

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of TNB (Board) is committed to a high level of corporate governance and fostering a culture that values ethical behaviour, integrity and respect. The Board believes that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.



The Board is concerned to ensure that the Group is properly managed to protect and enhance shareholders' interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance.

This Statement reports on TNB's key governance principles and practices. These principles and practices are reviewed regularly and revised as appropriate to reflect the changes in the relevant regulations and developments in corporate governance.

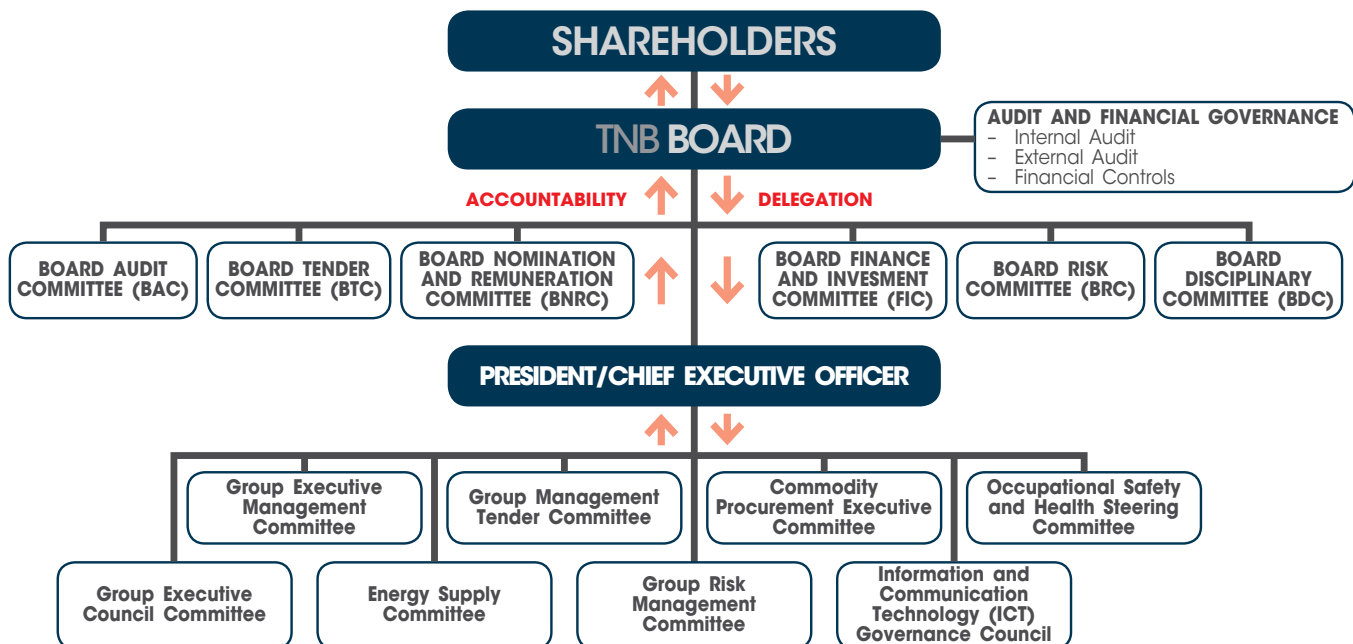
The Board has adopted a corporate governance framework comprising principles and policies that are consistent with the Malaysian Code of Corporate Governance 2012 (MCCG 2012) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR). This framework as

illustrated below is designed to promote responsible management and assists the Board to discharge its corporate governance responsibilities on behalf of the Company's shareholders.

In furtherance, TNB in general is in compliance with the principles and their respective corresponding recommendations as set out in the MCCG 2012 and such application of the principles will be addressed accordingly in this Statement of Corporate Governance.

The Board will continuously review the existing corporate governance practices throughout the Group and shall undertake appropriate action in embedding the said principles and recommendations of the MCCG 2012 in the existing framework.

CORPORATE GOVERNANCE FRAMEWORK



BOARD OF DIRECTORS

Clear Roles and Responsibilities

Principle 1 of the MCCG 2012

The Company's Constitution provides that the business and affairs are to be managed by or under the direction of the Board. The Board has approved a formal Board Charter which entails the Board's roles, powers, duties and functions. Other than as specifically reserved to the Board in the Board Charter, responsibility for the management of TNB's operational activities is delegated to the President/Chief Executive Officer who is accountable to the Board. The Board Charter and the delegation of Board authority to the President/Chief Executive Officer are reviewed regularly.

The central role of the Board is to set the Company's strategic direction and to oversee the Company's management and business activities.

In addition to matters required by law to be approved by the Board, the following powers are reserved to the Board for decision:-

- Approving the strategic direction of the Group;
- Promoting ethical and responsible decision making;
- Monitoring compliance with all applicable laws and regulations, applicable accounting standards and significant corporate policies;
- Overseeing and reviewing the conduct of the Group's business including its control and accountability systems;
- Approving the annual operating and capital budget and monitoring the financial performance of the Group;
- Appointing and determining the duration, remuneration and other terms of appointment of the President/Chief Executive Officer as well as the Top Management;
- Evaluating and monitoring the performance of the President/Chief Executive Officer and the Top Management through their Key Performance Indicators (KPIs);
- Developing and reviewing the succession planning of the Top Management;
- Monitoring and reviewing the Group's Risk Management System and internal compliance and control; and
- Overseeing the development and implementation of the shareholder communications policy for the Company.

The Limits of Authority outlines principles to govern decision making within the Group, including appropriate escalation and reporting to the Board. The Board has also delegated to the President/Chief Executive Officer and through the President/Chief Executive Officer to other Executives,

responsibility for the day-to-day management. The Limits of Authority encompasses both the monetary and non-monetary limits of authority for recommending and approving its operational and management decision making activities prior to their execution. These delegations balance effective oversight with appropriate empowerment and accountability of Management.

The Board has established a clear division of roles and responsibilities of the Non-Executive Chairman of which are distinct and separate from the duties and responsibilities of the President/Chief Executive Officer. This segregation ensures an appropriate balance of power and authority, roles and responsibilities as well as accountability such that no one individual has unfettered power of decision making.

The Chairman of the Board is Tan Sri Leo Moggie, whose extensive knowledge, experience and reputation is inimitable in the energy related industry. He takes the lead and guides the Board with a keen focus on governance, compliance and the Board performance. He maintains a constant flow of dialogue with the President/Chief Executive Officer and provides appropriate mentoring and guidance. He also maintains the relationship between Directors and Management that are open, cordial and conducive to productive cooperation and he is the primary point of communication between the Board and the President/Chief Executive Officer. Tan Sri Leo Moggie is also Chairman of several subsidiaries within TNB Group.

