

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5362
COMPANY NAME : TENAGA NASIONAL BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (Board) of Tenaga Nasional Berhad (“TNB” or “the Company”) is collectively responsible for the long term success of the Company and the delivery of sustainable value to its stakeholders. It is essential for the Board to govern and set the strategic direction of the Company while exercising oversight on management in discharging its fiduciary duties and leadership functions. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.</p> <p>Duties of the Board include formulating, periodically reviewing and approving overall business and organisation strategies and key policies of the Company. The Board also sets the Company's core values and adopts proper standards to ensure that TNB operates with integrity and in compliance with the relevant rules and regulations.</p> <p>In order to ensure the effective discharge of its functions and responsibilities, the Board has established its principal Committees to exercise oversight in specific areas, of which are the Board Audit Committee (BAC), Board Finance and Investment Committee (FIC), Board Tender Committee (BTC), Board Nomination and Remuneration Committee (BNRC), Board Risk Committee (BRC), Board Long Term Incentive Plan Committee (BLTIP) and Board Integrity Committee (BIC).</p> <p>The Board is responsible for the oversight and overall management of the Company. In order to ensure the effective discharge of its functions and responsibilities, it has established a Governance Model for the Group where specific powers of the Board are delegated to the relevant Board Committees and the President/Chief Executive Officer (P/CEO). The Governance Model is on page 83 of the Integrated Annual Report.</p> <p>The Board shall assume, among others, the following principal responsibilities:</p>

(i) Formulating, reviewing and approving the Company's strategic business plan

The Board plays a pivotal role in reviewing the Company's strategic direction and approving corporate strategic initiatives developed by the Management.

The Board deliberates annually on the Company's strategic and business plan as proposed by the Management, including the annual capital and revenue budget for the ensuing year as well as the Key Performance Indicators (KPIs). This will ensure that the KPIs correspond with the Company's annual strategic and business plan. The Board reviews and deliberates on the Management's views in ensuring the best decisions are reached after considering all relevant aspects.

A separate and informal session between the Board and Top Management, known as the Board Breakout Session (BBO), is held to have in-depth discussions and exchange of views on the Company's strategic issues/challenges. The BBO is coordinated by the Company Secretary's Office as and when the need arises and is a platform for the Board and Management to deliberate and exchange views as well as opinions in formulating strategic plans and to chart the direction of the Group, including the reporting of its progress.

For the Financial Year under review and with the impact of Covid-19 pandemic, a few BBO which had been arranged were cancelled. Nonetheless, the Board and Management managed to hold a BBO session on 24 June 2020 to discuss on Reimagining TNB Strategic Refresh, strictly held in accordance with the Standard Operating Procedures (SOP) issued by the Government. The BBO was held with the objectives to reflect on Reimagining TNB journey and how it has evolved, to share the portfolio view including the Covid-19 implications, its way forward and to seek guidance from the Board on the refreshed strategy and corporate identity.

The refresh exercise marked the start of TNB new strategic planning process whereby the strategy review will be undertaken annually and shared with the Board as well as to be tied to individual business plans for each business entity and support function, annual budgets, target setting and performance reviews.

With the Covid-19 pandemic, the refresh exercise also identified priority actions and game changers where TNB can both support the nation's economic recovery while building new growth engines. In return, the Management gained constructive inputs/guidance from the Board on the way forward of the strategic plan process and challenges/impact of Covid-19 towards utility industry in Malaysia. More information on the Strategic Direction is available in the Strategic Review on pages 34 to 57 of the Integrated Annual Report.

Half-year reviews of the business plan and the budget were conducted whereby comparisons of approved targets against the Company's actual performance were made.

Following the shareholders' approval of the Proposed Internal Reorganisation By Way of A Members' Scheme of Arrangement Under Section 366 of The Companies Act, 2016 (Proposed Internal Reorganisation) at the Court Convened Meeting duly held on 11 February 2020, the transfers by TNB of its domestic power generation and electricity retail businesses to its two (2) wholly-owned subsidiaries namely TNB Power Generation Sdn. Bhd. and TNB Retail Sdn. Bhd. were completed on 1 October 2020 and 1 January 2021 respectively.

Accordingly, the scheme in relation to the Proposed Internal Reorganisation was also deemed completed on 1 January 2021. The development of the Proposed Internal Reorganisation was announced accordingly and these announcements are available on the Company's website at <https://www.tnb.com.my/suppliers-investors-media-relations/news-highlights/>, besides Bursa Malaysia Securities Berhad's website.

The Proposed Internal Reorganisation is expected to improve the efficiency, agility and performance of the business segments of TNB Group of Companies (TNB Group or Group) and promote ownership, entrepreneurship and innovation within the Group. The Proposed Internal Reorganisation is in line with TNB's strategic transformation plan, Reimagining TNB, and is envisaged to improve TNB Group's performance and returns to shareholders of TNB in the medium to long term.

Based on the evaluation for Financial Year under review, the Board collectively concurred that it has reviewed the Company's strategic and financial plan as well as monitored its implementation, including the setting of suitable KPIs in achieving the Company's objectives.

(ii) Identifying and managing principle risks affecting the Company

The Board, through the BRC, is responsible for overseeing the effectiveness and adequacy of the Group's risk management framework and to ensure that it forms part of the Group's corporate culture. The BRC's key responsibilities include approving the risk management framework and policies on behalf of the Board and deliberating the Group's strategic and key operating risks as well as ensuring appropriate mitigations are implemented to manage these risks.

During the Financial Year under review, there were seven (7) BRC sittings. The BRC reviewed the Statement of Risk Management and Internal Control (SORMIC), which summarises the risk management practices and internal controls implemented by Management. It also

deliberated Key Risk Indicators that were developed in alignment with BRC's and Management's risk appetite. Additionally, the BRC reviewed the Group's insurance programmes and recommended improvements for an adequate and effective risk transfer mechanism in the interests of the Group. The BRC report are provided on pages 106 to 107 of the Integrated Annual Report 2020.

The BRC cascaded its mandate and tone from the top with regard to the importance of integrated risk management in organisational processes.

Due to the Covid-19 pandemic, for the Financial Year under review, the Top Management Risk Forum was not held.

The BRC is assisted by the Chief Risk Officer (CRO) and the Risk Management Department (RMD) in discharging its duties and responsibilities. The RMD is responsible for the effective implementation of TNB Risk Management Framework for informed decision-making. The framework is developed in alignment with ISO 31000:2018. In the year under review, the framework was revised to ensure alignment with the second edition of the standard and was approved by the BRC.

The BRC continues to diligently exercise its risk oversight responsibilities by ensuring that risk management is an integral part of strategic planning and decision making for the achievement of the Group's strategic outcomes and long term objectives.

Based on the evaluation for the Financial Year under review, the Board collectively agreed that it has discharged its roles in identifying principal risks and in ensuring that the Group has put in place an adequate risk management framework to effectively monitor and manage the risks of its operational businesses.

(iii) Reviewing the adequacy and integrity of the Company's internal control system

The Board is responsible for ensuring that a sound reporting framework of internal controls and regulatory compliance is in place throughout the Company. Based on the evaluation for the Financial Year under review, the Board collectively concurred that it has discharged its roles through the BRC/BAC whereby regular meetings were held in reviewing the effectiveness of the Company's internal control system.

Details of the Company's internal control system and its effectiveness are provided in the SORMIC disclosures on pages 118 to 122 of the Integrated Annual Report.

(iv) Overseeing and evaluating the conduct and performance of the Company's businesses

The P/CEO is responsible for managing the day-to-day operations of the Company and implementing the Group strategies and policies as agreed by the Board. In doing so he is well supported by the respective Management Committees. The performance of the Management is measured through the Company's and Group's quarterly financial reports. The Board, on a continuous basis, is well informed of the progress of the Company's strategic initiatives and critical operational issues as well as of the Group's performance based on approved KPIs.

(v) Succession Planning

The Board, assisted by the BNRC, is responsible for developing plans to identify the necessary and desirable competencies and skills of Directors and succession plans to ensure there is appropriate dynamics of skills, experience, expertise and diversity on the Board. In addition, the Board/BNRC also oversee the appointment as well as succession planning of the Top Management.

During the Financial Year under review, there were several new additions to the Board, duly appointed by the Board/BNRC. With the departure of Tan Sri Ahmad Badri Mohd Zahir, Dato' Seri Mahdzir bin Khalid was appointed as Chairman with effect from 12 May 2020, an Appointed Director of the Minister of Finance (Incorporated) (MoF Inc.), the Special Shareholder of TNB.

Dato' Asri bin Hamidin @ Hamidon was appointed as Non-Independent Non- Executive Director with effect from 1 July 2020, an Appointed Director of the MoF Inc. While His Alternate Director, Azmin bin Ishak was also appointed on 1 July 2020. Other recent appointments to the Board were Dato' Ir. Nawawi bin Ahmad and Datuk Rawisandran a/l Narayanan, who were appointed as Independent Non-Executive Directors with effect from 16 October 2020.

Their mix of skills, experience, expertise and qualifications are analysed prior to their respective appointments. Dato' Asri bin Hamidin @ Hamidon graduated with Masters of Economics from Hiroshima University, Japan and currently holds the post of Secretary General of Treasury, Ministry of Finance Malaysia, whilst Azmin bin Ishak holds Masters in Science (Quality & Productivity Improvement), Universiti Kebangsaan Malaysia and currently holds the position of Special Officer to the Secretary General of Treasury, Ministry of Finance Malaysia. Dato' Ir. Nawawi bin Ahmad with engineering background has had extensive experience in the energy industry of which he was a former Senior Engineer in TNB for 20 years. Prior to being a former Chairman of Keretapi Tanah Melayu Berhad and its group of Companies, he was also the former Member of Parliament, Langkawi since 2013. Datuk Rawisandran a/l Narayanan with qualification in Business Management also had experience in the government arena of which he was the former Secretary of Malaysian Indian Congress (MIC), Selangor in 2018 and former Senator in 2010.

The selection of candidates and appointment of Independent Non-Executive Directors by the BNRC/ Board are made with the assistance of independent consultant, whenever necessary.

During the Financial Year under review, with the establishment of TNB Subsidiary Management Division as an enhancement of Investment Management Department which previously reports to Group Finance, Lim Fu Yen was appointed as Chief Subsidiary Management Officer with effect from 1 July 2020.

Iwan Azlan bin Mokhtar was appointed as Chief People Officer with effect from 1 November 2020, to lead the Human Resource Division following the retirement of Dato' Muhammad Razif bin Abdul Rahman.

At the issuance of this Corporate Governance (CG) Report, the Board and BNRC, at their respective meetings on 17 March 2021 and 15 March 2021, approved the appointment of Wahizan bin Abd Rahman as Chief People Officer with effect from 1 April 2021, in place of Iwan Azlan bin Mokhtar following his resignation. Datuk Ir. Baharin bin Din was appointed by MoF Inc., the Special Shareholder of TNB, as P/CEO for a period of three (3) years with effect from 1 March 2021 until 29 February 2024 in place of Datuk Seri Amir Hamzah bin Azizan, who resigned following his acceptance of a new appointment by the Minister of Finance.

With completion of the Proposed Internal Reorganisation, Dato' Nor Azman bin Mufti @ Jaafar was made Managing Director of TNB Power Generation Sdn. Bhd., while Ir. Roslan bin Abd Rahman was appointed as Chief Operating Officer, TNB Power Generation Sdn. Bhd. with effect from 1 October 2020.

