled intervals based on programme requirements*
- *Regularly – Engagement conducted on a recurring basis without fixed intervals*
- *As and When Required – Engagement conducted based on emerging issues, operational needs, incidents or stakeholder requests*
- *Ad-hoc – Engagement undertaken for specific matters or circumstances*

Mapping of Sustainability Pillars, Material Sustainability Matters, SDGs, and SPIs

Air Selangor's sustainability strategy is anchored in a clear alignment between our Sustainability Pillars, Material Sustainability Matters, the United Nations SDGs and our SPIs. This alignment ensures that our sustainability priorities are directly connected to our long-term business strategy, operational focus areas and broader contribution to sustainable development. By linking each pillar to material matters and measurable strategic initiatives, we are able to drive meaningful action across economic performance, environmental stewardship, social responsibility, and governance and accountability.

Sustainability Pillars	Material Sustainability Matters	Linkage to SDGs	Relevant SPIs
Environmental Stewardship			
Enhancing Water Resource Security and Demand Management	• Optimising Operations and Reducing NRW • Water Reserve Margin.		SPI 1
Reducing the Impact of Climate Change	• Environmental Management and Net Zero Energy • Water Conservation.		SPI 1 SPI 5 SPI 7
Social Responsibility			
Delivering Customer Service Excellence	• Water Supply and Quality • Customer Service Excellence.		SPI 1 SPI 4
Prioritising Employee Health, Safety, Competency and Diversity	• Health and Safety • Employee Engagement and Development.		SPI 6
Giving Back to the Community	• Community Engagement and Investment.		SPI 1 SPI 4
Governance and Accountability			
Strengthening Governance and Increasing Transparency	• Governance, Integrity & Compliance • Financial Sustainability • Supply Chain Management • Cybersecurity • Tariff and Pricing.		SPI 6
Leveraging Digitalisation to Support a Circular Economy	• Business Innovation and Digitalisation.		SPI 2 SPI 3

Risks and Opportunities

Risk Category & Description	Key Threats	Mitigation Measures	Potential Opportunities	Material Sustainability Matters
Climate Risk				
Strategic risk from climate-related impacts on water resources, infrastructure, operations and long-term supply security. *For more information on climate resilience and adaptation, refer to **Chapter 5**.*	• Drought • Extreme rainfall and flooding • Infrastructure damage • Water resource contamination • Community and public health impacts.	• Climate Change Policy or Framework • Climate governance and internal capability building • Climate adaptation planning • External partnerships and funding support • Water grid and raw water resilience planning.	• Stronger asset resilience • Improved climate data and forecasting • Access to sustainable financing • Enhanced stakeholder confidence.	• Environmental Management & Net Zero Energy • Water Supply and Quality • Water Conservation.
Risk of Delay in Completion of Rasau Project				
Projects and contracts risk relating to delays in the Rasau Water Supply Scheme, which is critical to future water supply resilience and reserve margin. *For more information on water supply infrastructure and the Rasau Water Supply Scheme, refer to **Chapter 5.***	• Contractor extension of time applications • Delay in achieving revised completion timelines • Lower reserve margin in Klang • Low water pressure, water disruption and customer complaints • Additional care and custody cost • Additional costs for source works and distribution intervention plans.	• Execute comprehensive Project Risk Assessment for Rasau Stage 2 • Ensure adequate remediation work for bund failure • Implement Rasau intervention plan for distribution and water grid • Pursue source works intervention to secure minimum raw water availability by October 2026 • Complete water grid interconnectivity from other WTPs.	• Higher reserve margin upon completion • Sukuk project financing • Improved stakeholder confidence • Enhanced technical capability through a plant equipped with redundancy, automation and advanced treatment.	• Water Reserve Margin • Supply Chain Management • Financial Sustainability.
Inconsistency in Tariff Increase				
Financial risk arising from tariff structures that remain insufficient to fully recover Air Selangor's operating expenditure, lease payments and finance costs. *For more information on our tariff setting, refer to **Chapter 7.***	• Inability to fully recover operational, lease payment and finance costs • Delayed tariff adjustments for domestic and special categories • Continued pressure on full cost recovery despite revenue growth in 2024 • Inability to carry out planned asset replacement and water supply infrastructure upgrades • Revision of business plans and budgets • Delay or inability to achieve company milestones.	• Secure Ministry of Energy Transition and Water Transformation (PETRA) approval via SPAN for Tariff Setting Mechanism (TSM) implementation in the Second Operating Period (OP2) • Execute action items required to implement tariff increase under OP2 • Obtain approval from Air Selangor's Board of Directors for the proposed tariff increase • Obtain approval from the State Government • Facilitate public consultation sessions with key stakeholders • Prepare billing and system updates for TSM implementation • Communicate tariff implementation requirements to stakeholders in a timely manner.	• Operational efficiency and cost optimisation • Strengthened stakeholder engagement • Innovation in funding and revenue streams • Positive sustainability and ESG positioning.	• Tariff and Pricing • Customer Service Excellence.

Risks and Opportunities

Risk Category & Description	Key Threats	Mitigation Measures	Potential Opportunities	Material Sustainability Matters
Financial Sustainability				
Financial risk relating to Air Selangor's ability to maintain long-term financial stability, fund infrastructure needs and reduce reliance on external borrowing. *For more information on financial performance and long-term value creation, refer to* ***Chapter 7.***	• Incomplete cost recovery • Pressure on CAPEX and operating expenditure (OPEX) • Inability to fund future infrastructure maintenance, upgrades and development • Revisions to business plans and budgets • Delay in achieving company milestones.	• Submit the Regulatory Business Plan for the Third Operating Period (OP3) to SPAN, including proposed timeline and rates for tariff revision • Coordinate with Operating Departments to reduce or minimise operating costs and CAPEX while maintaining service quality • Conduct periodic reviews, analysis and corrective planning to monitor progress and alignment with initiatives.	• Stronger case for evidence-based tariff reforms and differentiated tariffs • Improved eligibility for green bonds, blue bonds, sustainability-linked loans, blended finance and multilateral funding • Acceleration of investments in NRW reduction, energy efficiency and automation.	• Financial Sustainability • Business Innovation and Digitalisation.
Risk of Raw Water Pollution				
Strategic risk relating to contamination of raw water sources and the potential disruption of treatment operations. *For more information on raw water quality and watershed management, refer to* ***Chapter 5****.*	• Chemical, toxin, microorganism or pollutant contamination in raw water • WTP shutdowns • Water disruption, particularly for smaller WTPs • Higher treatment costs • Revenue loss • Dependence on timely mitigation through SJAM, Off-River Storage (ORS) and other source protection measures.	• Maintain strategic partnerships and engagements through Ops Sumber Air 2.0, Pahang Selangor WT WhatsApp Group, State river basin and emergency pollution committees • Provide input to State and Federal studies including IRBM, National Water Balance System (NAWABS) and Environmental Impact Assessment (EIA) • Continue the second proof of concept and implement odour detection solutions under the Watershed Management Programme • Explore raw water grid interconnectivity plans and alternative raw water resources for critical WTPs.	• Treatment technology upgrades • Stronger monitoring and early warning systems • Improved inter-agency collaboration • Greater resilience of raw water source management.	• Water Supply and Quality • Governance, Integrity & Compliance.

Risks and Opportunities

Risk Category & Description	Key Threats	Mitigation Measures	Potential Opportunities	Material Sustainability Matters
Sustainable NRW Reduction				
Strategy risk relating to the long-term ability to sustain NRW reduction across the water supply system. *For more information on NRW management, refer to* ***Chapter 5.***	• Failure to meet SPAN NRW targets • Reduced access to NRW matching grants • Loss of revenue and billed consumption volume • Reduced effectiveness of CAPEX programmes linked to NRW reduction.	• Assess feasibility of outsourcing leak detection and engaging qualified vendors • Review the Customer Care and Billing (CCB) Blueprint and Customer Care System (CCS) Blueprint • Conduct cost-benefit analysis on whether to transition to smart meters or invest in higher-quality mechanical meters, subject to Board decision.	• Reduced financial burden through matching grant support • Improved water efficiency and supply reliability • Increased available treated water without new plant construction • Broader asset and network improvement initiatives • Stronger internal capability and innovation • Improved customer participation in leak reporting.	• Optimising Operations and Reducing NRW • Water Conservation.
Talent Succession Risk				
Strategy risk arising from insufficient succession planning and retention of critical talent for leadership and technical roles. *For more information on talent development and succession planning, refer to* ***Chapter 6***.	• Leadership gaps • Loss of institutional knowledge and technical expertise • Disruption to operations and service quality • Reduced organisational resilience • Higher attrition risk and lower employee morale.	• Establish a framework or blueprint to expand succession planning beyond HODs and HOS to selected critical positions • Develop line managers in managing talent and successors • Roll out flexible work arrangement guidelines • Design Individual Development Plans for high-potential employees • Review the organisation structure and develop a new organisation chart, subject to OEx.	• Stronger workforce planning • Shift from replacement planning to strategic talent development • Better capture of critical knowledge • Improved retention • Stronger organisational resilience.	• Employee Engagement and Development • Health & Safety.
Cybersecurity Risk				
Technology risk arising from higher exposure to cyber threats as Air Selangor increases digitalisation and automation across critical infrastructure. *For more information on cybersecurity and data protection, refer to* ***Chapter 7***.	• Ransomware, phishing, eavesdropping, denial-of-service and hacking attacks • Interruption of essential services • Operational downtime • Potential loss of control over water assets • Leakage of confidential information • Regulatory scrutiny or non-compliance under Malaysia Cybersecurity Act 854 • Financial exposure from recovery, investigations and remediation.	• Perform annual risk assessment and submit the report to SPAN • Conduct cyber drills, including ransomware and data breach response exercises • Run awareness sessions on the Cybersecurity Act 2024 and cyber incidents • Conduct Vulnerability Assessment and Penetration Testing (VAPT) • Complete earmarked cybersecurity recommendations for 2025.	• Stronger enterprise resilience and long-term cybersecurity readiness • Improved identity and access governance • Enhanced cyber visibility and predictability through unified monitoring • Positioning Air Selangor as a secure and trusted digital utility.	• Cybersecurity.

Risks and Opportunities

Risk Category & Description	Key Threats	Mitigation Measures	Potential Opportunities	Material Sustainability Matters
Technology and Digitalisation Risk				
Technology risk relating to CMI, CCS integration stability, data quality and digital project execution. *For more information on digitalisation and technology transformation, refer to* ***Chapter 7.***	• CCS and CMI integration issues • Unreliable access to customer and billing information • System instability across Microsoft-related issues, source systems, developer mode, machine learning and vendor interfaces • Reduced ability to scale operations • Slower realisation of digital efficiencies • Ageing technologies • Higher long-term transformation costs due to fragmentation or rework.	• Identify key customer-related issues and close outstanding tickets • Strengthen Digital Transformation Advisory Committee (DTAC) responsibilities to improve alignment, collaboration, direction-setting and monitoring of Digital and IT projects • Enhance internal SOPs and system quality • Conduct ongoing customer data cleansing to improve customer data quality • Increase Project Management Office (PMO) manpower to support current and future issues.	• Stronger operational performance and service delivery through modern systems • Better data-driven insights and automation • Improved long-term agility and scalability • Stronger positioning within the utility sector.	• Business Innovation and Digitalisation • Cybersecurity.
Risk of Project Delay				
Projects and contracts risk relating to delays in PCW CAPEX projects, including pipe replacement and refurbishment or rehabilitation of critical infrastructure. *For more information on infrastructure delivery and project management, refer to* ***Chapter 5****.*	• "Project Sakit" delays • Delay in pipe replacement and critical infrastructure works • Lower operational efficiency • Delay in commencement of other projects due to resource constraints • Project cost overruns • Contractor claims • Unforeseen contractual and litigation exposure.	• Establish project risk assessment for CAPEX projects of RM10 million and above • Obtain NRW hot-spot listings for one- to two-year planning • Strengthen standard operating procedures (SOPs) for project monitoring • Develop succession planning for project-related technical roles • Review controls for non-performing contractors and consultants • Enhance pre-qualification and selection criteria assessments.	• Permit-readiness framework to reduce lifecycle delays • Stronger strategic sourcing and bulk procurement • Improved internal cost intelligence and market sensing • Better capital planning accuracy • Risk-based vendor segmentation and pre-qualification.	• Supply Chain Management • Financial Sustainability.
Low Reserve Margin Risk				
Strategic risk relating to Air Selangor's ability to maintain adequate capacity reserve margin amid rising water demand, growth and climate pressures. *For more information on water security and supply resilience, refer to* ***Chapter 5.***	• Imbalanced reserve margin across regions • Water shortages during major disruptions • Longer recovery periods after Water Treatment Plant (WTP) shutdowns or major pipe bursts • Low pressure in high ground and tail-end areas • Inability to activate Water Grid Interconnectivity • Higher CAPEX if demand is not managed effectively.	• Construct Sg. Rasau WTP Stage 1 • Complete new water supply schemes including Rasau Stage 2, Labohan Dagang Phase 2 and Langat 2 Phase 2 • Manage emerging data centre demand based on projected reserve margin • Develop water grid interconnectivity for critical demand areas and WTPs • Explore raw water grid interconnectivity and alternative raw water resources • Decentralise raw water resources under the Resilient Water Supply for Future Water Security plan.	• Behavioural change and water conservation programmes • Re-optimised project scope and sequencing using latest demand projections, climate resilience features and modular designs • Asset condition data to prioritise high-risk plant upgrades • Better CAPEX allocation • Water efficiency requirements and demand controls in planning approvals and developer agreements • Greater adoption of alternative water sources.	• Water Reserve Margin • Community Engagement and Investment • Customer Service Excellence.



ENVIRONMENTAL STEWARDSHIP

62 Enhancing Water Resource Security and Demand Management

72 Reducing the Impact of Climate Change



ENHANCING WATER RESOURCE SECURITY AND DEMAND MANAGEMENT



Why It Matters to Us

Water security is becoming increasingly complex for water utilities as urbanisation, population growth, climate variability, and changing consumption patterns place greater pressure on finite raw water resources. Air Selangor recognises that long-term water resilience cannot depend solely on expanding supply, particularly as infrastructure development becomes more capital-intensive and environmental pressures continue to evolve. By using existing resources more efficiently, reducing avoidable losses, and encouraging more responsible consumption, we can strengthen water security while supporting a more resilient and sustainable water system.

Our Approach

Air Selangor's Demand Management Strategy is a cornerstone of our approach to enhancing water resource security, ensuring that future water needs are met not only through supply expansion, but through optimising consumption, improving system efficiency and advancing sustainable solutions. As water demand continues to rise due to urbanisation, population growth and climate variability, managing demand has become critical to maintaining long-term system resilience.

Traditionally, water security has been addressed through the development of new infrastructure and treatment capacity. However, Air Selangor is progressively shifting towards a more balanced and sustainable model, where demand optimisation complements supply-side investments. This approach reduces reliance on capital-intensive infrastructure while improving the efficiency of existing assets.

Enhancing Water Resource Security and Demand Management

STRATEGIC FRAMEWORK FOR DEMAND MANAGEMENT

Our strategy focuses on reducing per capita consumption, minimising wastage, and maximising resource efficiency, thereby lowering pressure on raw water sources, treatment systems and energy usage. A key component of our demand management approach is the integration of alternative water sources, including reclaimed and recycled water. These solutions reduce dependency on conventional raw water sources and provide a more climate-resilient supply for non-potable uses, particularly in industrial and commercial sectors.

By promoting water reuse and advancing centralised reclamation initiatives, Air Selangor is moving towards a more circular water economy, where water resources are optimised and reused rather than continuously extracted. This is critical in ensuring that supply remains sustainable amid increasing climate risks and finite natural resources.

Air Selangor's Demand Management Strategy is guided by a comprehensive framework built on six key pillars:

Behavioural Engagement	We drive responsible water consumption through targeted awareness programmes, education campaigns and community engagement initiatives led by our Water Conservation Unit (WCU). These efforts are designed to influence long-term behavioural change across residential, commercial and institutional users.
Innovation and Technology	We leverage digital solutions, data intelligence and customer-facing platforms such as the Air Selangor Super App to empower consumers with insights into their water usage. Advanced monitoring and analytics also support more efficient system operations and demand forecasting.
Strategic Partnerships and Collaboration	Collaboration is central to scaling impact. Air Selangor works closely with regulators, industry partners and technology providers to co-develop solutions that enhance water efficiency and resilience. A key example is our collaboration with AWS, which supports the development of data-driven capabilities and digital infrastructure to improve system visibility, optimise demand-supply balancing and enhance predictive analytics. These capabilities enable more proactive management of water distribution, reducing inefficiencies and improving responsiveness to demand fluctuations.
Policy Reforms	We actively engage with SPAN to support regulatory enhancements that promote efficient water use, including tariff restructuring, water efficiency guidelines and national conservation campaigns. These efforts are aligned with achieving the long-term target of 180 litres per capita per day (LCD) by 2030.
Sustainable Financing	Air Selangor continues to leverage sustainable financing mechanisms, including green and blue sukuk, to fund initiatives that improve water efficiency, resilience and environmental outcomes. This enables the scaling of demand management and alternative water solutions in a financially sustainable manner.
Efficiency and Infrastructure Optimisation	We prioritise optimisation of existing infrastructure through initiatives such as NRW reduction, system upgrades and targeted improvements in distribution efficiency. This ensures that current assets are fully utilised before expanding new capacity.

Enhancing Water Resource Security and Demand Management

Delivering Long-Term Outcomes

Ultimately, Air Selangor's Demand Management Strategy reflects a forward-looking approach that balances efficiency, innovation and sustainability, ensuring that water resources are managed responsibly while continuing to meet the needs of a growing population.

Through this integrated strategy, Air Selangor aims to:

01
Reduce per capita water consumption and achieve the 180 LCD target by 2030.

02
Strengthen resilience against droughts, pollution incidents and climate variability.

03
Optimise operational and energy efficiency across the value chain.

04
Defer or minimise the need for large-scale infrastructure investments.

CENTRAL WATER RECLAMATION (CWR)

Reclaimed water remains a strategic opportunity to support industrial water security and reduce pressure on potable water demand over time. As reclaimed water initiatives are still relatively new, their full impact will be assessed progressively as project-level operating data, customer uptake and cost-benefit information mature.

In 2025, Air Selangor accelerated its transition towards a circular water economy through the operationalisation and strategic advancement of Central Water Reclamation Sdn. Bhd. (CWR) – a dedicated platform to produce and distribute reclaimed water for industrial use. This initiative represents a critical step in diversifying non-potable water sources, strengthening long-term water resilience, and supporting high-growth, water-intensive sectors.

CWR supports Air Selangor's broader strategy to reduce reliance on freshwater abstraction, in line with Malaysia's Water Sector Transformation 2040 framework. The initiative enhances water circularity by converting treated effluent into reclaimed water, reducing potable water use for industrial applications and supporting climate resilience amid rising demand from sectors such as data centres.

Integrated Reclaimed Water Supply Ecosystem

During the reporting period, Air Selangor, through CWR, formalised a fully integrated reclaimed water value chain in the Klang Valley – marking a significant milestone in Malaysia's water sector. Collectively, this closed-loop system reflects a circular resource model, transforming wastewater into a valuable and reusable asset. The ecosystem comprises three interconnected components spanning the full value chain of reclaimed water supply.

Upstream Supply:

Treated effluent supplied by IWK

Reclamation and Processing:

Treatment and conversion of effluent into high-quality reclaimed water by CWR through dedicated Water Reclamation Plants (WRPs)

Distribution:

Supply of reclaimed water by Air Selangor to industrial end-users, including manufacturing and data centre operators

Key Developments of CWR in 2025

From 1 January to 31 December 2025, **CWR supplied approximately 1,203 megalitres of reclaimed water**, equivalent to 1.203 million cubic metres, or an average daily supply of approximately 3.30 MLD.

This marks an initial operational milestone in alternative water supply. As operations scale, **reclaimed water is expected to play a larger role in meeting future industrial demand, particularly for data centre developments where demand is projected to exceed 240 MLD**.

Enhancing Water Resource Security and Demand Management

01 Establishment of Strategic Public–Private Partnerships

CWR operates as a joint venture between Air Selangor and IWK, strengthening integration between water supply and wastewater management systems. In 2025, multiple strategic agreements were formalised to operationalise reclaimed water supply across the value chain:

BWSA between Air Selangor and CWR	Reclaimed Water Supply Agreement (RWSA) between Air Selangor and ADS, for its data centre developments in Sungai Besi and Cyberjaya, marking a significant milestone in enabling the use of reclaimed water for data centre operations in the Klang Valley	BTESA between IWK and CWR

These agreements collectively establish the contractual backbone of the reclaimed water ecosystem, reflecting a multi-stakeholder delivery model involving government agencies, utilities, and private sector partners in advancing sustainable infrastructure solutions.

02 Supporting Sustainable Digital Infrastructure

The CWR initiative directly supports the rapid expansion of data centre infrastructure, a sector with significant water demand for cooling systems. By deploying reclaimed water as an alternative, non-potable source, it reduces pressure on treated drinking water supply while enabling more efficient resource utilisation. At the same time, the initiative strengthens Malaysia's position as a regional leader in sustainable data centre operations and contributes to national ambitions under the MADANI Economy and broader digital investment strategy.

03 Advancing Circular Economy and Zero Discharge Ambitions

CWR supports the Selangor State Government's Zero Discharge Policy, encouraging industries to reuse treated wastewater and minimise environmental discharge.

This contributes to:

- Reduced effluent discharge into natural water bodies
- Improved water-use efficiency across industrial sectors
- Enhanced resource recovery from wastewater streams

Air Selangor has identified reclaimed water as a scalable alternative resource, particularly for industrial clusters and non-potable applications.

04 Expansion of Alternative Water Supply Solutions

Beyond the Klang Valley, Air Selangor has expanded its feasibility and development efforts for alternative water supply systems, including water reclamation plants, desalination and hybrid solutions. This includes a collaboration with Central Spectrum (M) Sdn. Bhd. to explore the development of water reclamation and alternative supply infrastructure in Pulau Indah, supported by a joint steering framework established to oversee feasibility, design and implementation. Collectively, these initiatives reinforce long-term water security for industrial zones while supporting sustainable economic development.

Enhancing Water Resource Security and Demand Management

Sustainability Impact

The initiative delivers a range of environmental, economic and social benefits. From an environmental perspective, it reduces the abstraction of freshwater resources, promotes wastewater reuse and circularity, and supports climate adaptation through the diversification of water sources. Economically, it enables the sustainable growth of high-value industries, including data centres and manufacturing, while enhancing infrastructure efficiency and supporting long-term cost resilience. From a social standpoint, it strengthens water security for over 9.6 million consumers by prioritising potable water for domestic use, while also demonstrating responsible stewardship of shared water resources.

Governance, Risk Management and Forward Approach

CWR operates within a multi-stakeholder governance framework that brings together the Federal Government, which sets policy and regulatory direction; the State Government, which aligns implementation with broader planning priorities; utility operators including Air Selangor and IWK; and private-sector partners such as AWS and industrial developers.

This collaborative structure helps to mitigate key risks, including water scarcity and potential supply disruptions, regulatory uncertainty surrounding reclaimed water adoption, and fluctuations in industrial demand.

Air Selangor will continue to scale its reclaimed water initiatives through CWR, focusing on:

- Expanding Water Reclamation Plant (WRP) capacity
- Increasing industrial uptake of reclaimed water
- Supporting policy development to mainstream water reuse
- Strengthening integration of water-energy nexus solutions

WATER GRID CONNECTIVITY AND RAW WATER SECURITY (SJAM)

Air Selangor continues to strengthen system resilience through an integrated approach that enhances water grid connectivity while supporting the State's SJAM to secure raw water availability and quality. Together, these initiatives form a critical backbone of our long-term strategy to ensure reliable, uninterrupted water supply across our Distribution Area in an increasingly climate-constrained environment.

As one of Malaysia's largest water operators, Air Selangor manages an extensive network of treatment plants, reservoirs, pump houses and pipelines. In 2025, we continued to prioritise system interconnectivity and optimisation, enabling greater flexibility to transfer treated water across zones and respond effectively to localised disruptions. This interconnected grid reduces dependency on single-source supply systems, enhances redundancy, and supports a more balanced distribution of water across high-demand areas.

Key strategic projects such as the Rasau Water Supply Scheme remain central to this effort. Designed to diversify supply sources and reduce over-reliance on the Sungai Selangor basin, the Rasau Water Supply Scheme introduces a new raw water source supported by off-river storage, improving supply resilience particularly in Klang and surrounding regions. Beyond infrastructure expansion, Air Selangor continues to leverage digital tools, including real-time monitoring and hydraulic modelling, to enhance operational visibility and optimise system performance across the network.

In parallel, Air Selangor works closely with the Selangor State Government and LUAS to support the implementation of SJAM, a strategic initiative aimed at safeguarding raw water resources against pollution, variability and climate-related risks.

SJAM focuses on strengthening upstream resilience through improved river basin management, off-river storage systems, and raw water diversion infrastructure. These measures enable continuous supply of cleaner raw water to treatment plants, even during contamination incidents or adverse weather conditions. Notably, pilot implementations such as the Sungai Gong initiative have demonstrated positive outcomes in improving water quality through bio-remediation and sediment control, reinforcing the effectiveness of proactive basin management.

Building an Integrated and Resilient Water System

The combination of enhanced grid connectivity and strengthened raw water assurance reflects Air Selangor's transition towards a more integrated, adaptive water system. While connectivity improvements increase flexibility and operational efficiency within the treated water network, SJAM ensures that upstream supply remains secure and reliable.

This dual approach enables Air Selangor to:

- Improve system redundancy and reduce service disruption risks
- Strengthen resilience against droughts, pollution events and climate variability
- Optimise asset utilisation and defer major CAPEX
- Support sustainable water resource management at both source and distribution levels.

By aligning infrastructure development, digital innovation and basin-level collaboration, Air Selangor is positioning its water system to meet future demand with greater reliability, efficiency and environmental stewardship.

Enhancing Water Resource Security and Demand Management

OPTIMISING BUSINESS OPERATIONS

Why It Matters to Us

Our ability to deliver safe, reliable and high-quality water services depends on the resilience and efficiency of our end-to-end operations. As demand continues to grow across Selangor, Kuala Lumpur, and Putrajaya, we must strengthen water supply planning, improve asset reliability, reduce system losses, enhance operational efficiency and ensure that our resources are used responsibly. By optimising our operations, we are better positioned to maintain service continuity, manage costs, support long-term water security and deliver sustainable value to the communities we serve.

Our Approach

Air Selangor has established key operational priorities centred on the following SPIs: Water Forever, Improving Asset Reliability and Resilience, Improving Digital Operational Efficiency, and NRW Reduction. These priorities guide our efforts to meet rising water demand, maintain high water quality, reduce system losses, optimise asset management practices, and strengthen operational excellence across the supply chain.

Operational optimisation is supported by targeted capital allocation, NRW reduction, asset management, water grid connectivity, and digital initiatives. Together, these actions strengthen service continuity while supporting long-term financial resilience and better customer outcomes.

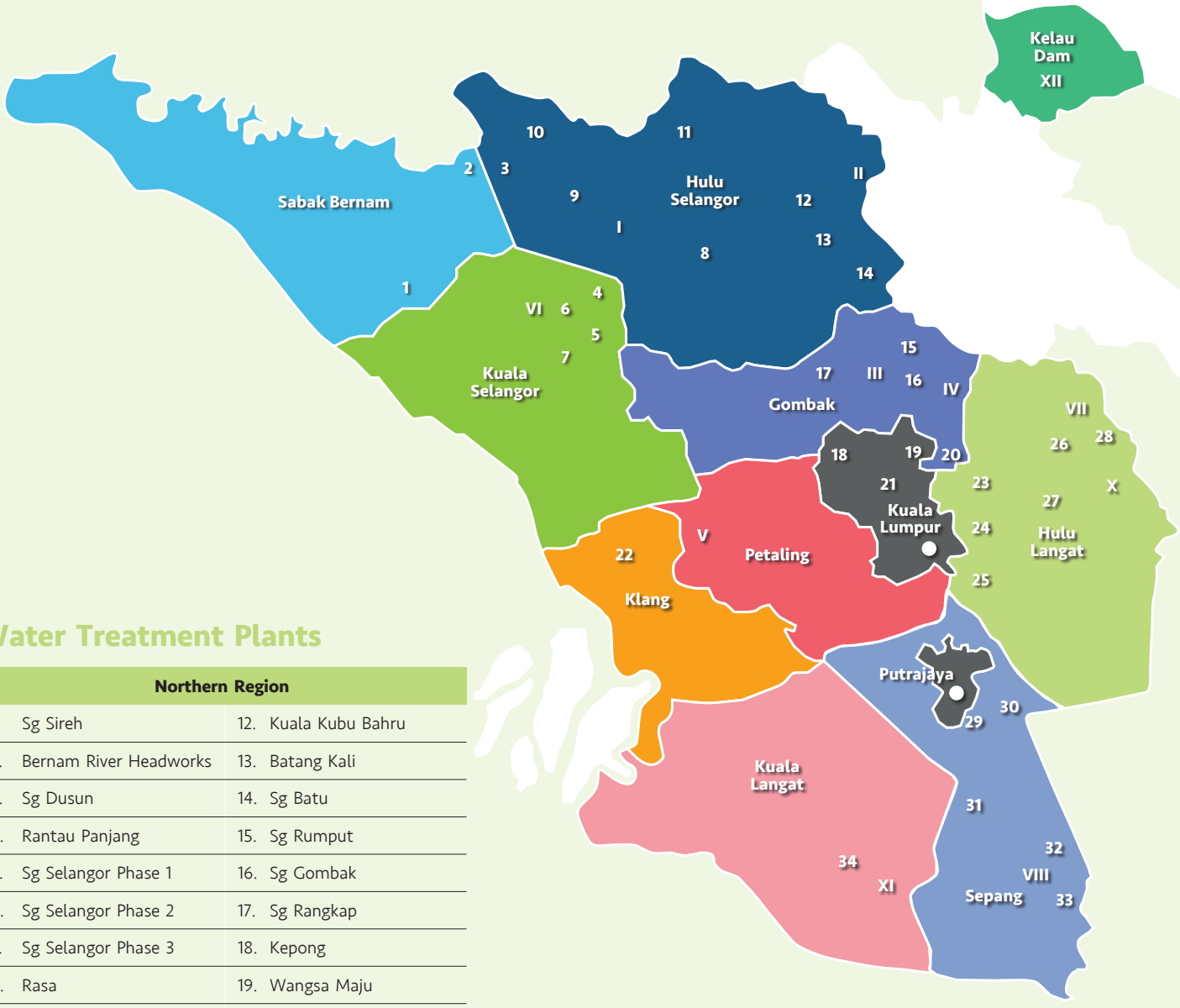


Water Production

Air Selangor, as the sole water operator for our Distribution Area, continues to abstract raw water from dams and rivers in Selangor and Pahang to meet regional water demand. In 2025, the average treated water production was recorded at 5,378 MLD, compared to 5,306 MLD in 2024, reflecting a continued increase in response to evolving consumption patterns and system requirements.

This performance reflects Air Selangor's continued focus on strengthening water supply capacity through infrastructure upgrades, improved operational efficiencies, and strategic resource management. These ongoing efforts remain essential to ensuring a reliable and sustainable water supply to support population growth, urban development, and long-term water security across the service areas.

Enhancing Water Resource Security and Demand Management



Water Treatment Plants

Northern Region	
1. Sg Sireh	12. Kuala Kubu Bahru
2. Bernam River Headworks	13. Batang Kali
3. Sg Dusun	14. Sg Batu
4. Rantau Panjang	15. Sg Rumput
5. Sg Selangor Phase 1	16. Sg Gombak
6. Sg Selangor Phase 2	17. Sg Rangkap
7. Sg Selangor Phase 3	18. Kepong
8. Rasa	19. Wangsa Maju
9. Sg Tengi	20. Ampang Intake
10. Sg Selisek	21. Bukit Nanas
11. Kalumpang	22. North Hummock

Southern Region	
23. Langat 2	29. Sg Semenyih
24. Sg Langat	30. Semenyih 2
25. Cheras Mile 11	31. Bukit Tampoi
26. Sg Lolo	32. Salak Tinggi
27. Sg Serai	33. Sg Labu
28. Sg Pangsoon	34. Labohan Dagang

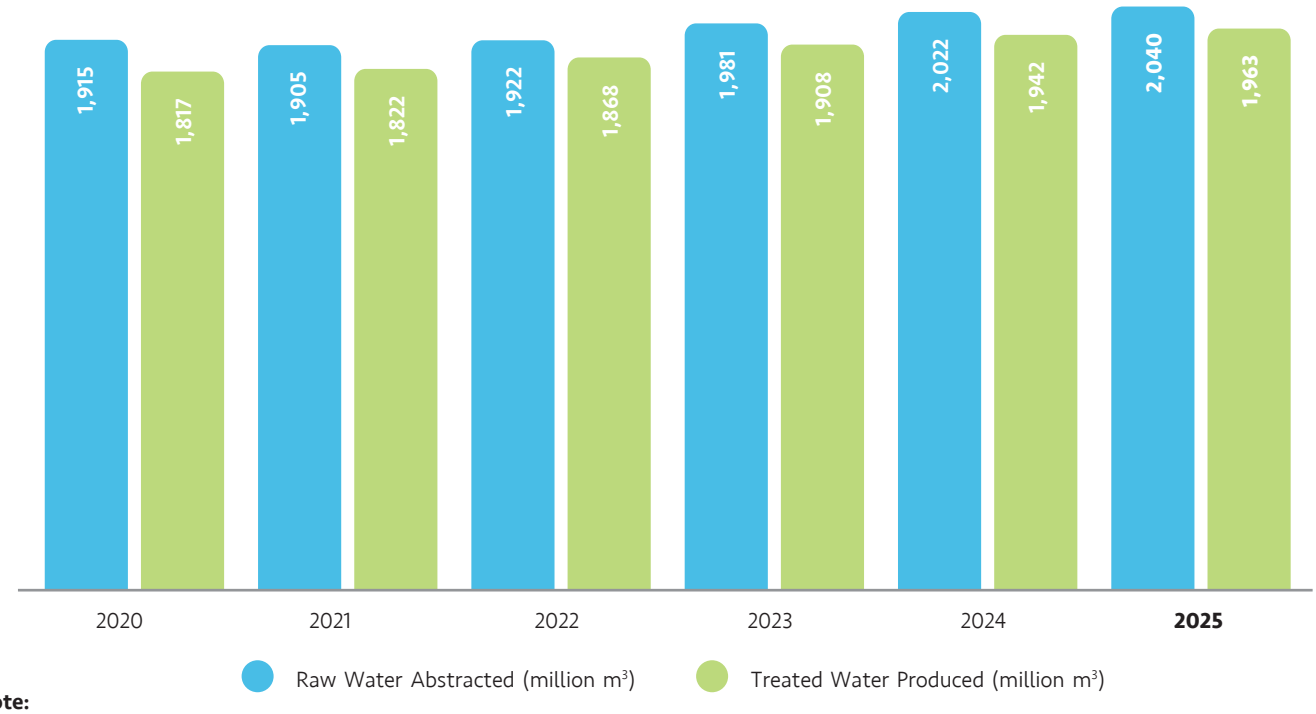
Dams/ORS/HORAS

Northern Region	Southern Region
I. Sg Tinggi	VII. Sg Langat
II. Sg Selangor	VIII. ORS Sg Labu
III. Batu*	IX. ORS Semenyih 2
IV. Klang Gates	X. Semenyih
V. Tasik Subang	XI. ORS Labohan Dagang
VI. HORAS 600	XII. Kelau**

** Batu Dam is under the supervision of the Department of Irrigation and Drainage*
*** Kelau Dam is located in Pahang*

Enhancing Water Resource Security and Demand Management

Volume of Water Abstracted and Produced



Note:

Data from years 2022-2024 have been restated following an internal data validation exercise.

WATER RESERVE MARGIN

Why It Matters to Us

Maintaining a healthy water reserve margin is critical to ensuring long-term water supply resilience across our Distribution Area. The water reserve margin represents the surplus capacity available beyond prevailing demand, serving as a buffer to accommodate unexpected increases in consumption or potential supply disruptions. It is calculated as the difference between the distributable capacity of the water treatment system and actual demand. As demand continues to grow, maintaining adequate reserve capacity enables us to strengthen service reliability, support future development and safeguard water security for the communities we serve.

Our Approach

We manage our water reserve margin by monitoring the balance between distributable treatment capacity and actual demand, while continuing to optimise treatment capacity, improve operational efficiency and advance major supply augmentation projects. Air Selangor continues to manage its water supply infrastructure and capacity planning with the objective of maintaining a water reserve margin of at least 15.0% over the long term, in support of reliable and resilient water services.