The Board considers that neither his other directorships, nor any of his other related commitments, interfere with the discharge of his duties to the Company. The Board is satisfied that Tan Sri Leo Moggie commits the time necessary to discharge his role effectively.

The President/Chief Executive Officer, Datuk Seri Ir. Azman bin Mohd together with his Management team are responsible for developing strategic objectives for the business and for the day-to-day management of the Company with all powers, discretions and delegations as authorised by the Board.

Board Composition

There are currently 10 members on the Board comprising of one (1) Executive Director and nine (9) Non-Executive Directors, of whom six (6) are Independent Directors. The Independent Directors comprise more than half of the Board, of which align with the recommendation of MCCG 2012 and the number exceeds the minimum requirement of the MMLR. These Directors are considered by the Board to be independent of management and free of any business

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or other relationships or circumstances that could materially interfere with the exercise of objective, unfettered or independent judgment.

The Board may appoint a new Director either to fill a casual vacancy or to add to the existing Directors and the Minister of Finance Incorporated (MoF Inc), being the Special Shareholder, shall have the right to appoint up to six (6) Directors. The Constitution provides that the Company is not to have more than twelve (12), nor less than two (2) Directors.

The Board considers that it should include significant representation by Directors who are capable and willing to make decisions in the best interests of the shareholders, free from interests or influences which conflict with that duty and are also independent of management.

The Board collectively has a broad range of qualification, diversity, experience and expertise considered of benefits to the Company. Board Members have expertise and experience in areas of public service, administration, finance, engineering, law, accounting, information technology and business. The President/Chief Executive Officer brings an additional perspective to the Board through an in depth understanding of TNB's business.

Details regarding each Director in office at the date of the Annual Report can be found on pages 80 to 89 of the Annual Report.

Re-election and Re-appointment of Directors

The Constitution states that one third (1/3) of the Directors shall retire from office by rotation at each Annual General Meeting (AGM), and all Directors shall retire from office at least once every three (3) years but shall be eligible, and may offer themselves, for re-election.

Sections 129(2) and 129(6) of the Companies Act, 1965 state that a Director who is over 70 years of age shall retire at every AGM and may offer himself/herself for re-appointment to hold office until the Company's next AGM.

Pursuant to the Recommendation 3.3 of MCCG 2012, an Independent Director can remain as Independent Director after serving a cumulative term of nine (9) years provided that the Board recommends upon concrete justification and seek shareholders' approval in a general meeting.

The Board acknowledges that the re-election and re-appointment of Directors are not automatic and believes it is subject to the satisfactory performance of the Directors in accordance with the annual evaluation and independence assessment of the Independent Directors which will be assessed by the BNRC, and thereupon submit its recommendation to the Board for deliberation and approval.

As such, during the Financial Year under review the Directors who are due for re-election, re-appointment as well as the continuation in office at the AGM as assessed by the BNRC and thereafter be approved by the Board, have met the Board's expectation and continuously perform their duties diligently as Directors of the Company.

The Board makes recommendations to the shareholders concerning the re-election, re-appointment and the continuation in office of the Directors at the AGM. Information on the Directors who are standing for re-election, re-appointment as well as the continuation in office at the forthcoming 23rd AGM is contained in the Statement Accompanying Notice of the 23rd AGM.

Board Committees

The Board has the ability under the Company's Constitution and the Board Charter to delegate its powers and responsibilities to the respective Board Committees, of which allows the Board to spend additional and focused time to deliberate on specific and pertinent issues.

The Board Committees operate principally in a review or advisory capacity, except in cases where powers and authorisation are specifically conferred on a Committee by the Board.

In accordance with the Recommendation 6.1 of the MCCG 2012 and in view of the Board's responsibility for the governance of risk and disclosure, the Board Risk Committee (BRC) was established on 5 June 2013 to strengthen the existing risk management framework and functions within the Company in ensuring it is effectively discharged and properly monitored.

With the establishment of BRC, TNB currently has six (6) principal Board Committees that assist the Board in its oversight functions. The functions of the Committees are governed by clearly defined Terms of References (TORs), which are reviewed periodically to ensure they remain relevant and up-to-date.



The six (6) standing Board Committees are as follows:

- (i) Board Audit Committee;
- (ii) Board Tender Committee;
- (iii) Board Nomination and Remuneration Committee;
- (iv) Board Finance and Investment Committee;
- (v) Board Risk Committee;
- (vi) Board Disciplinary Committee.

Each Board Committee has to submit to the Board reports of their respective deliberations and recommendations. All deliberations and recommendations have to be minuted and approved by each Committee and confirmed by the Chairman of the Committee at the next Board Committee's meeting.

Each Board Committee is entitled to seek information from any employee of the Company and to obtain any professional advice it requires in order to perform its duties.

Each standing Committee participates in the annual evaluation of its performance and effectiveness. As a result of the 2012 review, the Board is satisfied that the Committees have performed effectively with reference to their TORs.

Specifically, the salient TORs of the six (6) standing Board Committees are as follows:

Board Audit Committee (BAC)

Responsibilities

- The principal functions of the BAC are to oversee the integrity of the financial statements in compliance with legal, regulatory requirements and applicable accounting standards and to assess the effectiveness of the Group's internal control framework as well as internal and external audit functions.
- The detailed TOR of the BAC is on pages 134 to 137 of the Annual Report.

Board Tender Committee (BTC)

Responsibilities

- To establish the framework of TNB's Procurement Policy and Procedures.
- To advise the Board regarding the details and implementation of the framework of TNB's Procurement Policy and Procedures.

- To assist the Board in regulating the compliance of Top Management and other Executive Directors with TNB's Procurement Policy and Procedures.
- To ensure TNB complies with the applicable laws, regulations, rules and guidelines to achieve best practices in its procurement of equipment, materials, work and services.

Board Nomination and Remuneration Committee (BNRC)

Responsibilities

- To identify and recommend new nominees to the Board, Board Committees and TNB Group of Companies.
- To assist the Board in reviewing the Board's required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
- To implement the process formulated by the Board to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.
- To determine and recommend to the Board the remuneration packages of Non-Executive Directors.

Board Finance and Investment Committee (FIC)

Responsibilities

- To establish a framework of policies to assist the Committee in making recommendations to the Board in relation to the management of the Group's financial and investment activities as well as in evaluating corporate proposals.

Board Risk Committee (BRC)

Responsibilities

- To identify principal risks and ensure the implementation of appropriate systems to manage risks.
- To oversee the establishment and implementation of the risk management system, the effectiveness of which to be reviewed at least annually that include reviewing the risk management policies and practices approved by the Group Risk Management Committee.
- To approve the risk management policies and practices on behalf of the Board and review periodic reports on risk management and recommendations that will be presented to the Board.

