

TENAGA NASIONAL BERHAD BOARD CHARTER

1.0 INTRODUCTION

The Board of Directors ("the Board") of Tenaga Nasional Berhad ("the Company" or "TNB") in discharging its leadership role, regards corporate governance as vitally important and critical to the success of TNB in achieving its objective. Hence, the Board is unreservedly committed to apply and ensure that the principles of good governance are practiced in all of its business dealings and conduct in respect of its shareholders and relevant stakeholders.

2.0 OBJECTIVE

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.

3.0 THE BOARD

3.1 Duties and Responsibilities

The Board provides strategic directions as well as oversees the performance, management of business and affairs of the Company. In addition, the Board oversees smooth functioning of core processes, involving board governance, business value and ethical oversight.

The Board establishes its committees which are governed by its respective terms of reference approved by the Board to assist itself in discharging its duties, providing the oversight function as well as expediting decision making process.

3.2 Board Balance

The number of TNB directors, as prescribed by the Company's Articles of Association shall not be than two (2) and not more than 12. The Board consists of individuals with relevant knowledge, skills and experience that provide diverse and independent views. The composition and size of the Board is such that it facilitates the making of informed and critical decisions in ensuring TNB achieves the highest level of corporate governance.

4.0 COMPLIANCE

The Board has mandated the Management to ensure that the Company complies with the provisions of the relevant governing statutes, regulations and rules or any other directives or requirements imposed by the regulatory body and/or relevant authority to the extent required by law.

5.0 CORPORATE DISCLOSURE

The Board shall to its best endeavours provide the shareholders/stakeholders with accurate and complete information according to the relevant rules and regulations in a timely manner. The Company shall adopt the principles of best practices with regards to corporate disclosure. The Board sets the Company's core values in support of its mission and ensures that its obligation to its stakeholders is understood and met.

6.0 RELATIONSHIP WITH MANAGEMENT AND MANAGING CONFLICTS

There is a clear demarcation between the roles and responsibilities of the Board and Management and clear atmosphere of mutual respect for each other's position. The Board is mindful of its fiduciary obligations including managing situations which may give rise to conflicts of interest whilst expecting Management adopts an open and transparent approach in respect of any issues which require the Board to be informed. Nevertheless, in the event of conflicts, the Board is authorised to seek independent advice to ensure that the Board's integrity and reputation will not be compromised.

7.0 CODE OF ETHICS AND CONDUCT

The Board is cognisant to adopt a high standard of ethical conduct and places high importance of integrity throughout the Company. In doing so, the Company has adopted the Company Directors' Code of Ethics issued by the Companies Commission of Malaysia and has established the Directors' Handbook.

8.0 REVIEW OF THE BOARD CHARTER

The Board Charter will be reviewed and updated in accordance with the needs of the Company and any new developments that may have an impact on the discharge of the Board's responsibilities.