



**TENAGA NASIONAL BERHAD  
TOP MANAGEMENT  
REMUNERATION FRAMEWORK**

The success of Tenaga Nasional Berhad (TNB) as a profitable entity while continuing to be relevant to all stakeholders is dependent on its talents, especially the Top Management team. Therefore, it's imperative that TNB can attract, inspire and retain relevant talented leaders. One (1) of the tools to support this aspiration is a competitive remuneration policy.

The key elements of our remuneration package for Top Management can be divided into three (3) areas namely:

- A. Base Salary, Fixed Allowances and Benefits
- B. Short Term Incentive
- C. Long Term Incentive

#### **Base Salary, Fixed Allowances and Benefits**

Appropriate Base Salary needs to be competitive enough to attract the relevant talents and retain them. Determination of base salary would depend on the scope of the roles, experience the person brings and performance expected from the talent. Whereas fixed allowances are for certain benefits in cash and is not link to base salary. Other benefits are formulated to be cost-effective which would help in attracting and retaining the Top management.

#### **Short Term Incentive (STI)**

STI is based on yearly performance and paid as bonuses subjected to the profitability of the Company and the performance of Top Management. Performance is measured based mainly quantitative targets and their alignment to the values the Company stands for which would be qualitative in nature. Based on these results the individual is rewarded appropriately.

#### **Long Term Incentive (LTI) Plan**

The LTI Plan is to retain and reward Top Management to see out the growth and business strategy aligning to the long-term success of the Company. It motivates for sustained performance over multi-year period thus incentivising long-term employee behaviour. LTI Plan provides a total remuneration package and it creates an "ownership" mentality for the performing Top Management.

In summary, TNB strongly believes in performance culture and the Remuneration policy is to pay competitively for sustainable performance while being in alignment with the shareholders' interest.