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Board Disciplinary Committee (BDC)

Responsibilities

- To manage disciplinary issues and actions with regards to employees' misconduct except for the hearing of appeal of executives of grade M15 and above or equivalent grade pertaining to disciplinary cases, for which the power lies with the Board.
- To establish new disciplinary procedures or review existing procedures whenever applicable, subject to the Board's approval.

Ad hoc committees are convened to consider matters of special importance or to exercise the delegated authority of the Board.

Board Meetings

The Board schedules monthly meetings with additional meetings convened as and when key strategic issues or urgent matters arise that require deliberations in between the scheduled meetings. During the Financial Year under review, the Board held 17 Board meetings.

The Board and Board Committee meetings are scheduled well in advance, with dates for the year circulated in the month of October of the preceding year to give the Directors ample time to plan ahead.

A pre-Board meeting is held prior to any Board meetings for the Management to provide the Chairman with insights into the papers to be deliberated.

The agenda of Board meeting is drawn up upon consultation between the Chairman, President/Chief Executive Officer and Company Secretary at the pre-Board meeting, after which the copies of agenda and Board papers are circulated to Board Members in electronic and hard copy forms at least three (3) working days prior to the Board meeting. This allow the Directors to review,

consider and if necessary obtain further information to be deliberated at the meeting to support informed decision making. Any Director may request matters to be included in the agenda.

Top Management and external advisors may be invited to attend Board meetings to advise the Board when matters under their responsibility are being considered or as otherwise requested by the Board so as to enable the Board to make informed decisions. Should a Director is unable to attend a meeting, his views are sought in advance then put to the meeting to facilitate a comprehensive discussions. This way, each Director makes himself/herself available to fellow Directors and contributes to all major decisions before the Board.

A comprehensive Board paper is prepared which comprises of the objectives, background, issues, implications, risks, recommendations and other relevant information to enable the Board to make informed and effective decisions.

The Board and Board Committee meetings are also held at various business operating units or sites of new projects to allow the Board to better assess progress made and note on any other important issues. During the Financial Year under review, the Board has visited an on-going major project of TNB, the Ulu Jelai Hydroelectric Project in Cameron Highlands, Pahang.

Decisions of the Board are made unanimously or by consensus and these decisions and conclusions are recorded in the minutes of the meeting. Minutes of the meetings are circulated to all Directors for their perusal. The Directors may request for clarification or raise comments on the minutes prior to confirmation of the minutes. After the said confirmation of the Directors have been sought, the Chairman of the meeting shall sign the minutes as a correct record of the proceedings of meeting.

Details of Directors' attendance at Board and Board Committees meetings for the Financial Year ended 31 August 2013:

Name of Directors	BOD		BAC		BTC		BNRC		FIC		BRC		BDC	
	Attendance	%	Attendance	%	Attendance	%	Attendance	%	Attendance	%	Attendance	%	Attendance	%
Tan Sri Leo Moggie (Chairman)	16	94	-		-		-		5	100	-		-	
Datuk Seri Ir. Azman bin Mohd	17	100	-		-		-		-		-		-	
Datuk Nozirah binti Bahari ¹	13	77	-		12	100	-		-		1	100	-	
Dato' Mohammad Zainal bin Shaari	16	94	-		9	75	6	100	5	100	-		-	
Dato' Zainal Abidin bin Putih ²	17	100	14	100	-		-		5	100	1	100	-	
Tan Sri Dato' Hari Narayanan a/l Govindasamy ³	17	100	13	93	-		6	100	-		1	100	-	
Dato' Fuad bin Jaafar	17	100	-		12	100	6	100	-		-		3	100
Tan Sri Dato' Seri Siti Norma binti Yaakob	16	94	-		-		6	100	4	80	-		3	100
Dato' Abd Manaf bin Hashim	14	82	13	93	11	92	-		-		-		3	100
Datuk Chung Hon Cheong ⁴	17	100	14	100	-		-		5	100	1	100	3	100
Suria binti Ab Rahman (Alternate Director to Dato' Mohammad Zainal bin Shaari)	1	100	-		1	33	-		-		-		-	
Number of Meetings held in FY2013	17		14		12		6		5		1		3	

Note:-

- ¹ Appointed as Member of BRC w.e.f. 5 June 2013
- ² Appointed as Member of BRC w.e.f. 5 June 2013
- ³ Appointed as Member of BRC w.e.f. 5 June 2013
- ⁴ Appointed as Chairman of BRC w.e.f. 5 June 2013

All Board and Board Committee Members have complied with the minimum percentage required of at least 50% in attendance as stipulated in the MMLR whereby the Directors have attended more than 50% of the Board and Board Committee Meetings during the Financial Year.

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Code of Ethics

The Board continues to observe a high standard of ethical conduct in accordance with the code of conduct expected of Directors as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

Each Director is supplied with the Directors' Handbook as reference for the Directors in relation to their professional responsibilities as well as the terms and conditions of their service. The Directors' Handbook is updated as and when the need arises so as to reflect any changes in the rules and procedures that govern the conduct of the Directors.

In addition, TNB has established a Code of Ethics which outlines TNB's commitment to appropriate and ethical corporate practices. All employees of TNB are required to comply with the Code of Ethics.

The Code of Ethics describes TNB's mission, vision and values and set out the principles, practices and standards of personal and corporate behaviour that TNB expects in daily business activities. It covers matters such as compliance with law and regulations, sound employment practices, confidentiality, privacy, conflicts of interest, giving and accepting business courtesies and the protection and proper use of TNB's assets and resources.

Apart from that, TNB believes that all supplier/contractor relationships should be based on principles of good governance such as integrity, accountability, fairness and a no tolerance rule towards bribery and corruptions. These principles are enforced in detailed TNB's Procurement Code of Conduct which is constantly revised to capture changes in regulations, reputational demands and changes in business.

Directors and employees of TNB Group as well as all existing and potential suppliers/contractors including its Directors and employees are to adhere to the Procurement Code of Conduct.

TNB's Code of Ethics and Procurement Code of Conduct are available in the respective sections of the Company's website.

Indemnification of Directors and Officers

Directors and Officers are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Supply of Information and Access to Advice

All Directors have direct access to Management and to the Company's information in the possession of Management and shall receive regular detailed financial and operational reports from the Management.

The Chairman and the Non-Executive Directors regularly consult the President/Chief Executive Officer, Chief Financial Officer/Vice President (Group Finance) and other Top Management, and may consult with, or request additional information from, any of the Group's employees.

The Board collectively and individually has the right to obtain external independent legal, accounting or other professional advice to the fulfilment of its roles and responsibilities. The cost of procuring these professional services shall be borne by the Company.