Details of the Top Management are provided in the Senior Management Profile on pages 74 to 81 in the Integrated Annual Report.

The Board/BNRC deliberated on the succession planning for critical positions in TNB, intended to surface and manage the development of TNB's future leaders.

The Board is satisfied that the BNRC has efficiently discharged its duties pertaining to the nomination, remuneration and succession management functions as set out in its Terms of Reference (TOR).

The BNRC annually evaluates the performance of the P/CEO and the Top Management, whose remunerations are directly linked to their respective KPIs. The P/CEO's remuneration package is reviewed by the BNRC to reflect the contributions made towards the Group's achievements for the year. The BNRC's views and recommendations on this are submitted to the Board for its decision/approval.

Based on the evaluation for the Financial Year under review, the Board collectively concurred that succession planning for the P/CEO and Top

	<p>Management as well as for the Company's future leaders has been appropriately developed.</p> <p>The roles and responsibilities of the Board are stated in paragraph 2.1 of TNB Board Charter, available on the Company's website at https://www.tnb.com.my/listings/corporate_governance/</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<p>The roles and responsibilities of Chairman of the Board are specified in paragraph 3.2 of the Board Charter, which is available on TNB's website: https://www.tnb.com.my/listings/corporate_governance/</p> <p>The Chairman is responsible for the leadership of the Board in ensuring the effectiveness of all aspects of his role.</p> <p>The Chairman is responsible, inter alia:</p> <ul style="list-style-type: none">(i) providing leadership for the Board so that the Board can perform its responsibilities effectively;(ii) setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;(iii) leading Board meetings and discussions;(iv) encouraging active participation and allowing dissenting views to be freely expressed;(v) managing the interface between Board and management;(vi) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and(vii) leading the Board in establishing and monitoring good corporate governance practices in the Company. <p>The Chairman, in consultation with the P/CEO and the Company Secretary, sets the agenda for Board Meetings and ensures that all relevant issues are in the agenda.</p> <p>The Chairman is responsible for managing the business of the Board to ensure that:</p> <ul style="list-style-type: none">(i) all Directors are properly briefed on issues arising at Board Meetings;(ii) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for

	<p>informal meetings beforehand to enable a thorough preparation for the Board discussion;</p> <p>(iii) the issues discussed are forward looking and concentrate on strategic issues.</p> <p>The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.</p> <p>The Chairman ensures that the P/CEO looks beyond his executive functions and accepts his full share of responsibilities on governance.</p> <p>The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The separate roles and responsibilities of the Chairman and P/CEO are provided in the Board Charter, which is available on TNB's website: https://www.tnb.com.my/listings/corporate_governance/</p> <p>The roles of Chairman and the P/CEO are separated and clearly defined in the Board Charter. This segregation ensures an optimal balance of independent decision-making, increased accountability and greater capacity for management supervision by the Board.</p> <p>The positions of Chairman and P/CEO are held by two (2) different individuals.</p> <p>During the Financial Year under review, YB Dato' Seri Mahdzir bin Khalid was appointed as Chairman of TNB, on 12 May 2020 in place of Tan Sri Ahmad Badri Mohd Zahir following his cessation of office as Chairman on 11 May 2020. YB Dato' Seri Mahdzir bin Khalid continues to lead and guide the Board in ensuring that it maintains the highest standard of governance.</p> <p>The Chairman serves as the primary link between the Board and the Company. He is also responsible for fostering constructive relations between the P/CEO and the Non-Executive Directors to ensure effective and appropriate communication with the shareholders.</p> <p>The P/CEO, manages the Company's operations and implementing Group strategies and policies as agreed by the Board. In addition, the P/CEO establishes, reviews strategies and plays a key role in instilling the Company's culture and standards, which include appropriate corporate governance practices throughout the Group.</p> <p>At the issuance of this CG Report, Datuk Ir. Baharin bin Din was appointed as P/CEO with effect from 1 March 2021 in place of Datuk Seri Amir Hamzah bin Azizan who had resigned following his acceptance of new appointment by the Minister of Finance.</p> <p>The distinct and separate roles of the Chairman and P/CEO, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>The roles and responsibilities of the Company Secretary are specified in the Board Charter, which is available on TNB's website: https://www.tnb.com.my/listings/corporate_governance/</p> <p>Norazni binti Mohd Isa was appointed as the Group Company Secretary on 31 May 2012. She has legal qualifications and qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. She is a Licensed Secretary by the Companies Commission of Malaysia.</p> <p>The Company Secretary manages the logistics of all Board, Board Committees and the Group subsidiaries meetings. The Company Secretary ensures that the attendance and minutes of all board and committee meetings are properly recorded and kept at the Company Secretary's Office including the proceedings of the Company General Meetings. Subsequently the Company Secretary also ensures that all deliberation of Board and Committees Meetings are well communicated to the relevant Management personnel for appropriate actions.</p> <p>The Company Secretary will facilitate to update the Board on the follow-up of its decisions and recommendations by the Management. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>The Company Secretary serves as a focal point for stakeholders' communication and engagement on corporate governance issues and plays an advisory role to the Board particularly with regards to the Company's Constitution, Board policies and procedures, corporate governance best practices and its compliance with regulatory requirements, codes and legislations. The Board Members have unlimited access to the professional advice and services of the Company Secretary.</p> <p>The Company Secretary also provides support to the Board in fulfilling its fiduciary duties, roles and responsibilities, apart from facilitating on Board communications in order to meet the Board's needs and stakeholders' expectations.</p>

The Company Secretary assists the board continuing development by facilitating the orientation of new Directors by co-ordinating induction programmes as well as arranging for internal and external training programmes that are relevant to the Directors/Committee members. The Company Secretary also keeps proper record of trainings attended by each Director/Committee members during the period/year under review for reporting purposes.

During the Financial Year under review, there were several new additions to the Board. Dato' Seri Mahdzir bin Khalid was appointed as Chairman of TNB, an Appointed Director of MoF Inc with effect from 12 May 2020. Dato' Asri bin Hamidin @ Hamidon, an Appointed Director of MoF Inc. was appointed as Non-Independent Non-Executive Director, with effect from 1 July 2020, together with his Alternate Director, Azmin bin Ishak who was also appointed on 1 July 2020. Recent appointments to the Board are Dato' Ir. Nawawi bin Ahmad and Datuk Rawisandran a/l Narayanan, who were appointed as Independent Non-Executive Directors with effect from 16 October 2020.

Newly appointed Directors received an appropriate induction and training on the Company's business, corporate governance and reporting procedures, on which they are continuously updated. In addition, the Directors were advised on policies and procedure of the Board and Board Committees' meetings and their rights and responsibilities.

These include the annual Board Development Programme (BDP) which is organised in-house as part of TNB's Board Continuing Development Programme.

As at current date, all new Board Members/Directors have completed the Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP) accordingly as prescribed under Paragraph 15.08 by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR).

New Board Members are provided with the opportunity to experience the Company's operations first-hand and to meet and discuss all aspects of this with the Top Management. The Company Secretary facilitates the induction programme by providing the new Board Members with access to information on areas such as operations, finance, treasury and risk management, as required.

As a matter of practice, induction sessions are arranged by the Company Secretary's Office between the Directors and the respective Top Management to better assist them in understanding the Company's core businesses and its whole operation.

During the Financial Year under review, nine (9) induction sessions were conducted, for the newly appointed Directors, with the respective Top

	<p>Management. The details of the induction sessions are on page 94 of the Integrated Annual Report.</p> <p>In addition, TNB Operational Briefing was also held on 12 May 2020 to update Dato' Seri Mahdzir bin Khalid, the newly appointed Chairman, on the latest information/progress of TNB operation, which was attended by Top Management, led by the P/CEO. The briefing was held to extend a warm welcome to TNB's new Chairman as well as to introduce him to TNB's Top Management.</p> <p>The Company Secretary also continuously keeps herself updated of the evolving market environment, regulatory changes and enhancement in corporate governance best practices.</p> <p>Trainings attended by the Company Secretary for the Financial Year under review are listed on page 96 of the Integrated Annual Report.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	: Applied
Explanation on application of the practice	<p>The Board schedules meetings on a monthly basis. Additional meetings are held as necessary to discuss specific issues that require deliberation in between the scheduled meetings.</p> <p>The calendar for Board and Board Committee meetings is scheduled well in advance, which include the BBO, pre-Board meetings and Annual General Meeting (AGM), with dates for the year circulated to the Board in the month of October of the preceding year to give the Directors ample time to plan their attendance.</p> <p>A pre-Board meeting is held prior to any Board meeting for the Management to provide the Chairman with insights into the papers that will be deliberated.</p> <p>The agenda is drawn up after consultation between the Chairman, P/CEO and Company Secretary at the pre-Board meeting. Copies of the agenda and Board papers are circulated to Board Members via an advanced meeting software of which allows the Directors to securely access, read and review Board/Committees Documents and collaborate with Directors and Company Secretary electronically or in hard copies at least five (5) working days prior to the meetings.</p> <p>The Company Secretary ensures that the Board papers/meeting materials are uploaded on their gadgets as soon as practicable. This permits prior review by the Directors and if necessary, the provision of further information for deliberation at the meeting to ensure informed decision-making. Any Director may request matters to be included in the agenda.</p> <p>Amid the COVID-19 pandemic that hit the country, the fiduciary duties of the Board remain its utmost priority. The Board and its Committees meetings have been taking place as per normal, albeit virtually. The Directors may participate in the Board/Committees meetings either online or in person to ensure the Company's business/operations remain uninterrupted. Board meetings across the Group have also been conducted online or in hybrid, whichever is appropriate.</p>

