



**TENAGA NASIONAL BERHAD  
BOARD OF DIRECTORS'  
FIT AND PROPER POLICY**

As at 30 June 2022

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**1. PURPOSE**

- 1.1 The key objective of this TNB Board of Directors' Fit and Proper Policy ("TNB BOD's Fit and Proper Policy") is to set out the criteria for the appointment and re-appointment of Directors of Tenaga Nasional Berhad ("TNB" / "the Company") and its subsidiaries.
- 1.2 To ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of TNB and its subsidiaries.
- 1.3 To guide TNB Board and the Board Nomination and Remuneration Committee ("BNRC") in their review and assessment of:-
- (a) any candidate to be appointed as a new Director to the Board; and
  - (b) any existing Director who is seeking for re-appointment.

**2. CRITERIA**

- 2.1 The fit and proper criteria of a Director include but not limited to the following:-

2.1.1 Character and Integrity

- (i) Probity
  - is compliant with legal obligations, regulatory requirements and professional standards;
  - has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court;
  - have not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect to the person's honesty, integrity or business conduct.

(ii) Personal integrity

- has not perpetrated or participated in any business practices which are deceitful, oppressive improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct;
- service contract (i.e. in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity;
- have no concurrent responsibilities or interest which would contribute to a conflict of interest situation or otherwise impair the ability to discharge duties and responsibilities as Director of the Company and/or its subsidiaries;
- has not abused other positions that he/she has held or is holding in a manner that contravenes the principles of good governance.

(iii) Financial integrity

- manages personal debts or financial affairs satisfactorily;
- demonstrates ability to fulfil personal financial obligations as and when they fall due;
- have not been subjected to a judgment debt which is unsatisfied, either in whole or in part whether in Malaysia or elsewhere.

(iv) Reputation

- is of good repute in the financial and business community;
- has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past ten (10) years;
- have not been reprimanded by the Securities Commission Malaysia, Bursa Malaysia Securities Berhad, Suruhanjaya Syarikat Malaysia, Bank Negara Malaysia or any other regulatory authorities both local or abroad;
- has not been substantially involved in the management of a business or Company which has failed, where that failure has been occasioned in part by deficiencies in that management.

2.1.2 Experience and Competence

- (i) Qualifications, training and skills
  - possesses education qualification that is relevant to the skill set that the director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix and strategic priorities of the Company);
  - has a considerable understanding on the workings of a corporation;
  - have adequate and broad knowledge including the United Nations Sustainable Development Goals on sustainability as well as Environment, Social & Governance (ESG) issues;
  - possesses general management skills as well as understanding of corporate governance and sustainability issues;
  - Financial literacy especially able to read and understand financial statements;
  - keeps knowledge current based on continuous professional development;
  - possesses leadership capabilities and a high level of emotional intelligence.
  
- (ii) Relevant experience and expertise
  - possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.
  
- (iii) Relevant past performance or track record
  - had a career of occupying a high-level position in a comparable organisation, and was accountable for driving or leading the organisation's governance, business performance or operations;
  - possesses commendable past performance record as gathered from the results of the board effectiveness evaluation (applicable for re-election and re-appointment of directors).

### 2.1.3 Time and Commitment

- (i) Ability to discharge role having regard to other commitments
  - able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the director across listed issuers and non-listed entities (including not-for-profit organisations).
  
- (ii) Participation and contribution in the board or track record
  - demonstrates willingness to participate actively in board activities;
  - demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
  - manifests passion in the vocation of a director;
  - exhibits ability to articulate views independently, objectively and constructively;
  - exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

2.2 Apart from the above criteria, relevant background checks will be conducted as part of the due diligence process.

## **3. THE ASSESSMENT**

3.1 The BNRC will assess each person for a new appointment or re-appointment of Directors based on the criteria set under item 2.1 before recommending to the Board for approval.

3.2 For re-appointment of Directors, the Directors will be evaluated based on the Board Evaluation Form. (The questionnaires for TNB BOD's Fit and Proper Policy are based on the Corporate Governance Guide 4<sup>th</sup> Edition). The BNRC has the power not to recommend to the Board the re-appointment of retiring Directors who do not meet the policy requirements.

- 3.3 For the appointments of new Director, the candidates are required to complete the Directors Information. The candidates also required to complete a self-declaration of fit and proper form and authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.
- 3.4 The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

**4. REVIEW OF THE POLICY**

- 4.1 The BNRC shall recommend any change to the Policy as the BNRC deems appropriate to the Board for approval. The terms of the Policy shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements.
- 4.2 A copy of TNB BOD's Fit and Proper Policy is available on the Company's website.