The Board Breakout Session (BBO) is conducted by the Company Secretary's Office as and when the need arises. It 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. During these sessions, the Management will highlight to the Board the current issues and challenges encountered by the Group.

Company Secretary

The Board regularly consults the Company Secretary on procedural and regulatory requirements. The Company Secretary also plays an important role in supporting the Board by ensuring adherence to Board's policies and procedures.

The Company Secretary attends Board and Board Committee meetings and is responsible for providing Directors with advice on compliance and corporate governance issues. The Company Secretary is responsible for the operation of the secretariat function, including lodgements with relevant statutory and regulatory bodies, the administration of Board and Board Committee meetings (including preparation of the minutes, matters arising and Chairman's reports), the management of dividend payments and the Employee Share Option Scheme (ESOS), the administration of the Company's subsidiaries and oversight of the relationship with the Company's Share Registrar.

The Company Secretary's profile is set out on page 99 of the Annual Report.



Board Charter

The Board Charter acts as a source of reference to the Board of its duties and responsibilities in setting the overall direction and control of the Company. It will also assist the Board in the assessment of its own performance.

The Board Charter is made available on the Company's website, at www.tnb.com.my and the Board shall review its charter regularly to keep it up to date with the changes of regulations and best practices to ensure its effectiveness and relevance to the Board's objectives.

STRENGTHEN COMPOSITION

Principle 2 of the MCCG 2012

The Board strives to achieve a balance of skills, experience, diversity and perspective among its Directors.

The BNRC is delegated with the responsibility of assessing and making recommendations to the Board regarding Board compositions and remunerations as well as to assist with the selections and appointments of high calibre Directors who are able to meet the present and future needs of the Company.

The BNRC is chaired by Tan Sri Dato' Seri Siti Norma binti Yaakob, an Independent Non-Executive Director, a well known figure in legal profession and majority of its members are also Independent Non-Executive Directors.

During the Financial Year under review, the key activities undertaken by the BNRC, amongst others, are as follows:

- (i) review and assess the annual evaluation of performance and effectiveness of the Board and the Board Committees as a whole;
- (ii) develop the criteria of independence assessment and to review and assess the annual independence assessment of its Independent Directors;
- (iii) approved the set up of the BRC, its composition and its defined TOR;
- (iv) established the Board Charter as Board's reference of its duties and responsibilities;
- (v) making recommendations to the Board regarding the Directors who are seeking for re-election, re-appointment and continuation in office.

The Board manages its succession planning with the assistance of BNRC. The BNRC annually reviews the size, composition and diversity of the Board as well as the mix of existing and desired competencies across Members and reports its conclusions to the Board.

The Board through its annual evaluation and recommendations made by the BNRC is confident and satisfied of its existing number and composition and is of the view that, with the current mix of skills, knowledge, experience and strength of the Directors appointed, the Board is able to discharge its duties effectively.

Board Performance Evaluation

The BNRC is also responsible for determining the process of evaluating the Board's performance as a whole and the performance of its Committees. Evaluations are conducted annually and have produced significant improvements in Board processes and overall efficiency. It is also used as a tool to recognise the Board's strengths and to identify gaps or areas for improvement for the Board and its Committees.

The Board Performance Evaluation is conducted by way of questionnaires appropriate in scope and content to effectively review the performance of the Board and its Committees against the predetermined criteria which covers the following key areas:

- Board Structure
- Board Operations and Interaction
- Board Roles and Responsibilities
- Understanding the Committees' Roles
- Mix of Skills and Knowledge
- Commitment of Members
- Depth of Discussions

The questionnaires are completed by each Director and the responses and findings of the evaluation are compiled into a report. The report on the Board and its Committees' performance are provided to all Directors and be deliberated by the BNRC and, subsequently, by the Board.

As such, the performance of the Directors who are retiring at the next AGM is taken into account by the Board in determining whether or not the Board should recommend the re-election of the Directors.

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The Board performance evaluation process in 2012 reported that the Board and Board Committees had continued to operate effectively in discharging their duties and responsibilities. The Board as a whole is of the opinion that the Directors have fulfilled their responsibilities as Members of the Board and respective Board Committees.

In respect of gender diversity, the Board acknowledges and strongly supports the need to enhance board diversity as it is critical to the efficient functioning of the Board and good governance. In addition, the Board believes that the appointment of the existing Directors are guided by the skills, experience, competency and wealth of knowledge together with gender diversity as the foundation consideration in the selection of the potential candidate.

As of to date, three (3) women Directors sit on the Board of TNB namely Tan Sri Dato' Seri Siti Norma binti Yaakob, Datuk Nozirah binti Bahari and Suria binti Ab Rahman, Alternate Director to Dato' Mohammad Zainal bin Shaari. The Board shall continue to undertake initiatives with regard to gender diversity not only at the Board itself but also across the Boards of its Group of Companies.

Directors' Remuneration Framework

The Board, with the assistance of BNRC, reviews the overall remuneration policy of the Non-Executive Directors, Executive Director and Top Management to attract, retain and motivate executives and Directors who will create sustainable value and returns for members and other stakeholders of the Company.

The policy for Directors' remuneration is to provide a package that is able to attract and retain Directors of calibre, thus acquire the leadership skills and experience required. The policy also ensures that the remuneration package does commensurate with the Director's responsibilities, expertise and complexity of the current Company's activities as well as to be aligned with the Company's business strategy and long term objective for effective management and operations of the Group.

The remuneration package for the Executive Director is structured in such a way as 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, to be 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 abstains from deliberation and voting on his remuneration at Board meetings.

The BNRC reviews the performance of the Executive Director annually and submits 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.

The Board as a whole shall determine and recommend the remuneration of the Non-Executive Directors to the shareholders for approval at the AGM. The Non-Executive Directors are paid fixed monthly fees, meeting allowances and benefits-in-kind inclusive of the reimbursement on electricity and telephone bills as well as business peripherals.

Presently, the Non Executive Directors face increasingly demanding challenges in discharging their fiduciary duties, roles and responsibilities, whether individually or collectively as well as given the complexity of the Company's business. In view of that, the Board hereby seeks the shareholders' approval on the proposed increase in Directors' Fees of the Non-Executive Directors to ensure that it commensurate with the responsibilities and accountabilities of the Non-Executive Directors.