	<p>Top Management and external advisors may be invited to attend Board meetings to advise the Board when matters under their purview are being considered, or as otherwise requested by the Board to enable informed decision-making. In embracing the new norm, the Board encourages a limited number of attendees to participate in the Board discussions preferably online.</p> <p>Should a Director unable to attend a meeting, his/her views are sought in advance and put to the meeting to facilitate a comprehensive discussion. Thereupon, each Director makes himself/herself available to fellow Directors and may contribute to all major decisions before the Board.</p> <p>A comprehensive Board paper comprises the objectives, background, issues, implications, risks, appropriate analysis/statistics, recommendations and other relevant information is prepared to enable the Board to make informed and effective decisions.</p> <p>Decisions of the Board and Board Committees are made by consensus, except under certain circumstances. These decisions and conclusions are recorded in the Board minutes. In the case of a tied vote, the Chairman has a second or casting vote. The Board's decisions may also be obtained via circulation depending on the urgency and availability of the Directors as well as the nature of the proposal/subject matter.</p> <p>Minutes of the meetings are circulated earlier to all Directors for their perusal prior to the meetings. The Directors may request for clarification or raise comments on the minutes prior to their confirmation. After the Directors' confirmation, the Chairman of the meeting signs the minutes as a correct record of the proceedings. The Directors are also informed immediately of announcements made to Bursa Malaysia Securities Berhad for their notification.</p> <p>The Company Secretary will also communicate to the relevant Management the Board's decisions/recommendations via circulation of Action Sheets for appropriate actions to be taken. The Company Secretaries will follow up with Management on status of actions taken with reference to the previous minutes of meetings to update the Board of its progress. Action items shall remain as matters arising and be tabled at the subsequent Board/Board Committees meetings for notation/deliberation until they are resolved.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the Malaysian Code on Corporate Governance 2017 (MCCG), the Board Charter serves as a source of reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board members in performing its fiduciary duties and responsibilities. The Board Charter also clearly sets out among others, the roles and responsibilities of the Board, Board Committees, and Directors. It assists the Board in assessing their own performance and individual Directors. This Board Charter is available on TNB's website at https://www.tnb.com.my/listings/corporate_governance/</p> <p>TNB Board Charter supports good standards of corporate governance, through the collation of a number of key matters, including:</p> <ul style="list-style-type: none">(i) The division of responsibilities between the Chairman and P/CEO;(ii) The respective roles, responsibilities and authorities of the Board, its Committees and Management;(iii) Reserved Matters of the Board; and(iv) Board level policies and practices. <p>The Board Charter is provided to each Director and the Board reviews its Charter as and when required subject to changes in regulations and best practices. For the purpose of clarity and consistency with the MCCG, the Board had reviewed and revised its Board Charter on 28 September 2017.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<p>TNB Board is guided by high standard of ethical conduct in accordance with the Code of Ethics for Company Directors as established by the Companies Commission of Malaysia.</p> <p>In TNB, Integrity Department reports directly to Board Integrity Committee (BIC) who manages the Anti-Bribery initiatives and institutionalise the integrity culture and practices company wide.</p> <p>Each Non-Executive Director is supplied with the Non-Executive Directors' Handbook as reference of their professional responsibilities as well as the terms and conditions of their service. The Non-Executive Directors' Handbook is updated as and when the need arises to reflect any changes of the applicable rules and regulations as well as in the policies/procedures that govern the conduct of the Directors.</p> <p>TNB has a Code of Ethics to govern the conduct of its employees. The provisions set out in the Code of Ethics ensure compliance with laws and regulations, sound employment practices, confidentiality and privacy. It also includes provisions on conflicts of interest, giving and accepting business courtesies, the protection and proper use of TNB's assets and resources.</p> <p>TNB's Code of Ethics also defines how TNB relates to its shareholders, employees, customers, suppliers and the communities in which it operates. It includes TNB's general principles on business integrity. All employees are expected to conduct business in accordance with the applicable laws, rules and regulations and in a manner so as to enhance the reputation of TNB.</p> <p>TNB's Procurement Code of Conduct guides TNB's Directors and employees as well as all existing and potential suppliers/contractors including their directors and employees. TNB believes that all supplier/contractor relationships should be based on principles of good governance such as integrity, accountability, fairness and a zero-</p>

tolerance rule towards bribery and corruption. These principles are enforced in the Procurement Code of Conduct, which is constantly revised to reflect changes in regulations, reputational demands and business challenges.

The Procurement & Supply Chain Policy and Procedures provides a set of general policy and procedures as guidance in executing procurement within TNB. The Policy and Procedures enable TNB to obtain the best value in procurement, adopt leading business practice, advance TNB's business priorities, add value to customers and uphold good corporate governance.

To inculcate good governance throughout the Company, all employees particularly the staff under the Procurement & Supply Chain Division are to sign the Integrity Pledge annually and to be recorded in their personnel files respectively. At TNB, all TNB Personnel are required to sign the Integrity Pledge and declare of any Conflicts of Interest online annually.

TNB has also established its Integrity Learning Journey for the staff to ensure appropriate programs for the respective group of staff. To ensure the effectiveness of the initiatives and programs, TNB has established a tool to measure its integrity health system known as Integrity Health Index.

In addition, all newly appointed Board members shall receive comprehensive information pack containing apart from the Board Charter and Non-Executive Directors' Handbook, the Company's Constitution, relevant Acts affecting the Company, the latest Integrated Annual Report 2020, TNB's Procurement & Supply Chain Policy and Procedures, Procurement Code of Conduct & Code of Ethics and TNB Corporate Integrity Management System (TCIMS) Handbook in order to facilitate the discharge of their duties.

Apart from the involvement of Independent Directors in the Company to strengthen its efforts towards enhancing the integrity and transparency, the Company also implemented the Integrity Pledge as one of the ways to protect the Company whereby the process requiring the Board/BTC members to sign declarations before the meeting to avoid involvement in corruption, occurrence of conflicts of interest and in maintaining the confidentiality of information.

Integrity Pacts set out the behaviours expected of the Company's External Providers when participating in the contracting procedure. Signing the Pact is a prerequisite for entering into a contract with TNB, and includes provisions for recognised challenge areas such as collusion between providers, bribing of Company personnel, and misrepresentation of products. The Pacts are provided to providers at an early stage of the procurement process.

Integrity Pledges establish the expected behaviours of TNB Personnel at all levels participating in tender committees. Similar to the Integrity Pacts, the Pledges cover the high-risk areas of bribery, sharing of confidential information and collusion. In addition, the Pledges include Conflict of Interest statement. All members of the committee who are present must sign their Pledges at the start of the meeting.

Due to the Malaysian Anti-Corruption Amendment Act 2018 on Corporate Liability, the Directors and Top Management are responsible on the actions of the Company. In 2017, TNB was one of the first listed corporation to embark on the ISO 37001:2016 Anti-Bribery Management System (ABMS) certification. All division/department in TNB monitor their potential bribery risk through the Fraud & Bribery Risk Register. This risk is registered under TNB Risk Information System.

Towards achieving the certification, TNB has taken the initiative in introducing the TCIMS Handbook to strengthen its integrity values. Through the publication of TCIMS Handbook, TNB was awarded with the ABMS certification from SIRIM on 15 November 2018. Procurement & Supply Chain Division and few TNB subsidiaries namely Malaysia Transformer Manufacturing Sdn. Bhd. (MTM), TNB Repair Maintenance Sdn. Bhd. (REMACO), TNB Fuel Services Sdn. Bhd. (TNBF) and Tenaga Cable Industries Sdn. Bhd. (TCI) also obtained the ABMS certification from SIRIM.

The TCIMS Handbook launched on 20 December 2018, is based on the ISO 37001 standard, covers elements such as due diligence, financial and non-financial controls, policies on specific high-risk bribery areas, whistleblowing policy, training and communication.

The 61-page book covers five (5) TCIMS policies; Anti-Bribery Policy, Gifts, Hospitality and Related Benefits Policy, Conflicts of Interest Policy, Whistleblowing Policy and Integrity Pact and Committee Integrity Pledges Policy.

The objectives for the TCIMS are summarized below:

- (i) Bring TNB up to international standards of integrity infrastructure;
- (ii) Impact corruption costs;
- (iii) Improve Company culture.

The implementation of TCIMS Handbook assures that TNB has adequate procedures, which prevent and safeguard the Company from bribery related offences. The Handbook covers five (5) TCIMS policies which are:

- (i) Anti Bribery Policy;
- (ii) Gifts, Hospitality and Related Benefits Policy;
- (iii) Conflict of Interest Policy;
- (iv) Whistleblowing Policy;
- (v) Integrity Pact and Committee Integrity Pledges Policy.

	<p>TNB has introduced a new Corporate Identity and Core Values & Behaviours made publicly available and communicated to the workforce. First among the TNB Corporate Identity and Core Values & Behaviours is Integrity. The three (3) Behaviours of Integrity are:</p> <p>(i) Behaviour 1: We uphold highest ethical standards and do what is right, all the time;</p> <p>(ii) Behaviour 2: We are fair, honest and transparent – in everything we do;</p> <p>(iii) Behaviour 3: We always seek to achieve mutual benefit for the country, company and customers.</p> <p>A number of trainings and awareness sessions were conducted during the financial year by the Integrity Department to better equip the Company for implementation of Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009, which cover topics among others Fraud and Bribery Risk Management, Integrity E-learning and TNB Integrity Health Index. For the year under review, amongst the trainings and awareness programme conducted for the Board of Directors, TNB top Management, TNB employees and vendors include topics on Integrity, Anti-Bribery, MACC Act, and Corporate Liability.</p> <p>TNB’s Code of Ethics, Procurement Code of Conduct, TCIMS Handbook, the Anti-Bribery Policy, and other relevant policies are available at their respective sections on TNB’s website: https://www.tnb.com.my/ethics-governance/</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application :	Applied
Explanation on application of the practice	<p>The Whistle Blowing Procedure embodies TNB’s commitment in maintaining an open working environment in which employees, contractors and members of the public are able to report instances of unethical, unlawful or undesirable conduct in a confidential manner without any fear of intimidation or reprisal. An independent investigation team investigates all reported concerns and, where applicable, provides feedback regarding the investigation’s outcomes.</p> <p>The objectives of the Whistle Blowing Procedure are as follows:</p> <ul style="list-style-type: none"> (i) to detect and address unacceptable conduct; (ii) to provide employees and contractors with a supportive working environment in which they feel able to raise issues of legitimate concern to them and to TNB; and (iii) to protect people who report unacceptable conduct in good faith. <p>On 15 November 2018, TNB has been awarded the ISO 37001 Anti-Corruption Management System from SIRIM, strengthening its integrity values through the publication of TCIMS Handbook.</p> <p>The objectives for the TCIMS are:</p> <ul style="list-style-type: none"> • to bring the Company up to international standards of integrity infrastructure; • impact corruption costs; and • improve Company culture. <p>The Handbook also covers five (5) TCIMS policies which are:</p> <ul style="list-style-type: none"> • Anti-Bribery Policy; • Gifts, Hospitality and Related Benefits Policy; • Conflicts of Interest Policy; • Whistleblowing Policy; and • Integrity Pact and Committee Integrity Pledges Policy. <p>Whistle Blowing reporting channels are:</p> <ul style="list-style-type: none"> • Toll-free line at 1-800-888-862 • Online Whistle Blowing Information System (WBIS): https://wbis.tnb.com.my/

	<ul style="list-style-type: none"> email to one (1) of the designated officers by using the Whistle Blowing Complaint Form, available in Malay & English: 																			
	<table border="1"> <thead> <tr> <th data-bbox="448 304 716 394">NAME</th> <th data-bbox="716 304 999 394">DESIGNATION</th> <th data-bbox="999 304 1418 394">E-MAIL ADDRESS</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 394 716 506">Noraini binti Che Dan</td> <td data-bbox="716 394 999 506">Senior Independent Non-Executive Director</td> <td data-bbox="999 394 1418 506">norainicd.integrity@tnb.com.my</td> </tr> <tr> <td data-bbox="448 506 716 595">Datuk Lim Tong Kang</td> <td data-bbox="716 506 999 595">Chief Risk Officer</td> <td data-bbox="999 506 1418 595">ltk.integrity@tnb.com.my</td> </tr> <tr> <td data-bbox="448 595 716 685">Norazni binti Mohd Isa</td> <td data-bbox="716 595 999 685">Company Secretary</td> <td data-bbox="999 595 1418 685">noraznii.integrity@tnb.com.my</td> </tr> <tr> <td data-bbox="448 685 716 775">Kalivann Palanivelu</td> <td data-bbox="716 685 999 775">Chief Integrity Development Officer</td> <td data-bbox="999 685 1418 775">kalivann.integrity@tnb.com.my</td> </tr> <tr> <td data-bbox="448 775 716 887">Hasbah binti Hasbullah</td> <td data-bbox="716 775 999 887">Head, Integrity Development & Culture</td> <td data-bbox="999 775 1418 887">hasbahh.integrity@tnb.com.my</td> </tr> </tbody> </table> <p data-bbox="427 931 1422 999">The Whistle Blowing Policy is available on TNB's website: https://www.tnb.com.my/ethics-governance/board-charter/</p>		NAME	DESIGNATION	E-MAIL ADDRESS	Noraini binti Che Dan	Senior Independent Non-Executive Director	norainicd.integrity@tnb.com.my	Datuk Lim Tong Kang	Chief Risk Officer	ltk.integrity@tnb.com.my	Norazni binti Mohd Isa	Company Secretary	noraznii.integrity@tnb.com.my	Kalivann Palanivelu	Chief Integrity Development Officer	kalivann.integrity@tnb.com.my	Hasbah binti Hasbullah	Head, Integrity Development & Culture	hasbahh.integrity@tnb.com.my
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Explanation : for departure																				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																				
Measure :																				
Timeframe :																				