In 2025, our water reserve margin was recorded at 17.86%, compared to 18.60% in 2024, reflecting a slight decline in system capacity relative to demand. This performance was influenced by ongoing optimisation of treatment capacity, operational efficiencies and the progressive contribution of major supply projects.

To strengthen future supply resilience, the Rasau Water Supply Scheme 1, scheduled for completion in June 2027, is expected to contribute an additional 700 MLD upon commissioning. In parallel, Rasau Water Supply Scheme 2 remains on track to add a further 700 MLD by 2031. Once completed, these projects are anticipated to significantly strengthen water supply resilience and benefit approximately 1.4 million customer accounts, supporting future demand growth across our service areas.

Enhancing Water Resource Security and Demand Management

Water Supply Disruption

Air Selangor continues to strengthen its preventive maintenance regime and enhance early detection capabilities to minimise water supply disruptions. Ongoing improvements in asset management, monitoring systems, and operational practices have contributed to better reliability across the network. Nevertheless, unforeseen incidents, such as infrastructure failures and third-party pollution, may still result in unplanned interruptions. In such situations, the ERP is promptly activated to mitigate service impacts, ensure swift response coordination, and provide alternative water supply arrangements to affected customers. Continuous efforts are also being undertaken to improve resilience, response time, and overall service continuity.

Incidents	Number of Disruptions				Durations (Hours)				Average No. of Affected Accounts			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
Water Outages Pipe Size > 600mm	67	49	55	**55**	1,366	1,209	1,691	**1,264**	9,449	3,827	5,446	**7,026**
Unscheduled Pump House Breakdown	61	34	21	**22**	557	333	242	**202**	1,906	2,250	1,026	**1,182**
Reservoir Issue	94	87	63	**65**	1,145	1,207	1,003	**861**	1,726	11,636	865	**4,100**
Unscheduled WTP Shutdown	6	3	4	**0**	169	139	176	**0**	219,379	830,890	309,376	**0**
Scheduled Disruption Due to Maintenance and Upgrading Work	1	1	1	**0**	55	72	48	**0**	126,142	291,870	594,614	**0**

Notes:

1. *The data for Unscheduled Pump House Breakdown comprises disruptions caused by mechanical and electrical equipment failures, as reported to SPAN on a monthly basis.*
2. *For Water Outages and Reservoir Issues, while the number of disruptions remained comparable to or only marginally higher than in 2024, the number of affected accounts increased as the disruptions occurred in areas with higher consumer density.*

Pasukan Khas Lembangan dan Alur Air

The Pasukan Khas Lembangan dan Alur Air (PAKAR) was established to monitor the sustainability of raw water resources by identifying any potential pollution threat upstream of WTPs and assisting authorities during raw water pollution investigation.

In 2025, PAKAR conducted river water quality assessments and surveillance at 227 sampling points across six catchment areas, with a total of 308 samples collected monthly. River monitoring stations (RMS) have been installed along selected rivers to track water quality trends and serve as an early warning system for potential pollution incidents. Unmanned aerial vehicles (UAVs) are also deployed during pollution incidents to identify sources of pollution in upstream areas and assess the risk towards WTP operations, while also supporting the profiling of land-use activities that may contribute to water pollution.

A watershed management study initiated in 2022 identified the increasing trend of odour pollution and proposed the use of odour detection instruments as a mitigation solution. A Proof of Concept (POC) with Universiti Malaysia Pahang (UMP) was conducted to assess feasibility, leading to a tender in 2025 for procurement of the instruments.



Enhancing Water Resource Security and Demand Management

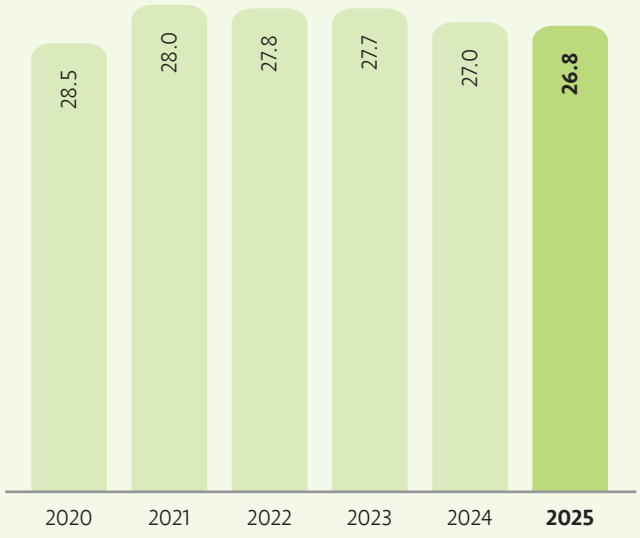
Reducing Non-Revenue Water

Reducing NRW continues to be a strategic priority for Air Selangor to ensure that treated water is efficiently delivered to customers and accurately billed. NRW refers to clean water that has been produced and supplied but is lost somewhere in the water distribution system and is not accounted for. The reasons for water loss vary, ranging from leakages and burst pipes, to unauthorised consumption (theft) and meter inaccuracies. Physical loss is water lost through leakages and burst pipes in the water supply network, while commercial loss is water that is consumed without revenue being collected. This may be due to meter inaccuracies or water theft.

Air Selangor maintains its targets to reduce NRW to 26.3% by 2026 and further to 17.3% by 2050. In 2025, the NRW rate was recorded at 26.8%, compared to 27.0% in 2024, reflecting continued improvement in system efficiency. This performance demonstrates sustained progress towards regulatory targets and long-term NRW reduction objectives.

During the year, we continued to implement a comprehensive suite of NRW reduction initiatives under two main programmes: the Physical Loss Reduction Programme, which focuses on leak detection, pipeline replacement, and pressure management; and the Commercial Loss Reduction Programme, which addresses meter accuracy, illegal connections, and billing efficiency. Together, these initiatives support ongoing improvements in water loss management and operational sustainability.

Average Non-Revenue Water Rate (%)



Note:
Data is presented to one decimal point, as per submission to SPAN.

Asset Management



Effective asset management, timely maintenance, and targeted infrastructure upgrades continue to be critical in ensuring uninterrupted water operations. Guided by SPI 2: Improvement to Asset Reliability and Resilience, Air Selangor maintains a structured approach to strengthening asset performance through comprehensive asset inventory, criticality assessments, and planned maintenance activities.

In 2025, the Company continued to enhance its asset management framework by expanding asset tagging coverage, strengthening preventive and corrective maintenance programmes, and progressing infrastructure upgrade initiatives across key facilities. By December 2025, a total of 32,232 assets had been tagged, representing 26.9% of total assets. During the year, 11 locations comprising selected water treatment plants, dams, regional offices, and HQ departments underwent ISO 55001 internal and/or surveillance audits, supporting continued alignment with asset management best practices.

These ongoing efforts reinforce Air Selangor's commitment to improving asset reliability, operational resilience, and service continuity in support of long-term water security objectives.

REDUCING THE IMPACT OF CLIMATE CHANGE



CLIMATE CHANGE

Why It Matters to Us

Climate change is fundamentally reshaping the operating environment for water utilities, altering the reliability and predictability of the systems upon which water services depend. Shifting rainfall patterns, rising temperatures, extreme weather events, and increasing variability in raw water availability are placing growing pressure on source sustainability, treatment capacity, distribution networks, and overall service continuity. These evolving conditions require water operators to move beyond traditional planning approaches and adopt more adaptive, risk-informed strategies to ensure resilience in the face of uncertainty.

At Air Selangor, climate resilience is intrinsically linked to our core mandate of delivering safe, reliable, and sustainable water services across our Distribution Area. It is therefore not treated as a standalone agenda, but as a critical component embedded within our operational, infrastructure, and strategic planning frameworks. By integrating climate considerations into decision-making across the organisation, Air Selangor is strengthening its ability to safeguard service reliability, protect critical assets, and ensure long-term water security for the communities we serve.

Our Approach

In 2025, we began preparing for climate-related disclosures under the NSRF and IFRS S2, strengthening our approach to climate governance, risk assessment, data readiness, and transparency. Our phased approach reflects current data maturity while building a stronger foundation for decision-useful climate reporting. This includes strengthening climate governance oversight, assessing physical and transition climate-related risks, improving emissions and energy data, and developing our GHG Reduction Roadmap towards Net Zero 2040.

We also continue to advance climate-related initiatives that support adaptation and mitigation, including water conservation, energy performance management, and renewable energy initiatives. These efforts help us manage climate impacts while improving operational resilience and resource efficiency.



Reducing the Impact of Climate Change

Climate Governance

At Board level, oversight of climate-related risks and opportunities is integrated into Air Selangor's existing governance structure through the BRSC. The BRSC supports the Board in overseeing our ERM, sustainability matters, and emerging climate-related risks, providing a formal governance pathway for climate matters to be escalated, reviewed, and monitored.

At management level, climate-related governance is supported through cross-functional coordination between Risk Management, Sustainability, Finance, Strategy, Operations, Planning, Asset Management, Energy and Generation, and other relevant functions. The Climate Change Technical and Working Committees serve as the coordinating platform for this process by consolidating technical and operational inputs, tracking climate-related action plans, and supporting clear ownership across functions.

In 2025, Air Selangor initiated a climate risk assessment to strengthen the governance of climate-related risks across our operations, assets, and water resources. The assessment will provide evidence-based inputs for management and oversight bodies, supporting more informed review of existing controls, risk treatment measures, early warning mechanisms, and response readiness.

As our climate governance matures, we will continue to build internal capabilities, strengthen controls and data ownership, and embed climate considerations into projects, asset acquisitions, financial planning, and operational resilience. These steps reflect our current preparation for IFRS S2 adoption while establishing a stronger governance foundation for future climate-related financial reporting.

For more information on our sustainability and climate governance, please refer to our Sustainability Strategy & Pillars chapter, on the Sustainability Governance section on pages 56-59.

Reducing the Impact of Climate Change

NET ZERO 2040

Strategy

As climate change intensifies water scarcity, extreme weather events, and regulatory expectations, we are systematically strengthening how climate considerations are reflected in planning, asset decisions, project development, and operational controls. Our Net Zero 2040 vision sets the long-term direction for this transition, with an initial focus on the emissions sources where we have the greatest operational influence: Scope 2 emissions from purchased electricity.

To support this ambition, we are developing a GHG Reduction Roadmap that will translate our Net Zero 2040 vision into a structured implementation pathway and include strategies to reduce our Scope 1 and relevant Scope 3 emissions. The roadmap is intended to establish our emissions baseline, identify priority reduction levers, guide investment decisions, and define how progress will be monitored over time. It will focus on practical measures across energy performance management, operational optimisation, renewable energy integration, fleet and fuel efficiency, and improved emissions data management.

Given the energy-intensive nature of water treatment, pumping, and distribution, our near- and medium-term strategy prioritises actions that can reduce emissions while preserving operational reliability. This includes improving energy efficiency across key assets, expanding renewable energy where technically feasible, strengthening monitoring of electricity and fuel consumption, and aligning decarbonisation actions with asset planning and system resilience.

The roadmap is being developed with input from the Energy & Generation Section to ensure that emissions reduction initiatives are technically sound, data-driven, and compatible with the operational realities of a critical water utility. As our data, systems, and internal capabilities mature, the roadmap will provide a clearer basis for setting interim milestones, assessing decarbonisation options, and supporting future climate-related financial disclosures under IFRS S2.

Risk Management

Climate risks remain among Air Selangor's top strategic risks in 2025, reflecting the direct connection between climate change, water security, infrastructure resilience, and service continuity. As a critical water services provider, we assess CROs through our ERM processes to understand how they may affect our ability to deliver reliable water services over the short-, medium-, and long-term. Our assessment considers both physical and transition risks.

Physical Climate-related Risks

Given the nature of our operations, the most immediate climate risks are physical risks, particularly droughts, excessive rainfall, flooding, and water quality deterioration. These risks may affect raw water availability, increase treatment complexity, disrupt water supply, damage critical assets, and create wider impacts on communities that depend on continuous water services.

Air Selangor has initiated a climate risk assessment project to systematically identify, assess, and prioritise climate-related risks within our operations, assets, and water resources. This work is supported by the Climate Change Technical and Working Committees, which helps coordinate climate-related action across relevant functions and ensure that mitigation and adaptation measures remain aligned with operational priorities. This ongoing assessment will provide deeper insights into the potential impacts of flooding and drought under various climate scenarios, enabling us to refine our Drought and Flood Risk Mitigation Framework.

Transition Climate-related Risks

In managing transition-related risks, Air Selangor continues to assess evolving policy, regulatory, technology, market, and disclosure expectations. Under the NSRF and IFRS S2, our focus is to provide clear disclosure on how we identify, assess, manage, and monitor climate-related risks and opportunities. This includes explaining the actions we take to manage emissions and energy-related climate risks, such as strengthening climate governance, improving internal capability, enhancing energy performance management, managing Scope 1 and Scope 2 emissions from fuel consumption and purchased electricity, improving data readiness, and exploring sustainable financing to support climate adaptation and mitigation. These efforts help Air Selangor build readiness for a lower-carbon and more transparent reporting environment while maintaining focus on service reliability and long-term water security.

Managing Our Climate-related Risks and Opportunities

Our current action plans focus on formalising a climate change policy and framework, integrating climate considerations into projects and asset acquisitions, and developing internal climate capability. We are also collaborating with National Water Research Institute of Malaysia, or Institut Penyelidikan Air Kebangsaan Malaysia (NAHRIM) on dam projection models for Klang Gates Dam and Sungai Langat Dam, while advancing efforts to decentralise raw water resources and develop a water grid interconnectivity plan.

Reducing the Impact of Climate Change

As our climate-related assessment approach continues to evolve, the financial implications presented in this section are described qualitatively. They reflect potential cost, revenue, CAPEX, financing, regulatory, operational, and service implications that may arise from each climate-related risk and opportunity.

Climate-related risks



- Physical risks, including droughts, floods, changing rainfall patterns, sea level rise, extreme weather, and water quality deterioration.
- Transition-related considerations include regulatory requirements, GHG emissions management, climate governance, capability building, data readiness, and sustainable financing.

Key Risk



Climate change may affect water resources, infrastructure, and service reliability.



Key exposure areas include droughts, floods, changing rainfall patterns, sea level rise, and extreme weather.

Effects on business model and value chain:

- May impact water availability, water quality, treatment reliability, and distribution continuity
- The risk is concentrated in raw water resources, dams, water pumps, water treatment equipment, and communities dependent on continuous water supply.

Effects on strategy and decision-making:

- Climate considerations are being integrated into governance, ERM, project planning, asset acquisitions, stakeholder engagement, internal capability development, financing assessment, dam modelling, raw water decentralisation, and water grid interconnectivity.

Mitigation measures:



- Formalising a Climate Change Policy and Framework
- Strengthening Climate Change Committees coordination
- Integrating climate considerations into projects and asset acquisitions
- Engaging technical partners
- Developing internal capability
- Assessing financing mechanisms
- Collaborating on dam projection models
- Assessing raw water resource decentralisation
- Developing the Water Grid Interconnectivity Plan.

Opportunities:

Improved asset resilience, stronger system optimisation, enhanced forecasting and data capability, access to sustainable financing, stronger stakeholder confidence, and improved internal climate capability.

Potential financial implications:

- Potential costs may arise from facility disruption, asset damage, adaptation measures, mitigation activities, infrastructure upgrades, data and reporting enhancements, and financing needs
- Opportunities may include wider access to funding and incentives for adaptation, renewable energy, water conservation, and resilient infrastructure.

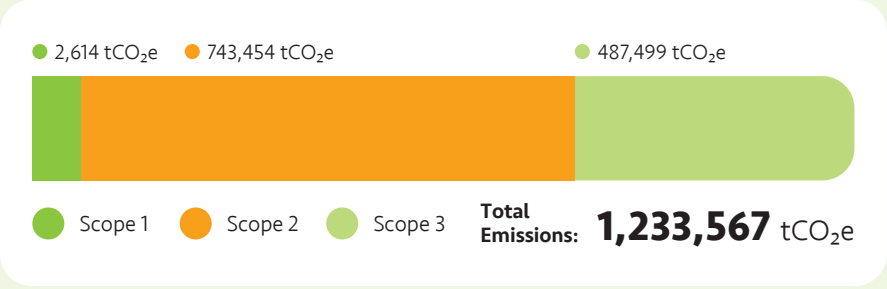
Planning horizon:

- Short-term actions include Business Continuity Management (BCM) inputs, Subject Matter Expert (SME) engagement, climate risk assessment, and foundational data readiness.

Reducing the Impact of Climate Change

Metrics and Targets

In 2025, Air Selangor continued to strengthen carbon management by actively monitoring and managing GHG emissions from our operations. We maintain the disclosure of Scope 1 emissions, primarily from fuel consumption, Scope 2 emissions from purchased electricity, and selected Scope 3 emissions categories as we continue to improve data readiness across our value chain.

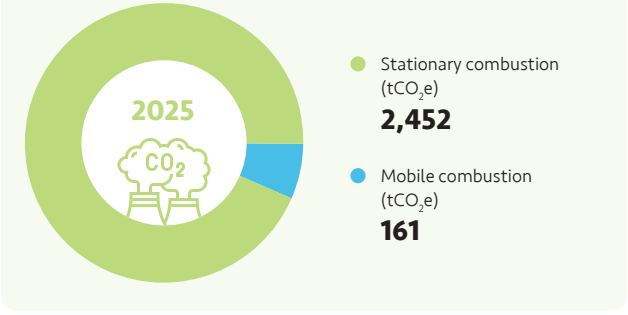


SCOPE 1 EMISSIONS

In 2025, we measured a

12.6% reduction in Scope 1 emissions

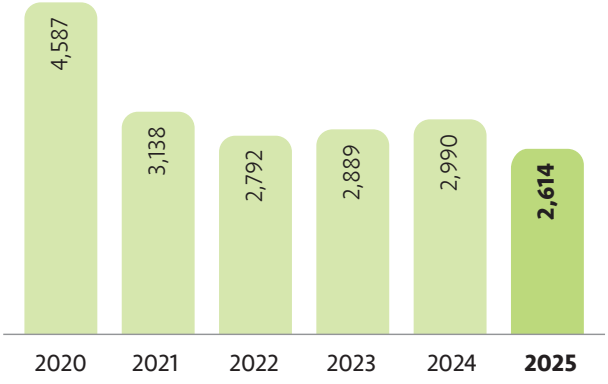
Scope 1 emissions arise primarily from fuel used by standby generators and operational machinery supporting water treatment, distribution, maintenance and emergency response activities, as well as fleet vehicles.



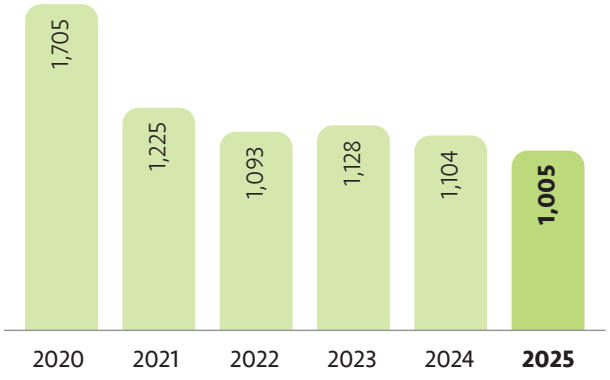
In 2025, total fuel consumption decreased to 1,005 m³, compared with 1,104 m³ in 2024. This reduction was reflected in lower mobile combustion emissions, particularly from diesel and petrol consumption by company-owned or controlled vehicles. Stationary combustion emissions increased during the year, reflecting fuel use from machinery and operational facilities.

The year-on-year movement shows that reductions in fuel consumption and vehicle-related emissions were the main contributors to lower Scope 1 emissions. This supports continued focus on fleet optimisation, machinery management, and operational controls as practical levers for managing fuel-related emissions. To manage fuel-related emissions, we continued to strengthen fleet and machinery management through better planning, preventive maintenance, automated fuel monitoring, global positioning system (GPS) tracking, and idling detection. These measures improve visibility over fuel use, reduce avoidable consumption, support responsible driving behaviour, and strengthen operational control over Scope 1 emissions without compromising service reliability.

Total Scope 1 Emissions (tCO_2e)



Total Fuel Consumption (m^3)

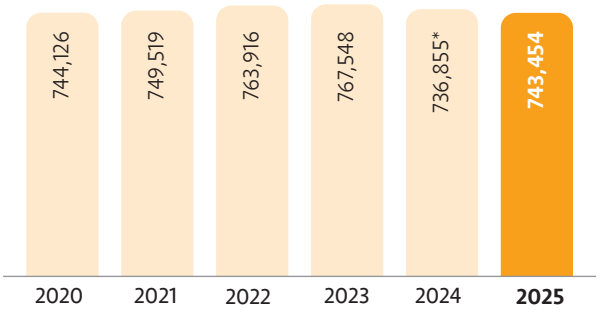


SCOPE 2 EMISSIONS

Scope 2 emissions arise from purchased electricity used to operate water treatment plants, pump houses, office buildings, and supporting facilities. Electricity remains the largest contributor to Air Selangor's operational emissions profile due to the energy-intensive nature of water treatment, pumping, distribution, and supporting operations.

Our electricity and energy management approach focuses on energy performance management, operational optimisation, renewable energy deployment and efficiency, and improved billing performance. These measures support the management of energy intensity and carbon intensity while enabling us to meet increasing water demand and maintain reliable water services.

Scope 2 Emissions (tCO_2e)



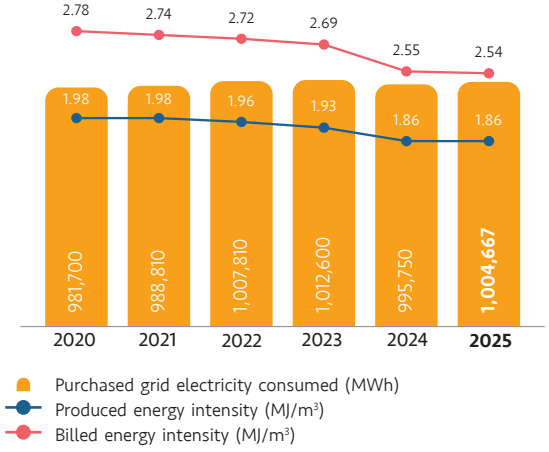
Note:

** Scope 2 emissions have been restated according to the latest emission factor released by the Malaysian Energy Commission, Grid Emission Factor (GEF) 2024 Update (0.740 Gg CO_2e/GWh), and recorded in tCO_2e.*

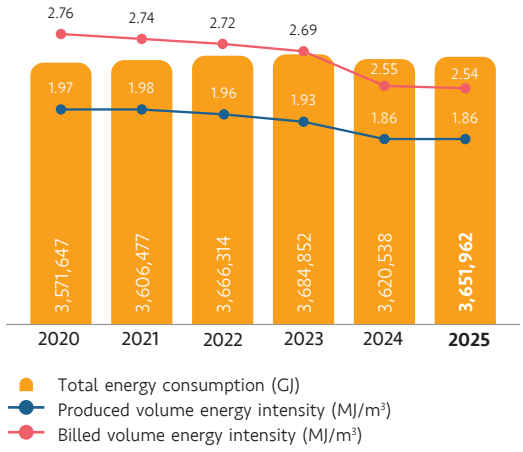
Renewable Energy for Water (RENEW) remains a key initiative under our decarbonisation efforts and the ongoing development of the GHG Reduction Roadmap. As at December 2025, solar systems had been installed at 23 sites, generating 18,155,241 kWh of electricity during the year, equivalent to an average monthly generation of 1,512,936 kWh. While it did not fully offset the increase in Scope 2 emissions, the deployment reduced grid reliance and supports further expansion of lower-carbon electricity use. In 2026, we will also enhance site feasibility assessments and implementation planning to identify additional locations with strong technical and operational suitability for renewable energy, green energy and energy efficiency deployment.

Purchased grid electricity increased to 1,004,667 MWh in 2025, reflecting the electricity required to support treatment, pumping, distribution, and overall system demand. The RENEW initiative reduced reliance on grid electricity where feasible, while total energy consumption increased to 3,651,962 GJ due to pumping activities under the SJAM operations. This reinforces the importance of continued energy performance management as our operations respond to evolving water demand and service reliability requirements.

Total Electricity Consumption (MWh)



Total Energy Consumption (GJ)



Note:

Figures have been rounded off from three decimal points in 2024 to two decimal points in 2025.

Reducing the Impact of Climate Change

SCOPE 3 EMISSIONS

In 2025, we recorded a

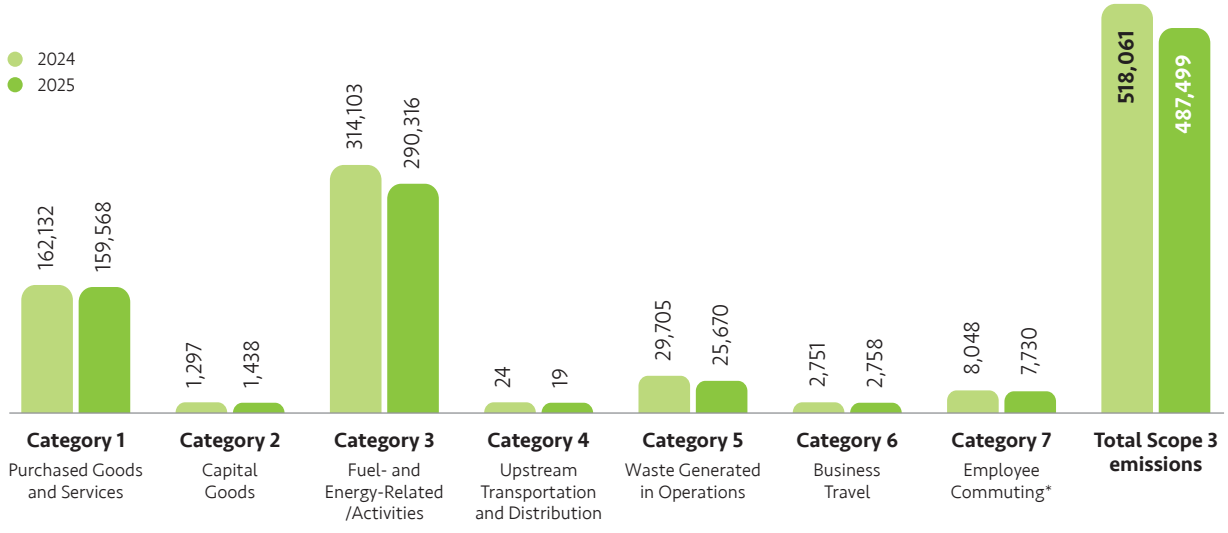
5.9% reduction in our Scope 3 emissions

In 2025, Air Selangor progressed Scope 3 emissions work following the completion of a Scope 3 gap analysis, which identified applicable indirect emissions categories across our value chain. We commenced development of our Scope 3 baseline across seven categories:

- Category 1: Purchased Goods and Services
- Category 2: Capital Goods
- Category 3: Fuel- and Energy-Related Activities
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Generated in Operations
- Category 6: Business Travel
- Category 7: Employee Commuting.

The reduction was mainly attributable to lower emissions from Fuel- and Energy-Related Activities and Waste Generated in Operations. Fuel- and Energy-Related Activities remained the largest Scope 3 category, followed by Purchased Goods and Services.

Scope 3 Category (tCO_2e)



As Scope 3 data collection and assessment continue, we are adopting a phased and prudent approach to improve accuracy, consistency, and completeness. The baseline will be progressively integrated into our GHG Reduction Roadmap to support more informed decision-making and long-term emissions management.

Note:

** The current reporting boundary for employee commuting emissions is limited to Air Selangor's HQ. Air Selangor is progressively enhancing its data collection processes and plans to expand coverage to its distribution and production regions in subsequent reporting periods.*

Reducing the Impact of Climate Change

Emissions Management

We recorded a
1.94%
reduction in **total emissions** in 2025

This reduction reflects lower Scope 3 emissions, particularly in Fuel- and Energy-Related Activities, partially offset by an increase in Scope 2 emissions.

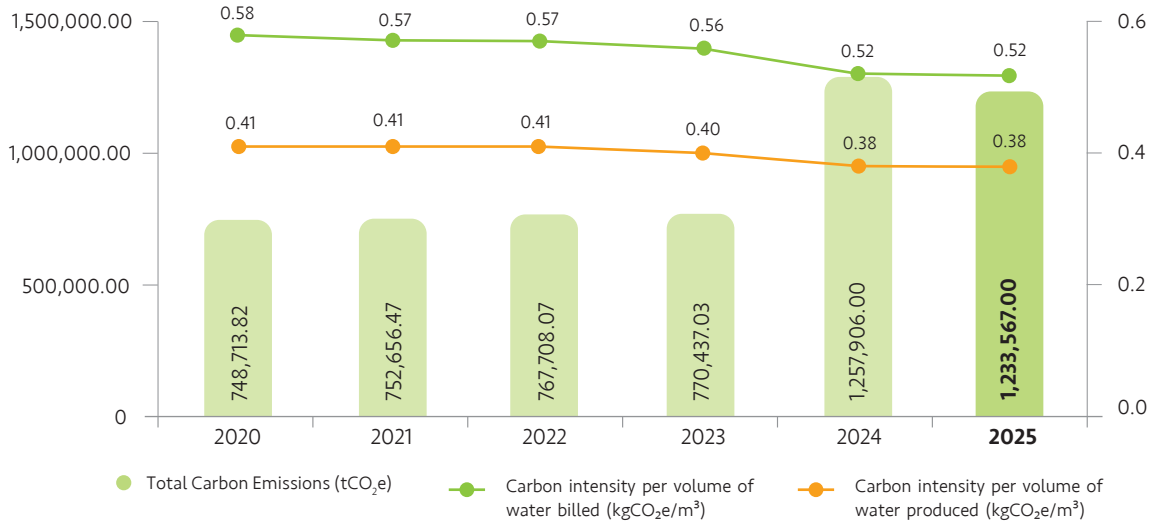
Emissions:
Scope 1, Scope 2 and Scope 3 emissions

2024 **1,257,906** tCO_2e

2025 **1,233,567** tCO_2e

While absolute emissions decreased, carbon intensity per volume of water produced remained broadly stable. These indicators show why Air Selangor monitors both total emissions and emissions intensity: absolute emissions track the overall emissions footprint, while intensity indicators show how emissions relate to water produced and billed.

Total Carbon Emissions (tCO_2e)



Note:
- *Carbon intensity per volume of water produced refers to the reported emissions per cubic metre of treated water produced post-treatment and prior to distribution.*
- *Carbon intensity per volume of water billed refers to the reported emissions per cubic metre of billed water after distribution and consumer billing.*
- *Both indicators are expressed in $kgCO_2e/m^3$.*

Our integrated emissions management approach is being strengthened through the development of our GHG Reduction Roadmap. The roadmap will provide a structured pathway to manage Scope 1 and Scope 2 emissions where we have the greatest operational influence, while progressively incorporating Scope 3 insights as data quality matures.

This work also supports Air Selangor's alignment with the National Energy Transition Roadmap (NETR), particularly through practical and measurable energy transition initiatives within our operations. We are working with the Energy and Generation Section to develop a holistic and data-driven roadmap that reflects operational realities, asset planning, system reliability, and long-term resilience. Through this phased approach, our near- and medium-term emissions reduction efforts remain practical, measurable, and aligned with our Net Zero 2040 ambition.

Reducing the Impact of Climate Change

BIODIVERSITY

Why It Matters to Us

Biodiversity and healthy ecosystems are closely linked to long-term water security. As our operations depend on raw water resources, catchments, rivers, and surrounding natural systems, we recognise that nature-related risks may affect water availability, water quality, treatment reliability, and community resilience over time.

Our Approach

Air Selangor is still at an early stage in formalising biodiversity and nature-related disclosures. At present, we do not have a dedicated biodiversity framework in place, but we are beginning to consider how nature-related dependencies, impacts, risks, and opportunities can be incorporated into our sustainability and risk management approach as our IFRS S1 readiness progresses.

Moving Forward

Moving forward, we will explore a phased approach to biodiversity and nature-related disclosures, taking reference from the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations where relevant. This will include considering how nature-related matters can be assessed across our operations and value chain, particularly in relation to raw water resources, catchment protection, ecosystem health, and long-term water resilience.

WATER CONSERVATION

Why It Matters to Us

Water conservation is a critical lever in strengthening water resource security and managing demand amid rising consumption, climate variability and increasing pressure on finite resources. We recognise water as a shared resource – and that our operations are closely interconnected with catchments, rivers, dams, off-river storage facilities, communities, regulators, industries, and other water users. Long-term water security cannot depend on supply expansion alone.

Our Approach

At Air Selangor, water conservation forms part of our broader demand management strategy, complementing supply-side initiatives such as reclaimed water, alternative raw water sources and enhanced grid interconnectivity to optimise existing resources and reduce stress on water sources.

We place emphasis on balancing water supply reliability with conservation and sustainable resource management. To ensure long-term water security, we adopt an integrated approach to manage consumption, reduce avoidable use, and improve how existing resources are used across our Distribution Area. We work closely with state authorities and water resource agencies to support the protection and monitoring of river basins and catchment areas that serve as raw water sources. This includes collaboration on pollution prevention, water quality monitoring, and alternative raw water initiatives such as off-river storage and raw water guarantee mechanisms to improve resilience during water quality incidents, droughts, or climate-related disruptions.

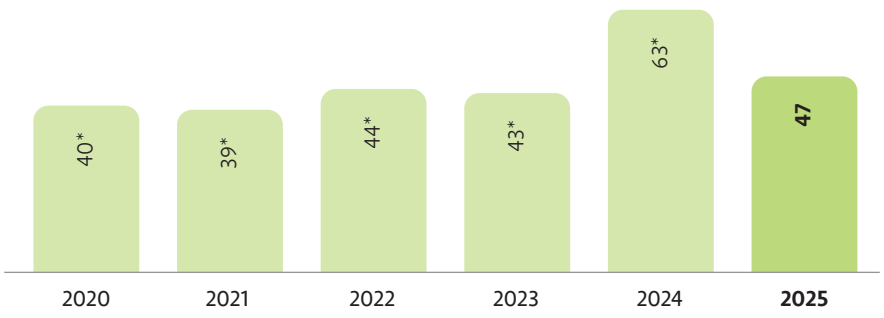


Reducing the Impact of Climate Change

Improving Internal Water Use and Operational Efficiency

We continue to actively monitor internal **water consumption** across our office buildings as part of our commitment to prudent resource management. This reflects improved efficiency following the post-pandemic normalisation of office operations.

Average Water Consumption per Employee per Day (LCD)



Note:

** Water consumption data has been restated following enhancements to the internal data computation methodology, in line with findings from the prior year's audit review.*

Water consumption data presented reflects only the distribution segment, as it is inherently more water-intensive compared to production operations.

In 2025, we reduced our average water consumption per employee per day by

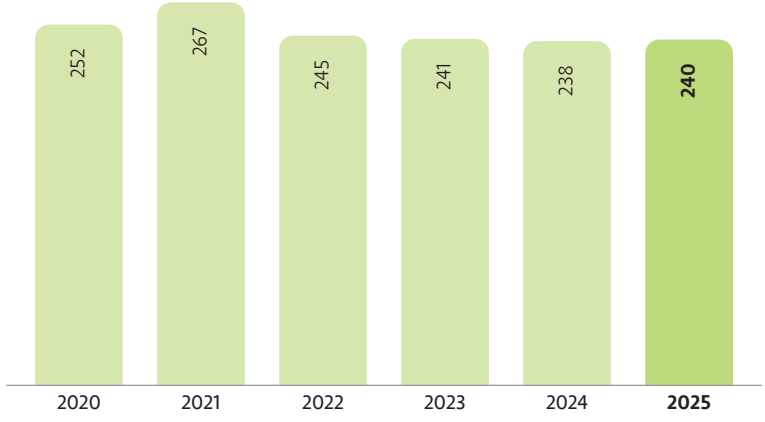
25.4%

Beyond office consumption, we continued to improve water efficiency within our operations. In 2025, internal water audits were conducted in key regions, including Hulu Langat and Sabak Bernam, to identify opportunities to reduce wastage and optimise water use across facilities. These efforts reinforce our commitment to lead by example before extending conservation practices more widely to customers and communities.

Driving Behavioural Change Towards 180 LCD

Air Selangor remains committed to fostering responsible water use through sustained water conservation initiatives, stakeholder engagement, and digital enablement, led by our dedicated WCU. These efforts support our long-term aspiration to achieve a per capita consumption target of 180 litres per capita per day (LCD) by 2030, in line with national water sustainability goals.