Details of each Director's comprehensive remuneration package for the Financial Year ended 31 August 2013:

Name of Directors	(i) Salary (ii) Contribution to EPF (RM)	Director's Fees		Meeting Allowances		(i) Bonus (ii) Variable Pay (iii) Ex-Gratia (RM)	Benefits-in-Kind			Subsidiary (RM)	Total (RM)
		Company (RM)	Subsidiaries (RM)	Company (RM)	Subsidiaries (RM)		(i) Car Allowance (ii) Management Allowance (RM)	Utilities (RM)	Others (RM)		
Executive Director											
Datuk Seri Ir. Azman bin Mohd	(i) 1,520,000.00					(i) 50,000.00	(i) 108,000.00		48,180.55		
	(ii) 336,600.00	-	-	-	-	(ii) 250,000.00	(ii) 4,800.00	-		-	
							(iii) 15,000.00				
	1,856,600.00	-	-	-	-	315,000.00	112,800.00	-	48,180.55	-	2,332,580.55
Non-Executive Directors											
Tan Sri Leo Moggie	-	300,000.00	263,000.00	49,500.00	31,500.00	-	-	5,670.35	4,996.40	-	654,666.75
Datuk Nazirah binti Bahari	-	200,000.00	-	50,000.00	-	-	-	-	14,676.56	-	264,676.56
Dato' Mohammad Zainal bin Shaari	-	*200,000.00	-	*58,000.00	-	-	-	41,397.01	15,594.30	-	314,991.31
Dato' Zainal Abidin bin Putih	-	200,000.00	-	68,000.00	-	-	-	14,722.74	18,291.91	-	301,014.65
Tan Sri Dato' Hari Narayanan a/l Govindasamy	-	200,000.00	18,000.00	62,500.00	1,700.00	-	-	6,236.50	10,000.00	-	298,436.50
Dato' Fuad bin Jaafar	-	200,000.00	36,000.00	63,000.00	5,950.00	-	-	11,784.15	20,905.80	3,000.00	340,639.95
Tan Sri Dato' Seri Siti Norma binti Yaakob	-	200,000.00	-	54,000.00	-	-	-	4,684.00	20,049.00	-	278,733.00
Dato' Abd Manaf bin Hashim	-	200,000.00	-	65,500.00	-	-	-	-	6,667.00	-	272,167.00
Datuk Chung Hon Cheong	-	200,000.00	-	67,000.00	-	-	-	25,499.88	22,524.38	-	315,024.26
Suria binti Ab Rahman (Alternate Director to Dato' Mohammad Zainal bin Shaari)	-	-	-	*4,500.00	-	-	-	-	11,120.00	-	15,620.00
Total	1,856,600.00	1,900,000.00	317,000.00	542,000.00	39,150.00	315,000.00	112,800.00	109,994.63	193,005.90	3,000.00	5,388,550.53

* Inclusive of RM60,000.00 and RM23,000.00 paid to Khazanah Nasional Berhad, in respect of Director's Fees and Meeting Allowances provided for Dato' Mohammad Zainal bin Shaari and Puan Suria binti Ab Rahman.

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REINFORCE INDEPENDENCE

Principle 3 of the MCCG 2012

Currently, TNB's Board consists of six (6) Independent Non-Executive Directors. The Independent Directors fulfil the criteria of "Independence" as prescribed under Paragraph 1.01 of the MMLR. The Independent Non-Executive Directors are persons of high calibre and integrity, who collectively provide skills and competencies to ensure the effectiveness of the Board.

Independent Directors are those who have the ability to exercise their duties unfettered by any business or other relationships and are willing to express their opinion at the Board free of concern about their position or the positions of any third party. This mitigates risks arising from conflict of interests or undue influences from interested parties.

Independence Assessment of Independent Directors

It is vital for the Board to undertake an annual independence assessment of its Independent Directors. The Board assesses independence with reference to the key criteria of the independence framework adopted by TNB of which are independent 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 Independent Director's judgment. Hence the ability to provide a strong, valuable contribution to the Board's deliberations, or which could interfere with the Director's ability to act in the best interest of TNB.

The BNRC has developed the criteria to assess independence and in making of this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board takes into account when assessing independence, amongst others, are whether the Independent Director:

- (a) is a major shareholder of the Company or an officer of, or otherwise associated directly with, a major shareholder of the Company;
- (b) is employed, or has previously been employed within the last two (2) years in an executive capacity by the Company;
- (c) has not been engaged as an adviser by the Company under such circumstances or is not presently a partner, Director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances; or

- (d) has not engaged in any transaction with the Company under such circumstances or is not presently a partner, Director or major shareholder, as the case may be, of a firm or corporation which has engaged in any transaction with the Company under such circumstances.

As of to date the Board has reviewed the independence of each Independent Non-Executive Director in office and the Board further concluded that the independence criteria as set out in the MMLR has been met by each Independent Non-Executive Director. The Board is generally satisfied with the level of independence demonstrated by the Independent Non-Executive Directors as well as their ability to act in the best interest of the Company.

In furtherance of the above findings and in accordance with the Recommendation of 3.3 of MCCG 2012, the Board views that the length of tenure of Independent Directors on Board shall not interfere with their objective and independent judgment and the ability to act in the best interest of the Company. Thus, the Board and BNRC deliberated and concluded that Dato' Zainal Abidin bin Putih who has served on the Board for a cumulative term of more than nine (9) years remain objective and independent in participating in deliberations as well as decision making of the Board Meetings and the respective Board Committees Meetings that he serves.

Dato' Zainal Abidin bin Putih has proven to be reliable as Independent Director with professionalism and strong commitment that he has shown for informed and balance decision making of the Board.

As such, based on the independent assessment made, the BNRC and Board hereby recommend and seek the shareholders' approval on the authorisation for Dato' Zainal Abidin bin Putih to continue in office as Independent Director of the Company and to hold office until the conclusion of the next AGM of the Company.

The independent status of Independent Non-Executive Directors standing for re-election, re-appointment and the continuation in office is disclosed in the Notice of 23rd AGM.



Senior Independent Non-Executive Director

Dato' Zainal Abidin bin Putih, the current Chairman of BAC, was appointed as the Senior Independent Non-Executive Director in 2010. He acts as a designated contact to whom shareholders and stakeholders may convey any concerns or queries on the affairs of the Company, as an alternative to the formal channel of communication with shareholders.

The Senior Independent Non-Executive Director may be contacted at the following email address: cosec@tnb.com.my.

Conflict of Interests

Over and above the issue of independence, each Director has a continuing responsibility to determine whether he or she has a potential or actual conflict of interests in relation to any material matter which comes before the Board. Such a situation may arise from external associations, interests or personal relationships.

The Company has adopted a practice whereby should there be any conflict between the personal interest of a Director, or the duties a Director owes to another Company and the duties the Director owes to TNB, the Director is required to declare whether he/she has any interest in any transaction that may affect or be perceived to affect his/her ability to exercise independent judgment so as to enable the Board to assess his/her independence.

A Director with an actual or potential conflict of interests in relation to a related transaction or matter shall abstain from deliberations and decisions of the Board on the subject proposal.