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	: Applied
Explanation on application of the practice	<p>At the issuance of this CG Report, TNB Board consists of 11 members, excluding the Alternate Director, of which the Independent Directors exceed the minimum number as prescribed by the MMLR as follows:</p> <ul style="list-style-type: none">(i) one (1) Executive Director (P/CEO);(ii) three (3) Non-Independent Non-Executive Directors (including Chairman);(iii) seven (7) Independent Non-Executive Directors (including Senior Independent Non-Executive Director). <p>During the Financial Year under review, the Board/BNRC on 28 April 2020 approved the redesignation of Dato' Roslina binti Zainal from Non-Independent Non-Executive Director to Independent Non-Executive Director with effect from 28 April 2020 being satisfied with her independence test as per Paragraph 1.01 of the MMLR.</p> <p>In support of the MCCG and to maintain appropriate dynamics on Board, the Board continues to assess and consider the capabilities, commitment and qualities of candidates to be appointed as Board Members in accordance with TNB's Constitution, taking into account the required mix of skills, background, experience, expertise and knowledge relevant to the Company's business and industry.</p> <p>It is vital for the Board to assess the independence of its Independent Directors. This is done annually with reference to the key criteria developed by BNRC in a framework adopted by TNB. The criteria include independence from the Management and the absence of any business relationship which could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of objective, unfettered with the Independent Director's judgement.</p> <p>Dato' Roslina binti Zainal had met and complied with the independence criteria as required by Paragraph 1.01 of the MMLR and is able to bring independent and objective judgement to the Board deliberations as an Independent Non-Executive Director effectively.</p> <p>The Directors are also assessed on their ability to provide strong, valuable contributions to the Board's deliberations, without interference to and acting in the best interest of TNB.</p>

	<p>The Board had considered the independence of each Independent Non-Executive Director in office and concluded that each Independent Non-Executive Director met the independence criteria as set out in the MMLR. The Board is generally satisfied that each Independent Non-Executive Director remains independent in character and judgement and is free from relationships or circumstances which are likely to affect or could appear to affect the Director's judgement.</p> <p>The outcome of the Board Evaluation Assessment (BEA) indicated that the Directors have demonstrated independence and objectivity in the Board's decision making process, by giving constructive criticism and valuable input through sharing of knowledge, experience/expertise and have acted in best interest of the Company and in safeguarding the stakeholders' interest.</p> <p>The Board collectively and individually is aware of their fiduciary and legal duties to act in the best interest of the Company and must at all times act honestly and use reasonable diligence in discharging their duties which include to protect interest of the minority shareholders.</p> <p>With the addition of Dato' Ir. Nawawi bin Ahmad and Datuk Rawisandran a/l Narayanan appointed as Independent Non-Executive Directors on 16 October 2020, the Board comprises a majority Independent Directors. Their expertise and experiences shall further strengthen the Board's composition and dynamics.</p> <p>Dato' Asri bin Hamidin @ Hamidon was appointed to the Board as a Non-Independent Non-Executive Director by MoF Inc. with effect from 1 July 2020 and the appointment of his Alternate Director, Azmin bin Ishak took effect on the same day.</p> <p>At the issuance of this CG Report, the Board had recently welcomed Datuk Ir. Baharin bin Din as P/CEO who was appointed to the Board with effect from 1 March 2021 in place of Datuk Seri Amir Hamzah bin Azizan who resigned following his acceptance of new appointment by the Minister of Finance.</p> <p>The Board may appoint a new Director either to fill a casual vacancy or to add to the existing Directors. The MoF Inc., being the Special Shareholder of TNB, possesses the right to appoint up to six (6) Directors. The Company's Constitution provides that the Company must have at least two (2) Directors but not more than 12 Directors.</p> <p>The Board believes that it presently has an appropriate balance of skills, experience, knowledge and independence to deliver the Group's strategy, to enable the Non-Executive Directors to effectively challenge the views of Management and to satisfy the requirements of good governance.</p>
<p>Explanation for departure :</p>	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>In line with the exemplary practice as recommended by the MCCG, the Board adopts the policy which limits the tenure of its Independent Non-Executive Directors to nine (9) years.</p> <p>During the Financial Year under review until the issuance of this CG Report, none of the Company's Independent Non-Executive Director has served the Board for more than nine (9) years. Further details with regards to their length of tenure are set out on page 59 and the Board of Directors' Profile on pages 60 to 71 of the Integrated Annual Report 2020.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application :	Applied															
Explanation on application of the practice :	<p>TNB strongly supports diversity within its Board of Directors, including gender, age, professional diversity as well as diversity of thought. The Board currently comprises of individuals from a diverse range of skills, industries, backgrounds and experience, which enables a broad evaluation of all matters considered by the Board and contributes to collaborative and constructive discussion.</p> <p>In addition, the Board believes that the appointments of the existing Directors and Top Management were guided by their skills, experience, competency and wealth of knowledge while taking into consideration gender diversity.</p> <p>The Board/BNRC continuously review the Board Skills Matrix, which serves to identify the skills, knowledge, experience and capabilities desired of the Board to enable to meet both current and future challenges of the Company. It reflects the appropriate mix of skills, expertise and experience required to address existing and emerging business and governance issues, to enable Directors to effectively review Management's performance.</p> <p>The Board Skills Matrix consists of several criteria, namely Leadership/Stewardship, Regulatory Experience & Network, General Management, Sector/Service Experience, Entrepreneurship and Other Factors relevant/tailored to the Company.</p> <p>The Board, guided by the matrix, approved the approved the BNRC's recommendation that in order to strengthen the Board composition to be more dynamic, the skills and gaps that have been identified as critical and need to be filled are technical experience, international business experience and customer centricity.</p> <p>The Board agreed that all Directors appointed during the Financial Year under review had met the above required skills.</p> <p>At the issuance of this CG Report, the Board Skills and Experience Matrix, excluding Alternate Director are as follows:-</p> <table border="1"><thead><tr><th>No.</th><th>Areas of Expertise</th><th>Total</th></tr></thead><tbody><tr><td>1.</td><td>Finance & Accounting</td><td>3</td></tr><tr><td>2.</td><td>Engineering</td><td>3</td></tr><tr><td>3.</td><td>Legal</td><td>1</td></tr><tr><td>4.</td><td>Others*</td><td>4</td></tr></tbody></table> <p>*includes expertise such as Government management/administration, investment, science and petrochemical.</p>	No.	Areas of Expertise	Total	1.	Finance & Accounting	3	2.	Engineering	3	3.	Legal	1	4.	Others*	4
No.	Areas of Expertise	Total														
1.	Finance & Accounting	3														
2.	Engineering	3														
3.	Legal	1														
4.	Others*	4														

For Top/Senior Management appointments, Talent Review Forums, known as Succession Management Committee (SMC) Meetings, were held with the intention to surface and manage the development of TNB's future leaders. The Board/BNRC would also deliberate on the succession planning for critical positions in TNB.

At the issuance of this CG report, there are four (4) women on Board, namely Noraini binti Che Dan, Juniwati Rahmat Hussin, Ong Ai Lin and Dato' Roslina binti Zainal representing 36% of the Board. These women Directors hold significant positions on the Board and its Committees whereby Noraini binti Che Dan is the Senior Independent Non-Executive Director and Chairman of BAC, Dato' Roslina binti Zainal is the Chairman of BNRC & BLTIP, Ong Ai Lin is the Chairman of BRC and Juniwati Rahmat Hussin has brought her insights/expertise to the Board gained through her experience and qualifications.

As at the issuance of this CG Report, the Diversity Composition Disclosures of the Board and Top Management, excluding Alternate Director are illustrated by the diagrams below:

The Board:

RACE/ETHNICITY			AGE GROUP			GENDER	
Bumiputera	Chinese	Indian	Below 50 years	50-60 years	Above 60 years	Male	Female
8	1	2	1	6	4	7	4

The Top Management (including P/CEO):

RACE/ETHNICITY			AGE GROUP			GENDER	
Bumiputera	Chinese	Indian	Below 50 years	50-60 years	Above 60 years	Male	Female
14	1	-	2	12	1	14	1

The profiles of the Board and Top Management indicating their diverse qualifications/experience and expertise are on pages 60 to 72 and 74 to 81 of the Integrated Annual Report.

Explanation :
for
departure

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :

Timeframe :		
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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	The Board back then had achieved its target of having 30% women directors since the appointment of additional two (2) women directors, Gee Siew Yoong and Noraini Che Dan as Independent Non-Executive Director on 2 January 2016. To date, four (4) women Directors on the Board, namely Noraini binti Che Dan, Juniwati Rahmat Hussin, Ong Ai Lin and Dato' Roslina binti Zainal representing 36% of the Board, exceeding the Government's target of having 30% women on Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	: Applied
Explanation on application of the practice	<p>In view of the need to ensure proper processes are in place to manage succession issues at the Board level, an appropriate process for the selection, nomination and appointment of suitable candidates to the Board has been put in place.</p> <p>The Board may appoint a new Director either to fill a casual vacancy or to add to the existing Directors. The MoF Inc., being the Special Shareholder of TNB also possesses the right to appoint up to six (6) Directors. The Company's Constitution provides that the Company must have at least two (2) Directors but not more than 12 Directors.</p> <p>The selection of candidates and appointment of Independent Non-Executive Directors by the Board/BNRC are also made with the assistance of independent consultant. The Board does not solely rely on recommendations from existing Board Members, Management or Major Shareholders.</p> <p>While the Board is responsible for the appointment of new Directors, the BNRC is entrusted with the responsibility of screening and conducting an initial selection by assessing and considering the capabilities, commitment and qualities of candidates to be appointed as Board Members.</p> <p>Prior to the submission of its recommendations to the Board on the selection/appointment of Directors, the BNRC shall consider the following criteria in search of the suitable candidates:</p> <ul style="list-style-type: none">(i) personal integrity/reputation(ii) relevant educational background(iii) skills, knowledge, experience, expertise in line with the Company's strategy/business operation/industry(iv) diversity in terms of age, gender and background(v) current directorships of companies held (as prescribed to Paragraph 15.06 of the MMLR).(vi) director's independence(vii) existing commitments(viii) potential conflict of interest/risk. <p>The BNRC has the authority to obtain the services of professional recruitment firms to source for candidates for directorship or seek</p>

independent professional advice whenever necessary. Aside from that, the BNRC also makes additional verifications prior to the appointment of a Director, which includes background checks on the individual's character and bankruptcy search to qualify as Director.

The potential candidates are required to declare/confirm that he/she meets the criteria of an Independent Director in accordance with the MMLR and its Practice Note 13 prior recommending to the Board for its approval on his/her proposed appointment as an Independent Non-Executive Director. Having considered all aspects, the BNRC shall then submit its recommendations to the Board for its approval.