Average Domestic Water Consumption (LCD) in Selangor, Kuala Lumpur, and Putrajaya 2020-2025



Unit of Measurement

1 LCD = 1 LITRE

Litres per Capita per Day (LCD)
The volume of a person's water consumption in a day.

240 LCD is equivalent to each person consuming 240 one-litre bottles of water every day.

Reducing the Impact of Climate Change

Despite ongoing efforts, per capita water consumption in 2025 stood at 240 LCD, slightly higher than 238 LCD recorded in 2024 across our Distribution Area. This reinforces the need to intensify demand-side interventions and strengthen collective responsibility in water usage. In response, WCU continues to scale up targeted programmes and strategic collaborations, while actively engaging with SPAN on policy reforms and nationwide awareness campaigns. These engagements are critical in aligning regulatory frameworks, incentives, and public communication towards more efficient water consumption.



Our outreach efforts engaged

10,774 stakeholders and members of the public across schools, universities, religious institutions, corporate organisations, and local communities

Our approach brings together education, infrastructure improvements, operational controls, regulatory collaboration, and digital innovation to create more sustained impact. While current consumption trends show that demand management remains a long-term challenge, these intensified efforts are critical to shifting behaviour, reducing pressure on water resources, and supporting progress towards the 180 LCD target by 2030. Through this integrated approach, Air Selangor continues to strengthen water stewardship and contribute to long-term water security for the communities we serve.

Digitalisation remains a key enabler in empowering customers to manage their water consumption. The ongoing development of the Air Selangor App introduces enhanced features, including tools to monitor usage and promote water conservation behaviours. The app allows users to benchmark their consumption against the national per capita target (LCD), strengthening awareness of individual water use.

When unusually high or alarming consumption is detected, users are prompted to check for potential internal leaks and are guided through self-assessment via in-app brochures and educational videos. These digital features complement physical outreach initiatives by providing real-time insights and encouraging proactive water-saving behaviour.

For more information on our sustainable digital tools, refer to pages 137–139 in Chapter 7: Governance and Accountability.

Expanding Outreach and Community Engagement

Throughout 2025, Air Selangor implemented a total of 58 water conservation programmes under flagship initiatives such as Program Lestari Air, Program Hargai Air, Misi Jimat Air bersama BoBoiBoy, and several other awareness campaigns. These programmes are designed to instil long-term behavioural change by educating stakeholders on water efficiency and conservation practices.

Our outreach efforts engaged 10,774 stakeholders and members of the public across schools, universities, religious institutions, corporate organisations, and local communities. Educational institutions remained a key focus, with 16 schools and higher learning institutions engaged, reaching approximately 4,831 participants through interactive sessions and experiential learning.

Through Program Hargai Air, we collaborated with four mosques, reaching an estimated 3,800 participants. The installation of 229 certified three-star ablution taps supported more efficient water use in daily practices and demonstrated how small infrastructure improvements can contribute to wider conservation outcomes.

Corporate and institutional collaborations were further strengthened through partnerships with organisations such as Maybank, Spritzer, and Duopharma, complemented by broader engagements including exhibitions, roadshows and stakeholder dialogues. Together, these initiatives extend conservation beyond awareness by connecting internal practice, customer enablement, community participation, and regulatory collaboration towards the 180 LCD target.

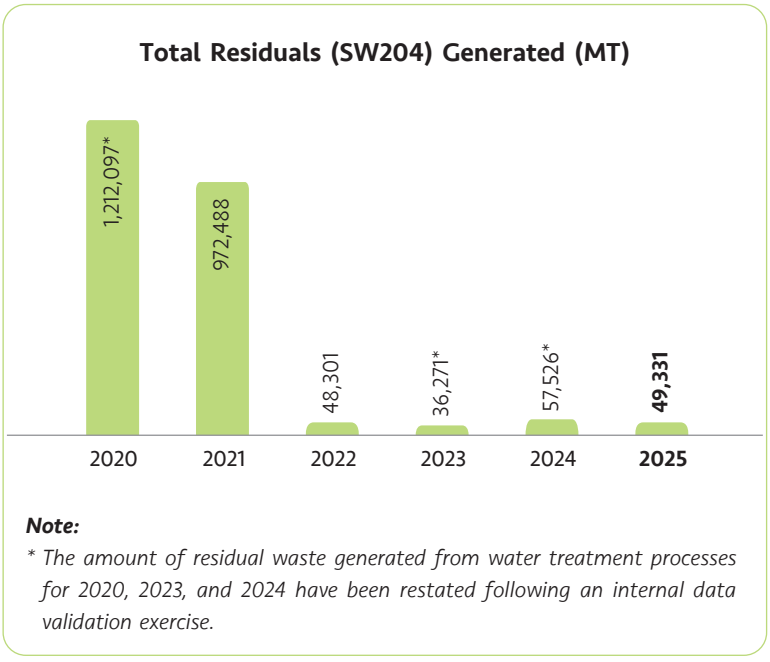
WASTE MANAGEMENT

At Air Selangor, we ensure compliance with the Environmental Quality Act through responsible waste management practices aligned with our HSE Policy and ISO 14001 environmental management system.

Scheduled Waste

Residual waste generated from the water treatment process is classified as scheduled waste under the Environmental Quality (Scheduled Wastes) Regulations 2005. Following the high residual waste levels recorded in 2020 and 2021, we strengthened our waste management practices through operational efficiency, process optimisation and continuous performance monitoring. These efforts contributed to substantially lower residual waste generation from 2022 onwards, with residual waste reducing from 48,301 MT in 2022 to 36,271 MT in 2023.

Residual waste generation increased to 57,526 MT in 2024, mainly due to significant lagoon desludging works at Sg. Semenyih WTP. In 2025, this reduced to 49,331 MT, representing a 14.2% year-on-year reduction. The movement reflects fluctuations in water demand, raw water quality and operating demands at our water treatment plants, including the scope and frequency of residual removal and other periodic maintenance and asset-cleaning activities.



Note:

** The amount of residual waste generated from water treatment processes for 2020, 2023, and 2024 have been restated following an internal data validation exercise.*

Our commitment remains focused on managing treatment by-products responsibly and efficiently despite variable operating requirements, while maintaining compliance with regulatory requirements and supporting our environmental management objectives.

Recycle for Life

In 2025, the Recycle for Life initiative continued to promote responsible waste management and recycling practices within Air Selangor. During the year, a total of 7,701 kg of recyclable materials were collected, comprising paper, plastic, aluminium, e-waste, used cooking oil, and fabric. These efforts were supported through ongoing collaborations with strategic partners, including Cenviro, SW Corp, and Lifeline Clothing, ensuring proper collection, handling, and disposal of recyclable materials.

Through sustained employee engagement and awareness programmes, Air Selangor remains committed to fostering a strong culture of sustainability. The initiative continues to reinforce responsible domestic waste management practices among employees while encouraging greater participation in recycling activities across the organisation.





SOCIAL RESPONSIBILITY

86 Delivering Customer Service Excellence

94 Prioritising Employee Health, Safety, Competency and Diversity

109 Giving Back to the Community



DELIVERING CUSTOMER SERVICE EXCELLENCE



Delivering Customer Service Excellence



WATER SUPPLY AND QUALITY

Why It Matters to Us

Water quality is fundamental to public health, customer trust, and the reliability of essential water services. We currently serve approximately 2.82 million water accounts, reaching an estimated 9.6 million consumers across Selangor, Kuala Lumpur, and Putrajaya.

As demand grows and environmental pressures intensify, water utilities are expected to maintain safe supply while responding to risks from raw water quality, network conditions, pollution incidents, and emerging contaminants. Air Selangor recognises that consistent water quality directly shapes customer confidence, service experience, and the long-term resilience of our Distribution Area.

Our Approach

We manage water quality through a source-to-customer framework covering raw water, treatment, distribution, storage, and customer delivery points. Our water is sourced from dams and selected rivers, treated to meet Ministry of Health (MOH) Drinking Water Quality Standards, and monitored through regular sampling, accredited laboratory testing, online monitoring systems, and operational surveillance.

We also maintain water quality through real-time network monitoring, automated disinfectant controls, pipe cleaning, and scheduled reservoir cleaning, with monitoring coverage and laboratory capabilities being progressively expanded to address evolving environmental and operational risks.

As at December 2025, Air Selangor recorded a Drinking Water Quality Index (DWQI) >80% DWQI score, achieving a classification of Good and Excellent as defined by MOH.

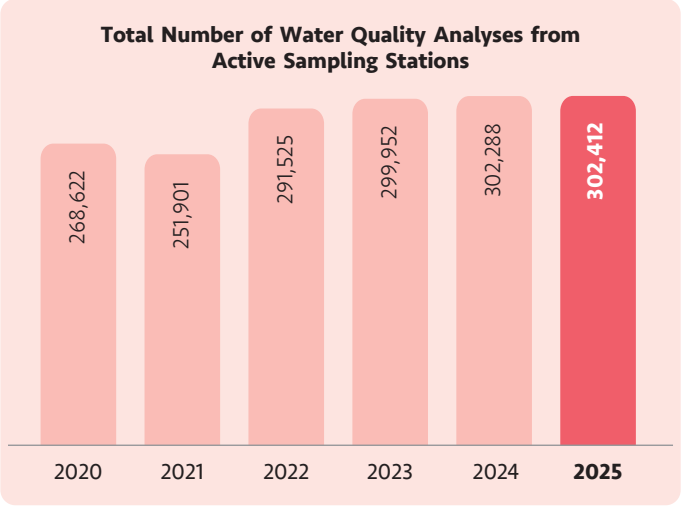
Delivering Customer Service Excellence

Water Quality Monitoring and Compliance

Air Selangor maintains a comprehensive water quality monitoring programme to ensure that treated water consistently meets regulatory standards and remains safe for consumption.

In 2025, the overall laboratory capacity including regional and operational laboratories for scheduled surveillance and monitoring samples is approximately 3.0 million analyses per year. Water quality testing is carried out at regular intervals at each WTP to enable continuous monitoring and timely detection of any deviations.

Of the total analyses conducted in 2025, 302,412 water quality analyses were performed on distribution network samples collected from 1,127 sampling stations, as shown in the table below. These sampling stations comprise locations monitored by the MOH, Air Selangor, as well as jointly monitored stations, ensuring comprehensive oversight and compliance with national requirements.



All sampling stations are reviewed on a biannual basis, with adjustments made to reflect changes in supply patterns and network expansions arising from new developments. This ensures that monitoring coverage remains relevant and effective as the distribution system evolves.

As at December 2025, our sampling programme achieved a compliance rate of 99.96% against the National Standard for Drinking Water Quality set by MOH, reflecting our continued commitment to delivering safe and high-quality water to our customers.

Water Quality Monitoring Laboratories

Air Selangor operates a network of regional laboratories to support comprehensive water quality monitoring and ensure compliance with regulatory standards. Laboratories located at Sungai Selangor Phase 2 (SSP2) and Sungai Labu WTPs are accredited for both chemical and microbiological testing, while the Sungai Semenyih and Langat 2 laboratories are accredited for chemical testing under MS ISO/IEC 17025, the internationally recognised standard for testing laboratories.

These accreditations reflect our commitment to maintaining high levels of accuracy, reliability, and integrity in water quality analysis. In addition, dedicated sampling teams across our distribution regions are supported by site-specific accreditations, further strengthening the consistency and quality of monitoring activities.

Our laboratories are equipped with advanced analytical technologies to support detailed and reliable testing. These include Inductively Coupled Plasma Mass Spectrometry (ICP-MS) for heavy metal analysis, Gas Chromatography Mass Spectrometry (GC-MS) for volatile and semi-volatile organic compounds, Ion Chromatography (IC) for anion detection, Total Organic Carbon (TOC) Analyser for TOC measurement, and Liquid Chromatography Mass Spectrometry Quadrupole Time-of-Flight (LCMS Q-TOF) for non-volatile organic compounds.

With the capability to analyse 123 parameters, our laboratories provide comprehensive coverage across physical, chemical, and microbiological aspects, including emerging contaminants such as per- and polyfluoroalkyl substances (PFAS), pesticides, and pharmaceutical compounds.

Our monitoring scope also considers a wide range of parameters, including substances identified from past water pollution incidents, industrial activities, and evolving environmental risks. This enables us to continuously strengthen our analytical capabilities and maintain readiness in addressing emerging water quality challenges.

We continue to strengthen our laboratory capabilities through ongoing enhancements in technology, methodologies, and technical expertise. These efforts support more advanced diagnostic and analytical functions, enabling us to respond effectively to evolving water quality challenges and regulatory expectations.

As part of our continuous efforts to strengthen water quality surveillance, additional parameters under the emerging contaminants category including industrial solvents and microbiological agents were monitored by our regional laboratories in 2025. This initiative further reinforces our commitment to enhancing analytical capabilities and supporting proactive environmental and public health protection.

Our laboratories continued to evolve into advanced diagnostic and analytical hubs, supporting real-time monitoring, early risk detection, and data-driven decision-making. These enhancements strengthen our ability to ensure consistent water quality while supporting greater system resilience and long-term water security.

Delivering Customer Service Excellence

Advancing Sustainable Water Quality Management

Air Selangor remains committed to continuously strengthening its water quality monitoring framework to address evolving environmental and operational challenges.

Aligned with our commitment to strengthening water quality assurance, the monitoring programme will be progressively expanded to cover 169 compounds by 2030. This includes the 47 parameters currently established by the MOH under the National Standard for Drinking Water Quality, together with emerging contaminants of concern such as persistent organic pollutants (POPs), persistent bioaccumulative toxic substances (PBTs), industrial solvents, pesticides, pharmaceuticals, and medicinal residues. This initiative reflects our continuous pursuit of operational excellence and proactive environmental stewardship in safeguarding public health and water sustainability.

As part of our continued commitment to strengthening water quality assurance and environmental sustainability, the laboratory is exploring innovative treatment technologies for the removal of emerging contaminants through research-driven studies and performance evaluations. These initiatives aim to strengthen water quality protection, optimise treatment effectiveness, and support sustainable water management practices in addressing contaminants such as PFAS, pharmaceuticals, and industrial chemical residues.

Moving forward, we aim to enhance our monitoring capabilities through the integration of advanced technologies, including real-time monitoring systems and improved data analytics. These enhancements will support early detection of potential water quality risks, enable faster operational response, and strengthen overall monitoring efficiency across the supply network.

We will also continue to strengthen raw water surveillance and expand monitoring coverage in response to increasing environmental pressures, such as urbanisation, industrial activities, and climate-related risks. This includes improving coordination across upstream and downstream monitoring points to ensure a more comprehensive and proactive approach to water quality management.

In addition, efforts will be directed towards enhancing data integration and digitalisation of monitoring systems to support more informed, risk-based decision-making. This will enable better visibility of water quality trends and facilitate timely intervention where necessary.

Through these initiatives, we aim to further strengthen system resilience and ensure the continued delivery of safe, reliable, and high-quality water to our customers.



Delivering Customer Service Excellence

Real-Time Water Quality Monitoring

To ensure the continued safety and reliability of water supplied to consumers, Air Selangor implements a comprehensive post-treatment monitoring and control approach across its distribution network.

We continuously enhance our real-time water quality surveillance capabilities through the deployment of HYDRA at strategic locations throughout the distribution network, including treatment plant outlets, balancing reservoirs, and service reservoirs. HYDRA provides continuous monitoring of water quality physical parameters, namely pH, turbidity, colour, and FRC, enabling early detection of anomalies and facilitating timely operational response.

Complementing these monitoring efforts, OACIS serves as a secondary chlorination system within the distribution network. OACIS automatically regulates chlorine dosing at strategic locations to sustain optimal disinfectant residual levels, serving to preserve water quality, enhance microbiological safety, and ensure compliance with regulatory standards throughout the water distribution process.

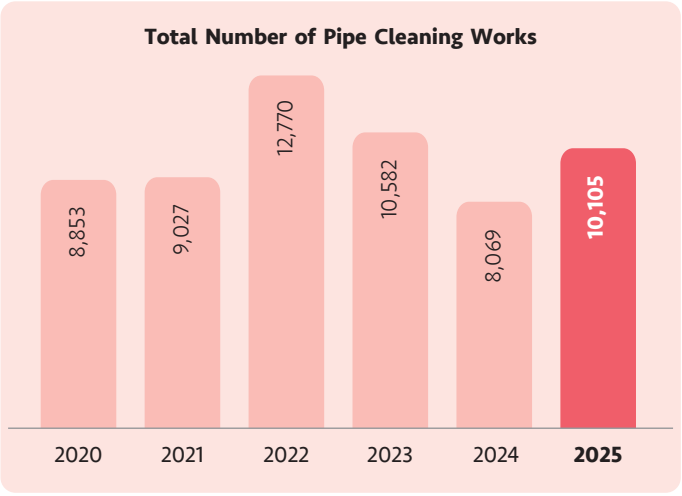
Together, HYDRA and OACIS strengthen Air Selangor's ability to maintain consistent water quality, improve operational responsiveness, and support proactive management of the distribution network. These integrated systems enhance visibility across the network, improve service reliability, and contribute to the continuous delivery of safe and high-quality water to consumers.



Pipe and Reservoir Cleaning

Air Selangor continues to implement systematic pipe and reservoir cleaning programmes to ensure the safe and reliable distribution of treated water across its network.

In 2025, approximately 15,000 km of pipelines were cleaned, covered by approximately 10,000 pipe cleaning works. These cleaning activities are carried out using both pressurised and non-pressurised methods, depending on site conditions, accessibility, and operational requirements within designated pipe cleaning zones (POLIGON).





Note:

The decrease in reservoir cleaning activities recorded in 2025 is attributed to the fact that the remaining reservoirs are categorised as sensitive assets, where cleaning interventions would potentially disrupt water supply to a substantial consumer base. Consequently, the frequency of cleaning operations was strategically reduced to preserve supply continuity and minimise interruption of service delivery.

Delivering Customer Service Excellence

In addition to pipeline maintenance, reservoir cleaning is conducted on a scheduled cycle to maintain water quality within storage facilities. In 2025, a total of 85 reservoir compartments were cleaned as part of this programme.

Two primary methods are employed for reservoir cleaning, namely conventional cleaning and commercial diver cleaning. The selection of method is based on operational complexity, system requirements, and the need to minimise service disruption during cleaning activities.

Through these ongoing maintenance efforts, we ensure that both the distribution network and storage facilities are maintained in optimal condition, supporting the consistent delivery of safe and high-quality water to our customers.

CUSTOMER SERVICE EXCELLENCE

Why It Matters to Us

Customer expectations for essential services continue to evolve, with greater emphasis on reliability, responsiveness, transparency, and ease of access. For a water services provider, customer experience is shaped not only by the quality of service delivered, but also by how quickly customers can obtain information, report issues, receive updates, and access support during both normal operations and service-related events. Air Selangor recognises that customer service excellence is central to public trust. This requires us to communicate clearly, respond consistently, and maintain accessible channels for customers with different needs, preferences, and levels of digital access.

Our Approach

We strengthen customer service by improving service accessibility, communication channels, complaint management, and customer engagement. Our approach combines physical, digital, and social media touchpoints so customers can obtain information, raise concerns, request services, and receive timely updates through channels that are convenient and inclusive.

We also engage customers and stakeholders through outreach programmes, service recovery initiatives and feedback mechanisms to better understand customer needs and strengthen our service delivery. To support evolving customer expectations, we continue to invest in and enhance our digital platforms while maintaining traditional service channels, ensuring accessible, reliable and inclusive customer support across our Distribution Area.

Communication Platforms

Air Selangor Mobile App and Website

Air Selangor successfully launched the Air Selangor Mobile App and Website in phases beginning in July 2024, delivering an enhanced and modernised digital platform for all customers. The upgraded application retains key functionalities from the previous version while establishing a strong foundation for future expansion into a fully integrated Super App and web-based ecosystem (Super Web).

The new platform features enhanced capabilities, a refreshed and intuitive user interface, and introduces the Lifestyle App concept. It focuses on key areas including Community, Entertainment and Recreation, Health, and Wellness, as well as Sustainability and Conservation. The remaining features are scheduled to be developed and implemented by the end of 2028. This approach enables customers to seamlessly access essential water-related services alongside a broader range of daily lifestyle features within a single, unified digital environment.

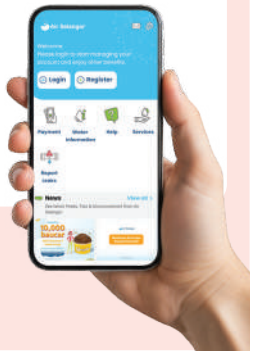
As of 31 December 2025, the mobile app has recorded 1,329,237 downloads and 1,566,505 registered users, demonstrating strong customer adoption and sustained engagement with Air Selangor's digital solutions.

Our Communication Channels

Contact us for any inquiries or information through our official communication channels:

www.airselangor.com

15300



Download the Air Selangor App

Available on the App Store | GET IT ON Google Play | EXPLORE IT ON AppGallery

Timely and accurate communication is central to customer confidence, especially during service updates, water supply matters, and complaint resolution.

Call Centre SLA Achievement:

89.6%

Delivering Customer Service Excellence

We use integrated channels including service counters, call centres, social media, the Air Selangor mobile application, our official website, Help Centre, and AIRRA chatbot, to improve accessibility and responsiveness.

417,704 Facebook Followers	**59,694** AIRRA Chatbot Interactions
95,438 X (formerly Twitter) Followers	**44,316** Help Centre Interactions
44,739 Instagram Followers	**792,096** Calls Received
1,329,237 Mobile App Downloads	**309,766** Walk-in Customers

Stakeholder and Customer Outreach

In 2025, Air Selangor continued to engage stakeholders through a range of targeted programmes and engagement sessions aimed at gathering feedback and strengthening collaboration on key organisational priorities. These initiatives are designed to enhance stakeholder understanding of our operations, while fostering stronger relationships with communities and key interest groups. Our engagement programmes are designed to gather feedback, strengthen community relationships, and improve public understanding of Air Selangor's services and operations. In 2025, we conducted 22 stakeholder engagement sessions, involving approximately 712 participants across community representatives, government agencies, educational institutions, and industry-related organisations.

We also carried out 176 customer outreach programmes to engage customers and resident associations on water-related concerns, service recovery, water supply issues, and operational feedback. These sessions supported awareness on water conservation, responsible usage, and the adoption of digital services such as the Air Selangor mobile application, e-Bil, and SADE.



Delivering Customer Service Excellence

Customer Complaint Management

Our Help Centre, accessible via the official website and mobile application, provides customers with a convenient platform to submit enquiries, request services, report leaks, track the status of submissions, and lodge complaints related to billing, metering, and other water services.

In 2025, we recorded 505,938 customer complaints. The majority of cases related to pipe leaks, meter issues, and high water bills, with other common matters involving pipe bursts, water pressure, billing concerns, and service recovery following supply disruptions. We manage complaints through root cause identification, corrective action, and monitoring, in line with ISO 9001:2015 Clause 10.2 on Non-Conformity and Corrective Action (NCCA). This supports more consistent resolution and improves service delivery over time.

Customer Satisfaction Indicators (2025)

2025 Net Promoter Score (NPS)

+33

2025 CSAT Index

80.90%

Customer Engagement and Digital Adoption Trends

Air Selangor continues to enhance customer engagement and digital service adoption across multiple platforms to make service interactions more accessible, responsive, and convenient. We continue to enhance digital platforms while maintaining physical and direct support channels to ensure accessibility, inclusion, and responsive service for all customers.

The following table presents key customer interaction and digital engagement metrics over the years.

Customer Engagement Metrics

Platform/Channel	2020	2021	2022	2023	2024	2025
Facebook Followers	313,885	368,341	382,590	400,217	417,113	**417,704**
X *(formerly Twitter)* Followers	49,400	64,291	75,019	89,961	96,183	**95,438**
Instagram Followers	23,500	31,464	34,316	38,806	43,954	**44,739**
Mobile App Downloads	1,786,736	2,574,915	3,901,737	5,027,000	6,380,211	**1,329,237**
AIRRA Chatbot Interactions	–	134,057	52,342	85,539	132,952	**59,694**
Help Centre Interactions	–	120,107	188,081	141,089	160,608	**44,316**
Calls Received	1,591,819	1,478,514	1,209,333	965,001	949,774	**792,096**
Walk-in Customers	341,575	302,627	363,103	321,118	308,112	**309,766**

Note:
The increase and subsequent decline in total app downloads since 2024 were primarily due to the phased transition from the legacy mobile application to the new Air Selangor app. Similarly, the reduction in AIRRA and Help Centre usage reflects the introduction of the Joy chatbot and the replacement of the Help Centre with the 'Support' feature. These enhancements are aligned with Air Selangor's digital transformation strategy to consolidate customer services and deliver a more seamless, user-friendly and accessible digital experience.

Digital Adoption Indicator

Description	2020	2021	2022	2023	2024	2025
e-Bil Sign-up Rate (%)	23.70	51.48	65.00	73.00	78.00	**79.77**

PRIORITISING EMPLOYEE HEALTH, SAFETY, COMPETENCY AND DIVERSITY



Prioritising Employee Health, Safety, Competency and Diversity

HEALTH AND SAFETY

Why It Matters to Us

Ensuring a safe and healthy workplace is vital to our operational resilience, employee welfare, and the trust placed in us by the public. As a provider of essential services, Air Selangor is dedicated to preventing harm and fostering a robust workforce to ensure the continuous delivery of high-quality water to our communities. We recognise that maintaining these standards is fundamental to our ability to provide reliable services while protecting every individual who contributes to our operations.



Our Approach

Health and Safety Governance

Air Selangor adopts a structured and systematic approach to occupational health and safety governance to ensure that safety remains embedded across its operations. We remain committed to fostering a strong safety culture and prioritising the wellbeing of its employees, contractors and stakeholders through clear oversight mechanisms, established management systems and continuous monitoring of health and safety performance.

Air Selangor's health and safety practices are guided by the requirements of the Occupational Safety and Health Act 1994, other applicable regulations and the ISO 45001:2018 Occupational Health and Safety Management System. These provide the foundation for identifying, assessing and managing workplace health and safety risks in a consistent and structured manner.

Oversight of health and safety matters is supported by the Health and Safety Committee, which plays a key role in monitoring safety performance, reviewing policies and strengthening workplace practices. Employee participation and consultation are promoted through established channels such as HSE Committee meetings, workplace inspections, internal audits, HSE programmes and leadership communication platforms. These channels enable safety-related concerns, risks and improvement opportunities to be escalated, reviewed and addressed across relevant functions.

In 2025, Air Selangor achieved environmental compliance rates of 93.80% for Water Treatment Plants and 95.30% for Distribution Activities in accordance with DOE requirements. Most operational regions also recorded high levels of GSR compliance, with several regions achieving 100% compliance during the reporting period.

Air Selangor continues to enhance its HSE Policy to ensure comprehensive coverage across employees and contractors involved in its operations. The policy sets out expectations and protocols relating to hazard identification, risk assessment, emergency preparedness and safety training, reinforcing a consistent organisation-wide approach to health and safety management.

Our governance approach is further supported by established risk management processes, including the IMSIRA, Hazard Identification, Risk Assessment and Risk Control (HIRARC) assessments, workplace inspections, audits, compliance reviews and corrective action tracking. These processes support the effective identification, assessment, monitoring and mitigation of workplace health and safety risks.

Air Selangor's IMSIRA Guidelines, established under the Risk Management Department, provide an integrated approach to managing risk and opportunity assessments, HIRARC and Environmental Aspect Impact (EAI) assessments. The framework is aligned with applicable legal and international standards, including the Occupational Safety and Health Act 1994, ISO 45001:2018 and ISO 14001:2015.

Through these governance structures and risk management processes, Air Selangor aims to maintain a safe and conducive working environment while strengthening accountability, compliance and continuous improvement in health and safety performance across the organisation.

Prioritising Employee Health, Safety, Competency and Diversity

Strengthening Safety

Air Selangor's health and safety training approach is designed to strengthen the competencies needed to manage operational risks across our workforce and contractor ecosystem. Given the nature of our operations, safety performance depends on clear understanding of permit systems, hazard controls, environmental responsibilities, emergency procedures, and safe work requirements.

Our training strategy focuses on ensuring that contractors and authorised personnel are competent before undertaking work, and strengthening operational, environmental, and emergency readiness across our sites. Together, these initiatives support safer work execution, stronger compliance, and more consistent risk control across the organisation.

Contractor Safety and Permit to Work Competency

To strengthen contractor safety management, the HSE Section works with the National Institute of Occupational Safety and Health Malaysia (NIOSH) to implement the Air Selangor NIOSH Safety Passport (ANSP) programme. All contractor personnel are required to complete the programme before commencing work. The programme includes a competency assessment, with retraining required for personnel who do not meet the required standard.

In 2025, a total of 5,616 contractor personnel participated in the ANSP programme across 231 training classes. We also continued to engage NIOSH to review and enhance the ANSP module in line with the latest amendments to occupational safety legislation and Air Selangor's operational requirements.

In addition, an internal competency programme for Permit to Work (PTW) signatories, known as Permit To Work & Operational Safety (PTOS), has been established and continuously implemented. This programme aims to ensure that authorised personnel possess the necessary understanding and competency to effectively manage PTW processes. In 2025, a total of five PTOS training classes were conducted for internal Air Selangor staff, while 27 classes were delivered to contractors through appointed external training providers, including MKRS and OSHMA.



In 2025, a total of

13

spillage drill sessions, including scheduled waste management exercises, were conducted across selected operational locations.

Prioritising Employee Health, Safety, Competency and Diversity

Operational, Environmental and Emergency Readiness

Beyond contractor and permit controls, Air Selangor continued to strengthen employee capability in environmental risk management, emergency preparedness, occupational health, and technical safety.

EAI training was conducted for employees and panel contractors to support the validation of contractors' Aspect Impact Registers and ensure that environmental risks from work activities are properly identified and managed. In 2025, a total of six EAI training sessions were conducted for internal staff, while an additional two sessions were conducted for contractors.

Emergency preparedness was reinforced through oil spill mock drills across selected operational locations. These drills strengthened familiarity with response procedures, equipment, and materials, while assessing personnel readiness during spillage events. The drills also covered scheduled waste handling and management, led by a Competent Person in Scheduled Waste Management (CePSWaM). In 2025, a total of 13 spillage drill sessions, including scheduled waste management exercises, were conducted across selected operational locations.

An Environmental Management Plan (EMP) programme was also carried out to provide employees with foundational knowledge of environmental management practices and regulatory requirements, including the Environmental Quality Act 1974 and ISO 14001:2015. In 2025, 20 sessions were conducted across Air Selangor premises.

In addition, Air Selangor conducts regular Indoor Air Quality (IAQ) monitoring at its HQ in accordance with the Department of Occupational Safety and Health (DOSH) Industry Code of Practice on Indoor Air Quality 2010. In addition, annual air quality monitoring is carried out at selected WTP facilities equipped with standby diesel generators and air pollution control devices, including chlorine scrubbers, bag filters, and fume hoods. These monitoring activities help us assess air quality conditions, verify the effectiveness of control measures, and maintain compliance with relevant occupational safety and environmental requirements.

Summary of HSE Competency, Readiness and Awareness Initiatives

The following provides a summary of key HSE training, awareness, competency-building, and engagement initiatives implemented across headquarters and regional operations in 2025:

HEADQUARTERS	1. External Permit to Work and Operational Safety Improvement PTOS (MKRS & OSHMA) 2. OSH-Coordinator Training 3. HRD Learning Day 4. Authorised Gas Tester & Entry Supervisor (AGTES) for Confined Space 5. Latihan Familiarisasi Penggunaan Personal Multi-Gas Detector Untuk HSE Wilayah Pengagihan 6. Authorised Entrant and Standby Person (AESP) for Confined Space 7. Lead Auditor Integrated Management System (IMS) ISO 9001, ISO 14001 & ISO 45001 (Exemplar Global Certified) 8. Certified Environmental Professional For Scheduled Waste Management (CePSWAM) 9. Authorised Entrant and Standby Person Refresher (AESP-R) for Confined Space 10. Internal PTOS for Air Selangor Staff 11. Familiarisation Training For Occupational Safety & Health (Construction Work) (Design & Management) Regulations 2024 12. Water Expert Development Programme (WEDP) - Cohort 3 (Topic 1) 13. Defensive Riding Training 14. ASEAN Safety and Health Workers Summit 2025 15. Defensive Driving Training 16. Emergency Response Team (ERT) Preparedness, Ready to Act 17. Technical Accountabilities and Operational Responsibilities for Certified Environmental Professional – CPD Code 18. Understanding on Waste Management Procedure 19. Latihan Kesedaran dan Praktikal Bekerja di Tempat Tinggi 20. Basic Occupational First Aid (BOFA), Cardiopulmonary Resuscitation (CPR) & Automated External Defibrillator (AED) 21. Forklift Safety & Competency 22. TTT-ANSP (New Trainer and Refresher)
NORTH REGIONAL OFFICE	
SOUTH REGIONAL OFFICE	
KUALA LUMPUR	
PETALING	
SABAK BERNAM	
HULU LANGAT	
HULU SELANGOR	
KLANG	
SEPANG	
GOMBAK	
KUALA LANGAT	
KUALA SELANGOR	

Prioritising Employee Health, Safety, Competency and Diversity

Embedding a Proactive Safety Culture

Beyond technical training, Air Selangor continued to strengthen safety culture through employee engagement, leadership visibility, and practical awareness initiatives. These efforts are intended to encourage active participation, improve communication on safety matters, and promote earlier identification of workplace risks.

Our compulsory HSE e-learning awareness module continues to provide employees with foundational knowledge on workplace hazards, risk mitigation measures, and incident reporting procedures. The module is regularly reviewed and updated to reflect evolving regulatory requirements and operational risks, ensuring that employees maintain a consistent baseline understanding of health, safety, and environmental expectations across the organisation.

In 2025, the Leadership Listening Tour (LLT) was conducted across selected operational locations involving senior management, HODs, and employees. The initiative served as a platform to strengthen communication on HSE matters, encourage employee participation, and reinforce a culture of continuous safety improvement across the organisation.

A total of six LLT sessions were conducted during the year, including sessions involving the CEO and HODs across operational and regional locations.

Key initiatives implemented in 2025 include:

Key HSE initiatives for 2025 include HSE Month, through which various HSE programmes were conducted throughout the month, including a final appreciation ceremony to recognise employees, with attendance from employees, management, and invited external stakeholders such as DOSH, DOE, and BOMBA. Another key initiative was the Improve & Continue (ICON) Programme, which received good participation from employees and contributed a wide range of innovative ideas for HSE improvement. In addition, the HSE in University programme involved visits to two universities, where HSE awareness and knowledge were shared with undergraduates to better equip them for future workplace safety. World OSH Day 2025 was also celebrated in collaboration with management, to reinforce our collective commitment towards a safe, healthy, and resilient workplace culture.



Prioritising Employee Health, Safety, Competency and Diversity

Safeguarding Employee Health and Wellbeing

Air Selangor's health and wellbeing approach is centred on creating a workplace where employees are protected, supported, and equipped to perform safely and confidently. This means managing workplace health risks while strengthening physical resilience, mental wellbeing, and preventive safety practices across our operations.

In 2025, we continued to implement targeted programmes covering occupational hygiene, preventive healthcare, ergonomics, mental health, and peer support. These initiatives support early intervention, healthier work practices, and a stronger safety culture, helping our people remain well while sustaining the reliability of our operations.

Physical Health and Preventive Care

We continued to strengthen physical health and preventive care through programmes that address occupational exposure, active lifestyles, ergonomic risks, and early health screening. These initiatives help employees better understand workplace health risks while supporting practical improvements in daily work practices.

Initiative	Description
Noise Risk Assessment	Conducted across selected operational sites, including five pump houses in Gombak, 13 pump houses in Hulu Langat, and Sungai Langat Dam.
HSE Month 2025: "Move for A Cause!"	Encouraged employee participation in physical activity while supporting a meaningful cause.
HSE Month 2025: "Defying Gravity: Safe Working at Height"	Reinforced hazard awareness and safe work practices for activities involving height.
HSE Month 2025: Workstation Makeover	Improved ergonomic awareness and workstation setup to reduce musculoskeletal risks.
PERKESO Teleconsultation Health Screening Programme	Provided employees with virtual health consultations and basic health assessments in collaboration with PERKESO and the Talent Acquisition Unit.

Mental Health and Peer Support

Mental wellbeing remains an important part of building a resilient workforce. Through Rakan Prihatin, Air Selangor provides an accessible and confidential first point of support for employees facing emotional, psychological, or personal challenges. In 2025, we strengthened the network of Rakan Prihatin representatives across Regions and Departments to improve outreach, encourage early support-seeking behaviour, and connect employees with professional counselling services where needed.