FOSTER COMMITMENT

Principle 4 of the MCGG 2012

Commitment by the Board

Each Director has devoted his/her time sufficiently in carrying out his/her responsibilities. The Directors' Handbook stipulates that a Director, upon acceptance of his appointment, must commit sufficient time to carry out his duties and declare to the Board details of all other significant business and interests, indicating broadly the time spent on such commitments. The Director must advise the Board and the Company Secretary of any subsequent changes to these commitments and the Company Secretary to monitor the number of directorships and the changes, if any of each Director on the Board.

The Directors of TNB complied with the requirements of MMLR with regard to the number of directorships held in listed companies. The Board is satisfied with the current number of external directorships by the Board Members of which does not impair their ability and judgment in discharging their roles and responsibilities.

Apart from that, all Board and Board Committee Members have complied with the minimum percentage required as stipulated in the MMLR whereby the Directors have attended more than 50% of the Board and Board Committee Meetings during the Financial Year. This demonstrates that they have devoted sufficient time and committed in carrying out their responsibilities.

Continuing Development Programme for Directors

An induction programme is available to newly appointed Directors, specifically designed to help familiarise them with issues relating to the current business before the Board. Newly appointed Directors are provided with a comprehensive information pack which contains the Directors' Handbook, the Company's Constitution, relevant Acts to the Company, the latest Annual Report, TNB's Procurement Policy and Procedures, Procurement Code of Conduct and Code of Ethics in order to facilitate the Directors in discharging their duties.

New Board Members are provided with the opportunity to experience first-hand the operations of the Company and to meet and discuss all aspects of the Company's operations with the Top Management. The Company Secretary shall facilitate the induction program in providing access to information in areas such as operations, finance, treasury and risk management to assist the new Board Member as required.

All Directors of the Company have successfully completed the Mandatory Accreditation Programme (MAP) as prescribed by the MMLR. The Directors are expected to maintain and enhance their skills required to discharge their obligation to the Company in order for the Directors to sustain their active participation in the board deliberations. As such, the Board encourages Directors to devote sufficient time to undertake continuing professional education by participating in workshops held throughout the year, visiting relevant sites and undertaking external programmes which are relevant to the nature of business of the Company. These are paid for by the Company according to the Directors' entitlement, where appropriate.

STATEMENT OF CORPORATE GOVERNANCE

During the Financial Year under review, the Board has attended conferences/training programmes which were held by the local and international training providers namely the 22nd International Conference and Exhibition on Electricity Distribution, Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers, Seminar on Regulatory Updates, Governance and Current Issues for Director of PLCs and Body Corporate 2012, Directors Duties, Regulatory Updates and Governance Seminar for Director of PLCs 2013, Financial Institutions Directors' Education Program, Khazanah Megatrends Forum 2012 and Nominating Committee Programme by Bursa Malaysia Securities Berhad.

The Company Secretary's Office facilitates in coordinating internal and external programmes, training sessions, briefings, workshops and seminars that are relevant to the Directors, that include the annual Board Development Programme (BDP) which is organised in-house as part of TNB's Continuing Development Programme for the Board.

The Board also participates in annual Board Technical Visits, either locally or abroad, with the aim of enhancing the Board's understanding and knowledge of the technical and operational aspects of the power sector as well as to keep abreast with the latest technologies.

UPHOLD INTEGRITY AND FINANCIAL REPORTING

Principle 5 of the MCCG 2012

Financial Reporting

The Board aims to provide a clear, balanced and comprehensive assessment of the Group's financial performance and prospects via the Audited Financial Statements and quarterly financial reports as well as through material disclosure made in accordance with the MMLR.

The Board of Directors is assisted by the BAC to oversee the integrity of the Group's financial reporting and as part of these roles, the operation of the financial reporting processes. The processes are aimed at providing assurance that the financial statements and related notes are completed in accordance with applicable legal requirements and accounting standards and give a true and fair view of the Group's financial positions.

Relationship With External Auditors

The Board maintains transparent and professional relationship with the External Auditors and through the BAC, oversees the detailed terms of engagement with TNB's External Auditors.

As underlined by its TOR, the BAC shall meet the external and internal auditors or both at least twice a year to discuss issues arising out of audit and any matters that the auditors wish to discuss in the absence of the Management.

For the year under review, two (2) sessions between the BAC and the External Auditors in the absence of Management were held as part of the medium for greater exchange of views and opinions between both parties in relation to the financial reporting.

The BAC has considered the provision of non-audit fees by the External Auditors during the Financial Year and concluded that the provision of these fees did not compromise the External Auditors' independence and objectivity as the amount of fees paid were not significant as compared to the total fees paid to the External Auditors.

Having satisfied with the External Auditors' performance, the Board recommends their re-appointment, upon which the shareholders' approval will be sought at the AGM.

RECOGNISE AND MANAGE RISKS

Principle 6 of the MCCG 2012

Internal Control

The Board is responsible for satisfying itself that the Management has developed and implemented a sound system of risk management and internal control. In realising the importance of establishment of sound framework to manage the Company's risk as a whole, the Board has set up its BRC delegated to oversee the risk management policy, including review of the effectiveness of the Company's internal control system and risk management process.

The Management is responsible for promoting and applying the risk management policy. This responsibility involves in identifying and assessing business and operational risks, developing and implementing appropriate risk mitigation strategies, monitoring the effectiveness of risk controls and reporting on risk management capability and performance.

Every Division has a risk management section within its annual business plan and these plans are discussed at regular performance review.

The Enterprise Wide Risk Management (EWRM) Department is responsible for the Company's risk management process, development of risk management capability and providing risk management reports to the executive team and the BRC on the corporate risk profile and the Group's risk management process.



The Group's inherent system of internal control and risk management framework are designed to manage, rather than eliminate, the risk of failure to achieve the Company's corporate objectives, as well as to safeguard shareholders' investments and the Company's assets. The details of the Company's Risk Management Framework and Internal Control System are set out in the Statement on Risk Management and Internal Control and the BRC Report on pages 120 to 128 in the Annual Report.

Internal Audit Function

Internal Audit is independent of both business management and of the activities under its review. Internal Audit is responsible in providing assurance that the design and operation of the Group's risk management and internal control system is effective.

The Group Internal Audit Department carries out the internal audit function of TNB. The Group Internal Audit Department reports functionally to BAC, thereafter to the Board and administratively to the President/Chief Executive Officer.

The BAC oversees and monitors Group Internal Audit Department's activities and reviews its performance. It approves the annual audit program and receives reports from the Group Internal Audit Department concerning the effectiveness of risk management and internal control.