Following each appointment, a letter of appointment will be issued, and the Company Secretary shall undertake the necessary actions as authorised by the Board, to ensure the appointment is in accordance with the statutory requirements and as prescribed by the MMLR.

All necessary information will be obtained from the newly appointed Director for the Company's records and for meeting the statutory requirements and other applicable rules and regulations.

During the Financial Year under review, the BNRC held 14 meetings. The BNRC's main activities in 2020 included the following:

- Annual Assessment of Independence of Independent Non-Executive Directors;
- BEA of the Board of Directors, its Committees, and each Individual Director;
- Fit and proper assessment and performance review of Directors for re-appointment/re-election;
- Recommendation to the Board with regards to Directors who sought re-election at the AGM;
- Fit and proper assessment of potential candidates for proposed appointment as TNB Directors;
- Review of Board Skills Matrix, upon any appointment of potential candidates to the Board;
- Appointment and Resignation of Chairman;
- Appointment and Resignation of Directors;
- Review of composition of the Board Committees;
- Review of Independence Status and Redesignation of Non-Independent Non-Executive Director to Independent Non-Executive Director;
- Fit and proper assessment of potential candidates for Top Management;
- Appointment of Top Management due to establishment of respective Divisions/succession planning;
- Appointment of Directors/Top Management of TNB Power Generation Sdn. Bhd. & TNB Retail Sdn. Bhd. following completion of Proposed Internal Reorganisation;

	<ul style="list-style-type: none"> • Review of Non-Executive Directors Remuneration Package for the Board of TNB Power Generation Sdn. Bhd. & TNB Retail Sdn. Bhd. following completion of Proposed Internal Reorganisation; • Review of composition of the Boards of TNB Group; • Review of succession planning of Top Management; • Assessment and Recommendation to the Board on the promotion and renewal of service contracts of Top Management; • Review of performance evaluation against assigned KPIs of President/CEO and Top Management; • Proposed Head Positions for Divisions Involved with Changes and Alignment of TNB Macro Organisational Structure; • Proposed Subsidiary Board Member Approval Governance. <p>During the Financial Year under review, the Board/BNRC approved the review of the BNRC TOR following the establishment of Subsidiary Board Member Approval Governance. The Board/BNRC agreed to retain its authority to recommend new Board Members for strategically important and large subsidiaries and delegate its power to Group People Committee/L1 Subsidiary Boards accordingly.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>During the Financial Year under review, the BNRC was chaired by Juniwati Rahmat Hussin, an Independent Non-Executive Director with effect from 1 August 2018.</p> <p>Following the recent Board approval on the review of TNB Board Committees composition, the BNRC is now chaired by Dato Roslina binti Zainal, an Independent Non-Executive Director with effect from 25 March 2021.</p> <p>The membership of BNRC during the Financial Year under review is on page 85 of the Integrated Annual Report 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises an objective and well-managed board evaluation process can lead to substantial improvement in board effectiveness, bringing significant benefits to the Company. This is achieved through annual performance evaluations, induction programmes for new Board members and ongoing Board development activities.</p> <p>During the Financial Year under review, the Board with the assistance of BNRC, had undertaken a formal and extensive BEA of its own performance, its Committees and Individual Directors, for the period from 1 January 2020 to 31 December 2020.</p> <p>The BEA questionnaires towards an Effective Board covered the following parameters:</p> <ul style="list-style-type: none">(i) Responsibility and Conduct (Business Strategy governance and Implementation, Risk management & Integrity & Implementation of strategies and policies);(ii) Process and Administration (Board and Committee Charters, Agenda and frequency of meetings & sufficient information availability and on a timely basis);(iii) Composition (Diversity, Competencies of the Members & Board and Committee compositions). <p>Each Director completed the BEA for the Board and its respective Committees including Self and Peer Assessment. The BEA analysis was presented to the BNRC for deliberation. A summarised report of BEA was tabled to the Board by the Chairman of BNRC with a view to discuss on areas of improvement.</p> <p>2020 BEA RESULTS</p> <p>Based on the 2020 BEA results, the effectiveness of both the Chairman and P/CEO is reflective of the Board's confidence in them indicating, strong and effective leadership in steering the Company's direction.</p> <p>During the Financial Year under review, the stewardship portrayed by the Dato' Seri Mahdzir bin Khalid and P/CEO, both the effectiveness of Chairman and P/CEO of the Board were recorded as outstanding, on</p>

	<p>average. The Board agreed that Datuk Seri Amir Hamzah bin Azizan demonstrated good leadership, had clear vision and focused execution plan to ensure the sustainability and competitiveness of TNB internationally as well as upholding the responsibilities entrusted on TNB by the nation.</p> <p>Overall, the Board of Directors was rated as Exceed Expectations, scoring four (4) on average, whereby it has remained highly effective and has consistently met high performance standards and exceeded expectations.</p> <p>Whilst the Board Committees were rated as Strongly Agree, and Outstanding for Self and Peer, of which both scoring five (5) each in average for all assessment. As compared to last year, the Board of Directors Assessment rating remains the same whilst the ratings for Board Committees and Directors' Self and Peer have improved from four (4) to five (5), indicating that each Individual Director has delivered outstanding performance and performed his/her duties diligently.</p> <p>Each Board Committee remains highly effective in assisting the Board to carry out its respective duties while the Board Committee Members have fulfilled their roles and responsibilities.</p> <p>The Board has also identified challenges likely to be faced by the Company for the next financial year. These include the impact of Covid-19 pandemic on the Company's business/operation and the economy, managing the regulatory outcome and industry reformation, the progress of Reimagining TNB, the succession planning of Board and Top Management, and TNB's Environmental, Social and Governance issues.</p> <p>In conclusion, the Board and Board Committees are satisfied with their existing composition and of the view that, with the current mix of skills, knowledge, experience and strength of the existing Directors, the Board and respective Board Committees are able to discharge their duties effectively.</p> <p>The performance of each Director retiring at the next AGM is taken into account by the Board in determining whether or not the Board should support the re-election of the Director.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>

Timeframe	:		
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Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The Board, with the assistance of the BNRC, reviews the overall remuneration policy of the Non-Executive Directors, Executive Director and Top Management.</p> <p>The remuneration policy aims to attract, retain and motivate executives and Directors who will create sustainable value and returns for the Company's members and other stakeholders. There is a clear distinction between the remuneration structure of the Non-Executive Directors, Executive Director and Top Management.</p> <p>The BNRC may obtain independent professional advice and any other information necessary in determining the remuneration framework.</p> <p>The Directors' Remuneration Policy is shaped by the following underlying principles:</p> <ul style="list-style-type: none">(i) Alignment with strategy and business objectives;(ii) Alignment with shareholders' interest;(iii) Long term success of the Company;(iv) Consistency and transparency;(v) Reward performance with competitive remuneration;(vi) Alignment with market/industry practice;(vii) Support Company values. <p>The remuneration package for the Executive Director is structured to link rewards to corporate and individual performance. It comprises salary, allowances, bonuses and other customary benefits as accorded by comparable companies. A significant portion of an Executive Director's compensation package has been made variable and is determined by performance during the year against individual KPIs in a scorecard aligned with the corporate objectives as approved by the Board. The Executive Director recuses himself from deliberation and voting on his remuneration at Board meetings.</p>

	<p>The BNRC reviews the performance of the Executive Director annually and submits views/recommendations to the Board on adjustments in remuneration and/or rewards to reflect the Executive Director’s contributions towards the Group’s achievements for the year.</p> <p>The remuneration package for the Top Management is also structured to link rewards to corporate and individual performance. The BNRC also reviews the performance of the Top Management annually and submits views/recommendations to the Board on adjustments in remuneration and/or rewards to reflect the Top Management contributions towards the Group’s achievements for the year.</p> <p>The Board as a whole shall determine and recommend the remuneration of the Non-Executive Directors for shareholders’ approval at the AGM. The Non-Executive Directors are remunerated through monthly fixed fees, meeting allowances and benefits, inclusive of medical, business peripherals, utilities bills, travelling and telecommunication and other claimable benefits.</p> <p>The level of remuneration of Non-Executive Directors reflects the current demanding challenges in discharging their fiduciary duties, roles and responsibilities, whether individually or collectively, as well as the complexity of the Company’s operations and the industry. The Non-Executive Directors’ remuneration/benefits remain unchanged, since the last review in 2013.</p> <p>The Board on 11 April 2018, engaged Willis Towers Watson (WTW) to conduct a holistic and independent review of the Non-Executive Directors’ Remuneration with the view to determine its market competitiveness and alignment with the latest regulations/corporate governance guidelines in Malaysia.</p> <p>Based on the review of Non-Executive Directors’ Remuneration by WTW, overall TNB is at par with the market for most of the compensation elements that are offered to the Non-Executive Directors. The current remuneration framework of TNB’s Non-Executive Directors has been retained, and suggested to be reviewed in one (1) or two (2) years’ time to ensure its market competitiveness.</p> <p>During the Financial under review, the Board/BNRC had approved on the revision of remuneration package for TNB Subsidiaries, taking into account the establishment of TNB Power Generation Sdn. Bhd. and TNB Retail Sdn. Bhd. due to the Proposed Internal Reorganisation.</p> <p>The remuneration policy of Non-Executive Directors in TNB and its subsidiaries is as follows:-</p>
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Description	TNB Board		TNB Subsidiaries	
	Chairman	Non-Executive Directors	Chairman	Non-Executive Directors
Monthly fixed fees	RM30,000 per month	RM20,000 per month	Category I – RM20,000 Category II – RM7,000 Category III – RM5,000	Category I – RM15,000 Category II – RM5,000 Category III – RM3,000
*Meeting Allowances				
(i) Board	RM2,500	RM2,000	Category I – RM2,000 Category II & III – RM1,500	Category I – RM1,500 Category II & III – RM1,000
(ii) Board Committees	RM2,000	RM1,500	Category I – RM1,500 Category II & III – RM1,000	Category I – RM1,000 Category II & III – RM800
Benefits	Medical, Business Peripherals, Utilities Bills, Travelling & Telecommunication and other claimable benefits		Nil	
<p>*subject to not more than three (3) payments in a month.</p> <p>As approved by the shareholders at the Company's Extraordinary General Meeting (EGM) held on 18 December 2014, BLTIP consisting of BNRC members is entrusted by the Board to oversee the administration of TNB LTIP and the shares granted (LTIP Shares) subject to the By-Laws.</p> <p>Further to that, the BLTIP shall recommend to the Board for approval and to determine the way the LTIP Shares are granted and subsequently vested to the selected employees in accordance with the By-Laws. This including inter alia, the determination of eligibility, grant level, terms of acceptance of offers, terms of vesting of shares, performance conditions and any other terms and conditions imposed at the discretion of the BLTIP.</p> <p>The policies and procedures on remuneration is available in TNB's Board Charter and on pages 98 to 99 of the Integrated Annual Report 2020.</p>				
Explanation for departure				