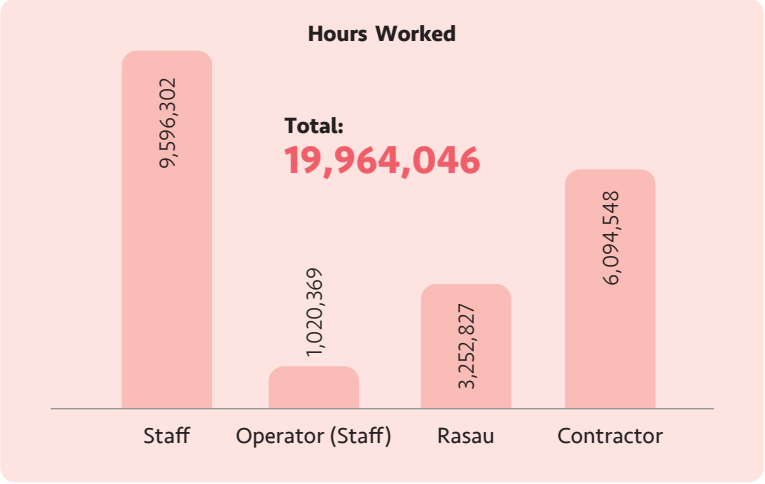
Initiative	Description
Psychological First Aid (PFA)	Conducted in two sessions involving 44 Heads of Section and Region, facilitated by the Head of Psychology Unit, Hospital Rehabilitasi Cheras, Kuala Lumpur. The programme achieved an average participant evaluation score of 96%.
Indeks Kesejahteraan Minda Sihat Air Selangor (i-MAS 2025)	3,982 employees, representing 79.2%, completed the Organisational Mental Wellbeing Assessment. Air Selangor recorded an overall mental wellbeing score of 72.8%, placing the organisation within the Healthy Tier.
Mental Health Engagement Programmes	Physical and online sessions were conducted on burnout management, self-care, emotional wellbeing, and workplace mental health awareness.
Mental Health First Responders at Work (MHFR@Work)	38 Rakan Prihatin representatives participated to strengthen internal peer support capability.
National Counselling Month 2025	Conducted with Shamzye Aims Counseling and Training Consultant, covering financial wellbeing, emotional management, workplace communication, and self-development. The programme recorded 1,815 participants with an average evaluation score of 94%.
Pre-Retirement Programme	A two-day programme covering retirement preparation, financial stability, lifestyle transition, and health awareness, involving 25 participants with an average evaluation score of 94%.

Prioritising Employee Health, Safety, Competency and Diversity

Performance Monitoring and Preventive Action

Air Selangor monitors occupational health and safety performance to assess the effectiveness of controls, identify emerging risks, and strengthen preventive action. In 2025, no work-related fatalities and no work-related ill health cases were recorded among employees. A total of 22 work-related incidents were reported across operational locations, mainly involving lost time injuries, first aid cases, fire incidents, medical treatment cases, and asset damage incidents.

To strengthen workplace safety controls, we implemented mitigation measures including HSE stand-down programmes, HSE alerts, motorcycle safety initiatives, and workplace inspections. These actions support stronger incident prevention and reinforce safe work practices across operational teams.



EMPLOYEE ENGAGEMENT AND DEVELOPMENT

Why It Matters to Us

As we continue to deliver reliable water services, we depend on employees who understand our purpose, have the right capabilities and feel supported in their roles. By investing in engagement and development, we strengthen communication, support employee wellbeing, improve retention and create a conducive environment.

Our Approach

Air Selangor's approach to employee engagement and development is focused on building a connected, capable, and resilient workforce. We do this through structured engagement platforms, employee benefits, and learning programmes that support communication, professional growth, wellbeing, and long-term retention.

These initiatives help our employees remain connected to the Company's purpose, strengthen the capabilities required to support reliable water services, and create a work environment that enables employees to grow across different stages of their careers.



Prioritising Employee Health, Safety, Competency and Diversity

Strengthening Employee Wellbeing Through Collective Bargaining Agreements

Air Selangor recognises our employees as a critical enabler of operational excellence and sustainable business performance. We remain committed to fostering a workplace built on mutual respect, open dialogue, and constructive engagement with our workforce.

In 2025, Air Selangor achieved a significant milestone with the signing of our first Collective Agreement with Kesatuan Pekerja-Pekerja Pengurusan Air Selangor Sdn Bhd (KESAiS). The agreement covers more than 2,200 union members and reflects the successful outcome of collaborative discussions between management and employee representatives.

The journey towards the First Collective Agreement began with the registration of the union on 2 August 2021, followed by our formal recognition of the union on 30 September 2021. The first meeting between Air Selangor and the union was held on 13 January 2022, and the draft Collective Agreement was submitted on 18 July 2022 for detailed negotiations. Following a series of constructive discussions, both parties successfully concluded negotiations on 1 November 2024, covering 28 articles comprising both monetary and non-monetary provisions. The Collective Agreement was subsequently formalised through an official signing ceremony on 17 January 2025, attended by key stakeholders, including the Selangor State Government, marking a significant milestone in Air Selangor's industrial relations journey.

The Collective Agreement introduces enhancements to employee remuneration and welfare, including salary adjustments, improvements to staff accommodation facilities, and reduced rental rates for company-provided housing. These initiatives demonstrate Air Selangor's commitment to employee wellbeing and fostering a conducive, inclusive working environment.

The Agreement provides clear and consistent employment terms while strengthening welfare provisions for employees. For Air Selangor, it promotes industrial harmony, enhances employee engagement, and supports workforce stability through structured dialogue and consultation.

Together with Air Selangor's ongoing collaboration with KESAiS through regular consultations, employee engagement programmes, and community initiatives, the Collective Agreement reflects the Company's commitment to the social dimension of sustainability by fostering constructive labour-management relations, strengthening organisational resilience, and supporting sustainable long-term growth.

The agreement serves as an important platform for strengthening labour-management relations and promoting constructive engagement on matters affecting employees. By recognising the role of collective bargaining as a key mechanism for employee representation, Air Selangor continues to uphold fair labour practices and support a culture of trust, transparency, and shared responsibility.

Union-Management Engagement

Air Selangor and the Union maintain regular engagement sessions in line with Article 12 of the Collective Agreement, which provides for consultation between both parties on matters relating to employees and workplace issues.

Union-management discussions are conducted on a regular basis as part of ongoing industrial relations practice. These sessions serve as a platform for dialogue on operational matters, employee concerns, and grievances, with the objective of resolving issues through consultation and mutual understanding.

During the reporting period from 1 January 2025 to 31 December 2025, four engagement sessions were held on 26 February 2025, 27 March 2025, 30 June 2025, and 17 December 2025.



Prioritising Employee Health, Safety, Competency and Diversity

Matters raised during these sessions are generally first addressed by the relevant operational representatives. Decisions are made in accordance with Air Selangor's internal approval practices and applicable policies, ensuring timely and appropriate resolution of matters discussed.

Beyond formal consultation sessions, Air Selangor and KESAiS continued to strengthen employee engagement through a series of collaborative initiatives that promoted inclusivity, employee wellbeing, and stronger relationships between management and employees.

On 12 March 2025, KESAiS organised a Breaking of Fast (Iftar) Engagement Programme with Air Selangor's CEO, Adam Saffian Ghazali, providing an informal platform for meaningful interaction and strengthening mutual understanding between employees, union representatives and management.

Further strengthening strategic collaboration, KESAiS entered into a Memorandum of Collaboration (MoC) with the Football Association of Selangor (FAS) on 21 May 2025, witnessed by the CEO. The collaboration created opportunities for broader employee engagement through sports and community initiatives while strengthening Air Selangor's external stakeholder partnerships.

In support of community engagement and employee volunteerism, Korban Amal Perdana 2025 was successfully organised on 28 May 2025 through the collaboration between KESAiS, Air Selangor Management and the Football Association of Selangor (FAS). The programme reflected the shared commitment of both Air Selangor and the Union towards fostering social responsibility while encouraging employee participation in community initiatives.

KESAiS members also participated alongside Air Selangor's senior management and employees during the Air Selangor Water Tour Programme officiated by DYTM Raja Muda Selangor, Tengku Amir Shah Ibni Sultan Sharafuddin Idris Shah Alhaj, held on 14 August 2025 at the Sungai Semenyih 2 Water Treatment Plant. The programme showcased Air Selangor's water conservation initiatives while reinforcing employee participation in programmes that support environmental sustainability and public awareness.

These initiatives complement Air Selangor's formal industrial relations framework by strengthening employee engagement beyond collective bargaining, fostering a culture of collaboration, mutual respect, and shared responsibility across the organisation.

Employee Engagement Programmes

Embedding Sustainability into Organisational Culture

Recognising that sustainability transformation requires organisation-wide participation, Air Selangor implemented a structured Sustainability Communication Plan in 2025 to promote **"Engage, Empower, Sustain"**. The plan aimed to strengthen ESG awareness, encourage collaboration and embed sustainability considerations into daily operations and decision-making. Throughout the year, targeted engagement initiatives were conducted across headquarters and operational regions to reinforce sustainability knowledge, strengthen governance practices and foster shared ownership of sustainability priorities.

Sustainability Engagement and Awareness Activities in 2025:

Regional Sustainability Roadshow and Materiality Engagement Workshops

Recognising the importance of stakeholder participation and operational insights, Air Selangor implemented a Regional Sustainability Roadshow and Materiality Engagement Workshop series as part of the 2025 materiality assessment. A total of 13 engagement sessions were conducted, covering 12 operational regions across Distribution and Production, alongside participation from Headquarters.

These workshops provided a structured platform for employees and management teams to discuss sustainability priorities, emerging risks, and business impacts. Through these sessions, participants strengthened their understanding of ESG priorities, identified material sustainability matters relevant to their respective functions, and shared perspectives on key challenges and opportunities while providing targeted inputs to the materiality assessment process. This regional engagement approach reinforced inclusivity by ensuring that operational insights and regional perspectives were effectively reflected in determining Air Selangor's sustainability priorities.

Prioritising Employee Health, Safety, Competency and Diversity

Sustainability Snack Break Series

To foster a culture of continuous learning through an accessible and informal platform, Air Selangor introduced the **Sustainability Snack Break Series** in 2025. This initiative featured short, interactive knowledge-sharing sessions designed to help employees engage with sustainability topics in a practical and relatable manner.

Throughout the reporting period, three sessions were conducted, with approximately 20 to 25 participants per session comprising members of the Sustainability Working Committee. The sessions covered a diverse range of focus areas, including sustainability awareness, water conservation, responsible workplace practices, mental health awareness, and the reinforcement of a governance and integrity culture.

The series served as an effective platform to strengthen the understanding of sustainability concepts, encourage open dialogue and peer learning, and promote practical behavioural changes. These efforts further fostered stronger employee participation in the organisation's broader sustainability initiatives.

Sustainability Culture Day

Air Selangor introduced Sustainability Culture Day as a strategic initiative to reinforce sustainability as a shared organisational value. Through a series of collaborative and experiential activities, the programme brought together 10 teams – five from Headquarters and five from regional offices – to foster greater participation, creativity, and teamwork in support of the organisation's sustainability priorities.

The programme featured sustainability-themed challenges where teams designed practical greenhouse concepts using recycled and repurposed materials, alongside the development of Sustainability Communication Boards to enhance ESG awareness in the workplace. These efforts strengthened sustainability ownership, cross-functional collaboration, and employee advocacy across both Headquarters and regional teams, further embedding sustainability considerations into the organisational culture.

Governance Excellence Programme (GEP)

Recognising that robust governance is a fundamental pillar of sustainable business practices, Air Selangor's Risk Management Department implemented the **GEP** to further strengthen governance awareness and reinforce leadership accountability across the organisation.

The programme focused on core governance principles, risk management, ethical leadership, and compliance responsibilities. The sessions saw participation from over 100 leaders and management representatives, including Headquarters and regional leadership, senior management, and Board members, alongside invited speakers, industry experts, and regulators.

Through this initiative, Air Selangor aimed to strengthen its governance culture while promoting the integration of sustainability and risk considerations into decision-making. The programme also enhanced the understanding of compliance responsibilities and supported greater leadership alignment across the organisation to ensure long-term operational resilience.

Employee Engagement and Wellbeing

We continue to strengthen employee engagement through a range of structured programmes and initiatives designed to foster collaboration, enhance communication, and support overall employee development. These initiatives provide platforms for employees to actively participate in meaningful engagements, including knowledge-sharing sessions, professional development activities, and community involvement programmes. Through these efforts, we aim to create a more connected workforce while supporting employee wellbeing, growth, and sense of purpose within the organisation.

Prioritising Employee Health, Safety, Competency and Diversity

Key employee engagement initiatives conducted in 2025 include:

Wellness & Mental Wellbeing Programmes

Various wellness-focused initiatives were organised to support employees' physical, emotional and spiritual wellbeing. These included Fun Run, Ceramah Ramadhan, Weight Loss Challenge, Color Analysis, Pilates, Pound Stick sessions, health talks, financial management briefings, mental health awareness sessions and religious talks.

Sports & Recreation Activities

Employees participated in a wide range of sports and recreational activities aimed at promoting teamwork, healthy competition and work-life balance. Programmes included futsal, bowling, badminton, volleyball, football, paintball, hiking, all-terrain vehicle (ATV) rides, treasure hunt, go-kart, fishing, fun walk and *sukaneka*.

Appreciation & Recognition Programmes

Appreciation initiatives were conducted to recognise employees' contributions and strengthen morale across Headquarters and Regions. These included appreciation dinners, hi-tea sessions, Hari Wanita celebrations, staff appreciation events, Raya kits, Deepavali kits and committee appreciation programmes.

Social Enterprise and Community Engagement

Several programmes encouraged employees to contribute meaningfully to the community and strengthen social responsibility values. Initiatives included Majlis Berbuka Puasa bersama Anak Yatim, Program Derma Darah, Menyantuni Asnaf, Recycle for Life, and other community-based engagement activities.

Regional Engagement Programmes

Engagement activities were actively implemented across all regions, including Petaling, Klang, Kuala Lumpur, Hulu Langat, Sabak Bernam, Hulu Selangor, Sepang, Kuala Selangor, Kuala Langat, Southern and Gombak. These programmes enabled employees from various locations to participate in inclusive, meaningful and locally relevant initiatives.

Overall, a total of 150 employee engagement programmes were conducted in 2025, achieving an average satisfaction rate of 97%, reflecting strong employee involvement and positive responses towards the organisation's engagement efforts.

Supporting Employees Through Benefits

A well-structured benefits framework is an important part of how we support our employees beyond their day-to-day roles. At Air Selangor, we provide benefits that recognise the different stages of our employees' personal and professional lives, from family responsibilities and health needs to long-term career growth. This includes parental leave, health and wellness programmes, and continuous learning opportunities that help create a supportive workplace environment.

In 2025, 275 employees utilised parental leave benefits, comprising 235 male employees and 40 female employees. Of these, 141 employees returned to work within the reporting period, while the remaining employees were either on extended leave or utilised other forms of leave upon completing parental leave.

The continued retention of employees who utilised parental leave reflects the strength of our workplace support. In 2025, 274 employees who took parental leave remained employed with the Company 12 months after their return, representing a retention rate of approximately 99.6%. This demonstrates how our benefits framework supports employees in balancing family responsibilities with their continued growth and long-term careers at Air Selangor.

Prioritising Employee Health, Safety, Competency and Diversity

Training and Development

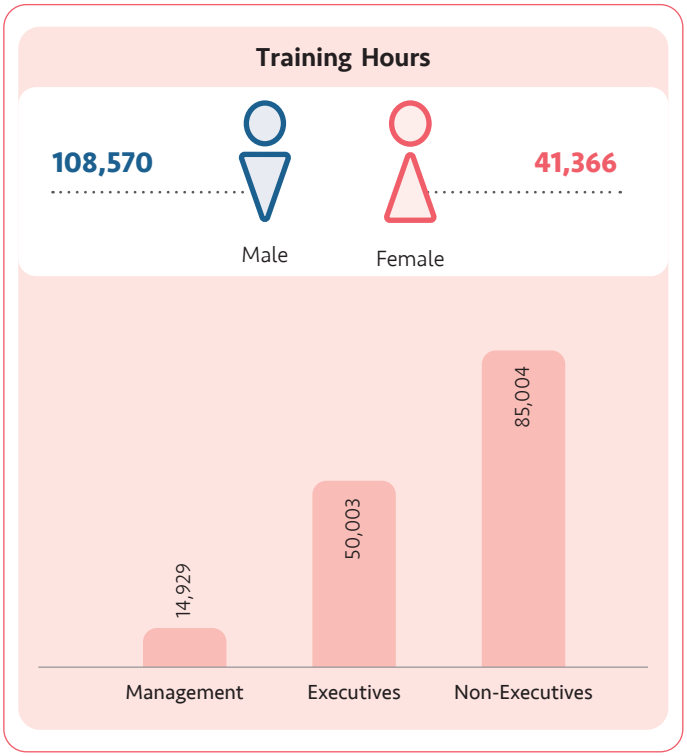
Training and development remain central to strengthening our technical, operational, leadership, digital, governance, and customer service capabilities. Our approach is focused not only on the volume of training delivered, but also on ensuring that learning interventions remain relevant, targeted, and aligned with the competencies required to support reliable water services.

In 2025, we recorded

149,936

training hours across Air Selangor

This year, we placed greater emphasis on the quality, relevance, and effectiveness of training programmes rather than training hours alone. Programmes were prioritised based on business needs, operational risk, regulatory requirements, and the capabilities required to support long-term organisational resilience.



Key Training Programmes Conducted in 2025

Training programmes conducted throughout the year covered various focus areas, including:

01 **Leadership and executive development programmes**

02 **Occupational health, safety, and environmental (HSE) training**

03 **Water quality and technical operational programmes**

04 **Digitalisation, data analytics, and system enhancement training**

05 **Governance, integrity, and compliance-related programmes**

06 **Customer experience and stakeholder engagement programmes**

07 **Professional certifications and industry conferences**

08 **Learning and development initiatives for new employees and non-executive staff**

Prioritising Employee Health, Safety, Competency and Diversity

Key programmes conducted in 2025 include:

Leadership & Capability Development	Emerging Leaders Programme, Executive Competency-Based Development Programme (EDP), Non-Executive Development Programme (NEDP), Learning Day
HSE & Operational Safety	Authorised Entrant & Standby Person (AESP), Permit to Work (PTW), Forklift Safety & Competency, Safe Handling of Liquid Chlorine Training, BOFA/CPR/AED
Water & Technical Competencies	Water Expert Development Programme (WEDP), Water Malaysia 2025, Water Horizons 2025, DMZ Asset Maintenance Training
Governance & Compliance	Integrity & Anti-Corruption Programmes, Sustainability Reporting & Malaysian Business Reporting System (MBRS) Training, Risk Management and Internal Audit-related Programmes
Digital & System Enhancement	Learning on-the-Go (LOTG), Power BI Training, AI-related Programmes, LIMS and ICC-related System Training
Customer & Service Excellence	Customer Experience Live Show Asia 2025, Advanced Distressed Customer Engagement, Refresher Customer Management Programmes

We also continued to encourage participation in external industry conferences, technical forums, and certification programmes to strengthen professional exposure, knowledge sharing, and specialised capability development. Together, these initiatives supported both immediate operational readiness and long-term workforce development, while ensuring that training investments remained purposeful and outcome-focused.

In addition to operational safety programmes, employees participated in various specialised occupational health and safety training throughout 2025. These included confined space competency programmes, emergency response preparedness, waste management, defensive driving and riding, first aid and CPR training, forklift safety, and IMS auditor certifications.

Other key programmes conducted during the year included the ASEAN Safety and Health Workers Summit 2025, Water Expert Development Programme (WEDP), and Occupational Safety & Health (Construction Work) Regulations 2024 familiarisation training.

Prioritising Employee Health, Safety, Competency and Diversity



DIVERSITY, EQUITY AND INCLUSION

At Air Selangor, we are committed to fostering a diverse and inclusive workforce by ensuring equal opportunities for all employees, regardless of gender, age, or employment category. We believe that a diverse workforce strengthens collaboration, encourages innovation, and contributes to sustainable organisational performance.

Our diversity and inclusion approach focuses on creating an equitable workplace where individuals are valued for their unique perspectives and contributions. We continue to promote fair employment practices and inclusive policies that support a respectful and supportive working environment.

The section below presents workforce composition for 2025, including talent hiring by gender, employment type, age group, as well as the composition of the Board.

Workforce Composition and New Hires

In 2025, Air Selangor recorded a total of new hires across various regions and age groups, reflecting our ongoing efforts to attract a diverse and capable workforce. The majority of new hires were concentrated within the mid-career segment, while continued hiring of younger talent supports the development of a sustainable talent pipeline for the future.

New Hires by Age Group and Gender

Age Group	<30	30–49	50–65	Total
Male	36	41	4	81
Female	13	12	0	25
Total	49	53	4	106

Prioritising Employee Health, Safety, Competency and Diversity

Workforce Composition by Employment Category, Age Group and Gender

In 2025, Air Selangor recorded a total workforce of 5,013 employees across management, executive, and non-executive categories, comprising 1,016 female employees and 3,997 male employees. Overall, the workforce remained concentrated within the 30–49 age group, reflecting a strong base of experienced employees supporting the organisation's operational and business needs.

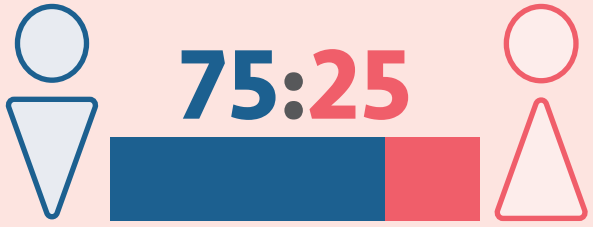
Female representation stood at 20.3% of the overall workforce. At leadership and professional levels, women represented 25.0% of Directors, 32.6% of management, and 40.8% of executives, reflecting stronger representation in decision-making and professional roles compared with the overall workforce profile.

Workforce Breakdown

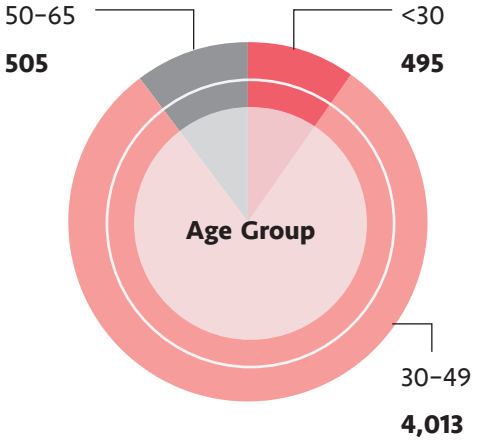
	Age Group			Total
Management	<30	0	0	0
	30–49	136	70	206
	>50	71	30	101
Executive	<30	52	48	100
	30–49	555	369	924
	>50	64	46	110
Non-Executive	<30	351	44	395
	30–49	2,517	366	2,883
	>50	251	43	294
Total		3,997	1,016	5,013

Board Composition by Gender

The Board composition recorded a male-to-female ratio of 75:25, reflecting continued efforts towards balanced representation across leadership levels.



Employee Distribution by Age Group



GIVING BACK TO THE COMMUNITY



Why It Matters to Us

Community engagement and investment are essential to Air Selangor's role as a responsible water service provider. As our services support households, businesses, and communities every day, meaningful engagement helps us understand stakeholder needs, respond to concerns, and ensure our services remain accessible and responsive.

Our Approach

We embed community engagement and investment into our operations through targeted outreach, stakeholder engagement, and social support initiatives. Our approach focuses on strengthening relationships with the communities we serve, supporting social equity, improving access to essential assistance, and promoting responsible water use.

Through these efforts, we support long-term service reliability while contributing to sustainable development outcomes across our service areas.

Giving Back to the Community

OUR COMMUNITY INVESTMENT PROGRAMMES

Air Selangor's community initiatives are delivered through Sesama Mara (Together We Move Forward), our platform for grassroots engagement, social support, volunteerism, and community outreach. Through this platform, we direct our efforts towards programmes that respond to community needs, support underserved groups, strengthen education access, and encourage a stronger sense of shared responsibility.

Air Selangor
Joy in Every Drop

SESAMA MARA

To move forward together with the communities that we serve

Focus Areas	COMMUNITY	EDUCATION	
Flagship Programmes	**Rumah Angkat Semai Nurani** Comprehensive Support In Nutrition, Education and Social Engagement		
	Box of Hope • Support the B40 community in Selangor, Kuala Lumpur, and Putrajaya with basic food necessities.	**Festive Cheer** • Visits to charity homes and contributions through seven festivities.	**Empowering Online Learning** • Provides interactive and sustainable online learning experiences to B40 upper-secondary school students.
	Supported by Hydro Heroes Air Selangor's volunteer programme		
Target Audience	Low-income groups and underserved communities in the areas we serve		
UN SDG Focus	2 ZERO HUNGER Zero Hunger	3 GOOD HEALTH AND WELL-BEING Good Health and Well-being	4 QUALITY EDUCATION Quality Education

In 2025, Sesama Mara reached 3,982 community beneficiaries through initiatives focused on community wellbeing, festive celebrations, online learning, welfare home adoption, and employee volunteerism. These programmes were delivered through collaboration with local communities, resident associations, local authorities, non-governmental organisations, welfare homes, schools, and strategic partners, helping us improve outreach and ensure support is channelled to communities across Selangor, Kuala Lumpur, and Putrajaya.

Giving Back to the Community

Box of Hope

1,963 boxes distributed, benefiting 1,963 recipients from B40 families and welfare homes across 18 locations.

The Box of Hope programme was launched on 30 June 2020 with the aim of assisting the B40 community in our Distribution Area with the provision of basic food necessities.

Through collaboration with strategic partners such as Village Grocer, Yayasan Foodbank Malaysia and public participation, Box of Hope provides a practical channel for community support by enabling wider contributions towards underserved households. Air Selangor offers the public the opportunity to donate food items to the Box of Hope enclosures that have been strategically placed at five Village Grocer supermarket outlets at Tamarind Square Cyberjaya, MyTown Cheras, 1 Mont Kiara, i-City Mall Shah Alam, and Melawati Mall Ampang.

In 2025, the Box of Hope programme successfully distributed 1,963 provision boxes, reaching B40 families across 18 locations. The total amount spent on beneficiaries under this initiative was RM165,821.60. Since the programme's inception, a total of 8,738 boxes have been distributed.

Festive Cheer

1,759 beneficiaries reached through seven festive support programmes across multiple celebrations.

Festive celebrations extended Air Selangor's community support during key cultural and national celebrations, including Chinese New Year, Ramadan, Hari Raya Aidilfitri, Merdeka, Air Selangor Anniversary, Deepavali, and Christmas.

In 2025, we distributed provisions and conducted engagement programmes worth RM170,000 to 1,759 recipients across 19 welfare homes and B40 areas. Through structured planning and impactful collaboration, we will continue to expand this initiative, enhancing the positive impact on underprivileged communities.

Beyond festive contributions and essential household items, the programme included outreach to elderly homes, orphanages, and surrounding communities, as well as minor maintenance support and wellbeing-focused activities. These initiatives helped ensure that festive support was delivered not only as aid, but also as meaningful engagement with communities in need.

Hydro Heroes

805 volunteer hours recorded across 17 events, involving 248 volunteers.

Hydro Heroes continued to promote employee volunteerism by mobilising Air Selangor employees to support the Sesama Mara programmes on the ground. Through their participation in initiatives such as Box of Hope, Empowering Online Learning and festive outreach, employees contributed their time and effort directly to beneficiaries. This strengthened the delivery of community assistance while reinforcing a culture of social responsibility within Air Selangor.

The total investment in this programme amounted to RM102,436.55, reinforcing our mission to drive impactful community engagement.







Giving Back to the Community

Empowering Online Learning

260 students equipped with Pandai Premium through our online learning initiative.

Through the Sesama Mara initiative, Air Selangor continues to strengthen its community investment commitment by extending its collaboration with Pandai Education Sdn Bhd (Pandai), an extension of the Empowering Online Learning effort introduced in 2020, ensuring continued access to quality education for children from low-income families across the area we serve.

The programme provides SPM students access to the Pandai Premium subscription, an online learning application that offers a wide range of practice questions, tests, and notes to support their preparation for the SPM examination.

This year, 260 students received access to the Pandai Premium subscription:

- SMK Sri Gombak: 92
- SMK Taman Kosas: 30
- SMK Taman Medan: 30
- SMK Shah Alam: 23
- SMK Seri Pantai: 27
- Rumah Kanak-kanak Triniti Childrens Home Petaling Jaya: 10
- Pertubuhan Kebajikan Ehsan As Shakur (PEKEAS) Rawang: 14
- Rumah Bakti Al-Kausar Bangi: 10
- Air Selangor employees: 24.

Rumah Angkat Semai Nurani

A new programme under our community investment initiative, Rumah Angkat Semai Nurani was launched in October 2025. This programme has identified several selected welfare homes for adoption in order to receive comprehensive support, including basic food assistance through the Box of Hope programme, educational support through Empowering Online Learning sponsorships and household assistance during festive seasons.

A total of 80 residents from the three selected welfare homes, Rumah Bakti Al-Kausar (Bangi), Triniti Children's Home (Petaling Jaya) and Pertubuhan Kebajikan Ehsan Ash-Shakur (Rawang), have benefited and will continue to benefit from this programme.

In 2025, we delivered 132 food-aid boxes through Box of Hope, celebrated four festive occasions with selected homes during Hari Raya Aidilfitri, Merdeka, Air Selangor Anniversary and Deepavali, and onboarded 34 children to have access to the Pandai Premium application.



Giving Back to the Community

INISIATIF KITA SELANGOR PENYAYANG

Skim Air Darul Ehsan (SADE)

Ensuring equitable access to safe and reliable water services remains an important aspect of Air Selangor's commitment to water sustainability and community wellbeing. Through the SADE programme, eligible low-income households in Selangor receive 20m^3 of free water per month, helping to alleviate financial burdens while supporting access to essential water services.

In 2025, SADE recorded 43,214 new registrations, bringing the cumulative number of approved beneficiaries to 367,045 since the programme's inception. SADE applications were previously administered through the Sistem Smart Inisiatif Peduli Rakyat (SSIPR) platform. As part of ongoing efforts to enhance service delivery and improve the application experience, registration and application processing were migrated to the Aplikasi Kita Selangor Sepadu (AKSES) platform provided by the Selangor State Government, effective 29 December 2025. The new platform enables real-time application processing and approval, improving accessibility and enhancing the efficiency of benefit delivery to eligible households.

Beyond providing financial assistance, SADE supports inclusive access to essential water services and contributes to social resilience by ensuring that vulnerable communities can continue to meet their basic water needs. Through ongoing awareness and outreach initiatives, Air Selangor remains committed to expanding programme accessibility and supporting the wellbeing of communities across Selangor.



GOVERNANCE AND ACCOUNTABILITY

116 Strengthening Governance and Increasing Transparency

137 Leveraging Digitalisation to Support a Circular Economy





STRENGTHENING GOVERNANCE AND INCREASING TRANSPARENCY



Governance and integrity are fundamental to Air Selangor's ability to deliver safe, reliable, and sustainable water services while maintaining public trust and regulatory confidence. As a critical infrastructure provider, strong governance frameworks, ethical conduct, and robust anti-corruption practices enable the organisation to manage risks effectively, ensure transparency and accountability, and uphold high standards of service delivery. Embedding integrity across all levels of operations not only safeguards organisational resilience and operational continuity but also supports long-term value creation for stakeholders, strengthens investor confidence, and underpins Air Selangor's contribution to sustainable and inclusive development in Selangor and beyond.

For more information on our sustainability governance, refer to our Sustainability Strategy & Pillars chapter, on the Sustainability Governance section on pages 40–45.

GOVERNANCE, INTEGRITY & COMPLIANCE

ETHICS AND INTEGRITY

Why It Matters to Us

Integrity is fundamental to the trust placed in Air Selangor as an essential water services provider. Our decisions affect customers, employees, suppliers, contractors, regulators, and communities, particularly in areas such as procurement, project delivery, customer service, and asset management. Strong ethical conduct helps ensure that these decisions are made transparently, responsibly, and in the public interest.

Air Selangor recognises that maintaining this trust requires more than compliance. It requires clear standards of behaviour, effective controls, and a culture where employees and business partners understand their responsibilities and are empowered to raise concerns without fear.

Our Approach

In 2025, the Company's Integrity & Governance Section (IGS) continued to enhance its ethics and integrity framework through anti-corruption initiatives, CRA, training, external engagements and whistleblowing improvements. To further strengthen governance and transparency practices, IGS continues to report functionally to the BAC and administratively to the CEO. This reporting structure for IGS is largely aligned with the Malaysian Anti-Corruption Commission's (MACC) Guideline for the Management of integrity & Governance Unit.

Air Selangor's Anti-Corruption Plan (AACP)

All the 35 AACP initiatives developed for 2023 to 2025 were successfully completed by October 2025, achieving a 100% completion rate. Building on this achievement, Air Selangor will develop a new set of AACP initiatives commencing in 2026 to further strengthen its anti-corruption framework.

External Engagements

Air Selangor actively engages with external organisations to promote knowledge sharing and adopt best practices in integrity and governance. Engagements in 2025 included:

- Malaysian Anti-Corruption Commission (SPRM) – Agency Integrity Management Division (BPIA)
- Transparency International Malaysia (TI-M)
- Tenaga Nasional Berhad (TNB)
- Prasarana Malaysia Berhad
- Indah Water Konsortium (IWK)

Following these engagements, Air Selangor intends to adopt relevant leading practices. On 4 June 2026, the BAC decided to defer the signing of the MoU with MACC indefinitely, while advising IGS to continue collaborating with MACC to strengthen integrity and governance practices.

Strengthening Governance and Increasing Transparency

Internal Engagements

Air Selangor fosters a strong culture of integrity through targeted internal programmes and capacity-building initiatives:

01 TI-M Awareness Talk for the Board of Directors

Title: Conflict of Interest

Date: 26 June 2025

Remarks: The session covered the definition and scope of Conflict of Interest (COI), as well as the legal framework governing COI. It also discussed examples of actual COI and potential COI.

02 Malaysia Competition Commission (MyCC)

Title: Program Latihan Dalaman Bersama Suruhanjaya Persaingan Malaysia – Kartel & Penipuan Bidaan

Date: 5 August 2025

Remarks: The training programme was attended by members of the Air Selangor Board of Directors, HODs and Sections, as well as selected employees from the Procurement Department and representatives from Corporate Affairs Department.

The objective of this training programme was to enhance awareness and understanding among Air Selangor employees of Competition Law to identify and prevent cartel practices and bid-rigging in procurement processes and to strengthen integrity and governance in procurement management.

03 SPRM & Transparency International Malaysia (TI-M)

Title: Program Latihan Bersama Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) Dan Transparency International Malaysia (TI-Malaysia)

Date: 16 July 2025

Remarks: The training programme was attended by the CEO of Air Selangor, Adam Saffian Ghazali, as well as the HODs, HOS and Regions from Distribution Department and Procurement Department.

The training programme included question-and-answer discussions and experience sharing related to corruption issues, the MACC Act, conflicts of interest and preventive measures that can be undertaken by both organisations and individuals.

04 Integrity Assessment Survey

As part of Air Selangor's commitment to fostering a culture of integrity and transparency, the IGS has conducted an Integrity Assessment Survey. This survey was intended to gather some insights into the perceived level of integrity amongst employees of Air Selangor and to identify opportunities for enhancing an ethical workplace culture.

The survey was conducted over six (6) weeks from 10 November 2025 to 17 December 2025.

Participants included staff from both HQ and Regional Offices, ranging from management to non-executive levels. Only fully completed responses were analysed.

Out of a total population of 4,991 staff members as at end of September 2025, 3,870 staff (77.54%) completed the survey.

Strengthening Governance and Increasing Transparency

The following table summarises the key integrity and governance activities implemented throughout the year.

No.	Initiatives	Activities	Completed
1	Anti-Corruption Training	• Anti-Bribery and Anti-Corruption (ABAC) Awareness Training to staff • Directors & Management Training • ABAC Awareness to Business Partners.	15 2 2
2	Engagement	• IGS Engagement Tour: Strategic Partnership/Relationship.	5
3	Integrity Sharing (article, Infographic Materials)	• Hydro News, Viva Insights, Topical posters.	7
4	Integrity Events	• Integrity Assessment Survey.	1
Total			**32**

Corruption Risk Assessment (CRA)

Between February to April 2025, Air Selangor conducted a CRA review as part of its ongoing commitment to transparency and ethical conduct. Prior to that, a briefing session was held for Integrity & Governance Champions (IG Champions) across departments and regions to strengthen awareness and capability in managing corruption risks.