TNB's Group Internal Audit Department supports the Board through the BAC to facilitate in discharging its responsibilities in maintaining a sound system of internal control to safeguard shareholders' investment, the interest of stakeholders and the Group's assets.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Principle 7 of the MCCG 2012

Corporate Disclosure Policy

TNB is committed in ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by TNB.

Through TNB's Corporate Disclosure Policy, TNB demonstrates its commitment in achieving best practice in terms of disclosure by acting in accordance with the spirit, intention and purpose of the applicable regulatory requirements and by looking beyond form to substance. 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 for ensuring compliance.

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.

For disclosure purposes, price sensitive information is information that a reasonable person would expect to have a material effect on the price or value of TNB's securities. The Company Secretary is responsible for reviewing proposed disclosures and making decisions in relation to what information can or should be disclosed to the market. Each Division in TNB is required to inform the Company Secretary on any potential price sensitive information concerning TNB as soon as this becomes known.

Leverage on Information Technology For Effective Dissemination of Information

TNB employs a wide range of communication approaches such as direct communication and publication of all relevant Group information on the website at www.tnb.com.my.

TNB utilises its corporate website as a means of providing information to its shareholders and the broader investment community. TNB has dedicated a section on the website to TNB's investors where media releases, investor presentations, quarterly and annual financial statements, announcements, Share and Financial Information, Annual Reports and Circulars/Statement to Shareholders as well as Demand Sales and Foreign Shareholdings are made available for review.

Insider trading

The Directors and Top Management of TNB are prohibited from trading in securities or any kind of price sensitive information and knowledge which have not been publicly announced in accordance with the MMLR and the relevant provisions of the Capital Markets & Services Act 2007. Notices on the closed period for trading in TNB's securities are circulated to Directors and Top Management who are deemed to be privy to any price sensitive information and knowledge, in advance of the closed period where applicable.

STATEMENT OF CORPORATE GOVERNANCE

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Principle 8 of the MCCG 2012

The Board recognises that shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares.

The Board encourages effective communication with the Company's shareholders by requiring:

- the disclosure of full and timely information about TNB's activities in accordance with the disclosure requirements of MMLR;
- all information released to the market to be placed in TNB's website promptly following the release;
- all announcements to Bursa Malaysia Securities Berhad are made available in the website;
- all disclosures including notices of meetings and other shareholders communication are drafted clearly and concisely.

TNB recognises the importance of shareholders' participation in general meetings and encourages such participation. The shareholders are encouraged to attend the AGMs and to use the opportunity to ask questions and vote on important matters affecting the Group, including the election of Directors and the advisory vote on the remuneration report.

The outcome of voting on the proposed resolutions are disclosed to the market and posted to the Company's website after AGM. The External Auditors attend the AGM to answer shareholders' questions on the conduct of audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the external auditors in relation to the conduct of audit.

TNB further encourages shareholders to access the Annual Report online to complement the Group's commitment to the environment, as well as to achieve greater cost efficiencies. Nevertheless, the shareholders are still provided with the Annual Report in CD-ROM format together with a summarised version of the Financial Statements, Notice of AGM and Proxy Form.

The Board also encourages poll voting particularly on substantive resolutions. As practice by the Company, during the proceeding of AGM, the Chairman shall inform the shareholders of their right to demand for a poll vote at the commencement of the AGM and any other general meetings.

The Board and Top Management also encourage constructive engagements with the shareholders on the Company's performance, corporate governance practice throughout the Company and other matters affecting the shareholders' interest. This will assist the shareholders in evaluating the Company and facilitate the considered use of their votes.

Investor Relations Activities

To uphold the principles of corporate governance, TNB maintains its commitment in pursuing higher standards of corporate disclosure and transparency through dissemination of relevant and timely information to the financial community. By having an open communication with existing and potential institutional investors, financial analysts as well as retail shareholders, both local and international based, information are propagated in effective and comprehensive manner to facilitate informed investment decisions.

The Investor Relations (IR) team has always been in the front line to support TNB's pillar on Building Trust and Relationship. With growing developments in relation to Malaysia Electricity Supply Industry (MESI) reform initiatives, proactive sharing of current updates on power industry as well as the Company are shared through direct engagements with the financial community. To further build public confidence towards TNB and elevates Company's integrity and corporate governance, non-discriminatory approach is practiced whereby broad public dissemination of information is exercised without prejudiced.

Given the environment affecting the industry, quest for reliable and up-to-date news flows has prompted an upsurge of IR meeting requests in Financial Year 2013. The IR team has always provided open avenues through various platforms that allow visibility and accessibility for the Company's Top Management to regularly engage with the financial community.



- **Quarterly and Full Year Financial Results Announcements**

TNB announces its quarterly and year-end financial results at the end of trading day upon the release of disclosures to Bursa Malaysia Securities Berhad. Immediate to this, media briefing and followed by analysts briefing are conducted at TNB Headquarters. The analysts briefing session is also accessible through conference call to allow greater coverage from overseas as well as local participants that are unable to attend in person.

- **Analysts Briefing Presentation**

During the Analyst Briefing, TNB's shares detailed financial results together with key financial and operational highlights of the Company's performance, including current updates pertaining to the industry and TNB in particular. The Group is presented with IR presentation materials followed by question and answer session for on-site and remote participants. The presentation material is also shared promptly through TNB's website after the release of financial results to Bursa Malaysia Securities Berhad to ensure broad public dissemination of information.

- **One-on-one and Group Meetings at IR Conferences**

To foster strong relationship with the investment community, IR team plans ahead its annual IR programs to ensure a well-organised and structured approach in engaging with the financial community at various localities. Regular participation in road shows and conferences allows TNB to secure constant interactions with the current and prospective investors both locally and abroad.

- **Site Visits**

Site visits to operational facilities give greater insights and first-hand information on power plant operations. Plant tour and on-site briefing session given by plant operator enhances knowledge and appreciation of TNB's operations. During the Financial Year, a trip to Sultan Mahmud Hydro Power Station located at Kenyir was carried out.

- **In-house and External Meetings**

The IR team treats request for meeting with TNB's Top Management from the investment community as high priority due to strong interests registered, propelled by encouraging developments in MESI reforms coupled with widespread coverage from local and foreign research houses in Financial Year 2013. The meeting

sessions are highly valued as it gives an avenue for the Top Management to address queries or concerns raised pertaining to the Company's strategies, performance and latest developments.

- **Dialogue Session**

In September 2012, IR initiated a dialogue session with the local analysts and rating agencies to introduce the newly appointed President/Chief Executive Officer and Chief Financial Officer/Vice President (Group Finance) of the Company. The session was arranged as part of IR's proactive measures to present the new management as well as sharing the new management team's aspirations and key strategic plans for the Company.