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The BNRC has a dual role, which among others identify and recommend new nominees to the Board, Board Committees and the Group, and to determine the remuneration packages of the Non-Executive Directors (NED), the Executive Director and the Top Management.</p> <p>The BNRC Terms of Reference (TOR) is available on TNB's website: https://www.tnb.com.my/listings/corporate_governance/</p> <p>The remuneration policy aims to attract, retain and motivate executives and Directors who will create sustainable value and returns for the Company's members and other stakeholders. There is a clear distinction between the remuneration structure of the Non-Executive Directors and of the Executive Director and the Top Management.</p> <p>A significant portion of an Executive Director's compensation package is determined by performance during the year against individual Key Performance Indicators (KPIs) in a scorecard aligned with the corporate objectives as approved by the Board.</p> <p>The BNRC reviews the performance of the Executive Director as well as the Top Management annually and submits views/recommendations to the Board on adjustments in remuneration and/or rewards to reflect the Executive Director's/ Top Management contributions towards the Group's achievements for the year. The remuneration package for the Top Management is also structured to link rewards to corporate and individual performance.</p> <p>The Board as a whole shall determine and recommend the remuneration of the Non-Executive Directors for shareholders' approval at the AGM. The Non-Executive Directors are remunerated through monthly fixed fees, meeting allowances and benefits-in-kind,</p>

	<p>inclusive of the reimbursement of utilities bills as well as business peripherals.</p> <p>The Section 230(1) of the Companies Act 2016 stipulates among others that the fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.</p> <p>As agreed by the Board, the shareholders' approval shall be sought at the 31st AGM on the Non-Executive Directors' remuneration through two (2) separate resolutions as follows:</p> <p>(i) Ordinary Resolution 7 on the payment of Non-Executive Directors' fees from the 31st AGM until the next AGM of the Company:</p> <ul style="list-style-type: none"> a) Director's fee of RM30,000.00 per month for the Non-Executive Chairman; b) Director's fee of RM20,000.00 per month for each Non-Executive Director; c) Director's fee of RM7,000.00 and RM5,000.00 per month for TNB Subsidiaries Category II and III respectively to Non-Executive Chairman. <p>(ii) Ordinary Resolution 8 on the payment of benefits payable to the Non-Executive Directors (excluding Non-Executive Directors' fees) amounting to RM1,968,200.00 from the 31st AGM until the next AGM of the Company.</p> <p>At the 30th AGM of the Company held on 30 June 2020, the benefits payable to Non-Executive Directors of the Company from the 30th AGM until the 31st AGM of the Company ("12 months") was approved for an amount of RM1,885,100.00. The utilisation of this approved amount as at 31 December 2020 is RM529,387.53.</p> <p>Based on the schedule of meetings in the first quarter of 2021, an amount of RM378,493.00 is expected to be utilised for payment of meeting allowances and other benefits to the Non-Executive Directors. Hence, the expected total utilised amount would be approximately 48.16% of the approved amount.</p> <p>The BNRC Report and the Directors' Remuneration disclosure are provided on pages 100 and 99 respectively, in the Integrated Annual Report 2020.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The breakdown details of each Director's remuneration on named basis for the Financial Year ended 31 December 2020 are on page 99 of the Integrated Annual Report 2020.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Applied																	
Explanation on application of the practice	:	<p>The remuneration of the top five (5) Senior Management (including salary, bonus, benefits-in-kind and other emoluments) for the Financial Year ended 31 December 2020 ranged as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name of Senior Management</th><th>Range of Remuneration Per Annum (Bands of RM50,000.00)</th></tr></thead><tbody><tr><td>1.</td><td>Mohd Shahazwan bin Mohd Haris</td><td rowspan="2">RM1,800,000 – RM1,850,000</td></tr><tr><td>2.</td><td>Datuk Wira Roslan bin Ab Rahman</td></tr><tr><td>3.</td><td>Datuk Fazlur Rahman bin Zainuddin</td><td>RM1,650,000 – RM1,700,000</td></tr><tr><td>4.</td><td>Nazmi bin Othman</td><td>RM1,600,000 – RM1,650,000</td></tr><tr><td>5.</td><td>Dato' Nor Azman bin Mufti @ Jaafar</td><td>RM1,550,000 – RM1,600,000</td></tr></tbody></table> <p>The basic pay, allowances and other benefits for Top Management is based on market practices and benchmarking with comparable companies. The remuneration paid to the Top Management is the result of the study and recommendation done by an independent consultant, which was tabled at BNRC and later approved by the Board.</p> <p>A substantial portion of the remuneration has been made variable and is determined by individual performance against the KPIs in a scorecard aligned with the Company objectives approved by the Board. The ratings (achievements) of the Top Management is done by the P/CEO and reviewed by the Chairman of the Company.</p> <p>Based on the total score of the KPIs of the individual and overall financial performance of the Company, BNRC would determine the variable remunerations (bonus) to be paid to the Top Management on individual basis.</p>	No.	Name of Senior Management	Range of Remuneration Per Annum (Bands of RM50,000.00)	1.	Mohd Shahazwan bin Mohd Haris	RM1,800,000 – RM1,850,000	2.	Datuk Wira Roslan bin Ab Rahman	3.	Datuk Fazlur Rahman bin Zainuddin	RM1,650,000 – RM1,700,000	4.	Nazmi bin Othman	RM1,600,000 – RM1,650,000	5.	Dato' Nor Azman bin Mufti @ Jaafar	RM1,550,000 – RM1,600,000
No.	Name of Senior Management	Range of Remuneration Per Annum (Bands of RM50,000.00)																	
1.	Mohd Shahazwan bin Mohd Haris	RM1,800,000 – RM1,850,000																	
2.	Datuk Wira Roslan bin Ab Rahman																		
3.	Datuk Fazlur Rahman bin Zainuddin	RM1,650,000 – RM1,700,000																	
4.	Nazmi bin Othman	RM1,600,000 – RM1,650,000																	
5.	Dato' Nor Azman bin Mufti @ Jaafar	RM1,550,000 – RM1,600,000																	

	The BNRC submits its recommendations to the Board for appropriate rewards based on the individual achievements in the year and their contribution to the Company.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>Noraini binti Che Dan who is the Senior Independent Non-Executive Director of the Company chairs the Board Audit Committee (BAC) and is not the Chairman of TNB Board.</p> <p>Noraini binti Che Dan is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). She is the Chairman of BAC appointed on 23 January 2017.</p> <p>This has always been the practice of TNB, which is reflected in TNB BAC TOR.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>This matter is covered in the TNB's External Auditors Policy under Para 5: Conflict of Interest which states that:</p> <p>"such individual must not have been a member of the audit engagement team of TNB during the two-year period preceding the commencement of audit procedures for the financial year in which such individual was hired by TNB Group."</p> <p>None of the Board was former key audit partners within the cooling-off period of two (2) years. Thus, there is no such person being appointed as a member of BAC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>TNB BAC are responsible for reviewing, assessing and monitoring the performances, suitability and independence of external auditors.</p> <p>The BAC on 29 January 2016 has adopted the TNB External Auditors Policy which sets out:</p> <ul style="list-style-type: none">(i) selection and appointment requirements of external auditors, independence(ii) conflict of interest,(iii) non-audit services by external auditors,(iv) rotation of audit partner,(v) annual reporting,(vi) annual assessment, and(vii) audit fees. <p>The policy will be reviewed periodically to ensure relevance with applicable laws and best practices.</p> <p>Based on the External Auditors Assessment Results for the Financial Year 2020, overall, the Company was highly satisfied/satisfied by 91.7% with the services provided by PwC in term of quality, sufficiency of resources, communication and interaction and independence, objectivity and professional skepticism. All comments made shall be forwarded to PwC by the Chief Financial Officer and Chief Internal Auditor to further improve their services.</p> <p>The BAC has also evaluated the independence and objectivity of external auditor including reviewing the fees and list of non-audit services provided by external auditor to TNB and the Group on a quarterly basis.</p> <p>The Board, being satisfied with the External Auditors' performance, had approved the BAC's recommendation on the re-appointment of External Auditors for shareholders' approval at the 31st AGM.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted																		
Explanation on adoption of the practice	:	<p>The BAC comprises solely of Independent Directors. At the issuance of this CG Report, the BAC members are as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Member</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>Noraini binti Che Dan (Chairman)</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Gopala Krishnan a/l K.Sundaram</td><td>Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Ong Ai Lin</td><td>Independent Non-Executive Director</td></tr><tr><td>4.</td><td>Datuk Rawisandran a/l Narayanan</td><td>Independent Non-Executive Director</td></tr><tr><td>5.</td><td>Juniwati Rahmat Hussin</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>TNB Board at its meeting held on 25 March 2021 has approved the review of the Board Committees composition and agreed to appoint Juniwati Rahmat Hussin as new member of BAC in place of Dato Roslina binti Zainal.</p> <p>The membership of BAC during the Financial Year under review is on page 84 of the Integrated Annual Report 2020.</p> <p>The outcome of the BEA indicated that the BAC continuously remains highly effective and have fulfilled their roles and responsibilities as members of BAC as required by its TOR.</p>	No.	Member	Designation	1.	Noraini binti Che Dan (Chairman)	Senior Independent Non-Executive Director	2.	Gopala Krishnan a/l K.Sundaram	Independent Non-Executive Director	3.	Ong Ai Lin	Independent Non-Executive Director	4.	Datuk Rawisandran a/l Narayanan	Independent Non-Executive Director	5.	Juniwati Rahmat Hussin	Independent Non-Executive Director
No.	Member	Designation																		
1.	Noraini binti Che Dan (Chairman)	Senior Independent Non-Executive Director																		
2.	Gopala Krishnan a/l K.Sundaram	Independent Non-Executive Director																		
3.	Ong Ai Lin	Independent Non-Executive Director																		
4.	Datuk Rawisandran a/l Narayanan	Independent Non-Executive Director																		
5.	Juniwati Rahmat Hussin	Independent Non-Executive Director																		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>Noraini binti Che Dan, the Chairman of BAC, is a qualified accountant and was appointed by the Board as the Senior Independent Non-Executive Director based on her experience and strong comprehension of the Company's governance issues.</p> <p>The qualifications, skills, experience and expertise vary among the BAC members of whom are from diverse fraternities such as legal, accountancy, finance, audit and petrochemical. With their knowledge/vast experience, they are not only capable to understand the matters under the BAC's purview but also be able to provide sound advice to the Board in terms of financial reporting, internal and external audit reports as well as other matters to be considered by BAC.</p> <p>To keep abreast of relevant developments in accounting and auditing standards, the BAC has attended various trainings with the need to continuously develop and increase their knowledge. The list of trainings attended by the BAC members for the Financial Year ended 31 December 2020 are on pages 95 and 96 of the Integrated Annual Report 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group adopts the principles and guidelines expressed in ISO 31000:2018, 'Risk Management – Guidelines' in the design and implementation of the TNB Risk Management Framework. The TNB Risk Management Framework provides a structured and consistent approach to risk management across the Group. The purpose of risk management is to create and protect value and this is exemplified through each element in the TNB Risk Management Framework.</p> <p>The Risk Management Department (RMD) is responsible for the effective implementation of the TNB Risk Management Framework for informed decision-making. The RMD is also the custodian of TNB Business Continuity Management (BCM) Framework that is aligned with ISO 22301:2019 Security And Resilience – BCM Systems.</p> <p>The framework provides a structured approach in managing business continuity in the Group that enables prompt, coordinated and effective response to a crisis and maintain continuity of essential activities as well as protecting human life, assets, reputation and the environment. The framework is the focal point of reference for business entities in formulating and implementing BCM strategies and practices tailored to respective objectives and critical functions.</p> <p>In the Financial Year 2020, the RMD continued to provide risk and business continuity management advisory and facilitation services utilising secured online platforms throughout the period of the COVID-19 pandemic and Movement Control Orders instituted by the Government. In spite of challenges in adapting to the 'new normal', the RMD successfully conducted meetings and workshops with cooperation from the business entities in the assessment of risks and development of business continuity strategies and plans.</p> <p>The internal control framework is structured in such a manner that it provides reasonable assurance that the likelihood of an event with significant adverse impact on business objectives is managed within tolerable levels. This is achieved through a combination of preventive, detective and corrective measures.</p>