This initiative supports a structured approach to identifying, assessing, and mitigating corruption-related risks across the organisation.

ISO 37001 Anti-Bribery Management System (ABMS)

Air Selangor continues to strengthen its ABMS in line with ISO 37001 standards:

- External audit for early recertification by SIRIM QAS was conducted from 14 April to 23 May 2025, alongside audits for six other ISO standards
- Internal audits were carried out between September and October 2025, involving 28 certified ABMS internal auditors
- A total of 28 internal auditors participated in ABMS training held on 2–3 September 2025.

These audits provide assurance that the ABMS is effectively designed, implemented, and maintained, ensuring compliance with regulatory and internal requirements while strengthening governance and risk management practices.

Air Selangor Whistleblowing Policy

The Whistleblowing Policy serves as a comprehensive framework to facilitate the confidential and responsible reporting of unethical conduct by employees and business partners. It ensures that all reports are handled with integrity, transparency, and confidentiality for whistleblowers. A summary of the Whistleblowing Policy is accessible on Air Selangor's website.

In 2025, Air Selangor enhanced its Whistleblowing channel through several interface improvements aimed at providing a more user-friendly, accessible, and secure platform for reporting concerns. These enhancements are designed to facilitate and encourage whistleblowers to lodge complaints with the IGS, reinforcing the organisation's commitment to transparency, accountability, and the protection of whistleblowers.

Air Selangor Whistleblowing Policy:
www.airselangor.com/about-us/publications

Air Selangor Whistleblowing website:
www.airselangor.com/about-us/publications/whistleblowing

Strengthening Governance and Increasing Transparency

BUSINESS CONTINUITY MANAGEMENT (BCM)

Why It Matters to Us

Water services must remain resilient during disruptions, emergencies, and crisis situations. As an essential service provider, Air Selangor recognises that business continuity is critical to protecting water supply operations, maintaining public confidence, and safeguarding customers, employees, stakeholders, and communities during unexpected events.

Our Approach

In 2025, Air Selangor continued to strengthen its BCM framework as a critical component of its ERM ecosystem, ensuring the resilience of water supply operations and the organisation's ability to respond effectively to disruptions, emergencies, and crisis scenarios.

Aligned with international standards, including ISO 22301 (Business Continuity Management System), BCM initiatives are focused on enhancing preparedness, strengthening response capabilities, and ensuring continuity of essential services to safeguard stakeholders and communities.



Strengthening Organisational Readiness Across All Regions

To embed BCM practices across the organisation, Air Selangor conducted Business Continuity Plan (BCP) Desktop Walkthrough Exercises across all 12 regions between August and October 2025. These exercises were designed to:

- Enhance employee awareness of roles and responsibilities during emergencies.
- Test the effectiveness of regional BCPs under various disruption scenarios.
- Strengthen ERT capabilities.
- Assess staff readiness and response coordination during crises.

Strengthening Governance and Increasing Transparency

The exercises covered a wide range of realistic scenarios, including fire incidents, flooding, power failures, cybersecurity breaches, and extreme weather events. Post-exercise evaluations enabled regions to implement targeted improvements, strengthening operational resilience and ensuring a more robust and coordinated response to disruptions.

A key initiative in 2025 was the Tabletop Exercise for the Sungai Langat Dam Emergency Action Plan, involving approximately 150 participants and officiated by the Selangor State Executive Council (EXCO). The exercise brought together a broad spectrum of stakeholders, including district and state disaster management authorities, emergency response agencies, and local communities.

The exercise simulated a dam overtopping event during continuous rainfall and involved district and state disaster management authorities, emergency response agencies and local communities. It helped strengthen multi-agency coordination, clarify roles and responsibilities, identify response gaps and improve preparedness for high-impact disaster scenarios.

Capability building and awareness programmes on BCM further strengthened the BCM culture across the organisation. The BCM Expert Talk, held in September 2025, brought together subject matter experts from internal and external organisations, including National Disaster Management Agency (NADMA), TNB Research, Sapura Secured Technologies, and the Royal Malaysia Police. The session provided valuable insights into real-world crisis management practices and reinforced best practices in business continuity and emergency response.

In addition, a BCM Roadshow for Headquarters departments was conducted in December 2025 to expand awareness among employees, particularly those who had not previously participated in BCM programmes. These initiatives enhance organisational readiness, strengthen understanding of BCM principles, and promote continuous improvement of BCPs.

Strengthening Water Supply Resilience and Operational Continuity

Technical Assessments

Air Selangor conducted a technical assessment of the SJAM at SSP2 Water Treatment Plant to evaluate its effectiveness as a key BCP measure during water pollution incidents. The SJAM system plays a critical role in maintaining plant operations during contamination events by enabling mitigation and dilution processes, thereby minimising service disruptions and protecting customer interests.

This initiative enhances Air Selangor's ability to manage water supply risks proactively while reinforcing resilience against environmental and operational challenges.



Climate Resilience & Extreme Weather Preparedness

Air Selangor continued to strengthen proactive monitoring and operational coordination efforts to enhance organisational readiness and support uninterrupted water supply services during potential disruption events.

As part of these efforts, the BCM Section conducted continuous monitoring of weather conditions and flood risk developments through daily forecasts and advisories issued by the Malaysian Meteorological Department (METMalaysia) and relevant authorities. Daily weather and flood monitoring updates were shared with key operational stakeholders to support early preparedness measures, situational awareness, and timely response coordination across the organisation.

The BCM Section also worked closely with the Strategic Operations Department and operational teams to strengthen continuity coordination during operational disruptions, environmental incidents, and emergency situations. This collaboration focused on ensuring effective communication, operational readiness, escalation management, and alignment of continuity response strategies to minimise service disruptions and maintain critical water supply operations.

Through continuous engagement and coordination with operational stakeholders, Air Selangor further strengthened its ability to anticipate emerging risks, improve response effectiveness, and enhance overall organisational resilience against evolving operational and climate-related challenges.

Strengthening Governance and Increasing Transparency

Strengthening Collaboration and Stakeholder Engagement

Air Selangor actively strengthened collaboration with internal and external stakeholders throughout 2025. Engagements with agencies such as the NADMA and State Disaster Management Unit (SDMU) focused on enhancing disaster response procedures and strengthening coordination during emergency scenarios. These efforts were complemented by a series of strategic engagements and coordination meetings in preparation for the Crisis Simulation Exercise (CSE) scheduled in 2026.

Additionally, participation in external dam simulation exercises, including at the Sultan Abu Bakar Dam, provided valuable exposure to best practices in emergency response, evacuation procedures, and inter-agency coordination. Insights gained from these engagements have been integrated into Air Selangor's BCM framework to support continuous improvement and organisational learning.

International BCM Conference Speaking Invitations

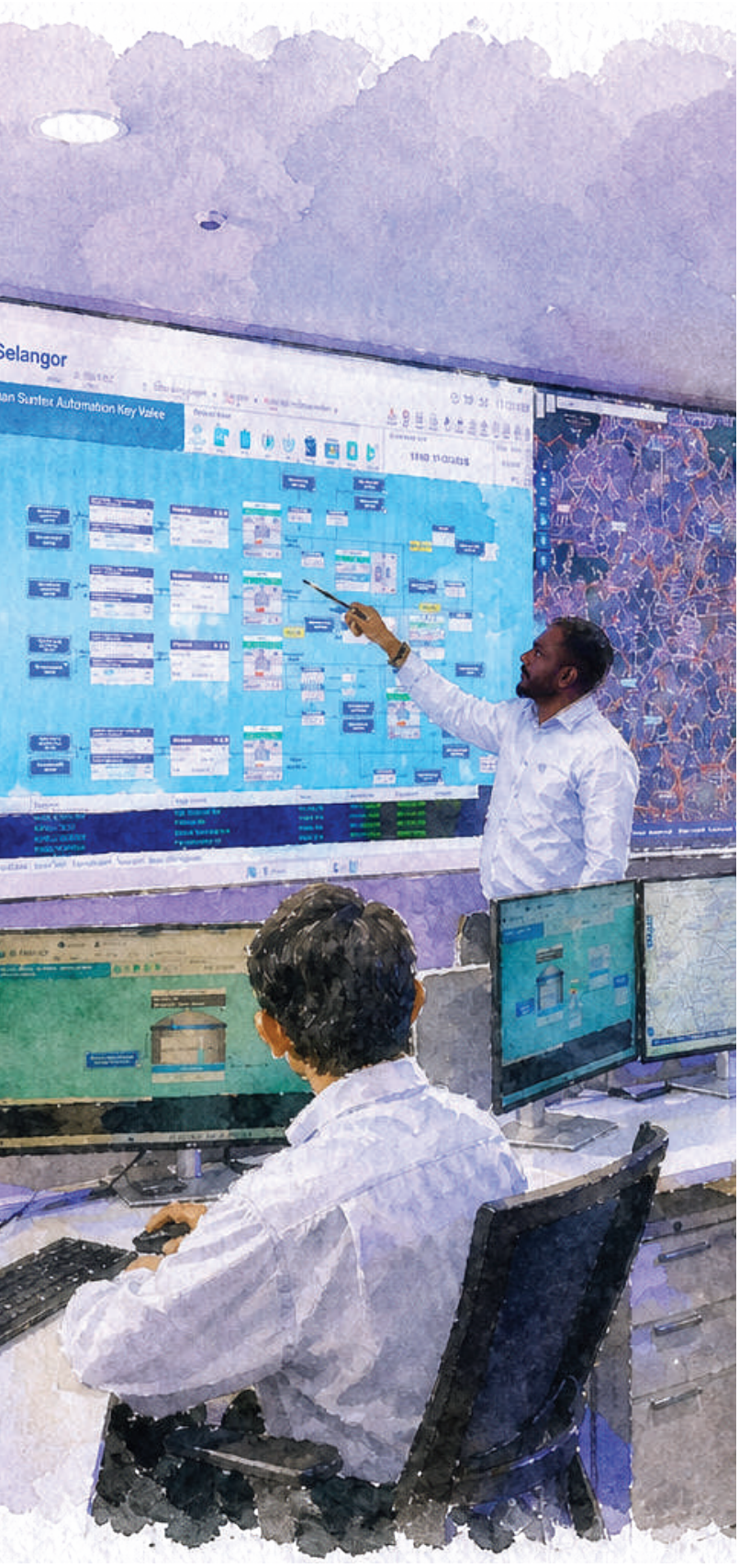
Representatives from Air Selangor's BCM Section continued to receive invitations to participate as speakers and panellists at regional and international conferences, forums, and professional engagements related to BCM, operational resilience, crisis management, and disaster preparedness.

These invitations reflect growing industry recognition of the BCM Section's practical experience and leadership in strengthening organisational resilience within the critical infrastructure and water utility sector. Through these engagements, BCM representatives shared insights and practical lessons learned from CSEs, operational continuity initiatives, dam emergency preparedness programmes, and multi-agency coordination efforts implemented across the organisation.

The participation of BCM representatives in these industry platforms also supported knowledge exchange, strengthened professional collaboration, and reinforced Air Selangor's commitment towards advancing resilience best practices and sustainable operational excellence.



Strengthening Governance and Increasing Transparency



Strengthening Security Compliance & Critical Infrastructure Protection

As part of ongoing efforts to strengthen the protection and resilience of critical infrastructure, Air Selangor supported security compliance initiatives involving audits conducted by the Chief Government Security Office (CGSO) at designated Restricted and Prohibited Areas (Kawasan Larangan dan Tempat Larangan).

In 2025, CGSO audits were conducted at Sungai Semenyih Water Treatment Plant on 27 January 2025 and Sungai Tinggi Dam on 13 February 2025. These audits assessed security control measures, compliance with regulatory requirements, physical security readiness, and the effectiveness of protection measures implemented at critical operational facilities.

The engagements provided valuable insights to further enhance security governance, strengthen infrastructure protection measures, and reinforce organisational preparedness against potential security threats and operational disruptions involving critical water supply assets.

Cyber Resilience & Digital Operational Continuity

As part of efforts to strengthen operational resilience in an increasingly digital environment, Air Selangor continued to enhance cyber resilience and digital continuity preparedness across critical operational systems. This includes strengthening coordination between BCM, IT, and cybersecurity functions to improve readiness against potential cyber disruptions that could affect operational technology, information systems, and critical business services.

Driving Continuous Improvement and Future Readiness

Air Selangor's BCM initiatives in 2025 demonstrate a proactive and structured approach to managing operational disruptions and enhancing resilience across the organisation. The integration of simulation exercises, capability building, infrastructure resilience initiatives, and stakeholder collaboration ensures that the organisation remains prepared to respond effectively to both anticipated and emerging risks.

Moving forward, BCM will continue to evolve in alignment with broader ERM and sustainability priorities, including strengthening climate resilience, enhancing risk scenario analysis, and supporting alignment with global frameworks such as the IFRS Sustainability Disclosure Standards (IFRS S1 and S2), particularly in the areas of risk management, resilience, and operational continuity.

Through comprehensive testing, strengthened collaboration, and continuous capability development, Air Selangor has reinforced its ability to maintain critical operations and deliver reliable water services under a wide range of disruption scenarios. The organisation remains committed to advancing its BCM framework as a cornerstone of operational resilience and sustainable value delivery.

Strengthening Governance and Increasing Transparency

CYBERSECURITY

Why It Matters to Us

Cybersecurity is critical to Air Selangor's ability to deliver safe, reliable and uninterrupted water services. As digital technologies become more embedded in critical operations, cyber threats, system vulnerabilities and data breaches may affect operational continuity, regulatory compliance and stakeholder confidence.

IT Governance and Oversight

Air Selangor continues to strengthen its cybersecurity governance as part of its commitment to responsible digital operations and sustainable service delivery. The DITEC, supported by its dedicated Working Groups, provides oversight of cybersecurity, digital risk management, and technology-related initiatives.

Through the Risk & Security Working Group, cybersecurity risks are systematically identified, assessed, and monitored, ensuring alignment with regulatory requirements and organisational priorities. This governance structure reinforces accountability, enhances decision-making, and supports the integration of cybersecurity into the broader ERM framework.

During the reporting period, Air Selangor strengthened its information security framework to ensure compliance with applicable regulatory and industry standards, including:

REGULATORY & INDUSTRY STANDARDS

- **Cybersecurity Act 2024 (Act 854)**
- **ISO/IEC 27001 Information Security Management System standards**
- **Personal Data Protection Act (PDPA) Amendment 2024**

A structured compliance programme is in place, incorporating regular risk assessments, internal reviews, and governance reporting to ensure continued adherence to regulatory obligations and the protection of critical information assets.

Our Approach

We manage cybersecurity through preventive controls, system monitoring, governance processes, and continuous improvement of our information security practices. Our approach focuses on protecting critical systems, strengthening data security, managing cyber risks, and improving organisational readiness as digital technologies become more embedded across our operations.

Cybersecurity Risk Management and Resilience

Air Selangor adopts a proactive approach to managing cybersecurity risks, with ongoing efforts to enhance its cybersecurity maturity and resilience. Key initiatives include the implementation of improvement measures identified through the Cybersecurity Maturity Assessment, focusing on strengthening system security and enhancing threat detection capabilities.

Regular Vulnerability Assessment and Penetration Testing (VAPT) are conducted to identify and remediate potential vulnerabilities. In addition, scenario-based simulation exercises, including ransomware and data breach scenarios, are carried out to strengthen incident response capabilities and organisational preparedness.



Secure Access and Data Protection

Air Selangor continues to enhance secure access and data protection through a Zero Trust security framework, strengthened access controls and continuous monitoring. Endpoint security and data loss prevention controls have also been enhanced, including restrictions on external device usage and unauthorised online storage platforms to reduce the risk of data leakage and information loss.

Strengthening Governance and Increasing Transparency

Data Privacy and Responsible Information Management

Air Selangor remains committed to protecting personal data and upholding responsible information management practices. In 2025, we recorded zero substantiated complaints concerning breaches of customer privacy and zero identified leaks, thefts, or losses of customer data, reflecting the continued effectiveness of our data protection controls and governance practices.

In line with the Personal Data Protection Act (PDPA) Amendment 2024, we engaged an independent vendor to conduct a comprehensive gap assessment of our existing data protection practices. The assessment identified areas for enhancement, which were addressed through the introduction of new internal guidelines and the strengthening of policies and procedures. To further reinforce compliance, Air Selangor established a dedicated unit to oversee PDPA adherence and streamline data privacy practices across the organisation. In addition, we enhanced our data privacy framework through the implementation of Data Protection Impact Assessments (DPIA), the development of data inventory and data flow mapping, and continuous employee training and awareness programmes. These initiatives ensure that employees remain informed of their data protection responsibilities and that personal data is managed in accordance with regulatory requirements and best practices.

Air Selangor also maintains **pdpa@airselangor.com** as its primary customer-facing channel for data privacy enquiries and complaints, ensuring accessibility, transparency, and responsiveness in its data protection framework.

Digitalisation for Operational Efficiency

In supporting sustainable operations, Air Selangor leverages digital solutions to improve efficiency and reduce resource consumption. The digitisation of manual processes in Water Treatment Plant (WTP) operations has reduced reliance on paper-based documentation, improved data accuracy, and enhanced operational transparency.

In addition, ongoing system rationalisation efforts have streamlined IT infrastructure by decommissioning redundant applications and consolidating systems. This reduces resource consumption, lowers energy usage, and minimises electronic waste.

Cloud Adoption and Sustainable IT Practices

Air Selangor adopts cloud-based solutions to enhance operational efficiency and support environmentally responsible IT practices. The transition to cloud infrastructure reduces reliance on on-premises hardware, contributing to lower energy consumption and a reduced environmental footprint.

SUPPLY CHAIN MANAGEMENT

Why It Matters to Us

Supply chain management is critical to Air Selangor's operational reliability, cost efficiency, and service continuity. As procurement activities involve suppliers, contractors, materials, equipment, and services that support essential water operations, we recognise that supplier performance, compliance, environmental practices, and ethical conduct can affect delivery quality and long-term sustainability.

Our Approach

Air Selangor recognises procurement as a critical governance function in safeguarding ethical business conduct, ensuring supply chain integrity, and managing sustainability-related risks. The procurement function is structured to enforce robust governance controls, systematic due diligence, and transparent tendering processes across all sourcing activities.

Continuously, our focus has always been in areas of governance excellence, digitalisation, and stakeholder stewardship. These priorities support and continue to improve procurement process efficiency, while building stronger accountability across the supplier ecosystem and better alignment between procurement decisions, operational needs, and sustainability expectations.



Strengthening Governance and Increasing Transparency

Governance Framework and Oversight

Procurement activities are governed by established policies, standard operating procedures, and delegated authorities and committees, which are regularly reviewed to ensure continued alignment with regulatory requirements, including but not limited to SPAN and governance standards. Structured procurement processes, including open tender or direct negotiation mechanisms and approved evaluation methodologies, are applied consistently to promote fair competition, objectivity, and accountability.

Governance responsibilities are embedded throughout the procurement lifecycle, encompassing planning, sourcing, contract award, and performance monitoring. Procurement decisions are subject to multi-tiered oversight, collective decision-making and formal endorsement through established Approving Authorities based on approved limits of authority, ensuring effective segregation of duties and preventing any individual from exercising unilateral authority. Oversight is exercised through:

- Tender Evaluation Committees
- Management Procurement Committees
- BPC
- Risk reviews conducted through the RMD
- BRSC
- Board of Directors Committees.

This governance structure reinforces accountability, clear risk ownership, and ethical decision-making, while ensuring full traceability and auditability of procurement decisions.

Integrity, Confidentiality, Transparency and Anti-Corruption Controls

Air Selangor enforces comprehensive safeguards to protect the integrity of procurement processes. These include:

- Mandatory Confidentiality Declarations at all procurement-related meetings
- Use of secure digital platforms (e.g. Convene) for confidential evaluations and deliberations
- Mandatory execution of Integrity Pact by all tenderers, covering conflicts of interest, confidentiality obligations, and adherence to anti-corruption standards
- Tender outcome disclosures are managed through a dedicated channel, **tender.result@airselangor.com**, ensuring consistent and traceable handling of tender-related information.

These controls are designed to mitigate risks of information leakage, conflicts of interest, and unethical conduct throughout the tendering and evaluation process. Air Selangor also continues to strengthen procurement governance through robust policies, oversight mechanisms, and digital safeguards.



Strengthening Governance and Increasing Transparency

Digitalisation to Strengthen Transparency and Due Diligence

Air Selangor continues to leverage digital solutions to enhance transparency, standardisation, and control effectiveness.

e-Annual Procurement Plan (e-APP)
The development of the e-APP in 2025 institutionalises disciplined procurement planning by aligning sourcing activities with approved budgets and business plans. This system enhances governance oversight, mitigates the risk of non-compliant or ad-hoc procurement, and supports forward-looking risk assessment at the enterprise level.

i-Tender Platform
The i-Tender system serves as a centralised platform for tender advertisement and tender document sales, ensuring equitable access to procurement opportunities and related information for all eligible participants. By fostering transparency, fair competition, and accountability, the system supports robust procurement governance. In addition, it strengthens internal controls through standardised processes, auditability, and full traceability of procurement activities, while implementing a controlled disclosure framework for the publication of tender results.

Oracle-based e-Procurement (TAMS) System
TAMS is a dedicated platform for managing tender and RFQ submissions, serving as a critical governance and integrity control within the procurement process alongside the i-Tender platform. The system facilitates a structured, secure, and controlled evaluation environment, ensuring the confidentiality of sensitive information while promoting fairness, consistency, and objectivity in the assessment process.

All communications, clarifications, and submissions are managed through TAMS, enabling information to be disseminated in a transparent, standardised, and equitable manner to all participating parties. Supported by role-based access controls and time-stamped digital records, TAMS strengthens traceability, accountability, and auditability throughout the procurement lifecycle, while reducing the risks of information leakage, undue influence, conflicts of interest, and preferential treatment.

Convene System
The Convene system is a secure digital platform utilised for confidential evaluation, deliberation, approval, and sign-off processes. Convene has a watermark of the user's name as added security to trace sources of leakage, if any. This ensures controlled access to sensitive information, preserves confidentiality, and maintains a clear audit trail of procurement decisions.

Service Procurement System Improvements
Standardised digital workflows for service confirmations and invoicing reduce reliance on manual interventions, thereby strengthening internal controls and minimising integrity risks associated with informal communications or process deviations.

Enhancements to our procurement systems allow vendors to track work progress and payment status in real time. This increases transparency, efficiency, and standardisation, while reducing operational friction and strengthening governance over contract execution.

Vendor Performance Management System (VPMS)
Supplier performance is monitored through the VPMS, providing a structured and data-driven mechanism to assess compliance, delivery, and governance standards. From 2026, VPMS assessments will be subject to independent third-party verification, further strengthening objectivity, transparency, and confidence in procurement outcomes.

Strengthening Governance and Increasing Transparency

Supplier Due Diligence and Local Procurement

Air Selangor integrates due diligence requirements into vendor registration, evaluation, and performance monitoring processes. As at December 2025, RM968 million was spent on procurement activities, with 99% directed to local suppliers from a pool of 3,035 active registered vendors. This approach supports local economic participation while reducing supply chain disruption and environmental impacts associated with extended logistics.

Sustainable Procurement and Lifecycle Considerations

In line with emerging sustainability expectations, Air Selangor is progressively integrating environmental considerations into procurement and asset lifecycle management. Exploratory initiatives include evaluating opportunities for repurposing end-of-life assets and selected operational waste streams, supporting circular economy principles and long-term resource efficiency. While at a preliminary stage, these efforts demonstrate a commitment to embedding sustainability considerations within procurement decision-making.

Stakeholder Engagement and Ethical Alignment

Vendor engagement initiatives are conducted as part of Air Selangor's governance and risk management approach, ensuring suppliers clearly understand procurement requirements, ethical expectations, and compliance obligations. Structured engagements, including the Annual Vendor Townhall and targeted contractor engagement events, promote transparency of procurement plans, reduce information asymmetry, and reinforce expectations relating to integrity, HSE compliance, and performance accountability. These engagements support fair competition and consistent application of procurement standards across the supply chain.

ENGAGEMENT	2025 HIGHLIGHTS
Fostering Transparency and Fair Competition: Vendor Townhall 2025	Engaged 537 participants, including 270 external company representatives and 120 internal stakeholders, to share the Annual Procurement Plan and provide visibility on upcoming procurement opportunities.
Pipe Repair Panel Contractor Engagement	Engaged 175 representatives from 139 contractor companies to strengthen alignment on operational requirements, business integrity, HSE compliance and performance expectations.
ASPP Vendor Townhall	Engaged 721 internal and external stakeholders to share Public-Private Partnership opportunities and invite proposals supporting long-term operational efficiency, regulatory compliance and water supply resilience.
NRW Vendor Engagement	Engaged 111 stakeholders, including 50 vendor companies, to align vendors on NRW-related operational challenges, HSE, integrity and performance standards.

Strengthening Governance and Increasing Transparency



ENVIRONMENTAL COMPLIANCE

As a provider of an essential public utility, Air Selangor recognises its significant responsibility to ensure full environmental compliance and safeguard the long-term sustainability and resilience of its operations. We remain committed to complying with the requirements of the Environmental Quality Act 1974 (Amendment 2024), particularly the three key environmental regulations, namely the Environmental Quality (Scheduled Wastes) Regulations 2005, the Environmental Quality (Industrial Effluent) Regulations 2009, and the Environmental Quality (Clean Air) Regulations 2014.

To strengthen environmental governance and operational accountability, we continue to adopt the DOE's GSR framework. This comprehensive approach encompasses the implementation of environmental policies and procedures, dedicated compliance budgeting, governance oversight committees, pollution control systems, competency development programmes, and robust reporting, communication, and transparency mechanisms. Collectively, these elements reinforce a proactive self-regulatory culture focused on continuous improvement and sustained compliance with environmental requirements.

We continue to maintain two key oversight bodies to strengthen environmental governance across the organisation. At the strategic level, the Environmental Regulatory Compliance Monitoring Committee (ERCMC) provides oversight on regulatory compliance, environmental risks, and improvement initiatives, while the Environmental Performance Monitoring Committee (EPMC) operates at the regional level to monitor operational performance and drive timely corrective actions. The ERCMC convenes quarterly in conjunction with the HSE Corporate Committee to reinforce governance, strengthen accountability, and facilitate cross-functional coordination on environmental compliance matters across the organisation.

Following the amendments to the Environmental Quality Act, which introduced stricter penalties and enhanced enforcement provisions for environmental non-compliance, we proactively strengthened internal awareness and preparedness through the issuance of official communications and engagement sessions involving relevant operational and management stakeholders. These initiatives were undertaken to ensure organisation-wide awareness of evolving regulatory expectations and to reinforce our commitment to environmental stewardship, compliance excellence, and operational integrity.

Strengthening Governance and Increasing Transparency

As of 2025, we maintain 41 scheduled waste storage facilities, supported by a team of 109 certified environmental professionals across four key competency areas: Certified Bag Filter Operation (CePBFO), Industrial Effluent Treatment Systems Operation – Physical Chemical Process (CePIETSO-PCP), Scrubber Operation (CePSO), and Scheduled Waste Management (CePSWaM). Through continuous capability enhancement and operational monitoring, we achieved a DOE GSR compliance rate of 93.8% for Production activities and 95.3% for Distribution activities in 2025.

Environmental Risk Management

To further strengthen environmental risk management and sustainable development practices, Air Selangor introduced the implementation of EMP for all CAPEX projects in 2025. The EMP serves as a tool to systematically identify, assess, and mitigate potential environmental and social impacts arising from major construction and operational activities before project implementation. This initiative supports more informed decision-making and enables the integration of environmental protection measures into project planning and execution.

In addition, Air Selangor has implemented Environmental Aspect Impact (EAI) as a mandatory environmental risk assessment for all internal operations as well as external activities carried out by appointed vendors and contractors. This initiative enables the identification and mitigation of key environmental impacts, including water pollution, air emissions, waste generation, noise disturbances, and potential ecosystem degradation, thereby supporting regulatory compliance and promoting sustainable operational practices.

Through internal monitoring and compliance assessments, a total of 161 non-compliances were recorded in 2025 under the Industrial Effluent Regulations, representing an improvement of 1.2% compared to 163* cases recorded in 2024. The primary contributing factor continues to be insufficient residual treatment capacity at certain facilities. To address this, Air Selangor is actively progressing with the upgrading of existing Residual Treatment Facilities (RTFs) and the development of new treatment infrastructure to support future operational demand and strengthen long-term environmental compliance. These initiatives form part of the ongoing DOE–Air Selangor resolutions, with progress updates regularly monitored and reported to DOE.

In parallel, we continue to explore strategic collaborations and partnerships with external parties to develop sustainable residual waste management solutions that support circular economy principles. Current initiatives include recycling and composting efforts, waste diversion strategies, and research studies on the beneficial reuse of residual materials, including nursery and agricultural trials to assess the potential use of treated residuals as topsoil and soil conditioners within the agricultural sector. These initiatives reflect our broader commitment to reducing environmental impacts while creating long-term value through resource recovery and sustainable waste management practices.

As of December 2025, Air Selangor recorded zero significant spills, two notices of non-compliance, and zero fines issued by DOE under all applicable environmental regulations. This performance reflects our continued commitment to strengthening environmental governance, enhancing operational resilience, and embedding sustainable environmental management practices across the organisation.

Note:

** The number of non-compliances recorded under the Industrial Effluent Regulations for 2024 has been restated following an internal data validation exercise.*

FINANCIAL SUSTAINABILITY

Why It Matters to Us

Financial sustainability remains fundamental to Air Selangor's ability to deliver safe, reliable and high-quality water services while supporting long-term operational resilience and infrastructure development. As Malaysia's largest water services provider serving more than 9.6 million consumers across Selangor, Kuala Lumpur, and Putrajaya, the Company operates within an increasingly complex environment characterised by rising operating costs, ageing infrastructure, climate-related uncertainties, growing demand for water supply services and evolving stakeholder expectations.

As a regulated and capital-intensive utility, Air Selangor must maintain sufficient revenue generation, prudent cost recovery and disciplined financial management to sustain ongoing operations, support strategic investments and strengthen system resilience. Rising electricity costs, treatment chemical prices, maintenance requirements and energy-related expenditures continue to place pressure on our financial performance, reinforcing the importance of sustainable tariff structures, operational efficiency and long-term capital planning.

Air Selangor adopts an integrated approach to financial sustainability, recognising that ESG considerations, particularly those associated with climate change, water resource management and infrastructure resilience, may increasingly influence operational performance, financial outcomes and long-term asset viability. Accordingly, we continue to strengthen the integration of sustainability-related considerations into governance, risk management, financial planning and operational decision-making processes.

Our Approach

Governance and Oversight

The Board of Directors and senior management exercise oversight of financial performance, strategic priorities and sustainability-related matters through established governance structures and enterprise-wide management processes. Oversight is supported through the Board Risk and Sustainability Committee, which reviews financial sustainability metrics quarterly.

During the reporting year, Air Selangor continued enhancing collaboration between the Finance, Strategy, Operations and Sustainability functions to strengthen the assessment and management of sustainability-related financial risks and opportunities. This integrated approach supports improved coordination in long-term business planning, infrastructure investment prioritisation and operational resilience management.

We also continued strengthening internal governance practices to support alignment with Bursa Malaysia's sustainability reporting expectations and the future adoption of the IFRS Sustainability Disclosure Standards, including IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

Strategic Integration and Financial Resilience

Air Selangor recognises that sustainability-related matters increasingly influence operational resilience, infrastructure requirements, cost structures and long-term business sustainability. As part of our ongoing financial and operational planning processes, we continue to integrate sustainability considerations into strategic decision-making to support long-term value creation. Our financial sustainability strategy focuses on:

- Maintaining stable and sustainable revenue generation
- Strengthening operational efficiency and cost optimisation
- Supporting prudent capital allocation and investment discipline
- Enhancing infrastructure reliability and water security
- Expanding renewable energy and sustainability initiatives
- Strengthening climate resilience and adaptive capacity.

Air Selangor's long-term financial sustainability objectives remain aligned with the business plan submitted to SPAN, which includes progressive efforts towards achieving sustainable profitability while maintaining affordability and equitable access to water services.

Risk Management and Financial Resilience

Air Selangor manages financial and operational risks through our ERM framework, which is being progressively enhanced to incorporate sustainability-related considerations.

Initial efforts have focused on identifying and assessing exposure to climate-related physical risks affecting raw water availability and operational continuity, transition risks arising from evolving regulations, decarbonisation policies and potential carbon pricing mechanisms, operational risks linked to asset reliability and service continuity and energy cost exposure associated with electricity tariff fluctuations and imbalance cost pass-through (ICPT) volatility.

These efforts form part of our broader initiative to strengthen understanding of how sustainability-related risks may translate into operational and financial impacts over time, supporting more informed decision-making and long-term resilience planning.

Strengthening Governance and Increasing Transparency



TARIFF AND PRICING

Why It Matters to Us

Tariff and pricing remain a core material matter for Air Selangor, directly influencing our ability to sustain reliable service delivery, maintain infrastructure resilience and support long-term financial sustainability. The tariff structure plays a critical role in balancing:

- Revenue generation and cost recovery
- Infrastructure investment requirements
- Operational sustainability
- Consumer affordability
- Equitable access to water services.

Air Selangor continued operating under the revised tariff structure following the implementation of tariff adjustments for non-domestic and special categories in August 2022 and domestic consumers in February 2024, together with the introduction of electricity surcharges across all customer categories. These revisions represented the first major tariff review since 2006 and were introduced to address sustained structural cost pressures arising from:

- Rising electricity tariffs and ICPT-related costs
- Higher treatment chemical prices
- Increasing asset maintenance and rehabilitation requirements
- Growing infrastructure upgrade and operational resilience needs.

This was subsequently complemented by additional tariff and surcharge revisions implemented on 1 September 2025, reflecting a more structured and responsive tariff-setting approach to support sustainable reinvestment in water infrastructure and service reliability.

The tariff framework continues to adopt a progressive pricing mechanism for domestic consumers, where lower consumption tiers remain priced at more affordable levels to protect lower-income households, while higher consumption tiers encourage prudent water usage and resource conservation. For non-domestic users, tariffs are structured to better reflect the cost-of-service delivery and support a cross-subsidisation approach that helps maintain affordability for domestic consumers.

Strengthening Governance and Increasing Transparency

Our Approach

During the year, the tariff structure was further refined through the introduction of a dedicated tariff category for Data Centres, reflecting the evolving demand profile and increasing requirements associated with high-consumption industries.

From a financial perspective, water sales revenue rose from RM2.77 billion in 2024 to RM3.06 billion in 2025, representing a growth of 10.4%. Total revenue increased to RM3.58 billion, reflecting year-on-year growth of 20.41%. Operating expenditure increased to RM3.88 billion, resulting in an operating shortfall of approximately RM0.30 billion, primarily driven by higher electricity costs, increased treatment chemical prices, rising fuel-related energy expenditures and continued investments in asset maintenance and rehabilitation.

The continued increase in operating expenditure highlights the importance of progressive tariff cost recovery, operational efficiency improvements and disciplined cost management to support long-term financial sustainability.

While tariff adjustments strengthened revenue generation, cost pressures continue to present financial challenges, reinforcing the importance of operational efficiency improvements and continued regulatory engagement. Air Selangor remains committed to progressively achieving sustainable cost recovery to support long-term operational sustainability, infrastructure investment and service continuity.

Tariff and pricing also remain essential in supporting climate adaptation and long-term infrastructure resilience. Revenue generated through tariffs enables investments in:

- Water treatment capacity expansion
- Distribution network upgrades
- NRW reduction programmes
- Climate adaptation and water security initiatives
- System resilience enhancement projects.

Air Selangor also recognises the role of tariff structures in promoting responsible water consumption and supporting demand-side management through tiered pricing mechanisms and public awareness initiatives on sustainable water usage.



Strengthening Governance and Increasing Transparency

Sustainable Financing and Capital Management

Maintaining access to stable and cost-effective financing remains critical to supporting Air Selangor's long-term infrastructure development and operational resilience strategy. Air Selangor continues to adopt a prudent and disciplined approach to funding, balancing financial flexibility with the need to invest in critical infrastructure, supply security and system reliability. The Company's financing strategy focuses on:

- **Diversification of funding sources**
- **Sustainable financing initiatives**
- **Long-term liquidity preservation**
- **Responsible leverage management**
- **Strengthening investor confidence**

Air Selangor's capital structure continues to be supported by our SRI Sukuk Kelestarian Programme, which was upsized to RM20.0 billion to align financing tenure with long-life water infrastructure requirements.