Whistle-blowing Procedure

The Whistle-blowing procedure documents TNB's commitment to maintain an open working environment in which TNB employees, contractors and members of the public are able to report instances of unethical, unlawful or undesirable conduct on a confidential basis without any fear of intimidation or reprisal. An independent investigation team shall investigate all reported concerns appropriately and will, where applicable, provide feedback regarding the investigation's outcome.

The purposes of Whistle-blowing procedure are as follows:

- To detect and address unacceptable conduct;
- To provide the employees and contractors with a supportive working environment in which they feel able to raise issues of legitimate concern to them and to TNB;
- To protect people who report unacceptable conduct in good faith.

Complaints can be channelled online via <http://wbis.tnb.com.my> or by calling the toll-free line at 1-800-888-862.

RESPONSIBILITY STATEMENT IN RESPECT OF THE FINANCIAL YEAR UNDER REVIEW

(Pursuant to paragraph 15.26(a) of the MMLR)

The Board is fully accountable for ensuring the Audited Financial Statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group and of the profit or loss and cash flows as at the end of the accounting period.

STATEMENT OF CORPORATE GOVERNANCE

In preparing the Audited Financial Statements, the Directors are satisfied that the applicable approved accounting standards in Malaysia have been complied with and reasonable and prudent judgments and estimates have been made. The Audited Financial Statements are also prepared on a going concern basis as the Board has a reasonable expectation, after having made enquiries, that the Group has adequate resources to continue its operational existence for the foreseeable future.

ADDITIONAL COMPLIANCE STATEMENT

(1) Utilisation of Proceeds Raised from Any Corporate Proposal

- (a) Kapar Energy Ventures Sdn. Bhd., a subsidiary of TNB, raised funds via the New Sukuk Ijarah for refinancing the existing outstanding Bai' Bithaman Ajil Islamic Debt Securities (BaIDS) of RM1.512 billion. As of 31 August 2013, the total Sukuk raised was RM2.0 billion with a total amount of utilisation of proceeds of RM1.573 billion;
- (b) TNB Northern Energy Berhad, a wholly owned subsidiary of TNB Prai Sdn. Bhd., which in turn a wholly owned subsidiary of TNB raised funds via Sukuk for the financing of 1,071.43MW Combined Cycle Gas Fired Power Plant at Prai, Pulau Pinang. As of 31 August 2013, the total Sukuk raised was RM1.625 billion with a total amount of utilisation of proceeds of RM175.03 million.

(2) Share Buy-Back for the Financial Year

The Company did not propose any share buy-back for the Financial Year under review.

(3) Options, Warrants or Convertible Securities Exercised

For the Financial Year under review, 142,057,440 new ordinary shares of RM1.00 each were issued by the Company pursuant to the Employees' Share Option Scheme II (ESOS II) at exercise prices of RM4.45, RM4.76, RM5.06, RM5.08, RM5.36, RM5.45, RM5.59, RM5.62, RM5.64, RM5.74, RM5.86, RM5.93, RM6.09, RM6.20, RM6.24, RM6.27, RM6.28, RM6.36, RM6.38, RM6.40, RM6.53, RM6.56, RM6.60, RM6.62, RM6.75, RM6.98, RM7.33, RM7.35 and RM8.85 per share.

The new ordinary shares issued during the Financial Year ranked pari passu in all respects with the existing ordinary shares of the Company.

The Company has been granted exemption by the Companies Commission of Malaysia via a letter dated 1 October 2013 from having to disclose in the Audited Financial Statements the name of the persons to whom options have been granted during the Financial Year and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965 except for information on employees who were granted options representing 620,000 ordinary shares or more. The employees who were granted options representing 620,000 ordinary shares or more under ESOS II is set out on page 225 in this Annual Report.

(4) American Depository Receipts

In January 1994, TNB launched its Level 1 American Depository Receipts (ADR) in New York, USA. Each ADR carries an equivalent of four (4) underlying TNB shares. The only custodian bank for TNB's ADR programme is Malayan Banking Berhad. The Bank of New York in the USA is the depository bank and the ADRs are traded over the counter. As at 31 August 2013, a total of 11,990,868 ordinary shares were held through these ADRs, which represented less than 1% of the total issued and paid-up capital of the 5,643,611,171 shares of TNB.

(5) Imposition of Sanctions and/or Penalties

Neither the Company nor any of its subsidiaries, Directors or Management was imposed with any sanction and/or penalty by the relevant regulatory bodies for the Financial Year under review.

(6) Non-Audit Fees

The Group's Non-Audit fees payable to the External Auditors, Messrs PricewaterhouseCoopers, for the Financial Year under review amounted to RM1,130,695.00.

(7) Variation in Results

The Group did not issue any profit forecast for the Financial Year under review.

(8) Profit Guarantee

The Group did not issue any profit guarantee for the Financial Year under review.



(9) Material Contracts

Save as disclosed below, the Group and/or its subsidiaries did not enter into any material contracts involving the interest of the Directors or Major Shareholders which are still subsisting as at 31 August 2013:

Lender	Lembaga Kumpulan Wang Simpanan Pekerja (KWSP)
Borrower	Tenaga Nasional Berhad
Borrower/Lender Relationship	KWSP is one (1) of the major shareholders in TNB
Purpose of Loan	Refinancing
Amount	An aggregate of RM2,800.0 million
Details of facility	Facility I – RM700.0 million Facility II – RM700.0 million Facility III – RM700.0 million Facility IV – RM350.0 million Facility V – RM350.0 million
Interest Rate	Facility I – 5.45% Facility II – 5.50% Facility III – 5.60% Facility IV – 5.65% Facility V – 5.70%
Payment terms	Interest Payment 30 June and 31 December each calendar year Principal repayment Facility I – 31 December 2019 Facility II – 31 December 2020 Facility III – 31 December 2021 Facility IV – 31 December 2024 Facility V – 31 December 2025

(10) Related Party Transactions

The Group has established appropriate procedures to ensure it complies with MMLR with regards to related party transactions. All related party transactions are reviewed by the Group Internal Audit Department, following which a Group-Wide Report is submitted to the BAC on a quarterly basis for monitoring purposes.

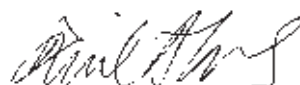
The Group did not seek any mandate of its shareholders pertaining to related party transactions for the Financial Year under review.

STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTICES LAID DOWN IN THE MALAYSIAN CODE OF CORPORATE GOVERNANCE 2012

(Pursuant to paragraph 15.25 of the MMLR)

The Board is pleased to report to its shareholders that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG 2012 and all other applicable laws.

Signed on behalf of the Board in accordance with their resolution dated 23 October 2013.



DATO' ZAINAL ABIDIN BIN PUTIH
Senior Independent Non-Executive Director