	<p>TNB's internal audit function, which is under the purview of Group Internal Audit (GIA), is established by the Board to provide independent, objective assurance and consulting services designed to add value and improve TNB's operations.</p> <p>GIA is guided by the Internal Control Framework of Committee of Sponsoring Organisation of the Treadway Commission (COSO) and Control Objectives for Information and Related Technology (COBIT) in assessing and reporting the adequacy and effectiveness of the design and implementation of the organisation's overall system of internal control, risk management and governance.</p> <p>GIA continues to formulate the annual audit plan using a risk-based approach, taking into consideration TNB's risk profile, strategic objectives, regulatory requirements as well as inputs from BAC and Senior Management.</p> <p>Amongst the key areas reviewed during Financial Year 2020 are corporate governance compliance, whistleblowing management, operation and maintenance, accounting and financial management, procurement and contract management, project management, smart meter operations, management of meter reading, meter replacement and tampering, supply application, IT security and governance, major initiatives management, application of drone technology, product quality, genset management, asset management, inventory management, disconnection management, workforce planning, and compliance management.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The features of the TNB Risk Management Framework are leadership and commitment, culture, business strategy, risk assessment, review, monitor and report, communication and integration. A centralised RMD led by the Chief Risk Officer is responsible for the implementation of the framework across TNB Group and continual improvement of its suitability, adequacy and effectiveness.</p> <p>Various board committees have been set up to promote governance, transparency and accountability as each committee plays its oversight role as stipulated in its respective Terms of Reference. The responsibility for implementing and executing the risk management and internal control system across the Group reside with management, which reviews, monitors and takes relevant and timely action as and when required. Various management committees have been established to direct, monitor and ensure that business operations are carried out in accordance with the Group's approved long term and short-term business plans and established policies.</p> <p>A structured risk assessment process is in place to guide the Group to identify, analyse, evaluate and treat risks. Identified risks are documented and monitored through the TNB Risk Information System (TRIS), an online real-time tool.</p> <p>Risk Management Department assesses the risk maturity of business entities with the objective of assessing the effectiveness of implementation of the TNB Risk Management Framework by the respective business entity.</p> <p>For the year under review, the Board had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems through reports and updated from the Chief Risk Officer and Chief Internal Auditor.</p> <p>Further details are provided in the Statement of Risk Management and Internal Control on pages 118 to 122 of the TNB Integrated Annual Report.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted																		
Explanation on adoption of the practice	:	<p>The BRC was established on 5 June 2013, to assist the Board in carrying out its responsibilities with regard to the oversight of the implementation of the Group's risk management framework, in view of safeguarding shareholders' investments and the Group's assets.</p> <p>The purpose of BRC is to assist the Board in ensuring that the Group has in place a sound and robust enterprise risk management framework and such framework has been effectively implemented to enhance the Group's ability to achieve its strategic objectives.</p> <p>The BRC is composed of no fewer than three (3) members including the Chairman, with majority of Independent Non-Executive Directors, and at least one (1) of whom shall preferably has recent and relevant experience in risk management.</p> <p>The current composition is as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Member</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>Ong Ai Lin (Chairman)</td><td>Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Noraini binti Che Dan</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Juniwati Rahmat Hussin</td><td>Independent Non-Executive Director</td></tr><tr><td>4.</td><td>Gopala Krishnan K.Sundaram</td><td>Independent Non-Executive Director</td></tr><tr><td>5.</td><td>Datuk Rawisandran a/l Narayanan</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>In the Financial Year under review, the BRC members comprise exclusively of Independent Non-Executive Directors with vast experience in fields such as finance, accounting, audit, law and science in chemistry, and involved in industries such as banking, financial institutions, refinery and trading-chemicals as well as in the government management. The BRC members also sit on the boards of other listed entities and public companies.</p>	No.	Member	Designation	1.	Ong Ai Lin (Chairman)	Independent Non-Executive Director	2.	Noraini binti Che Dan	Senior Independent Non-Executive Director	3.	Juniwati Rahmat Hussin	Independent Non-Executive Director	4.	Gopala Krishnan K.Sundaram	Independent Non-Executive Director	5.	Datuk Rawisandran a/l Narayanan	Independent Non-Executive Director
No.	Member	Designation																		
1.	Ong Ai Lin (Chairman)	Independent Non-Executive Director																		
2.	Noraini binti Che Dan	Senior Independent Non-Executive Director																		
3.	Juniwati Rahmat Hussin	Independent Non-Executive Director																		
4.	Gopala Krishnan K.Sundaram	Independent Non-Executive Director																		
5.	Datuk Rawisandran a/l Narayanan	Independent Non-Executive Director																		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The BAC reviews the performance of internal audit function on a quarterly basis through its achievement report and approves the achievement of Chief Internal Auditor's Performance Management result.</p> <p>The internal audit function reports functionally to BAC and administratively to Group P/CEO to maintain its independence. Additionally, the Chief Internal Auditor declares Group Internal Audit (GIA) organisational independence on annual basis and the BAC reviews the declaration made.</p> <p>The BAC has established the roles and responsibilities of GIA in the Internal Audit Charter.</p> <p>During the Financial Year under review, GIA issued a total of 167 reports arising from 70 planned audits, 1 ad-hoc audit, 11 surprise audits, 1 external assessment of compliance function and 84 follow-up audits. The areas reviewed included generation, grid, retail, distribution network, finance, human resources, information and communication technology, procurement, strategy and regulatory, real estate ventures, risk management department, corporate services and subsidiaries.</p> <p>Internal audit reports were issued to Management and they contained audit observations, issues, management response and corrective actions in areas with significant risks and internal control deficiencies. Management provided the corrective and preventive actions as well as deadlines to complete the actions. Reports that require significant improvement opportunities and/or shows critical control deficiencies were tabled to the BAC for deliberation.</p> <p>Additionally, TNB's state of internal controls for areas reviewed was also tabled to the BAC for their deliberation. management were present at the BAC meetings to respond and provide feedback on the progress of business process improvement opportunities identified by GIA.</p> <p>Further information is available in the BAC Report and Internal Audit Function on pages 104 to 105 and 108 to 110 of the Integrated Annual Report 2020, respectively.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- (viii) whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- (ix) the number of resources in the internal audit department;
- (x) name and qualification of the person responsible for internal audit; and
- (xi) whether the internal audit function is carried out in accordance with a recognised framework.

Application	: Applied
Explanation on application of the practice	<p>TNB's internal audit function comes under the purview of GIA. GIA supports the Board, through the BAC, in discharging its responsibilities to maintain sound and effective internal control system and governance practices to safeguard the interest of TNB's stakeholders.</p> <p>GIA's purpose, authority and responsibilities are governed by an Internal Audit Charter, which is approved by the BAC and aligned with the International Professional Practice Framework for Internal Auditing issued by the Institute of Internal Auditors.</p> <p>As at 31 December 2020, GIA is staffed with 61 auditors with diverse disciplines.</p> <p>Rosli bin Mohd Rose is the Chief Internal Auditor (CIA). He joined GIA as the Deputy CIA (Core Business) in 2006 and was appointed as the CIA in 2014. He holds a Degree of Electrical and Electronic Engineering from Brighton Polytechnic (currently known as University of Brighton), United Kingdom and a Master of Engineering from Universiti Tenaga Nasional. Prior to joining GIA, he has extensive experience in various aspects of TNB operations such as operation and maintenance, project management, asset management, human resource, and business development. He is an associate member of the Institute of Internal Auditors Malaysia.</p> <p>The CIA declares GIA's organisational independence on annual basis and the Audit Committee reviews the declaration made.</p> <p>The CIA prepares the Statement of Internal Audit Function on annual basis and amongst others, it includes:-</p> <ul style="list-style-type: none">(i) number of resources in the Internal Audit Department,(ii) name and qualification of the Chief Internal Auditor, and(iii) that internal audit function adopts standards and practices as per International Professional Practices Framework issued by Institute Internal Auditors in carrying out its activities.

	The Chairman of BAC reviews the Statement of Internal Audit Function. Further information is available in Internal Audit Function on pages 108 to 110 of the Integrated Annual Report 2020.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>TNB strives to continuously aim and build strong and long term relationships with its various stakeholders despite challenging times resulted from the Covid-19.</p> <p>The Board is committed in maintaining high standard in the dissemination of relevant and material information on the Company's development through effective engagement and communication, while ensuring these information are comprehensive, timely and transparent.</p> <p>TNB is cognisance of the role of active communication in ensuring continual dialogue with the shareholders. To this end, the communication processes include:</p> <ul style="list-style-type: none">• the disclosure of full and timely information about TNB's activities in accordance with the MMLR• the prompt release of information on TNB's website• announcements to Bursa Malaysia Securities Berhad are immediately made available on TNB's website• all disclosures, including notices of meetings and other shareholders' communications are drafted clearly, in simple language and with conciseness <p>TNB corporate website contains all relevant information of the Company and it is accessible to the public. The Media & Investors Section among others include the media releases, investor presentations, quarterly and annual financial statements, announcements, information on shares and dividends, Integrated Annual Report 2020s and circulars/statements to shareholders, AGM Minutes & Appendixes as well as demand sales and foreign shareholdings.</p> <p>The Corporate Disclosure Policy, as well as associated guidelines, reinforce TNB's commitment to continuous disclosure and outline Management's accountabilities and the processes to be followed in ensuring compliance.</p> <p>For ease of reference and to better facilitate the stakeholders' understanding of the Company's business and the governance policies,</p>

various documents pertaining to the organisation, Board and Top Management, corporate governance, the Constitution, policies, the Board Charter, Terms of Reference (TOR) and other related corporate information are accessible through the TNB's website at <https://www.tnb.com.my/ethics-governance/board-charter/>

TNB recognises the importance of shareholders' participation in general meetings and encourages such participation. The shareholders are encouraged to participate in the general meetings and use the opportunity to ask questions and vote on important matters affecting the Company.

TNB's practice is to release all price-sensitive information to Bursa Malaysia Securities Berhad in a timely manner as required under the MMLR and to the market and community generally through TNB's media releases, website and other appropriate channels.

The Company Secretary is responsible for reviewing proposed disclosures and making decisions in relation to the disclosure of information to the market. Each Division in TNB is required to inform the Company Secretary of any potential price-sensitive information concerning TNB as soon as this becomes known.

TNB's Investor Relations' (IR) structured engagement programmes are designed to build and maintain confidence within the investment community, both locally and internationally by delivering effective, comprehensive and timely communication. Furthermore, to ensure transparency and high standards of corporate disclosure, various extensive channels are used to facilitate TNB's engagement and communication programmes with the investment community. The channels include:

- Quarterly and Full Year Financial Results Announcements
- Engagement sessions with the investment community through one-on-one/group meetings, investor conferences and non-deal roadshows
- Interactive session with shareholders at the AGM
- Site Visits to TNB's power plants
- IR section in TNB's website
- IR Corporate Day
- Bursa filings & Press Release
- Annual Integrated & Sustainability reports

More details on the Company's engagement activities by IR for the Financial Year under review are on pages 113 to 116 of the Integrated Annual Report.