In October 2025, Air Selangor successfully completed its seventh and largest Sukuk issuance amounting to RM1.5 billion, achieving an oversubscription rate of 2.51 times with a total order book of RM3.77 billion. The programme continued to receive a AAA rating with a stable outlook from RAM Rating Services Berhad, reflecting continued confidence in Air Selangor's financial and operational position.

Proceeds from the Sukuk programme are allocated towards eligible sustainable projects under our Sustainable Development Framework, including:

- Water supply infrastructure development
- NRW reduction initiatives
- Treatment plant upgrades
- Renewable energy projects
- System resilience enhancement programmes.

Air Selangor also continues exploring opportunities to further strengthen our sustainable financing framework through sustainability-linked financing instruments, green financing facilities, ESG-focused funding mechanisms and strategic public-private collaborations.

Capital Investment and Infrastructure Resilience

Air Selangor continues implementing disciplined CAPEX management to ensure efficient allocation of financial resources while supporting long-term infrastructure reliability and operational sustainability. Between 2025 and 2027, we project CAPEX requirements of approximately RM7 billion, primarily focused on:

- Pipe replacement programmes
- NRW reduction initiatives
- Water treatment plant upgrades
- Supply security projects
- Distribution network resilience
- Digital infrastructure and operational technologies

In 2025, CAPEX totalled RM690 million, with approximately 69% allocated towards NRW-related initiatives. Key strategic infrastructure projects include:



Rasau Water Supply Scheme Phase 1 (700 MLD capacity)

Rasau Phase 2 development



Langat 2 Phase 2



Labohan Dagang Phase 2

These projects are critical in strengthening long-term water security, operational resilience and future supply capacity in response to population growth, urbanisation and climate variability. To further strengthen investment governance, Air Selangor continues enhancing our project evaluation framework through:

- Return-on-investment assessments
- Lifecycle asset costing methodologies
- Risk-based prioritisation
- ESG-integrated investment considerations.

Strengthening Governance and Increasing Transparency

Operational Efficiency and NRW Reduction

Operational efficiency remains a key lever in strengthening financial sustainability and improving long-term cost management. The reduction of NRW continues to be a strategic priority due to its direct implications on revenue preservation, resource optimisation, infrastructure efficiency, treatment cost reduction and long-term water security.

Air Selangor continued intensifying NRW reduction programmes through:

- Advanced leak detection technologies
- Predictive analytics systems
- Pipeline rehabilitation and replacement
- District Metering Zone optimisation
- Smart metering deployment.

The NRW rate improved from 26.96% in 2024 to 26.8% in 2025, reflecting continued progress towards the targeted NRW level of 25% by 2029. These initiatives are expected to:

- Increase billable water recovery
- Reduce avoidable operational losses
- Improve network reliability
- Optimise infrastructure performance
- Defer major source augmentation requirements.

We also maintained a healthy water reserve margin of 17.8% as at December 2025, reflecting prudent supply and demand management practices.

Climate Resilience and Energy Transition

Air Selangor recognises that climate-related risks and energy cost volatility may increasingly impact operational continuity, infrastructure performance and long-term financial resilience.

Electricity remains one of our largest operating expenditures, amounting to approximately RM32.3 million per month or RM387.6 million annually. In response, Air Selangor continues implementing renewable energy and energy efficiency initiatives to mitigate long-term cost exposure and support decarbonisation objectives. Renewable energy initiatives include:

- 9.0 MWac solar photovoltaic system at Sungai Selangor WTP Phase 2
- 10.5 MWac solar installation under development at Phase 3
- Expansion of renewable energy integration across operational facilities.

These initiatives support our aspiration to achieve 52% renewable energy usage at key treatment facilities by 2029 and net-zero operational emissions by 2040.

Digital Transformation and Operational Excellence

Digital transformation remains a key enabler in improving operational efficiency, customer experience and enterprise-wide decision-making capabilities. Air Selangor continues investing in:

- Smart water metering systems
- Integrated asset management platforms
- Predictive maintenance technologies
- Automated operational monitoring systems
- Advanced customer engagement and analytics tools.

These initiatives support:

- Improved operational responsiveness
- Enhanced billing accuracy, customer account management and revenue collection processes
- Reduced maintenance disruptions
- Better asset performance management
- Improved customer service delivery.

Digitalisation also supports stronger data governance, operational transparency and future sustainability reporting requirements.

Metrics, Data and Sustainability Reporting Development

Air Selangor is undertaking foundational work towards alignment with IFRS S1 and IFRS S2, including completion of an initial gap assessment in Q4 2025, development of preliminary climate scenario assessments relating to water source resilience, and integration of sustainability-related data into the ERM framework. Full alignment is targeted for the FY2027 reporting cycle.

Tax Governance and Transparency

Air Selangor remains committed to responsible tax practices and compliance with applicable Malaysian tax laws and regulatory requirements as part of its broader commitment to sound governance, financial sustainability and responsible business conduct.

Our approach to tax is prudent, transparent and commercially grounded. We do not engage in aggressive tax planning or transactions lacking commercial substance, and seek to ensure that all tax positions adopted are aligned with applicable legal requirements and the arm's length principle for related-party transactions.

As part of strengthening governance practices, Air Selangor is formalising a Tax Framework to enhance oversight, accountability and consistency in tax management across the organisation. Tax matters are currently managed through existing financial governance and internal control processes, supported by assurance reviews and external professional advisory engagement where appropriate.

Strengthening Governance and Increasing Transparency



We engage constructively with relevant authorities and regulators on tax and fiscal matters relevant to the water sector. Air Selangor also continues to monitor evolving regulatory developments, including sustainability-related regulations, renewable energy incentives and potential future carbon pricing mechanisms in Malaysia, to support long-term operational resilience and responsible value creation.

Forward Outlook

Air Selangor recognises that expectations surrounding sustainability-related financial management and disclosures will continue to evolve.

Moving forward, we remain committed to:

- Strengthening governance and sustainability-related disclosures
- Strengthening financial resilience and liquidity management
- Enhancing operational efficiency and cost optimisation
- Expanding sustainable financing and ESG integration
- Improving climate resilience and adaptive capacity
- Supporting long-term water security and infrastructure reliability.

These efforts reflect Air Selangor's commitment to balancing operational sustainability, financial resilience, affordability and responsible resource management while continuing to deliver reliable and sustainable water services to the communities we serve. Air Selangor will continue strengthening the integration of sustainability considerations into financial and operational decision-making to support resilient, inclusive and sustainable long-term value creation.

LEVERAGING DIGITALISATION TO SUPPORT A CIRCULAR ECONOMY



In 2025, Air Selangor continued to advance its digital transformation through the Air Selangor mobile application and web platform. The platform supports customer experience, digital adoption and more sustainable lifestyles by reducing reliance on paper-based and manual services across billing, account management and service requests.

Aligned with Air Selangor's strategic pillar on digitalisation and circular economy principles, the platform enables more efficient resource use, process optimisation and customer empowerment. Features such as carbon footprint tracking, water usage insights and digital engagement tools help customers make more informed consumption decisions, positioning Air Selangor app as both a service delivery platform and an enabler of sustainability.

Leveraging Digitalisation to Support a Circular Economy

BUSINESS INNOVATION AND DIGITALISATION

Why It Matters to Us

Customers increasingly expect essential services to be faster, more accessible, and easier to manage through digital channels. At the same time, utilities are expected to reduce reliance on manual and paper-based processes, improve operational efficiency, and support more responsible consumption behaviours. Air Selangor recognises that digitalisation is central to meeting these expectations while strengthening service convenience, resource efficiency, and customer empowerment.

Our Approach

Digitalisation supports Air Selangor's service reliability, operational efficiency, and customer experience by improving how customers access services, manage accounts, and receive information. In 2025, we continued to advance the Customer Management Initiative (CMI) through the Air Selangor mobile application and web platform, strengthening digital service delivery while reducing reliance on paper-based and manual processes.

Through features such as digital billing, account management, service requests, carbon footprint tracking, water usage insights, and customer engagement tools, the Air Selangor app enables more convenient service access and supports more informed consumption behaviours. This positions CMI as a key enabler of customer empowerment, process efficiency, and more sustainable resource use across the water value chain.

Operationally, our digitalisation efforts are also supported by solutions such as the Semenyih 2 Water Treatment Plant Digital Twin, which provides a real-time digital replica of plant operations to support predictive maintenance, energy optimisation, and improved operational control.

Throughout the year, a series of new features and system enhancements were introduced through the Air Selangor app to strengthen service delivery, improve operational efficiency, and encourage sustainable consumption behaviours:

Digitalisation and Customer Experience Enhancements

- Introduction of digital Statements of Account (SOA) accessible to both account holders and non-account holders, reducing reliance on physical documentation
- Enhanced Change of Ownership (COO) workflows with improved UI/UX and full backend automation to streamline customer processes
- Launch of Closing and Refund digital services, enabling end-to-end submission and processing, significantly reducing turnaround time
- Implementation of Water Account Migration, ensuring seamless transition from legacy platforms to the Air Selangor app.

Sustainability and Behavioural Insights

- Introduction of Litres per Capita per Day (LCD) to promote awareness of responsible water consumption
- Deployment of a CO_2e Savings Dashboard, allowing users to visualise carbon footprint reductions achieved through digital services such as e-Bil and paperless transactions
- Launch of Gerai Joy, a hydration and wellness tracker that encourages healthier lifestyle habits, including water intake and sugar consumption monitoring.

Digital Ecosystem Expansion

- Rollout of Joy Rewards, a gamified rewards programme designed to incentivise user engagement and sustainable behaviours
- Introduction of Referral Programme, encouraging community-driven adoption of digital services
- Deployment of Find a Plumber, providing access to SPAN-certified service providers, enhancing service accessibility and trust.

Operational Efficiency and Automation

- Transition of e-Bil and notification delivery systems (WhatsApp, email, reminders, disconnection notices) to in-house platforms, improving cost efficiency and control
- Integration of e-Invoice Registration, supporting compliance and digital tax reporting
- Implementation of spam detection mechanisms in ticket submissions to enhance service quality and system integrity.

Customer Engagement and Accessibility

- Enhancement of AI chatbot (Joy), including Bahasa Malaysia conversational flows, expanded FAQs, and availability for guest users
- Introduction of guided tutorials to support onboarding and improve digital literacy among new users
- Deployment of data masking features to enhance privacy and security when accessing billing information.

Leveraging Digitalisation to Support a Circular Economy

Digital Adoption and Engagement

The continued expansion of the Air Selangor app has driven significant growth in user adoption:

Total application downloads:



Sept–Dec 2024	173,097
Jan–Dec 2025	1,353,521
Jan–Mar 2026	293,113

Note: *Downloads reflect total installations across Android, iOS, and Huawei platforms.*

Feature engagement rates in 2025:

Joy Rewards	Ideal Water Usage (LCD)	Gerai Joy
9.35% (146,733 users)	**2.64%** (17,598 users)	**1.12%** (41,378 users)

Note: *These figures reflect growing customer engagement with value-added and sustainability-focused features.*

Impact and Value Creation

The digital platform continues to deliver measurable environmental, operational, and customer-related benefits:

Water Network Efficiency:
Reduction in NRW from 26.96% (2024) to 26.8% (2025), supported in part by a 25% increase in public leak reports via the platform.

Customer Satisfaction:
Customer Satisfaction Score (CSAT) improved from 72.1% in 2021 to 80.9% in 2025, reflecting enhanced service experience.

Digital Payment Adoption:
Increase in online payment transactions from 91.31% (2022) to 94.94% (2025), supporting cashless and paperless operations.

Operational Efficiency Gains:
The Closing and Refund process achieved a reduction of up to 63.52% in processing time, compared to the previous manual average of 34 days.

Resource Conservation:
Estimated annual savings of over 375,000 sheets of paper, contributing directly to reduced environmental footprint and operational cost avoidance.

Continuous Improvement

While the rollout of the Air Selangor app represents a significant milestone in digital transformation, several implementation challenges were encountered, reflecting the complexity of integrating large-scale systems and diverse stakeholder requirements.

One key area of focus was the enhancement of the AI chatbot (Joy). Initial limitations in the Natural Language Understanding (NLU) model required iterative refinements to improve intent recognition and response accuracy. Additionally, enabling more comprehensive account-related queries introduced technical complexity due to multiple backend integrations, necessitating careful balancing between system performance and functional depth.

To address these challenges:

- Continuous improvements were implemented through iterative system enhancements based on real user interactions.
- Chatbot response flows were progressively refined using customer feedback and evolving operational requirements.
- Ongoing efforts are being made to explore advanced AI capabilities, including generative AI, enhanced contextual understanding, sentiment analysis, and multilingual support.

These initiatives reflect Air Selangor's commitment to responsible digital transformation, ensuring transparency, avoiding overstatement of capabilities, and continuously improving service delivery in line with stakeholder expectations.

Air Selangor will continue strengthening its digital ecosystem by deepening customer engagement through personalised insights and behavioural nudges, expanding AI capabilities responsibly, enhancing system integration and scalability, and further reducing environmental impacts through digital adoption.

Performance Data

Description	2020	2021	2022	2023	2024	2025
Environmental						
Average daily domestic water consumption per capita (LCD)	252	267	245	241	238	240
Total internal water consumption (m^3)	54,245	52,963	60,296	59,012	67,603	50,261
Average daily water consumption per employee (LCD)	40	39	44	43	63[1]	47
Total energy consumption (GJ)	3,571,646.95	3,606,477.34	3,666,313.69	3,684,851.91	3,620,537.59	3,651,962.37
Energy Intensity (MJ/m^3)						
Produced	1.980	1.977	1.963	1.932	1.867	1.860
Billed	2.778	2.735	2.723	2.689	2.554	2.537
Total electricity consumption (GWh)	981.70	988.81	1,007.81	1,012.60	995.75	1,004.67
Total fuel consumption (m^3)	1,795.20	1,224.85	1,093.27	1,128.50	1,103.76	1,005.32
Scope 1 and Scope 2 carbon emissions (tCO_2e)	748,713.82	752,656.46	766,708.06	770,437.03	739,845.23[4]	746,067.19
Carbon Emissions Intensity ($kgCO_2e/m^3$)						
Produced	0.412	0.413	0.411	0.404	0.3805[2]	0.3801
Billed	0.578	0.571	0.569	0.562	0.5205[2]	0.5183
Total Scope 1 carbon emissions (tCO_2e)[3]	4,587.43	3,137.69	2,791.72	2,888.80	2,990.23	2,613.64
Total Scope 2 carbon emissions (tCO_2e)[3]	744,126.39	749,518.78	763,916.35	767,548.23	736,855.00[4]	743,453.55
Total SW204 scheduled waste generated (MT)[5]	1,212,097.00[6]	972,488.23	48,300.85	36,271.00[6]	57,526.00[6]	49,331.00
Governance						
Number of substantiated child-labour incidents	–	–	–	–	–	0
Number of substantiated forced-labour incidents	–	–	–	–	–	0

Note:

1. *The 2024 water consumption per employee figure has been restated following enhancements to our internal calculation methodology identified through the prior year's audit review.*
2. *The 2024 carbon emissions intensity figures, per volume of water produced and per volume of water billed, have both been restated using the 0.740 Gg CO_2e/GWh emission factor published by the Energy Commission in its GEF 2024 Update.*
3. *GHG emissions figures are calculated using carbon emission factors published in Malaysia's 2024 Biennial Transparency Report, which was submitted to the UNFCCC in December 2024.*
4. *The 2024 Scope 2 emissions figure has been restated using the 0.740 Gg CO_2e/GWh emission factor published by the Energy Commission in its GEF 2024 Update and is reported in tCO_2e.*
5. *SW204 scheduled waste figures are reported excluding waste generated at Sungai Selangor Phase 1 (SSP1), Sungai Selangor Phase 3 (SSP3) and Rasa WTPs.*
6. *The historical figures for SW204 scheduled waste generated from water treatment processes have been restated following an internal validation exercise.*

Association Memberships

Malaysian Employers Federation (MEF)

MECA Consulting Sdn. Bhd. (MECA)

Contact Centre Association of Malaysia (CCAM)

Transparency International Malaysia

Customer Experience Professionals Association

Malaysian Association of Risk and Insurance Management (MARIM)

Malaysia Auxiliary Police Association

Malaysian Water Association (MWA)

United Nations Global Compact Network Malaysia, Cambodia, Brunei (UNGCMCB)

Global Water Intelligence (GWI) United Nations

Global Compact Network Malaysia & Brunei (UNGCMYB)

Leading Utilities of the World (LUOW)

GHG Emissions Methodology

REPORTING BASIS AND STANDARDS APPLIED

[IFRS S2 29(a)(ii)] [IFRS S2 29(a)(iii)]

Air Selangor's greenhouse gas (GHG) emissions are calculated and disclosed with reference to the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The GHG inventory covers Scope 1, Scope 2, and selected Scope 3 emissions for the reporting period from 1 January 2025 to 31 December 2025.

The GHG inventory covers one of the seven Kyoto Protocol GHGs, namely carbon dioxide (CO_2). We have identified methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3) as immaterial to our operations. Our inventory applies the 100-year Global Warming Potential (GWP100) values from the IPCC Sixth Assessment Report 2022 (AR6) to convert applicable GHGs into tonnes of carbon dioxide equivalent (tCO_2e).



ORGANISATIONAL BOUNDARY FOR GHG EMISSIONS

[IFRS S2 29(a)(iii)] [IFRS S2 29(a)(iv)]

Air Selangor defines its organisational boundary for GHG emissions reporting using the financial control approach. Under this approach, Air Selangor accounts for 100% of GHG emissions from operations over which it has financial control. This reflects the Company's ability to direct the financial and operating policies of the relevant operations and to obtain economic benefits from those activities.

For the purposes of the GHG inventory, the organisational boundary covers emissions arising from Air Selangor's operations and assets that fall within this financial control boundary. This includes emissions from activities and sources that are material to Air Selangor's operations, including direct emissions from fuel consumption, indirect emissions from purchased electricity, and selected indirect emissions across the value chain, where relevant and material.

The operational boundary is then applied to determine the direct and indirect emission sources included in the inventory. At minimum, Air Selangor reports Scope 1 and Scope 2 emissions from operations within its organisational boundary. Relevant Scope 3 categories are reported based on their relevance, materiality, data availability, and alignment with Air Selangor's operational and reporting priorities.

BASE YEAR AND COMPARABILITY

[IFRS S2 29(a)(iii)(3)]

Air Selangor uses 2023 as the base year for tracking GHG emissions performance over time. To maintain year-on-year consistency and comparability, Air Selangor may recalculate historical emissions where material changes occur, including:

- changes to the reporting boundary;
- changes in calculation methodologies, estimation approaches or emission factors;
- material changes in data coverage, availability of data or use of actual and estimated data; and
- identification of material errors or improvements in data accuracy.

Where emissions data is restated, the basis of restatement is disclosed to support transparency and comparability. For Scope 2 emissions, prior-year emissions have been restated where applicable to reflect the latest emission factor released by the Malaysian Energy Commission.

GHG Emissions Methodology

GHG DATA COLLECTION AND REVIEW PROCESS

Air Selangor's GHG data collection is governed through the Scope 1, Scope 2 and Scope 3 Data Collection Template. Relevant activity data is collected by the person-in-charge from the respective departments and supported by documentation such as petrol card statements, fuel delivery order invoices, electricity bills, OPEX reports, CAPEX reports, waste records, mileage claims, travel records and employee survey responses.

To ensure the accuracy and integrity of the activity data used for emissions calculations, supporting documents are retained after data entry into a standardised template. The data then undergoes preliminary review by respective HODs, followed by final review and approval by the Sustainability Development Unit and Head of Risk Management Department.

GENERAL EMISSIONS QUANTIFICATION APPROACH

Scope 1, Scope 2 and selected Scope 3 emissions are calculated using activity data and applicable emission factors. Activity data represents the level of activity that gives rise to emissions, such as fuel consumed in litres, electricity consumed in kWh, waste disposed in kg, expenditure in RM, or distance travelled in km. Emission factors represent the rate at which a given activity releases GHG emissions.

General formula = GHG emissions (tCO_2e)
= *Activity data* × *Applicable emission factor*

Where source data is incomplete, Air Selangor applies reasonable and supportable estimates based on the best available information at the reporting date, and discloses material limitations where relevant.

SCOPE 1 DIRECT EMISSIONS

[IFRS S2 29(a)(i)(1)] [IFRS S2 29(a)(iii)]

Coverage

Scope 1 emissions comprise direct emissions from fuel consumed within Air Selangor's operations. The reported Scope 1 sources comprise stationary combustion from machinery and operational facilities, and mobile combustion from company-owned or controlled vehicle fleets. These sources support water treatment, distribution, maintenance and emergency response activities.

Scope 1 Emissions Source	Types of Fuel
 **Stationary Combustion**	Natural Gas; Diesel; Motor Gasoline (Petrol); Liquefied Petroleum Gas (LPG)
 **Mobile Combustion**	Diesel; Motor Gasoline (Petrol)

Air Selangor's Scope 1 inventory currently includes fuel consumed by vehicle fleets and machinery. Refrigerant fugitive emissions are excluded from the inventory due to limited data availability.

Methodology and Emission Factors

Scope 1 emissions are calculated based on fuel consumption and applicable fuel emission factors using the following formula:

Scope 1 Emissions (tCO_2e) = *Fuel consumption (litres)* × *Fuel emission factor (tCO_2e/litre)*

Fuel consumption data is obtained from the petrol card statements and fuel delivery order invoices. The emission factors applied are sourced from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report 2022 (AR6), the IPCC's 2006 Guidelines for National Greenhouse Gas Inventories, and the SDS portal by Petronas.

GHG Emissions Methodology

SCOPE 2 INDIRECT EMISSIONS

[IFRS S2 29(a)(i)(2)] [IFRS S2 29(a)(iii)] [IFRS S2 29(a)(v)]

Coverage

Scope 2 emissions comprise indirect emissions from purchased electricity consumed across Air Selangor's operations, including water treatment plants, pump houses, office buildings and supporting facilities. Electricity remains the largest contributor to Air Selangor's operational emissions profile because water treatment, pumping, distribution, and supporting operations are energy-intensive.

Methodology and Emission Factors

Scope 2 emissions are calculated using purchased grid electricity consumption obtained from electricity bills, and the applicable Malaysian Energy Commission GEF. For FY2025, Air Selangor applied the Malaysian Energy Commission GEF 2024 Update of 0.740 Gg CO_2e/GWh for purchased electricity consumed in Peninsular Malaysia.

Scope 2 Emissions (tCO_2e) = *Electricity consumption excluding GET and RENEW (kWh) × GEF (tCO_2e/kWh)*

Contractual Instruments

For the current and prior reporting periods, Air Selangor has not procured contractual instruments such as power purchase agreements (PPAs), renewable energy certificates (RECs), green electricity tariffs (GETs), or supplier-specific electricity emission factors. Should such instruments be obtained in the future, we will quantify and disclose the associated emissions using the market-based method in accordance with the GHG Protocol Scope 2 Guidance.

SCOPE 3 OTHER INDIRECT EMISSIONS

[IFRS S2 29(a)(i)(3)] [IFRS S2 29(a)(vi)]

Coverage

Scope 3 emissions comprise selected indirect emissions across Air Selangor's value chain. In 2025, we progressed our Scope 3 emissions work following a Scope 3 gap analysis, which identified applicable indirect emissions categories across Air Selangor's value chain. We have commenced the development of our Scope 3 baseline across seven categories:

- 01 **Category 1:** Purchased Goods and Services
- 02 **Category 2:** Capital Goods
- 03 **Category 3:** Fuel- and Energy-related Activities
- 04 **Category 4:** Upstream Transportation and Distribution
- 05 **Category 5:** Waste Generated in Operations
- 06 **Category 6:** Business Travel
- 07 **Category 7:** Employee Commuting

We are adopting a phased approach to Scope 3 reporting as data collection, assessment processes, and value chain coverage continue to mature.

GHG Emissions Methodology

Methodology

Scope 3 emissions are estimated in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Version 1.0). Emission factors obtained from the US EPA Supply Chain Greenhouse Gas Emission Factors for US Commodities are converted from USD to RM by dividing by the current exchange rate. The category-level methods applied by Air Selangor are summarised below.

Category	Calculation Method	Calculation Approach and Data Source	Reference
Category 1: Purchased Goods and Services	Spend-based method	[IFRS S2 29(a)(iii)] [IFRS S2 29(a)(vi)(1)] Purchased goods (tangible products) and services (intangible products) occur in the upstream supply chain as part of the procurement process. We calculate our purchased goods and services emissions using the following formula: Emissions (tCO_2e) = *Value of purchased good or service (RM) × Emission factor of purchased good or service per unit of economic value (tCO_2e/RM)* The purchased amount of goods and services data is obtained from Air Selangor's OPEX report.	• US EPA Supply Chain Greenhouse Gas Emission Factors for US Commodities
Category 2: Capital Goods	Spend-based method	[IFRS S2 29(a)(iii)] [IFRS S2 29(a)(vi)(1)] Capital goods are treated as fixed assets or as property, plant and equipment (PPE) in financial accounting. We calculate our capital goods emissions using the following formula: Emissions (tCO_2e) = *Value of capital goods (RM) × Capital goods emission factor (tCO_2e/RM)* The purchased amount of capital goods data is obtained from Air Selangor's CAPEX report.	• US EPA Supply Chain Greenhouse Gas Emission Factors for US Commodities
Category 3: Fuel- and Energy-related Activities	Average-data method	[IFRS S2 29(a)(iii)] [IFRS S2 29(a)(vi)(1)] **Vehicle Fleet and Machinery:** This covers upstream emissions associated with the extraction, production, and transportation of petrol consumed by Air Selangor. These emissions are excluded from the direct combustion emissions already reported under Scope 1. We calculate our upstream fuel-related emissions using the following formula: Emissions (tCO_2e) = *Petrol consumed (litres) × Upstream fuel emission factor (tCO_2e/litre)* Fuel-related data is obtained from the petrol card statements and fuel purchase records. **Operating Sites and Offices:** Upstream emissions of purchased electricity refer to the emissions associated with the extraction, production, and transportation of fuels used to generate the electricity consumed by Air Selangor. These emissions are excluded from purchased electricity emissions already reported under Scope 2. We calculate our upstream energy-related emissions using the following formula: Emissions (tCO_2e) = *Electricity consumed (kWh) excluding GET and RENEW × Electricity upstream emission factor (tCO_2e/kWh)* Electricity consumption data is obtained from our electricity bills.	• Ecoinvent Life Cycle Assessment (LCA) • UK GHG Conversion Factors, Department for Environment, Food and Rural Affairs (DEFRA)

GHG Emissions Methodology

Category	Calculation Method	Calculation Approach and Data Source	Reference
Category 4: Upstream Transportation and Distribution	Distance-based and spend-based methods	[IFRS S2 29(a)(iii)] [IFRS S2 29(a)(vi)(1)] This method accounts for emissions associated with the transportation of items (water, waste, etc.) by third-party services paid for by Air Selangor. Upstream emissions include extraction, production, and transportation of fuels consumed by the third-party service. We calculate our upstream transportation and distribution emissions using the following formula: **Transportation:** Emissions (tCO_2e) = *Total distance travelled (km) × Upstream vehicle-specific emission factor (tCO_2e/km)* The data of total distance travelled is obtained from the third-party service invoices. **Postage/courier:** Emissions (tCO_2e) = *Amount spent on postage/courier (RM) × Service-specific emission factor (tCO_2e/RM)* The amount spent on postage/courier includes courier, postage, and dispatch services that are paid for by Air Selangor. This data is obtained from the OPEX report. **Purchased storage:** Emissions (tCO_2e) = *Amount spent on purchased storage (RM) × Service-specific emission factor (tCO_2e/RM)* The amount of purchased storage includes any warehousing or storage services that are paid for by Air Selangor. This data is obtained from the OPEX report.	• US EPA Supply Chain Greenhouse Gas Emission Factors for US Commodities
Category 5: Waste Generated in Operations	Waste-type-specific method	[IFRS S2 29(a)(iii)] [IFRS S2 29(a)(vi)(1)] Waste emissions comprise emissions associated with waste generated from our operations and managed by third parties. We calculate our waste emissions using the following formula: Emissions (tCO_2e) = *Weight of waste disposed (kg) × Disposal type emission factor (tCO_2e/kg)* The waste data is obtained from internal inventory, based on respective data owners.	• UK GHG Conversion Factors, Department for Environment, Food and Rural Affairs (DEFRA)

GHG Emissions Methodology

Category	Calculation Method	Calculation Approach and Data Source	Reference
Category 6: Business Travel	Distance-based and activity-based methods	[IFRS S2 29(a)(iii)] [IFRS S2 29(a)(vi)(1)] Business travel emissions comprise emissions arising from employee travel undertaken for business purposes. We calculate our business travel emissions using the following formula: **Land travel:** Emissions (tCO_2e) = *Distance travelled by vehicle type (km) × Vehicle-specific emission factor (tCO_2e/km)* The distance travelled refers to the distance travelled by the employee from the office to any business-related locations by employee-owned vehicles. This data is obtained from the mileage claim system. **Air travel:** Emissions (tCO_2e) = *Distance travelled by each seat class (km) × Seat class-specific emission factor (tCO_2e/km)* The distance travelled refers to the distance between the arrival and departure airport location. This data is obtained from the online airport booking website. **Hotel/Accommodation:** Emissions (tCO_2e) = *Number of nights spent in a room by country (nights) × Country-specific emissions (tCO_2e/night)* Number of room nights refers to the number of nights spent in the accommodation during business travel. This data is obtained from the claims system.	• UK GHG Conversion Factors, Department for Environment, Food and Rural Affairs (DEFRA) • GreenView Hotel Footprinting Tool • Air Miles Calculator • IPCC AR6 • IPCC 2006 Guidelines for National Greenhouse Gas Inventories
Category 7: Employee Commuting	Distance-based method	[IFRS S2 29(a)(iii)] [IFRS S2 29(a)(vi)(1)] Employee commuting emissions comprise emissions associated with travel between employees' homes and their workplaces. We calculate our employee commuting emissions using the following formula: **Employee Commuting:** Emissions (tCO_2e) = *Total distance travelled two-way by vehicle type (km) × Number of commuting days per year (days) × Vehicle-specific emission factor (tCO_2e/km)* **Homeworking:** Emissions (tCO_2e) = *Number of homeworking hours per year (hours) × Emission factor for each energy source (tCO_2e/hour)* Employee commuting data are gathered through a survey which captures details such as transportation modes, travel distances, and homeworking hours.	• UK GHG Conversion Factors, Department for Environment, Food and Rural Affairs (DEFRA)

GHG Emissions Methodology

Exclusions from the Inventory

The following Scope 3 categories are excluded from Air Selangor's current GHG inventory because they were assessed as not applicable, immaterial, insignificant, or not relevant to Air Selangor's water-services business model. These exclusions are reviewed periodically as the inventory expands and value-chain data improves.

Category	Reasons for Exclusion
Category 8: Upstream leased assets	Air Selangor has no material leased assets not already captured within Scope 1 and Scope 2 boundaries.
Category 9: Downstream transportation and distribution	Air Selangor does not distribute sold physical products through downstream third-party logistics in the manner contemplated by this category.
Category 10: Processing of sold products	Air Selangor does not sell intermediate products that are processed by downstream entities.
Category 11: Use of sold products	Treated water supplied to customers does not generate direct use-phase GHG emissions in the same manner as fuel, energy-consuming products or other products requiring combustion or electricity use.
Category 12: End-of-life treatment of sold products	Air Selangor does not sell physical products requiring end-of-life treatment by customers.
Category 13: Downstream leased assets	Air Selangor does not lease out assets that generate material emissions not otherwise captured in the inventory.
Category 14: Franchises	Air Selangor does not have reported franchises.
Category 15: Investments	Air Selangor does not have reported investments within the current GHG inventory boundary.

LIMITATIONS AND DATA QUALITY CONSIDERATIONS

Air Selangor recognises that GHG accounting is subject to data availability, estimation boundaries, and progressive improvements in calculation methods. However, the following limitations are considered in the GHG calculations:

- Refrigerant-related fugitive emissions are currently excluded from Scope 1 because refrigerant consumption data is not tracked in the current inventory due to data limitations.
- Electricity consumption from telecommunications towers does not fall within Air Selangor's financial control, and is therefore not included in our Scope 2 inventory.
- For Category 1, finance-related expense categories and expenses already captured under Scope 2 or other Scope 3 categories are excluded to avoid non-emissions items and double counting.
- For Category 2, some asset descriptions may be insufficient to support full classification of capital goods.
- For Category 4, detailed breakdowns for postage and courier services may be limited where information is not obtained in a timely manner.
- For Category 5, sludge has been treated as inert and excluded, electrical waste is excluded where no disposal is reported, and only relevant office-generated recyclable waste is included to avoid counting employee household waste.
- For Category 7, duplicated or inaccurate survey responses are excluded; where fuel type is not specified for cars or carpooling, petrol may be used as the default fuel type, subject to confirmation.

CONTINUOUS IMPROVEMENT

Air Selangor reviews the standards, methodologies and data processes used for GHG measurement, calculation, and reporting on an annual basis. Updates are made where required to reflect developments in GHG accounting standards, emission factors, reporting expectations, data availability and operational boundaries. The GHG inventory will be updated as additional emission sources are identified, data collection improves, and Scope 3 coverage expands over time.

GRI Content Index

GRI Services Statement	For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.
Statement of use	Air Selangor Sdn Bhd has reported with reference to the GRI Standards for the period 1 January 2025 to 31 December 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not Applicable

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	• About Air Selangor	• 4–6	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	• Scope and Boundary	• 1			
	2-3 Reporting period, frequency and contact point	• Scope and Boundary • Let Us Hear From You	• 1 • 2			
	2-4 Restatements of information	Significant restatements of data appear in the sections where they are relevant.	–			
	2-5 External assurance	In line with evolving sustainability reporting requirements, Air Selangor will comply with external assurance requirements in accordance with the relevant IFRS Sustainability Disclosure Standards and applicable regulatory guidelines. As part of this journey, the Company will adopt a phased approach towards external assurance, beginning with selected sustainability indicators as reporting systems, data governance processes, evidence trails, and internal controls continue to mature.	–			
	2-6 Activities, value chain and other business relationships	• About Air Selangor • Supply Chain Management	• 4–6 • 125–128			
	2-7 Employees	• Board of Directors • Management Team • Key Performance Data • Workforce Composition and New Hires • Workforce Composition by Employment Category, Age Group and Gender	• 18–21 • 22–25 • 28 • 107 • 108			
	2-8 Workers who are not employees	• Not disclosed	–		Information unavailable/ incomplete	Air Selangor has not yet established a mechanism to track data on workers who are not employees. We are working to improve our data collection processes and aim to include this information in future reporting cycles.

GRI Content Index

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (cont'd.)						
GRI 2: General Disclosures 2021 (cont'd.)	2-9 Governance structure and composition	• Board of Directors • Corporate Governance and Board Oversight	• 18–21 • 40–41			
	2-10 Nomination and selection of the highest governance body	• Terms of Reference of Board Nomination and Remuneration Committee (BNRC)	• https://www.airselangor.com/about-us/publications			
	2-11 Chair of the highest governance body	• Board of Directors	• 18–21			
	2-12 Role of the highest governance body in overseeing the management of impacts	• Board of Directors • Corporate Governance and Board Oversight	• 18–21 • 40–41			
	2-13 Delegation of responsibility for managing impacts	• Corporate Governance and Board Oversight • Risk and Sustainability Governance • ERM and Sustainability Integration	• 40–41 • 41 • 42			
	2-14 Role of the highest governance body in sustainability reporting	• Terms of Reference of Board Risk & Sustainability Committee (BRSC)	• https://www.airselangor.com/about-us/publications			
	2-15 Conflicts of interest	• Code of Ethics • Board Charter	• https://www.airselangor.com/about-us/publications/code-of-ethics • https://www.airselangor.com/about-us/publications			
	2-16 Communication of critical concerns	• Risk and Sustainability Governance • Air Selangor Whistleblowing Policy	• 41 • 119			
	2-17 Collective knowledge of the highest governance body	• Board of Directors • Management Team	• 18–21 • 22–25			
	2-18 Evaluation of the performance of the highest governance body	• Terms of Reference of Board Nomination and Remuneration Committee (BNRC)	• https://www.airselangor.com/about-us/publications			
	2-19 Remuneration policies	• Remuneration Policy & Procedure	• https://www.airselangor.com/about-us/publications			
	2-20 Process to determine remuneration	• Remuneration Policy & Procedure	• https://www.airselangor.com/about-us/publications			
	2-21 Annual total compensation ratio	• Not available	–		Confidentiality constraints	Air Selangor does not disclose its annual total compensation ratio, as the information is considered confidential and commercially sensitive.

GRI Content Index

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (cont'd.)						
GRI 2: General Disclosures 2021 (cont'd.)	2-21 Annual total compensation ratio (cont'd)	• Not available	–		Confidentiality constraints	Furthermore, this disclosure is not required under applicable regulatory requirements or reporting guidelines relevant to Air Selangor. As a non-public listed organisation, Air Selangor is not subject to mandatory disclosure of executive-to-employee compensation ratios.
	2-22 Statement on sustainable development strategy	• Chairman's Note • Message from the CEO	• 8–11 • 12–17			
	2-23 Policy commitments	• Waste Management • Ethics and Integrity • Air Selangor Whistleblowing Policy • Health and Safety Governance	• 83 • 117–119 • 119 • 95			
	2-24 Embedding policy commitments	• ERM and Sustainability Integration • ISO Governance, Integrated Management Systems and Risk Excellence • Ethics and Integrity • Supply Chain Management	• 42 • 44–45 • 117–119 • 125–128			
	2-25 Processes to remediate negative impacts	• Customer Complaint Management • Air Selangor Whistleblowing Policy • Environmental Compliance • Environmental Risk Management	• 93 • 119 • 129 • 130			
	2-26 Mechanisms for seeking advice and raising concerns	• Let Us Hear from You • Customer Complaint Management • Air Selangor Whistleblowing Policy	• 2 • 93 • 119			
	2-27 Compliance with laws and regulations	• ISO Governance, Integrated Management Systems and Risk Excellence • Ethics and Integrity • ISO 37001 Anti-Bribery Management System (ABMS) • Environmental Compliance	• 44–45 • 117–119 • 119 • 129			
	2-28 Membership associations	• Association Memberships	• 141			
	2-29 Approach to stakeholder engagement	• Stakeholder Engagement	• 53–54			
	2-30 Collective bargaining agreements	• Strengthening Employee Wellbeing Through Collective Bargaining Agreements	• 101–102			

GRI Content Index

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (cont'd.)						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	• Materiality Assessment Approach	• 48–50	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	**List of material topics:** • Environmental Management & Net Zero Energy • Water Conservation • Water Supply and Quality • Water Reserve Margin • Optimising Operations and Reducing NRW • Health & Safety • Employee Engagement and Development • Community Engagement and Investment • Customer Service Excellence • Financial Sustainability • Tariff and Pricing • Governance, Integrity & Compliance • Business Innovation & Digitalisation • Cybersecurity • Supply Chain Management	• 49, 51–52			
Environmental Management & Net Zero Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Reducing the Impact of Climate Change • Metrics and Targets • Waste Management • Environmental Compliance	• 72–83 • 76–79 • 83 • 129–130			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	• Key Performance Data (Pipes Replaced) • Water Supply and Quality	• 28 • 87			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	• Reducing the Impact of Climate Change • Metrics and Targets • Climate Resilience and Energy Transition	• 72–83 • 76–79 • 135			
	302-3 Energy intensity	• Reducing the Impact of Climate Change • Metrics and Targets • Climate Resilience and Energy Transition	• 72–83 • 76–79 • 135			
	302-5 Reductions in energy requirements of products and services	• Reducing the Impact of Climate Change • Metrics and Targets • Digitalisation for Operational Efficiency • Cloud Adoption and Sustainable IT Practices	• 72–83 • 76–79 • 125 • 125			

GRI Content Index

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (cont'd.)						
Environmental Management & Net Zero Energy (cont'd.)						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	• Reducing the Impact of Climate Change • Metrics and Targets • GHG Emissions Methodology	• 72–83 • 76–79 • 142–148			
	305-2 Energy indirect (Scope 2) GHG emissions	• Reducing the Impact of Climate Change • Metrics and Targets • GHG Emissions Methodology	• 72–83 • 76–79 • 142–148			
	305-4 GHG emissions intensity	• Reducing the Impact of Climate Change • Metrics and Targets • GHG Emissions Methodology	• 72–83 • 76–79 • 142–148			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	• Waste Management • Environmental Compliance	• 83 • 129–130			
	306-2 Management of significant waste-related impacts	• Waste Management • Environmental Compliance	• 83 • 129–130			
	306-3 Waste generated	• Waste Management	• 83			
	306-4 Waste diverted from disposal	• Waste Management	• 83			
	306-5 Waste directed to disposal	• Waste Management	• 83			
GRI 306: Effluents and Waste 2016	306-3 Significant spills	• Environmental Compliance	• 129–130			
Water Conservation						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Water Conservation	• 80–82			
GRI 303: Water and Effluents 2018	303-5 Water consumption	• Water Conservation • Improving Internal Water Use and Operational Efficiency • Driving Behavioural Change towards 180 LCD	• 80–82 • 81 • 81			

GRI Content Index

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (cont'd.)						
Water Supply and Quality						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Water Supply and Quality	• 87–93			
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	• Water Supply and Quality • Water Quality Monitoring and Compliance • Advancing Sustainable Water Quality Management • Environmental Compliance	• 87 • 88 • 89 • 129			
	303-3 Water withdrawal	• Enhancing Water Resource Security and Demand Management • Water Supply and Quality	• 62–71 • 87			
Water Reserve Margin						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Water Reserve Margin	• 69–70			
Optimising Operations and Reducing NRW						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Optimising Business Operations • Reducing Non-Revenue Water • Operational Efficiency and NRW Reduction	• 67–70 • 71 • 135			
Health & Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Prioritising Employee Health, Safety, Competency and Diversity	• 95–108			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	• Health and Safety Governance	• 95			
	403-3 Occupational health services	• Safeguarding Employee Health and Wellbeing	• 99			
	403-4 Worker participation, consultation, and communication on occupational health and safety	• Health and Safety Governance • Embedding a Proactive Safety Culture	• 95 • 98			
	403-5 Worker training on occupational health and safety	• Strengthening Safety • Embedding a Proactive Safety Culture	• 96–97 • 98			

GRI Content Index

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (cont'd.)						
Health & Safety (cont'd.)						
GRI 403: Occupational Health and Safety 2018 (cont'd.)	403-6 Promotion of worker health	• Safeguarding Employee Health and Wellbeing	• 99			
	403-9 Work-related injuries	• Key Performance Data • Strengthening Safety	• 28 • 96–97			
Employee Engagement and Development						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Employee Engagement and Development	• 100–108			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	• Workforce Composition and New Hires	• 107–108			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Supporting Employees Through Benefits	• 104			
	401-3 Parental leave	• Supporting Employees Through Benefits	• 104			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	• Training and Development	• 105–106			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	• Board of Directors • Management Team • Diversity, Equity and Inclusion • Workforce Composition and New Hires	• 18–21 • 22–25 • 107–108 • 107–108			
Community Engagement and Investment						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Giving Back to the Community	• 109–113			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	• Our Community Investment Programmes • Inisiatif Kita Selangor Penyayang • Skim Air Darul Ehsan (SADE)	• 110–112 • 113 • 113			

GRI Content Index

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (cont'd.)						
Customer Service Excellence						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Delivering Customer Service Excellence	• 86–93			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	• Water Supply and Quality • Water Quality Monitoring and Compliance • Pipe and Reservoir Cleaning	• 87 • 88 • 90			
Financial Sustainability						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Financial Sustainability • Sustainable Financing and Capital Management • Capital Investment and Infrastructure Resilience	• 131 • 134 • 134			
Tariff and Pricing						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Financial Sustainability • Tariff and Pricing	• 131 • 132–133			
Governance, Integrity & Compliance						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Ethics and Integrity • Environmental Compliance	• 117–119 • 129			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	• Air Selangor's Anti-Corruption Plan (AACP) • Corruption Risk Assessment (CRA) • ISO 37001 Anti-Bribery Management System (ABMS)	• 117–118 • 119 • 119			
	205-2 Communication and training about anti-corruption policies and procedures	• Air Selangor's Anti-Corruption Plan (AACP) • ISO 37001 Anti-Bribery Management System (ABMS) • Integrity, Confidentiality, Transparency and Anti-Corruption Controls	• 117–118 • 119 • 126			

GRI Content Index

GRI Standard	Disclosure	Section Headings in SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (cont'd.)						
Business Innovation and Digitalisation						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Leveraging Digitalisation to Support a Circular Economy • Business Innovation and Digitalisation	• 137 • 138–139			
Cybersecurity						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Cybersecurity • IT Governance and Oversight • Cybersecurity Risk Management and Resilience • Secure Access and Data Protection • Data Privacy and Responsible Information Management	• 124 • 124 • 124 • 124 • 125			
Supply Chain Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Supply Chain Management • Governance Framework and Oversight • Digitalisation to Strengthen Transparency and Due Diligence • Supplier Due Diligence and Local Procurement • Stakeholder Engagement and Ethical Alignment	• 125 • 126 • 127 • 128 • 128			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	• Supplier Due Diligence and Local Procurement	• 128			

SASB Content Index

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Unit of Measure	Section Headings in SR2025	Page Number	Remarks
Water Utilities & Services						
Energy Management	IF-WU-130a.1	Total energy consumed	GJ	• Scope 2 Emissions	• 77	–
		Total energy consumed by percentage grid electricity	Percentage (%)	• 98.2%	–	–
		Total energy consumed by percentage renewable	Percentage (%)	• 1.8%	–	–
Distribution Network Efficiency	IF-WU-140a.1	Water main replacement rate	Rate	• 0.0078	–	–
	IF-WU-140a.2	Volume of non-revenue real water losses	Thousand cubic metres (m^3)	• 402,819	–	–
Effluent Quality Management	IF-WU-140b.1	Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	Number	• Environmental Compliance	• 129	–
	IF-WU-140b.2	Discussion of strategies to manage effluents of emerging concern	n/a	• Central Water Reclamation (CWR) • Environmental Compliance	• 64–66 • 129	–
Water Affordability & Access	IF-WU-240a.1	Average retail water rate for residential customers	Rate	• Tariff and Pricing • Water Tariff 2025	• 132–136 • https://content.airselangor.com/cmi-prod-blobstorageanon-001-sea/media/netdevbr/appendix-a.pdf	–
		Average retail water rate for commercial customers	Rate	• Tariff and Pricing • Water Tariff 2025	• 132–136 • https://content.airselangor.com/cmi-prod-blobstorageanon-001-sea/media/uigh3doj/appendix-b.pdf	–
		Average retail water rate for industrial customers	Rate	• Tariff and Pricing • Water Tariff 2025	• 132–136 • https://content.airselangor.com/cmi-prod-blobstorageanon-001-sea/media/uigh3doj/appendix-b.pdf	–
	IF-WU-240a.3	Number of residential customer water disconnections for non-payment	Number	• Not available.	–	Air Selangor manages water supply disconnections and reconnections through its customer billing and service systems in accordance with applicable consumer protection, credit management and personal data requirements. Our current dataset requires further validation to align with SASB's definition of residential customer disconnections for non-payment and reconnections within 30 days.

SASB Content Index

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Unit of Measure	Section Headings in SR2025	Page Number	Remarks
Water Utilities & Services (cont'd.)						
Water Affordability & Access (cont'd.)	IF-WU-240a.3 (cont'd.)	Number of residential customer water disconnections for non-payment (cont'd.)	Number	• Not available.	–	This includes validating the treatment of bulk-meter and individual residential accounts, account terminations, reconnections pending full payment, cases requiring customer action or site access, and disconnections related to charges outside standard water consumption billing. We are strengthening our data governance and validation processes to support more consistent disclosure in future reporting cycles, subject to internal assurance and regulatory alignment.
		Percentage of residential customer water disconnections for non-payment reconnected within 30 days	Percentage (%)			
	IF-WU-240a.4	Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	n/a	• Skim Air Darul Ehsan (SADE) • Tariff and Pricing	• 113 • 132–136	–
Drinking Water Quality	IF-WU-250a.1	Number of incidents of non-compliance associated with drinking water quality standards and regulations	Number	• 119 incidents of non-compliance against the MOH Drinking Water Quality Standard	–	–
	IF-WU-250a.2	Discussion of strategies to manage drinking water contaminants of emerging concern	n/a	• Water Quality Monitoring Laboratories • Advancing Sustainable Water Quality Management	• 88 • 89	–

SASB Content Index

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Unit of Measure	Section Headings in SR2025	Page Number	Remarks
Water Utilities & Services (cont'd.)						
End-Use Efficiency	IF-WU-420a.1	Percentage of water utility revenue from rate structures designed to promote conservation and revenue resilience	Percentage (%)	• Not disclosed	–	Air Selangor has not disclosed this metric as the current tariff framework does not include a rate adjustment mechanism designed to stabilise revenue while incentivising water conservation.
	IF-WU-420a.2	Customer water savings from efficiency measures, by market	Cubic metres (m^3)	• Not available	–	Air Selangor currently does not quantify customer water savings by market as the guidelines and enforcement fall under SPAN's purview. Air Selangor continues to engage communities to reduce water use to 180 LCD by 2030.
Water Supply Resilience	IF-WU-440a.1	Total water sourced from regions with High or Extremely High Baseline Water Stress	Thousand cubic metres (m^3)	• Not available	–	Air Selangor has not yet completed source-level mapping of abstraction volumes, groundwater sources and any third-party freshwater purchases against the WRI Aqueduct classification. We will assess the applicability of WRI Aqueduct to our raw water sources and catchments, while considering how global water stress classifications can be reconciled with local hydrological, regulatory and basin-level water resource assessments.
		Percentage of water sourced from regions with High or Extremely High Baseline Water Stress purchased from a third party	Percentage (%)	• Not available		
	IF-WU-440a.2	Volume of recycled water delivered to customers	Thousand cubic metres (m^3)	• Key Developments of CWR in 2025	• 64	–
	IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	n/a	• Central Water Reclamation (CWR) • Water Grid Connectivity and Raw Water Security (SJAM) • Water Reserve Margin • Water Supply Disruption • Water Conservation	• 64–65 • 66 • 69 • 70 • 80–82	–

SASB Content Index

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Unit of Measure	Section Headings in SR2025	Page Number	Remarks
Water Utilities & Services (cont'd.)						
Network Resiliency & Impacts of Climate Change	IF-WU-450a.1	Wastewater treatment capacity located in 100-year flood zones	Cubic metres (m^3) per day	• Not available	–	Air Selangor's core reporting boundary primarily covers potable water abstraction, treatment and distribution. CWR operates as a joint venture between Air Selangor and IWK to convert IWK-supplied treated effluent into reclaimed water through dedicated WRPs for industrial use. Wastewater facility exposure and 100-year flood-zone capacity mapping have not yet been assessed for disclosure. We will consider this metric during future Climate Scenario Analysis (CSA) work for IFRS disclosures, including the extent to which the CWR/IWK model falls within the reporting boundary and whether flood-zone capacity data is available and suitable for disclosure.
	IF-WU-450a.2	Number of sanitary sewer overflows (SSO)	Number	• Not applicable	–	Air Selangor does not operate the sanitary sewer network and therefore does not report sanitary sewer overflow incidents.
		Volume of sanitary sewer overflows (SSO)	Cubic metres (m^3)	• Not applicable	–	
		Percentage of sanitary sewer overflows (SSO) recovered, by volume	Percentage (%)	• Not applicable	–	

SASB Content Index

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Unit of Measure	Section Headings in SR2025	Page Number	Remarks
Water Utilities & Services (cont'd.)						
Network Resiliency & Impacts of Climate Change (cont'd.)	IF-WU-450a.3	Number of unplanned service disruptions, by the length of duration category	Number	• Water Supply Disruption • Business Continuity Management (BCM)	• 70 • 120–121	Our service disruption data is not currently disaggregated by the SASB duration categories of below four hours, four to 12 hours, and 12 hours or more. We will consider categorising unplanned service disruption data by these duration bands in future reporting cycles, subject to the availability and validation of incident-level data.
		Number of customers affected by such disruptions, by the length of duration category	Number	• Water Supply Disruption • Business Continuity Management (BCM)	• 70 • 120–121	
	IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure	n/a	• Water Grid Connectivity and Raw Water Security (SJAM) • Risk Management • Business Continuity Management (BCM)	• 66 • 74–75 • 120–121	—
Activity Metrics	IF-WU-000.A	Number of residential customers served, by service provided	Number	• Our Customers	• 6	Air Selangor reports the number of customers served for water services based on its existing customer account categories of Domestic, Non-domestic and Others. Non-domestic accounts are not currently disaggregated into the SASB customer categories of commercial and industrial customers. We will consider reviewing customer segmentation in future reporting cycles to support closer alignment with SASB subject to data availability, validation and internal reporting readiness.
		Number of commercial customers served, by service provided	Number	• Our Customers	• 6	
		Number of industrial customers served, by service provided	Number	• Our Customers	• 6	

SASB Content Index

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Unit of Measure	Section Headings in SR2025	Page Number	Remarks
Water Utilities & Services (cont'd.)						
Activity Metrics (cont'd.)	IF-WU-000.B	Total water sourced	Cubic metres (m^3)	• 2,040,388,000	–	–
		Percentage of water sourced by groundwater	%	• 0	–	–
		Percentage of water sourced by surface water	%	• 100	–	–
		Percentage of water sourced by recycled water	%	• 0	–	–
		Percentage of water sourced by water purchased from third parties	%	• 0	–	–
	IF-WU-000.C	Total water delivered to residential customers	Thousand cubic metres (m^3)	• 844,150	–	Air Selangor reports total water delivered based on billed authorised consumption. Current water delivery data is not fully disaggregated into the SASB customer segments of residential, commercial, industrial and all other customers. Industrial consumption is not separately tracked from commercial consumption under the current internal account coding structure. The commercial figure is therefore inclusive of industrial consumption. We will evaluate opportunities to enhance future disclosures to improve alignment with SASB requirements, subject to data mapping, verification processes and internal reporting preparedness.
		Total water delivered to commercial customers	Thousand cubic metres (m^3)	• 585,888	–	
		Total water delivered to industrial customers	Thousand cubic metres (m^3)		–	
		Total water delivered to all other customers	Thousand cubic metres (m^3)	• 9,489	–	

SASB Content Index

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Unit of Measure	Section Headings in SR2025	Page Number	Remarks
Water Utilities & Services (cont'd.)						
Activity Metrics (cont'd.)	IF-WU-000.D	Average volume of wastewater treated per day, by sanitary sewer	Cubic metres (m^3) per day	• Not applicable		Air Selangor does not operate sanitary sewer, stormwater or combined sewer wastewater treatment systems. CWR is reported under reclaimed water initiatives, as it processes IWK-supplied treated effluent into reclaimed water for non-potable industrial use. Accordingly, we do not report wastewater treatment volumes by sewer category.
		Average volume of wastewater treated per day, by stormwater	Cubic metres (m^3) per day			
		Average volume of wastewater treated per day, by combined sewer	Cubic metres (m^3) per day			
	IF-WU-000.E	Length of water mains	Kilometres (km)	• Key Assets	• 7	—
		Length of sewer pipe	Kilometres (km)	• Not applicable	—	Air Selangor does not operate sewerage pipe networks, and therefore does not report length of sewer pipe.

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Governance			
6(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:	• Sustainability Governance • Corporate Governance and Board Oversight • Risk and Sustainability Governance • Climate Governance	• 40–41 • 40 • 41 • 73
6(a)(i)	how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	• Sustainability Governance • Risk and Sustainability Governance • Climate Governance	• 40–41 • 41 • 73
6(a)(ii)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	A formal climate competency assessment process for the Board and relevant committees has not yet been established. We are currently enhancing the assessment of climate-related competencies across our governance bodies to support stronger Board and committee oversight in future reporting cycles.	–
6(a)(iii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	• Risk and Sustainability Governance • ERM and Sustainability Integration • Climate Governance	• 41 • 42–43 • 73
6(a)(iv)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and	• Climate Governance • Strategy • Risk Management • Financial Sustainability • Climate Resilience and Energy Transition	• 73 • 74 • 74 • 131 • 135
6(a)(v)	how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs 33–36), including whether and how related performance metrics are included in remuneration policies (see paragraph 29(g)).	Air Selangor has established a Net Zero 2040 Roadmap covering Scope 2 GHG emission reduction initiatives, providing a clear strategic pathway towards decarbonisation of its electricity consumption. In addition, the Company's Circular Economy (CE) Framework was completed in 2026. Following its development, the Special Projects Department has been designated to oversee the strategic implementation and integration of circular economy initiatives across the organisation. While dedicated roadmaps for Scope 1 and Scope 3 emissions are not currently in place, these emission categories are intended to be addressed as part of Air Selangor's broader GHG reduction roadmap currently under development. Accordingly, the Company has made substantial progress in establishing key elements of its transition planning framework; however, further development is required to fully address all material emission sources and align with the broader expectations of IFRS S2 climate-related disclosures.	–
6(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	• Sustainability Governance • Risk and Sustainability Governance • Climate Governance	• 40–41 • 41 • 73
6(b)(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	• Sustainability Governance • Risk and Sustainability Governance • ERM and Sustainability Integration • Climate Governance	• 40–41 • 41 • 42–43 • 73
6(b)(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	• ERM and Sustainability Integration • ISO Governance, Integrated Management Systems and Risk Excellence • Climate Governance	• 42–43 • 44–45 • 73

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Strategy			
9(a)	the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraphs 10–12);	• Risks and Opportunities • Risk Management • Managing Our Climate-related Risks and Opportunities	• 56–59 • 74 • 74–75
9(b)	the current and anticipated effects of those climate-related risks and opportunities on the entity's *business model* and *value chain* (see paragraph 13);	• About Air Selangor • Dependency on Water Resources, Energy and Climate Sensitivity • Managing Our Climate-related Risks and Opportunities	• 4–6 • 4 • 74–75
9(c)	the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its *climate-related transition plan* (see paragraph 14);	• Strategy • Managing Our Climate-related Risks and Opportunities • Climate Resilience and Energy Transition	• 74 • 74–75 • 135
9(d)	the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning (see paragraphs 15–21); and	• Managing Our Climate-related Risks and Opportunities • Financial Sustainability • Climate Resilience and Energy Transition	• 74–75 • 131 • 135
9(e)	the *climate resilience* of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities (see paragraph 22).	Air Selangor has established a Flood and Drought Risk Mitigation Framework to strengthen its preparedness and response to climate-related physical risks. Building on this foundation, the Company initiated a Climate Resilience Framework Project in 2025 under the guidance of an external consultant, with completion targeted in 2026. Upon completion, Air Selangor will review and further strengthen its climate resilience strategies, action plans, and mitigation measures in line with the consultant's recommendations to enhance its long-term adaptive capacity and operational resilience.	–
Climate-related risks and opportunities			
10(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	• Risks and Opportunities • Risk Management • Managing Our Climate-related Risks and Opportunities	• 56–59 • 74 • 74–75
10(b)	explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;	• Risk Management • Physical Climate-related Risks • Transition Climate-related Risks	• 74 • 74 • 74
10(c)	specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term— the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	• Risk Management • Managing Our Climate-related Risks and Opportunities • Planning horizon	• 74 • 74–75 • 75
10(d)	explain how the entity defines 'short-term', 'medium-term' and 'long-term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	Air Selangor has established short-, medium-, and long-term action plans under its existing Flood and Drought Risk Mitigation Framework, which was developed in 2022/2023 and includes planning horizons extending to 2035. These time horizons support the Company's climate adaptation and resilience planning and are linked to operational and infrastructure risk management activities. Recognising the need for a more holistic and integrated approach aligned with evolving climate risks and IFRS S2 expectations, Air Selangor commenced a Climate Resilience Framework Project in 2025 under the guidance of an external consultant. The project is expected to be completed by the end of 2026 and will review, refine, and strengthen the existing time horizons, resilience strategies, and action plans, while establishing a more comprehensive framework that supports climate-related strategic decision-making and disclosures across the organisation.	–

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Business model and value chain			
13(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and	• About Air Selangor • Dependency on Water Resources, Energy and Climate Sensitivity • Managing Our Climate-related Risks and Opportunities	• 4–6 • 4 • 74–75
13(b)	a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	• About Air Selangor • Dependency on Water Resources, Energy and Climate Sensitivity • Key Assets • Managing Our Climate-related Risks and Opportunities	• 4–6 • 4 • 7 • 74–75
Strategy and decision-making			
14(a)	information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:	• Strategy • Managing Our Climate-related Risks and Opportunities • Capital Investment and Infrastructure Resilience • Climate Resilience and Energy Transition	• 74 • 74–75 • 134 • 135
14(a)(i)	current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission carbon-, energy• or water-intensive operations; resource allocations resulting from demand or supply-chain changes; resource allocations arising from business development through CAPEX or additional expenditure on research and development; and acquisitions or divestments);	• Strategy • Managing Our Climate-related Risks and Opportunities • Capital Investment and Infrastructure Resilience • Climate Resilience and Energy Transition	• 74 • 74–75 • 134 • 135
14(a)(ii)	current and anticipated direct mitigation and adaptation efforts (for example, through changes in production processes or equipment, relocation of facilities, workforce adjustments, and changes in product specifications);	• Water Grid Connectivity and Raw Water Security (SJAM) • Strategy • Mitigation measures • Climate Resilience and Energy Transition	• 66 • 74 • 75 • 135
14(a)(iii)	current and anticipated indirect mitigation and adaptation efforts (for example, through working with customers and supply chains);	• Stakeholder Engagement • Enhancing Water Resource Security and Demand Management • Mitigation measures • Water Conservation • Supply Chain Management	• 53–54 • 62–71 • 75 • 80–82 • 125–128
14(a)(iv)	any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies; and	While a formal climate transition plan incorporating approved assumptions, dependencies, emissions reduction levers, implementation sequencing, and governance arrangements has not yet been fully finalised, Air Selangor has established a Net Zero 2040 Roadmap that outlines its Scope 2 emissions reduction pathway and key decarbonisation initiatives. Building on this foundation, the Company is expanding its GHG Reduction Roadmap into a more comprehensive climate transition planning approach that will address broader emissions sources and support future disclosures on implementation pathways, governance arrangements, key assumptions, dependencies, and emissions reduction levers in alignment with IFRS S2 expectations.	–
14(a)(v)	how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets, described in accordance with paragraphs 33–36.	• Strategy • Metrics and Targets • Emissions Management • Climate Resilience and Energy Transition	• 74 • 76 • 79 • 135
14(b)	information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).	• Sustainable Financing and Capital Management • Capital Investment and Infrastructure Resilience • Climate Resilience and Energy Transition	• 134 • 134 • 135
14(c)	quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).	• Metrics and Targets • Scope 1 Emissions • Scope 2 Emissions • Scope 3 Emissions • Emissions Management	• 76 • 76 • 77 • 78 • 79

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Financial position, financial performance and cash flows			
15(a)	the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and	• Managing Our Climate-related Risks and Opportunities • Potential financial implications • Financial Sustainability • Climate Resilience and Energy Transition	• 74–75 • 75 • 131 • 135
15(b)	the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	• Managing Our Climate-related Risks and Opportunities • Potential financial implications • Financial Sustainability • Capital Investment and Infrastructure Resilience	• 74–75 • 75 • 131 • 134
16	Specifically, an entity shall disclose quantitative and qualitative information about:		
16(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	The assessment and quantification of climate-related impacts on Air Selangor's financial position, financial performance, and cash flows are currently being enhanced as part of the Company's broader IFRS S2 readiness journey. Ongoing work includes strengthening data collection processes, refining asset-level impact assessments, and integrating climate-related considerations into financial analysis and reporting practices. Additional internal alignment across relevant functions is underway to ensure a consistent and robust approach to quantifying climate-related financial impacts, with the objective of achieving full compliance with disclosure requirements within the prescribed reporting timeline.	–
16(b)	the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;	The assessment of climate-related risks and opportunities that may give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities is currently in progress. Air Selangor is undertaking a cross-functional review involving the ERM, Sustainability, and Finance teams to evaluate potential financial reporting implications and strengthen the integration of climate-related risk considerations into its materiality assessment and financial reporting processes. This ongoing work is intended to support alignment with IFRS S2 disclosure requirements and enhance the robustness of future climate-related financial disclosures.	–
16(c)	how the entity expects its financial position to change over the short-, medium- and long-term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	• Financial Sustainability • Sustainable Financing and Capital Management • Capital Investment and Infrastructure Resilience • Climate Resilience and Energy Transition	• 131 • 134 • 134 • 135
16(c)(i)	its investment and disposal plans (for example, plans for CAPEX, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to; and	• CAPEX Contracts Awarded • Capital Investment and Infrastructure Resilience • Climate Resilience and Energy Transition	• 35 • 134 • 135
16(c)(ii)	its planned sources of funding to implement its strategy; and	• Sustainable Financing and Capital Management • Climate Resilience and Energy Transition	• 134 • 135
16(d)	how the entity expects its financial performance and cash flows to change over the short-, medium- and long-term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation).	• Potential financial implications • Financial Sustainability • Climate Resilience and Energy Transition	• 75 • 131 • 135
21	If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in paragraphs 19–20, the entity shall:	• First-time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs • Managing Our Climate-related Risks and Opportunities	• 2 • 74–75

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
21(a)	explain why it has not provided quantitative information;	• First-time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs • Potential financial implications	• 2 • 75
21(b)	provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and	• Potential financial implications • Financial Sustainability • Climate Resilience and Energy Transition	• 75 • 131 • 135
21(c)	provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the entity determines that quantitative information about the combined financial effects would not be useful.	The assessment of the combined quantitative financial effects of climate-related risks and opportunities is currently under development as part of Air Selangor's broader climate-related financial disclosure enhancement efforts. Ongoing work is focused on strengthening the methodology for evaluating climate-related impacts alongside other operational, tariff, CAPEX, and resilience-related factors to provide a more integrated view of financial implications. This assessment is being progressively refined through cross-functional collaboration and will support more robust and comprehensive climate-related financial disclosures in future reporting periods.	–
Climate resilience			
22	An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18). In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:		
22(a)	the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand		
22(a)(i)	the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;	While a formal climate scenario analysis aligned with IFRS S2 has not yet been completed, Air Selangor has undertaken preliminary assessments of climate-related impacts on operational continuity and organisational resilience under various climate change scenarios. The outcomes of these assessments have been discussed at both Management and Board levels and have informed ongoing considerations relating to infrastructure planning, water security, operational preparedness, and service continuity. Building on this foundation, Air Selangor is further strengthening its climate resilience assessment approach to support a more structured evaluation of strategic and business model implications arising from climate-related risks and opportunities.	–
22(a)(ii)	the significant areas of uncertainty considered in the entity's assessment of its climate resilience;	• Risk Management • Managing Our Climate-related Risks and Opportunities	• 74 • 74–75
22(a)(iii)	the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including;	• Risk Management • Mitigation measures • Capital Investment and Infrastructure Resilience • Climate Resilience and Energy Transition	• 74 • 75 • 134 • 135
22(a)(iii)(1)	the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;	• Potential financial implications • Sustainable Financing and Capital Management • Climate Resilience and Energy Transition	• 75 • 134 • 135
22(a)(iii)(2)	the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and	• Asset Management • Mitigation measures • Capital Investment and Infrastructure Resilience	• 71 • 75 • 134
22(a)(iii)(3)	the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and	• Mitigation measures • Capital Investment and Infrastructure Resilience • Climate Resilience and Energy Transition	• 75 • 134 • 135

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Climate resilience (cont'd)			
22(b)	how and when the climate-related scenario analysis was carried out, including:		
22(b)(i)	information about the inputs the entity used, including:	Air Selangor is progressively enhancing its climate scenario assessment capabilities as part of its broader IFRS S2 alignment journey. The Company has undertaken foundational work, including the internal development of a preliminary climate scenario assessment, and is currently strengthening the underlying scenarios, data inputs, operational scope, time horizons, and assumptions relating to policy developments, macroeconomic conditions, local climate variables, energy transition pathways, and technological advancements. To further enhance the robustness of its climate-related assessments, Air Selangor is exploring opportunities to collaborate with relevant government agencies and technical stakeholders, while also developing its own climate modelling and scenario assessment approach tailored to the Company's operational context. This work will be guided through the Company's Climate Working Committee and Technical Committee, with key findings and strategic implications regularly deliberated at Management and Board levels to support informed decision-making and future climate-related disclosures.	–
22(b)(i)(1)	which climate-related scenarios the entity used for the analysis and the sources of those scenarios;		
22(b)(i)(2)	whether the analysis included a diverse range of climate-related scenarios;		
22(b)(i)(3)	whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;		
22(b)(i)(4)	whether the entity used, among its scenarios, a climate-related scenario aligned with the ***latest international agreement on climate change***;		
22(b)(i)(5)	why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;		
22(b)(i)(6)	the time horizons the entity used in the analysis; and		
22(b)(i)(7)	what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis);		
22(b)(ii)	the key assumptions the entity made in the analysis, including assumptions about:		
22(b)(ii)(1)	climate-related policies in the jurisdictions in which the entity operates;		
22(b)(ii)(2)	macroeconomic trends;		
22(b)(ii)(3)	national• or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);		
22(b)(ii)(4)	energy usage and mix; and		
22(b)(ii)(5)	developments in technology; and		
22(b)(iii)	the reporting period in which the climate-related scenario analysis was carried out (see paragraph B18).		
Risk management			
25(a)	the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:	• ERM and Sustainability Integration • Climate Resilience and Risk Understanding • Risks and Opportunities • Risk Management	• 42–43 • 44 • 56–59 • 74
25(a)(i)	the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	• Scope and Boundary • Climate Resilience and Risk Understanding • Risks and Opportunities • Risk Management	• 1 • 44 • 56–59 • 74

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
25(a)(ii)	whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;	Air Selangor is progressively strengthening the integration of climate scenario analysis into its climate risk identification and assessment processes. Ongoing work is focused on enhancing how climate scenario outputs are applied to identify, assess, and prioritise climate-related risks across water resources, infrastructure assets, operations, and service continuity. This forms part of the Company's broader climate resilience and IFRS S2 readiness initiatives, supporting a more structured and forward-looking approach to climate risk management and disclosure.	–
25(a)(iii)	how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);	• ERM and Sustainability Integration • ISO Governance, Integrated Management Systems and Risk Excellence • Risks and Opportunities • Risk Management	• 42–43 • 44–45 • 56–59 • 74
25(a)(iv)	whether and how the entity prioritises climate-related risks relative to other types of risk;	• ERM and Sustainability Integration • Risks and Opportunities • Risk Management	• 42–43 • 56–59 • 74
25(a)(v)	how the entity monitors climate-related risks; and	• Risk and Sustainability Governance • ERM and Sustainability Integration • Climate Governance • Risk Management	• 41 • 42–43 • 73 • 74
25(a)(vi)	whether and how the entity has changed the processes it uses compared with the previous reporting period;	• ISO Governance, Integrated Management Systems and Risk Excellence • Risk Management • Metrics, Data and Sustainability Reporting Development	• 44–45 • 74 • 135
25(b)	the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and	• Risk Management • Managing Our Climate-related Risks and Opportunities • Opportunities	• 74 • 74–75 • 75
25(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	• ERM and Sustainability Integration • Risks and Opportunities • Risk Management	• 42–43 • 56–59 • 74
Metrics and targets			
Climate-related metrics			
29	An entity shall disclose information relevant to the cross-industry metric categories of:		
29(a)	*greenhouse gases*—the entity shall:	• Metrics and Targets • Scope 1 Emissions • Scope 2 Emissions • Scope 3 Emissions • Emissions Management • GHG Emissions Methodology	• 76 • 76 • 77 • 78 • 79 • 142–148
29(a)(i)	disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO_2 equivalent (see paragraphs B19–B22), classified as:	• Metrics and Targets • Scope 1 Emissions • Scope 2 Emissions • Scope 3 Emissions • Emissions Management • GHG Emissions Methodology	• 76 • 76 • 77 • 78 • 79 • 142–148
29(a)(i)(1)	Scope 1 greenhouse gas emissions;	• Metrics and Targets • Scope 1 Emissions • GHG Emissions Methodology	• 76 • 76 • 142–148
29(a)(i)(2)	Scope 2 greenhouse gas emissions; and	• Metrics and Targets • Scope 2 Emissions • GHG Emissions Methodology	• 76 • 77 • 142–148