The stakeholders are encouraged to channel their concerns to Investor Relations Department via tenaga_ird@tnb.com.my. The contact details of IR are available under Corporate Information on page 346 of the Integrated Annual Report and through the website: <https://www.tnb.com.my/contact-us/investor-relations/>

	<p>TNB continues to provide clear, transparent and comprehensive information on all efforts that highlight our commitment and initiatives to sustainability, while identifying areas for improvement.</p> <p>We disclose targets for certain material matters, which are aligned to the corporate strategy and also the United Nations Sustainable Development Goals (UN SDGs). The Sustainability Statement for the Financial Year under review is on pages 125 to 168 of the Integrated Annual Report.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>TNB since the Financial Year 2016 has adopted integrated reporting, which is aligned to global standards. This is also in line with TNB's Strategic Plan to be world-class electricity utility.</p> <p>Guided by the International Integrated Reporting Framework (IIRF) (<IR> Framework) of the International Integrated Reporting Council (IIRC), MMLR, Corporate Governance Guide (3rd Edition), MCCG , the Companies Act 2016, Malaysian Financial Reporting Standards (MFRS), and International Financial Reporting Standards (IFRS), this period's reporting journey continues in the format of the Integrated Annual Report 2020.</p> <p>The TNB Integrated Annual provides comprehensive and material assessment of the Group's business operation and performance. This year's Sustainability Statement outlines the TNB sustainability agenda through efforts such as renewable energy and other environmental as well as social initiatives to add value to the stakeholders.</p> <p>This includes the performance of TNB's domestic and international operations as well as its long term strategy towards the Company's aspiration to become a renewables leader in the ASEAN region.</p> <p>The impact and contributions of TNB's business to the six (6) capitals of value creation as described in the <IR> Framework are presented in the Integrated Annual Report in an integrated manner.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM. The AGM Notice includes explanatory notes that contain further information on the proposed resolutions.</p> <p>It has been the Company's practice since 2017, to issue the Notice of AGM, at least 28 days prior to the meeting.</p> <p>TNB had its 30th AGM on 30 June 2020. The Notice of 30th AGM were initially issued to the shareholders on 10 April 2020, more than 28 days before the meeting.</p> <p>Subsequent to the 30th AGM Notice issued on 10 April 2020, due to the uncertainty of COVID-19 situation in Malaysia, the Government of Malaysia's directive on social distancing and restriction on mass gathering as well as in ensuring shareholders' well-being and safety remain the Company's priority, the Company's 30th AGM was held for the first time fully virtual via Remote Participation and Voting (RPV) on 30 June 2020 at the Broadcast Venue: Dewan Seminar, Kompleks Balai Islam An-Nur, Ibu Pejabat Tenaga Nasional Berhad, No. 129, Jalan Bangsar, 59200 Kuala Lumpur, Malaysia.</p> <p>The amended Notice was issued to all shareholders on 29 May 2020, well in advance of the 21-day requirement of the Companies Act 2016 and the MMLR. The amended Notice of the 30th AGM was delivered to shareholders via hard copies as well as electronically. To ensure the shareholders were well informed of the fully virtual 30th AGM, the Company also notified the shareholders via short message service (sms). With that, the shareholders were given sufficient notice and ample time to consider the resolutions and make informed decisions in exercising their voting rights at the 30th AGM.</p> <p>It also allowed the shareholders to make necessary arrangements either to participate in the fully virtual general meeting or to appoint proxies, corporate representatives or authorised nominees to the Meeting.</p>

	<p>TNB had distributed the Administrative Details together with the amended Notice of 30th AGM to furnish the shareholders with information pertaining to the AGM including the shareholders' eligibility, their rights to appoint proxies and as to whom may count as proxy, as well as procedures for RPV.</p> <p>The explanatory notes to the amended Notice of 30th AGM dated 29 May 2020 contained details of each resolution to be tabled i.e. re-election of Directors, Non-Executive Directors' remuneration comprising Non-Executive Directors' fees and benefits; and re-appointment of Auditors, to enable the shareholders to make informed decisions when exercising their voting rights.</p> <p>The Notice of 30th AGM dated 10 April 2020 and the amended Notice of 30th AGM dated 29 May 2020 were also published in two (2) local English and one (1) Malay newspapers. Additionally, it was made available on TNB's website at https://www.tnb.com.my/agm.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>All TNB Directors shall attend the AGM which was scheduled in advance at the beginning of the year. Once meeting dates have been fixed and approved by the Board, Directors would commit themselves to attend the meetings as scheduled, unless due to unforeseeable reasons that are unavoidable.</p> <p>During the financial year under review, TNB 30th AGM was held fully virtual at the Broadcast Venue due to the Covid-19 pandemic. Save for Datin Rashidah binti Mohd Sies, the Directors including the Chairman of the BAC, BNRC and BRC were present at the TNB 30th AGM, in accordance with the SC guidelines of which the attendance was subjected to the size of the broadcast venue and ability to adhere with the applicable SOPs.</p> <p>The representatives of External Auditors and TNB Top Management were also in attendance at the Broadcast Venue to respond to any questions addressed to them (if any) at the general meeting.</p> <p>During the 30th AGM, P/CEO presented on TNB's key highlights, Business Strategy and Direction and financial highlights for 2020. The P/CEO also responded to the Minority Shareholders Watch Group (MSWG) questions on Strategic and Financial matters, whilst the Chairman of BNRC/BLTIP responded to the Corporate Governance matter raised by MSWG.</p> <p>The Chairman also encouraged/invited the shareholders/proxies and provided ample time for them to raise questions pertaining to the Company's performance, including questions on all resolutions tabled during the 30th AGM. All questions were dealt during the Question & Answer session upon completion of the remaining business of the AGM.</p> <p>The proceedings of the AGM including the responses to the questions raised by the shareholders/proxies before and during the AGM was recorded in the minutes of meeting and made available on TNB's website at www.tnb.com.my.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- (iv) including voting in absentia; and
- (v) remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>At TNB 26th AGM held on 15 December 2016, the Company had leveraged technology to facilitate electronic voting (“e-voting”) for the first time for the conduct of poll on all resolutions. Electronic voting devices were used to provide more efficient and accurate outcome of the results. The voting at the 27th and 28th AGM held on 18 December 2017 and 15 May 2018 respectively were conducted by poll in accordance with Paragraph 8.29A of the MMLR.</p> <p>For the 29th AGM held on 14 May 2019, TNB had appointed Boardroom Share Registrars Sdn. Bhd. (“Boardroom”) as Poll Administrator to conduct the polling process, Boardroom Business Solutions Sdn. Bhd. as Scrutineers to verify the poll results.</p> <p>At these AGMs shareholders/proxies were given coloured barcoded wristbands upon registration. At the polling station, the shareholders/proxies were required to scan their bar-coded wristbands to the barcode reader for the e-voting. The polling process for the resolutions was conducted only upon completion of the deliberation of all items transacted at the AGMs.</p> <p>The e-voting system was used whereby each e-voting counter was equipped with a screen and a barcode reader. The shareholders/proxies were directed to the e-voting counters to cast their votes with their coloured barcoded wristbands.</p> <p>At the 30th AGM held on 30 June 2020, TNB appointed Boardroom and Boardroom Corporate Services Sdn. Bhd. to conduct the polling process.</p> <p>Due to the uncertainty of Coronavirus Disease (Covid-19) situation in Malaysia at the time, the 30th AGM was held fully virtual via RPV at the Broadcast Venue: Dewan Seminar, Kompleks Balai Islam An-Nur, Ibu Pejabat Tenaga Nasional Berhad, No. 129, Jalan Bangsar, 59200 Kuala Lumpur. This was in accordance with the guidelines for conducting AGM issued by the Securities Commission, Malaysia.</p>

TNB had utilised the technology and conducted the AGM via electronically and online using BoardRoom's Lumi AGM. Shareholders/proxies were able to view the live webcast of the AGM proceedings, post questions to the Board/Management and submit their votes in real-time whilst the meeting was in progress.

To participate in TNB fully virtual 30th AGM, the shareholders/proxies could either download the Lumi AGM application from the Google Play Store by searching for "Lumi AGM" from their devices, or scan the QR Scanner code provided, or visit <https://web.lumiagm.com> to login to the Lumi AGM.

Before login, shareholders/proxies must have their User ID and Password which can be obtained by login to <https://boardroomlimited.my/> to request the User ID and Password.

Once the Lumi AGM is launched, shareholders/proxies would be prompted to enter the Meeting ID provided and when the identification was successfully authenticated, the shareholders/proxies may view the Company information, ask questions and watch the webcast.

At the 30th AGM, the Board has received over 40 questions from the shareholders/proxies on various issues ranging from operation & financial matters, corporate governance, logistics and administrative matters as well as current focuses concerning the Covid-19 and movement control order.

The Chairman will open voting on all resolutions during polling. Once the Chairman had opened voting, voting can be performed at any time until the Chairman closed the voting on the resolutions. The moment the voting has opened, the voting icon would appear on the navigation bar and from there the resolutions and voting choices were displayed.

To vote, shareholders/proxies would simply select their voting direction from the options shown on screen. A confirmation message will appear to show their votes had been received.

The Lumi AGM e-voting tutorial video on the e-voting process was played at the 30th AGM prior to the commencement of the e-voting.

The scrutineers, Boardroom Corporate Services Sdn. Bhd. upon verification of the poll results, handed-over the results for each resolution, which included votes in favour and against, upon which the Chairman of the 30th AGM declared whether the resolutions were carried. The poll results were also announced on the same day for the benefit of all shareholders. Minutes of the 30th AGM including all questions and answers during the proceeding of meeting was also made available on TNB's website.

	<p>TNB at its 30th AGM held on 30 June 2020 had enabled remote shareholders' participation and online remote voting by leveraging technology in accordance with Section 327(1) and (2) of the CA 2016.</p> <p>(i) Remote shareholders' participation at the 30th AGM</p> <p>During the fully virtual AGM, shareholders (individuals/corporate/authorised nominee/exempt authorised nominee) were able to participate and vote remotely at the 30th AGM via the facility which is available on Boardroom's online website at https://boardroomlimited.my/. The registration for remote participation was opened from 10.00 a.m. Friday, 29 May 2020 up to 12.00 p.m. Monday, 29 June 2020 through the Share Registrar's website, Boardroom Smart Investor Online Portal via the link https://www.boardroomlimte.my/ to be submitted online. Detailed procedures were provided to shareholders in the Administrative Details of the 30th AGM.</p> <p>After verification that one is a shareholder based on the General Meeting Record of Depositors as at 23 June 2020, the relevant shareholder was notified via e-mail that his/her registration for the remote participation at the 30th AGM had been approved. A number of shareholders participated remotely through live streaming and submitted questions online during the 30th AGM, to be responded by the Company.</p> <p>(ii) Voting in absentia</p> <p>A shareholder who participated remotely via live streaming at the 30th AGM had also logged into Lumi AGM application with their designated username and password for casting his/her vote online, from 11.00 a.m. on 30 June 2020 until the closure of voting session announced by Chairman at the Broadcast venue of the 30th AGM.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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