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Climate-related metrics (cont'd)			
29(a)(i)(3)	Scope 3 greenhouse gas emissions;	• Metrics and Targets • Scope 3 Emissions • GHG Emissions Methodology	• 76 • 78 • 142–148
29(a)(ii)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions (see paragraphs B23–B25);	• Reporting Framework • GHG Emissions Methodology	• 1 • 142–148
29(a)(iii)	disclose the approach it uses to measure its greenhouse gas emissions (see paragraphs B26–B29) including:	• Metrics and Targets • GHG Emissions Methodology	• 76 • 142–148
29(a)(iii)(1)	the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions;	• GHG Emissions Methodology	• 142–148
29(a)(iii)(2)	the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	• Reporting Framework • GHG Emissions Methodology	• 1 • 142–148
29(a)(iii)(3)	any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	• Scope 2 Emissions • GHG Emissions Methodology	• 77 • 142–148
29(a)(iv)	for Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(1)–(2), disaggregate emissions between:		
29(a)(iv)(1)	the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, this group would comprise the parent and its consolidated subsidiaries); and	• Organisational Boundary for GHG Emissions	• 142
29(a)(iv)(2)	other investees excluded from paragraph 29(a)(iv)(1) (for example, for an entity applying IFRS Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries);	Not Applicable. Air Selangor applies the financial control approach in defining its organisational boundary for GHG reporting. Accordingly, Scope 1 and Scope 2 emissions are reported for entities and operations that are under Air Selangor's financial control. Based on the current organisational structure and GHG reporting boundary, Air Selangor has not identified any material associates, joint ventures, unconsolidated subsidiaries, or other investees that require separate disclosure of Scope 1 and Scope 2 emissions under IFRS S2 requirements. The Company will continue to review its reporting boundary periodically to ensure alignment with evolving reporting requirements and organisational changes.	–
29(a)(v)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions (see paragraphs B30–B31); and	• GHG Emissions Methodology	• 142–148
29(a)(vi)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), and with reference to paragraphs B32–B57, disclose:	• First-time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs • Scope 3 Emissions • GHG Emissions Methodology	• 2 • 78 • 142–148
29(a)(vi)(1)	the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and	• First-time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs • Scope 3 Emissions	• 2 • 78
29(a)(vi)(2)	additional information about the entity's financed emissions (which are part of Category 15 greenhouse gas emissions), if its activities include asset management, commercial banking or insurance (see paragraphs B58–B63A);	Not applicable. Financed emissions under Scope 3 Category 15 are not applicable because Air Selangor is a water services utility and does not undertake asset management, commercial banking or insurance activities.	–
29(b)	climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks;	Air Selangor is currently developing the capability to quantify transition risk exposure at the asset and business activity level, including exploring how assets, projects, expenditure and activities can be tagged against transition-risk categories.	–

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
29(c)	climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks;	We are currently strengthening asset-level exposure mapping to support quantification of physical climate risk vulnerability across material asset classes, facilities, river basins, water treatment plants, dams, reservoirs and distribution infrastructure.	–
29(d)	climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;	We are exploring how climate-related opportunities can be linked to assets and business activities, including renewable energy assets, reclaimed water solutions, operational-efficiency initiatives, CAPEX and financing instruments.	–
29(e)	capital deployment—the amount of CAPEX, financing or investment deployed towards climate-related risks and opportunities;	Air Selangor currently discloses climate-related capital deployment through its annual Sukuk Impact Report, which provides information on the allocation of proceeds and the environmental impacts of eligible green projects and initiatives. This reporting demonstrates the Company's investment in projects that support climate resilience, resource efficiency, and environmental sustainability objectives. As part of its IFRS S2 readiness efforts, Air Selangor is enhancing its approach to identifying, tracking, and reporting climate-related CAPEX, financing, and investments in a more consolidated and systematic manner. This includes developing methodologies to better align climate-related capital deployment disclosures with IFRS S2 requirements and provide a clearer view of investments associated with climate-related risks and opportunities in future reporting cycles.	–
29(f)	*internal carbon prices*—the entity shall disclose:	Air Selangor has not adopted an internal carbon pricing mechanism for the reporting period and does not currently apply carbon pricing in investment decision-making, transfer pricing or scenario analysis.	–
29(f)(i)	an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and		
29(f)(ii)	the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions;		
29(g)	remuneration—the entity shall disclose:	Climate-related considerations are not currently linked to executive remuneration, and no climate-linked remuneration was implemented during the reporting period. Historically, Air Selangor has not been required to disclose or incorporate climate-related performance metrics within its executive remuneration framework. With the introduction of IFRS S2 requirements, Air Selangor is evaluating the potential role of climate-related metrics and targets within its broader governance, performance management, and remuneration structures. This represents an evolving area of consideration that will require further assessment and deliberation at Management and Board levels to determine the Company's readiness, strategic priorities, and overall approach to linking climate-related performance with executive remuneration. Consequently, no percentage of executive remuneration linked to climate-related considerations is currently available for disclosure.	–
29(g)(i)	a description of whether and how climate-related considerations are factored into executive remuneration (see also paragraph 6(a)(v)); and		
29(g)(ii)	the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations.		
29B	If an entity applies the limitation in paragraph 29A, the entity shall:		
29B(a)	explain what it has treated as a derivative to enable users of general purpose financial reports to understand how it applied the limitation. For example, the entity could explain that, in applying the limitation, it treated as derivatives items that meet the definition of a derivative in accordance with the requirements of IFRS Accounting Standards or other applicable generally accepted accounting principles or practices (GAAP) used in preparing its related financial statements.	Not applicable. Air Selangor does not disclose Scope 3 Category 15 financed emissions and is not applying the derivative-related limitation.	–

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Climate-related metrics (cont'd)			
29B(b)	describe the financial activities it has excluded from its measure of Scope 3 Category 15 greenhouse gas emissions as a result of applying paragraph 29A, including activities associated with derivatives.	Not applicable. Air Selangor is not a financial institution and has not excluded financial activities from financed-emissions measurement.	–
29C	If an entity has included Category 15 greenhouse gas emissions in its measure of Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), the entity shall disclose the total Category 15 greenhouse gas emissions and the subtotal of financed emissions included in that total.	Not applicable. Scope 3 Category 15 financed emissions are outside Air Selangor's current business activities and reporting boundary.	–
32	An entity shall disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the entity discloses, the entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance on Implementing IFRS S2.	• Enhancing Water Resource Security and Demand Management • Water Supply and Quality • Environmental Compliance • Performance Data • SASB Content Index	• 62–71 • 87–90 • 129–130 • 140 • 158–164
Climate-related targets			
33	An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:		
33(a)	the metric used to set the target (see paragraphs B66–B67);	• Strategy • Emissions Management • Climate Resilience and Energy Transition	• 74 • 79 • 135
33(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	• Strategy • Emissions Management • Climate Resilience and Energy Transition	• 74 • 79 • 135
33(c)	the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region);	Air Selangor is progressively enhancing the definition and governance of its climate targets to provide greater clarity on their organisational and operational boundaries. Ongoing work includes determining the applicability of individual targets across the full organisation, specific operations, emissions scopes, asset categories, and geographical areas, as appropriate. This forms part of the Company's broader efforts to strengthen climate target-setting and disclosure practices, with the necessary internal review and governance processes underway to support future reporting.	–
33(d)	the period over which the target applies;	Air Selangor is in the process of developing interim and supporting targets under the GHG Reduction Roadmap, including the identification of relevant start years, target years and reporting periods.	–
33(e)	the base period from which progress is measured;	Air Selangor has established GHG emissions baselines for Scope 1 and Scope 2 emissions and is expanding its reporting boundary to include Scope 3 emissions in upcoming reporting cycles. These baselines provide the foundation for measuring emissions performance and tracking progress over time. While the Net Zero 2040 Roadmap provides a defined emissions reduction pathway for Scope 2 emissions, the development of comprehensive emissions reduction targets and associated short-, medium-, and long-term implementation timelines for Scope 1 and Scope 3 emissions remains in progress. Air Selangor is currently constructing its GHG Reduction Roadmap to support clearer target-setting, performance tracking, and future disclosure of emissions reduction pathways across all relevant emissions scopes.	–
33(f)	any milestones and interim targets;	Interim milestones are being developed under the GHG Reduction Roadmap to improve progress tracking across Scope 1, Scope 2, energy efficiency, renewable energy and material Scope 3 categories where applicable.	–

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
33(g)	if the target is quantitative, whether it is an absolute target or an intensity target; and	Air Selangor is evaluating whether its future climate targets should be structured as absolute targets, intensity-based targets or a combination of both, taking into account operational relevance, data readiness and intended application.	–
33(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Air Selangor is reviewing the alignment of future climate targets with Malaysia's climate commitments, the NETR, the NSRF, and the Company's Net Zero 2040 ambition to provide clearer context for target alignment. In addition, Air Selangor is considering the strategic direction and sustainability aspirations outlined under the Selangor SAGE Roadmap to ensure that its climate-related targets remain aligned with both national and state-level climate, energy transition, and sustainability priorities.	–
34	An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Air Selangor is strengthening its approach to target governance by defining review frequency, monitoring methodology, responsible functions and validation processes to support future climate target disclosures.	–
34(a)	whether the target and the methodology for setting the target has been validated by a third party;	Air Selangor recognises the importance of independent validation in enhancing the credibility and transparency of climate-related targets and disclosures. As part of its IFRS S2 implementation journey, the Company is progressively strengthening its climate target-setting framework, methodologies, and governance processes, including considerations relating to external validation and assurance. Air Selangor intends to align its approach with applicable IFRS S2 requirements and timelines, and will provide relevant disclosures on external validation and assurance processes as part of its ongoing climate-related reporting enhancements.	–
34(b)	the entity's processes for reviewing the target;	Air Selangor is designing a review process for climate-related targets that will address review frequency, governance responsibilities and the consideration of changes in data, assumptions, regulations and operational conditions.	–
34(c)	the metrics used to monitor progress towards reaching the target; and	• Metrics and Targets • Scope 1 Emissions • Scope 2 Emissions • Scope 3 Emissions • Emissions Management	• 76 • 76 • 77 • 78 • 79
34(d)	any revisions to the target and an explanation for those revisions.	Air Selangor is progressively enhancing its climate target framework and associated disclosures as part of its IFRS S2 implementation journey. As the Company continues to refine and formalise climate-related targets, methodologies, boundaries, and implementation pathways in alignment with IFRS S2 requirements and reporting timelines, there are currently no revisions to disclose. Future reporting will provide transparency on any updates to targets, including changes to the base year, scope, methodology, assumptions, or ambition level, together with the rationale for such revisions.	–
35	An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.	Air Selangor is in the process of establishing formal climate-related targets, baselines and milestones to enable more meaningful performance analysis once the framework and monitoring indicators are approved.	–

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Climate-related targets (cont'd)			
36	For each greenhouse gas emissions target disclosed in accordance with paragraphs 33–35, an entity shall disclose:		
36(a)	which greenhouse gases are covered by the target.	Air Selangor's GHG inventory and emissions reporting are prepared in accordance with recognised GHG accounting methodologies and are reported in CO_2e, which captures the relevant GHGs associated with the Company's operations. The Net Zero 2040 Roadmap currently focuses on Scope 2 emissions reduction, while ongoing enhancements to the Company's GHG Reduction Roadmap will further clarify the scope and coverage of future emissions reduction targets across Scope 1, Scope 2, and Scope 3 emissions in alignment with IFRS S2 disclosure requirements.	–
36(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	Air Selangor's Net Zero 2040 Roadmap currently focuses on Scope 2 emissions reduction. The Company has also established Scope 1 and Scope 2 emissions baselines and is expanding its GHG inventory to include Scope 3 emissions. As part of the ongoing development of its GHG Reduction Roadmap, Air Selangor is evaluating the appropriate emissions reduction pathways and targets for Scope 1, Scope 2, and Scope 3 emissions, including relevant Scope 3 categories, to support a more comprehensive and integrated approach to emissions management and disclosure.	–
36(c)	whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target (see paragraphs B68–B69).	Air Selangor has not yet confirmed whether future GHG emissions targets will be gross or net targets because target design is still being finalised. If a net target is introduced, Air Selangor will assess the related disclosure requirements for corresponding gross emissions targets.	–
36(d)	whether the target was derived using a sectoral decarbonisation approach.	The target-setting methodology has not yet been finalised, including whether a sectoral decarbonisation approach will be used. Air Selangor is assessing the most suitable methodology for its water services operating context, including the relevance of utility-sector pathways.	–
36(e)	the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits the entity shall disclose information including, and with reference to paragraphs B70–B71:	Air Selangor's current focus is on identifying and implementing direct emissions reduction initiatives through its Net Zero 2040 Roadmap and the ongoing development of its broader GHG Reduction Roadmap. As part of this process, the Company will evaluate the potential role of carbon credits in supporting the achievement of future net emissions reduction targets once the overall emissions reduction pathway and target architecture have been fully established. Should carbon credits form part of Air Selangor's future decarbonisation strategy, the Company will assess and disclose relevant considerations in accordance with IFRS S2 requirements, including the extent of reliance on carbon credits, applicable certification or verification schemes, the type and quality of carbon credits, and the measures adopted to ensure their credibility, integrity, and alignment with recognised market standards.	–
36(e)(i)	(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;		
36(e)(ii)	(ii) which third-party scheme(s) will verify or certify the carbon credits;		
36(e)(iii)	(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and		
36(e)(iv)	(iv) any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use (for example, assumptions regarding the permanence of the carbon offset).		

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 *Climate-related Disclosures*			
Scope 3 measurement framework			
Disclosure of inputs to Scope 3 greenhouse gas emissions			
B56	As part of the requirement in paragraph 29(a)(iii), and to reflect how an entity prioritises Scope 3 data in accordance with the measurement framework set out in paragraphs B40–B54, the entity shall disclose information that enables users of general purpose financial reports to understand:		
B56(a)	the extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs from specific activities within the entity's value chain; and	Air Selangor has disclosed its Scope 3 GHG emissions inventory and the associated estimation methodologies in this Sustainability Report, providing visibility into relevant value-chain emission sources and categories. The Company is currently enhancing its understanding of emissions drivers across the value chain and assessing the relative significance of different Scope 3 categories. This work will support the development of the broader GHG Reduction Roadmap, which will identify and prioritise emissions reduction opportunities across Scope 1, Scope 2, and Scope 3 emissions. Future disclosures may provide additional information on the use of supplier-specific, activity-based, spend-based, and other data sources as Air Selangor further matures its Scope 3 management and reporting approach.	–
B56(b)	the extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs that are verified.	Air Selangor has disclosed its Scope 3 GHG emissions categories and associated data sources in this Sustainability Report. The reported Scope 3 data has undergone internal review and validation by the relevant departments responsible for the underlying operational and business information to support the accuracy and completeness of the disclosures. As part of its ongoing enhancement of GHG reporting and IFRS S2 readiness, Air Selangor is strengthening its data governance, documentation, and assurance processes to support future verification and assurance requirements. The Company intends to align its approach with applicable IFRS and regulatory timelines relating to external assurance and validation of climate-related disclosures, including Scope 3 emissions reporting.	–
B57	This Standard includes the presumption that Scope 3 greenhouse gas emissions can be estimated reliably using secondary data and industry averages. In those rare cases when an entity determines it is impracticable to estimate its Scope 3 greenhouse gas emissions, the entity shall disclose how it is managing its Scope 3 greenhouse gas emissions. Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.	Air Selangor has quantified and disclosed its Scope 3 GHG emissions using recognised estimation methodologies, available activity data, and relevant emission factors. As part of its first-time adoption of IFRS Sustainability Disclosure Standards, the Company continues to strengthen data quality, supplier engagement, and reporting processes across relevant Scope 3 categories. Recognising the inherent challenges associated with value chain emissions reporting, Air Selangor is progressively enhancing data accuracy and coverage while leveraging available primary and secondary data sources to support more robust Scope 3 disclosures in future reporting cycles.	–

Glossary

Terms	Definitions
AAA	Highest long-term rating category on RAM Ratings' scale, indicating superior capacity to meet financial obligations.
AACP	Air Selangor's Anti-Corruption Plan
ABAC	Anti-Bribery and Anti-Corruption
ABMS	Anti-Bribery Management System
Abstraction	The withdrawal of raw water from sources such as rivers, dams, ponds or groundwater before treatment and distribution.
ACCA	Association of Chartered Certified Accountants
ADS	Amazon Data Services
AED	Automated External Defibrillator
AESP	Authorised Entrant and Standby Person
AESP-R	Authorised Entrant and Standby Person Refresher
AGTES	Authorised Gas Tester and Entry Supervisor
AI	Artificial Intelligence
AIRRA	Air Selangor's digital chatbot for customer service.
AIS Holdings	Air Selangor Holdings Berhad
AKSES	Aplikasi Kita Selangor Sepadu
ANSP	Air Selangor NIOSH Safety Passport
APAC	Asia-Pacific
ASEAN	Association of Southeast Asian Nations
ASPP	Air Selangor Private Partnership
ATR	Additional Transition Relief
ATV	All-terrain vehicle
AWS	Amazon Web Services
B40	Bottom 40% income group
BAA	Business Activities Assessment
BAC	Board Audit Committee
Balancing Reservoir	A storage facility within the distribution network that helps balance treated water supply, pressure and demand across connected service areas.
BCI Asia Awards	A regional awards programme recognising leading architecture firms and property developers in Asia.
BCM	Business Continuity Management
BCP	Business Continuity Plan
BEM	Board of Engineers Malaysia
BNRC	Board Nomination and Remuneration Committee
BOFA	Basic Occupational First Aid
BOMBA	Fire and Rescue Department of Malaysia
BOT	Build-Operate-Transfer
BPC	Board Procurement Committee
BPIA	Agency Integrity Management Division, Malaysian Anti-Corruption Commission
BRSC	Board Risk and Sustainability Committee
BTESA	Bulk Treated Effluent Supply Agreement
BWSA	Bulk Water Supply Agreement
CA	Chartered Accountant
CAPEX	Capital expenditure

Glossary

Terms	Definitions
Catchment	An area of land where rainfall and surface water drain to a common water body, such as a river, stream, lake, reservoir or dam.
CCB	Customer Care and Billing
CCS	Customer Care System
CeIO	Certified Integrity Officer
CEO	Chief Executive Officer
CePBFO	Certified Environmental Professional in Bag Filter Operation
CePIETSO-PCP	Certified Environmental Professional in Industrial Effluent Treatment Systems Operation – Physical Chemical Process
CePSO	Certified Environmental Professional in Scrubber Operation
CePSWaM	Certified Environmental Professional in Scheduled Waste Management
CGSO	Chief Government Security Office
CH_4	Methane
CIA	Certified Internal Auditor
CMI	Customer Management Initiative
COI	Conflict of Interest
COO	Change of Ownership
COP30	30th Conference of the Parties to the United Nations Framework Convention on Climate Change
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent
CO_2e/m^3	Carbon dioxide equivalent per cubic metre
CPD	Continuing Professional Development
CPR	Cardiopulmonary Resuscitation
CRA	Corruption Risk Assessment
CRO	Climate-related risk and opportunity
CSAT	Customer Satisfaction Score
CSE	Crisis Simulation Exercise
CSR	Corporate Social Responsibility
Customer-facing Service Interruption	A water supply disruption or reduction that directly affects customers, including loss of supply, low pressure or water quality-related service impacts.
CWR	Central Water Reclamation
Demand Management	Measures used to manage and optimise water demand, including efficiency, conservation, behavioural change and planning actions that reduce unnecessary consumption.
Digital Twin	A digital representation of a physical asset, system or process that uses operational data to support monitoring, simulation, prediction and optimisation.
Distribution Area	Air Selangor's service area covering Selangor, Kuala Lumpur, and Putrajaya.
Distribution Network	The interconnected system of pipes, trunk mains, service reservoirs, pump houses and related assets used to convey treated water to customers.
DITEC	Digital and IT Steering Committee
DMZ	District Metred Zone
DOE	Department of Environment
Domestic Account	A customer account category for residential premises served by Air Selangor.
DOSH	Department of Occupational Safety and Health
DPIA	Data Protection Impact Assessment
DTAC	Digital Transformation Advisory Committee
DUN	Dewan Undangan Negeri

Glossary

Terms	Definitions
DWQI	Drinking Water Quality Index
e-APP	Electronic Annual Procurement Plan
EAI	Environmental Aspect Impact
ECM	Enterprise Content Management
EDP	Executive Competency-Based Development Programme
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EPMC	Environmental Performance Monitoring Committee
ERCMC	Environmental Regulatory Compliance Monitoring Committee
ERM	Enterprise Risk Management
ERP	Emergency Response Plan
ERT	Emergency Response Team
ESG	Environmental, Social and Governance
EXCO	Executive Council
Fit-for-purpose Water Solutions	Water supply solutions matched to the intended use, including non-potable or reclaimed water for suitable industrial, commercial or operational applications.
FRC	Free Residual Chlorine
GC-MS	Gas Chromatography-Mass Spectrometry
GDP	Gross Domestic Product
GEF	Grid Emission Factor
GEP	Governance Excellence Programme
Gg CO_2e/GWh	Gigagrammes of carbon dioxide equivalent per gigawatt-hour
GHG	Greenhouse Gas
GIS	Geographic Information System
GJ	Gigajoule
GLC	Government-linked company
GPS	Global Positioning System
GRI	Global Reporting Initiative
Groundwater Source	Raw water obtained from underground water-bearing formations and used where applicable as part of water resource planning.
GSR	Guided Self-Regulation
GWh	Gigawatt-hour
HIRARC	Hazard Identification, Risk Assessment and Risk Control
HOD	Heads of Department
HORAS	Hybrid Off-River Augmentation System
HOS	Head of Section
HQ	Headquarters
HSE	Health, Safety and Environment
HYDRA	Hybrid Distribution Water Quality Real-Time Analyser
i-MAS	Indeks Kesejahteraan Minda Sihat Air Selangor
IAQ	Indoor Air Quality
IC	Ion Chromatography
ICC	Intelligent Command Centre

Glossary

Terms	Definitions
IChemE	Institution of Chemical Engineers
ICP-MS	Inductively Coupled Plasma Mass Spectrometry
ICPT	Imbalance Cost Pass-Through
IEM	Institution of Engineers Malaysia
IFRS	International Financial Reporting Standards
IFRS S1	IFRS Sustainability Disclosure Standard on General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	IFRS Sustainability Disclosure Standard on Climate-related Disclosures
IGS	Integrity and Governance Section
IIAM	Institute of Internal Auditors Malaysia
IMS	Integrated Management System
IMSIRA	Integrated Management System Integrated Risk Assessment
IMTN	Islamic Medium Term Notes Programme
IRBM	Integrated River Basin Management
ISO	International Organization for Standardization
ISO 14001	International standard for environmental management systems
ISO 37001	International standard for anti-bribery management systems
ISO 45001	International standard for occupational health and safety management systems
ISO/IEC 17025	International standard for the competence of testing and calibration laboratories
IT	Information Technology
IWA	International Water Association
IWK	Indah Water Konsortium
JKT	Jawatankuasa Kelulusan Teknikal
KESAiS	Kesatuan Pekerja-Pekerja Pengurusan Air Selangor Sdn Bhd
$kgCO_2e/m^3$	Kilogrammes of carbon dioxide equivalent per cubic metre
km	Kilometres
kWac	Kilowatt alternating current
kWh	Kilowatt-hour
LCD	Litres per capita per day
LCMS	Liquid Chromatography Mass Spectrometry
LIMS	Laboratory Information Management System
LLB	Bachelor of Laws
LLT	Leadership Listening Tour
LOTG	Learning on-the-Go
LTIFR	Lost Time Injury Frequency Rate
LUAS	Lembaga Urus Air Selangor
LUOW	Leading Utilities of the World
MACC	Malaysian Anti-Corruption Commission
MADANI	Malaysia MADANI, Malaysia's national policy philosophy introduced under the current Federal Government.
MBI	Menteri Besar Selangor (Incorporated)
MBOT	Malaysia Board of Technologists
MBRS	Malaysian Business Reporting System
MCCG	Malaysian Code on Corporate Governance
MET Malaysia	Malaysian Meteorological Department

Glossary

Terms	Definitions
MFRS	Malaysian Financial Reporting Standards
MHFR@Work	Mental Health First Responders at Work
MIA	Malaysian Institute of Accountants
MIMOS	Malaysian Institute of Microelectronic Systems
MIWC	Malaysia International Water Convention
MJ/m^3	Megajoule per cubic metre
MKRS	External safety and operational training provider.
MLD	Million litres per day
MOH	Ministry of Health
MoU	Memorandum of Understanding
MT	Metric tonne
MWac	Megawatt alternating current
MWh	Megawatt hour
MyCC	Malaysia Competition Commission
m^3	Cubic metre
NADMA	National Disaster Management Agency
NAHRIM	National Water Research Institute of Malaysia
NAWABS	National Water Balance System
NCCA	Non-Conformity and Corrective Action
NEDP	Non-Executive Development Programme
NETR	National Energy Transition Roadmap
Network Optimisation	Operational and asset management actions that improve the reliability, pressure, flow, efficiency and performance of the water distribution network.
NGO	Non-governmental organisation
NIOSH	National Institute of Occupational Safety and Health Malaysia
NLU	Natural Language Understanding
Non-domestic Account	A customer account category covering industrial, commercial, government and ship accounts served by Air Selangor.
NPS	Net Promoter Score
NRO	Northern Region Office
NRW	Non-Revenue Water
NSRF	National Sustainability Reporting Framework
N_2O	Nitrous oxide
OACIS	Off-Plant Autonomous Chlorine Injection Systems
OEx	Operational Excellence
Off-river Storage	A raw water storage facility located away from the main river channel and used to strengthen raw water availability and supply resilience.
OMS	Operations Management System
OPEX	Operating expenditure
ORS	Off-River Storage
OSH	Occupational Safety and Health
OSHMA	External occupational safety and health training provider.
P1	Highest short-term rating category on RAM Ratings' scale, indicating strong safety for payment of financial obligations over the short term.
PAAB	Pengurusan Aset Air Berhad

Glossary

Terms	Definitions
PAKAR	Pasukan Khas Lembangan dan Alur Air
PBT	Persistent, Bioaccumulative and Toxic substance
PCP	Physical Chemical Process
PCW	Planning & Capital Works
PDPA	Personal Data Protection Act 2010 (Act 709), as amended by the Personal Data Protection (Amendment) Act 2024.
PEKEAS	Pertubuhan Kebajikan Ehsan As Shakur
PERKESO	Pertubuhan Keselamatan Sosial
PETRA	Ministry of Energy Transition and Water Transformation
PFA	Psychological First Aid
PFAS	Per- and polyfluoroalkyl substances
Pipe Burst Index	A water utility performance indicator that tracks pipe burst incidents relative to the size of the water distribution network.
Pipe Cleaning	Maintenance work that removes sediment and deposits from water pipelines to support water quality and network performance.
Pipe Network	The interconnected pipelines used to convey treated water across the water distribution system.
PMO	Project Management Office
POC	Proof of Concept
POLIGON	Designated pipe-cleaning zones used by Air Selangor to plan, organise and manage pipe cleaning activities within the distribution network.
POP	Persistent Organic Pollutant
Potable Treated Water	Treated water that meets applicable drinking water quality standards and is suitable for domestic and essential use.
PPP	Public-Private Partnership
PRAF	Project Risk Assessment Framework
PRC	Project Review Committee
PTOS	Permit To Work and Operational Safety
PTW	Permit to Work
Q-TOF	Quadrupole Time-of-Flight
QAS	Quality Assurance Services
RAM Ratings	RAM Rating Services Berhad, a Malaysian credit rating agency providing credit ratings, assessments and related market opinions.
Raw Water	Untreated water from sources such as rivers, dams, ponds or groundwater before it undergoes treatment for supply.
Raw Water Assurance	Planning, monitoring, protection and response measures used to secure the availability and quality of raw water before risks affect water supply.
Raw Water Security	The resilience of raw water sources against risks such as pollution, drought, land-use pressures and climate variability.
Reclaimed Water	Water recovered from sources such as wastewater or effluent, treated and reused for beneficial non-potable applications where suitable.
Reserve Margin	The surplus between available water supply capacity and demand, used to assess system adequacy and supply resilience.
Reservoir Cleaning	Scheduled cleaning of treated water storage facilities to remove sediment and support water quality within the distribution system.
RFL	Recycle for Life, Air Selangor's recycling programme that encourages public recycling participation and environmental awareness.
RM	Currency symbol for the Malaysian ringgit.
RMC	Risk Management Committee
RMS	River Monitoring Station

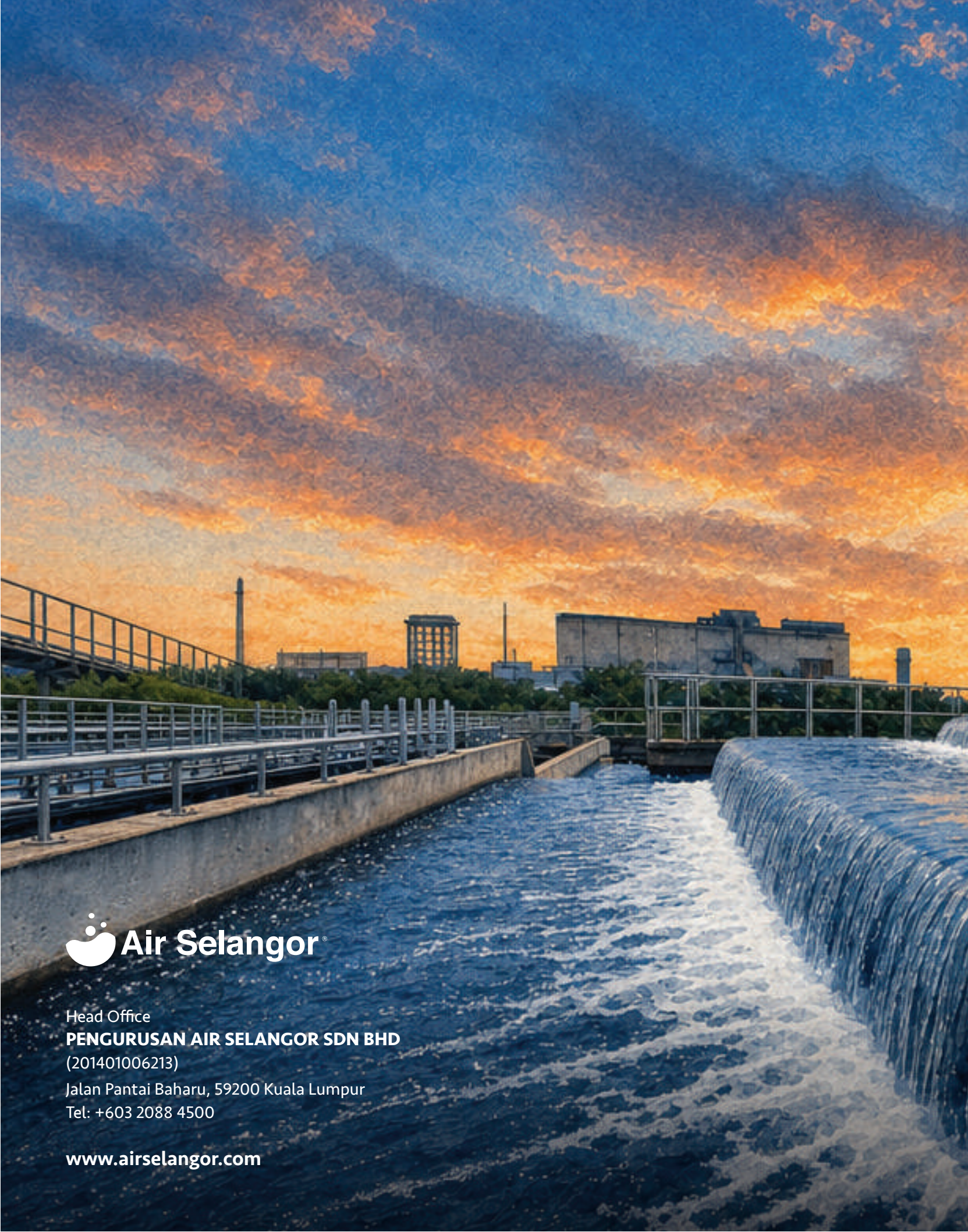
Glossary

Terms	Definitions
RRMC	Regional Risk Management Committee
RS-1	Rancangan Selangor Pertama
RTF	Residual Treatment Facility
RWSA	Reclaimed Water Supply Agreement
SADE	Skim Air Darul Ehsan
SAG	Special Achievement in GIS Award
SAGE	Selangor Agenda for Green Economy
SASB	Sustainability Accounting Standards Board
SBAM	Sukan Bekalan Air Se-Malaysia
Scope 1 emissions	Direct greenhouse gas emissions from sources owned or controlled by an organisation.
Scope 2 emissions	Indirect greenhouse gas emissions from purchased or acquired electricity, steam, heating or cooling consumed by an organisation.
Scope 3 emissions	Other indirect greenhouse gas emissions that occur in an organisation's value chain outside Scope 1 and Scope 2.
SDGs	United Nations Sustainable Development Goals
SDMU	State Disaster Management Unit
Secondary Chlorination	Additional chlorine dosing within the distribution network to maintain disinfectant residual levels and preserve treated water quality.
Service Reservoir	A treated water storage facility in the distribution network that supports supply continuity, pressure management and demand balancing.
SIRIM	SIRIM Berhad
SJAM	Skim Jaminan Air Mentah
SLA	Service Level Agreement
SME	Subject Matter Expert
SMK	Sekolah Menengah Kebangsaan
SOA	Statement of Account
SOP	Standard Operating Procedure
Source Diversification	The development or use of multiple raw water or treated water sources to reduce reliance on a single source and strengthen supply resilience.
Source Protection	Measures to prevent, control or respond to pollution, drought, land-use and other risks that may affect raw water sources.
SPAN	Suruhanjaya Perkhidmatan Air Negara
SPI	Strategic Plans and Initiatives
SPM	Sijil Pelajaran Malaysia
SPRM	Suruhanjaya Pencegahan Rasuah Malaysia
SRI	Sustainable and Responsible Investment
SRI Sukuk	Sukuk whose proceeds are applied exclusively to fund eligible sustainable and responsible investment projects.
SRM	Certified Sustainability Risk Manager
SRO	Sustainability-related risk and opportunity
SSIPR	Sistem Smart Inisiatif Peduli Rakyat
SSP2	Sungai Selangor Phase 2
Sukuk Murabahah	An Islamic financing instrument structured around a cost-plus sale arrangement.
Supply Augmentation	The expansion of water supply capacity through new sources, treatment plants, schemes, reservoirs or network infrastructure.
SW204	Scheduled waste code for sludges containing one or more specified metals under the Environmental Quality (Scheduled Wastes) Regulations 2005.

Glossary

Terms	Definitions
TAMS	Total Asset Management System
tCO_2e	Tonnes of carbon dioxide equivalent
TI-M	Transparency International Malaysia
TNB	Tenaga Nasional Berhad
TNFD	Taskforce on Nature-related Financial Disclosures
TOC	Total Organic Carbon
TOR	Terms of Reference
Treated Water	Raw water that has undergone treatment and quality monitoring before distribution to customers.
Trunk Main	A major pipeline used to convey large volumes of treated water across the distribution network.
TRX	Tun Razak Exchange
TSM	Tariff Setting Mechanism
TVC	Television Commercial
UI/UX	User Interface/User Experience
UMP	Universiti Malaysia Pahang
UNFCCC	United Nations Framework Convention on Climate Change
VAPT	Vulnerability Assessment and Penetration Testing
VPMS	Vendor Performance Management System
WAMS	Work and Asset Management System
Water Grid Connectivity	Interconnection of water supply systems to improve operational flexibility, transfer capacity and supply resilience.
Water Reclamation	The treatment and reuse of water to produce reclaimed water for beneficial applications.
Water Reserve Margin	The reserve capacity available in the water supply system after accounting for demand.
Water Sampling Station	A designated location where water samples are collected for quality monitoring and compliance testing.
Water Supply Disruption	A planned or unplanned interruption, reduction or constraint in treated water supply to customers.
Water Treatment	The process of treating raw water to meet required drinking water quality standards before distribution.
Water Treatment Plant Outlet	The point where treated water exits a water treatment plant before entering storage or the distribution network.
Water Value Chain	The sequence of activities from raw water sourcing, abstraction and treatment to storage, distribution, customer service and related support functions.
WCU	Water Conservation Unit
WEDP	Water Expert Development Programme
WRP	Water Reclamation Plant
WTP	Water Treatment Plant
YAB	Yang Amat Berhormat
YB	Yang Berhormat
YBhg	Yang Berbahagia
Zero Discharge Policy	Selangor's policy framework to regulate discharge of return water, waste and pollutants into water sources and strengthen pollution prevention.

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