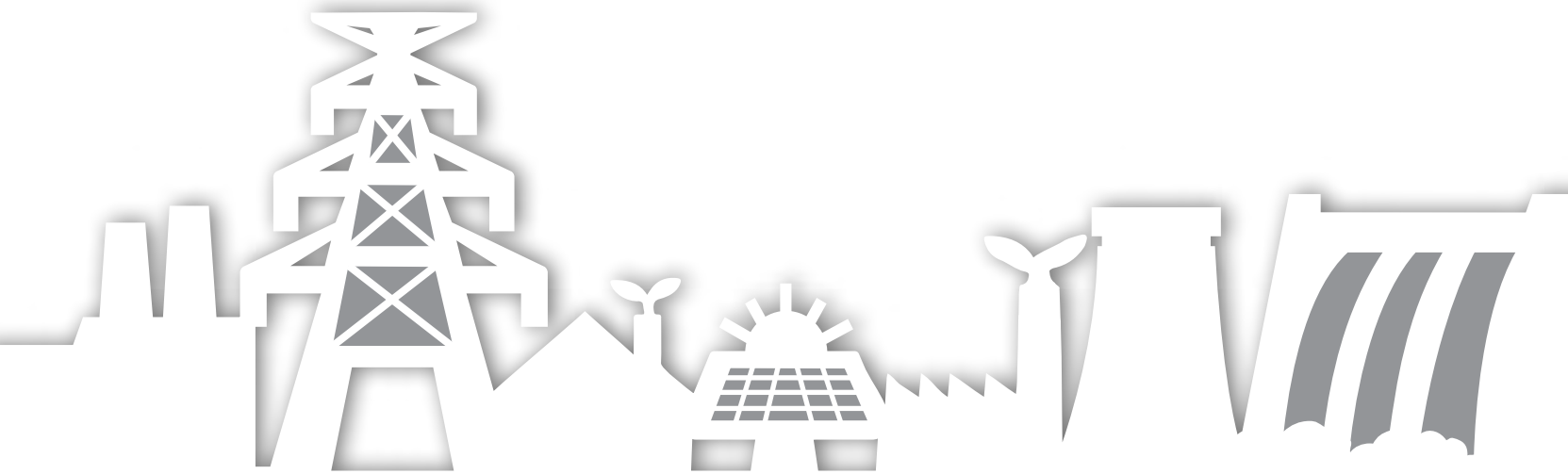
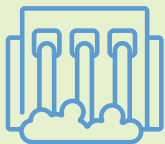




Towards A Renewable and Sustainable Energy Future





Hydropower

Renewable, reliable and affordable energy for Sarawak and beyond



Thermal Energy

Indigenous coal and gas resources provide energy security and diversity for Sarawak



Alternative Energy

Advancing alternative renewable energy solutions for a sustainable energy future

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This Report contains forward-looking statements on the Company's outlook and strategy for 2020 and beyond, although actual results and initiatives may vary from expectations based on current developments, risks and unforeseen circumstances.

ASSESSMENT OF MATERIAL MATTERS

The Company has identified its Materiality Issues based on an assessment on matters of the most pressing importance to its stakeholders. The Company's Materiality Issues and accompanying materiality matrix are available on page 91 of this Report.

ASSURANCE

A third party has assured selected indicators of this Report and the Independent Third Party Assurance Statement is available on pages 154 - 156 of this Report.

FEEDBACK

The Company continuously aims to improve its reporting standards and welcomes feedback on this Report.

Comments and inquiries on this report can be sent to the following emails:

Corporate Enquiries:
corpcomm@sarawakenergy.com

Sustainability Enquiries:
sustainability@sarawakenergy.com

STATEMENT OF THE BOARD OF DIRECTORS OF SARAWAK ENERGY BERHAD

In presenting this Annual and Sustainability Report 2019, the Board is confident that the Report presents a fair and balanced perspective of the Company's activities for 2019.

Approved by the Board of Directors and signed on behalf of the Board.

Datuk Amar Abdul Hamed Sepawi
Chairman

Datu Haji Sharbini Suhaili
Group Chief Executive Officer

Vision, Mission and Living Our Values

VISION

Sustainable growth and prosperity for Sarawak by meeting the region's need for reliable, renewable energy

MISSION

To realise our vision, we will

Pursue opportunities for growth by fully developing the Sarawak Government's Sarawak Corridor of Renewable Energy agenda

Ensure our own safety and the safety of others, with a commitment to do 'no harm to anyone at any time'

Provide a reliable supply of clean, competitively-priced energy to support the economic and social development of Sarawak and our partners in the region

Operate as a business based on principles that reward our owners and employees, and delight our customers

Honour the trust placed in us by the people of Sarawak, by acknowledging and respecting them and contributing to their well-being

Set and achieve high ethical and corporate standards that are a source of pride for our employees, customers and owners

Develop our people, leadership and teamwork to build an agile, open and customer-focused culture that responds to challenges and the need for change with innovation and cooperation

Harness and utilise natural resources in a sustainable and responsible way

Achieve operational excellence through a commitment to continual improvement and best practice

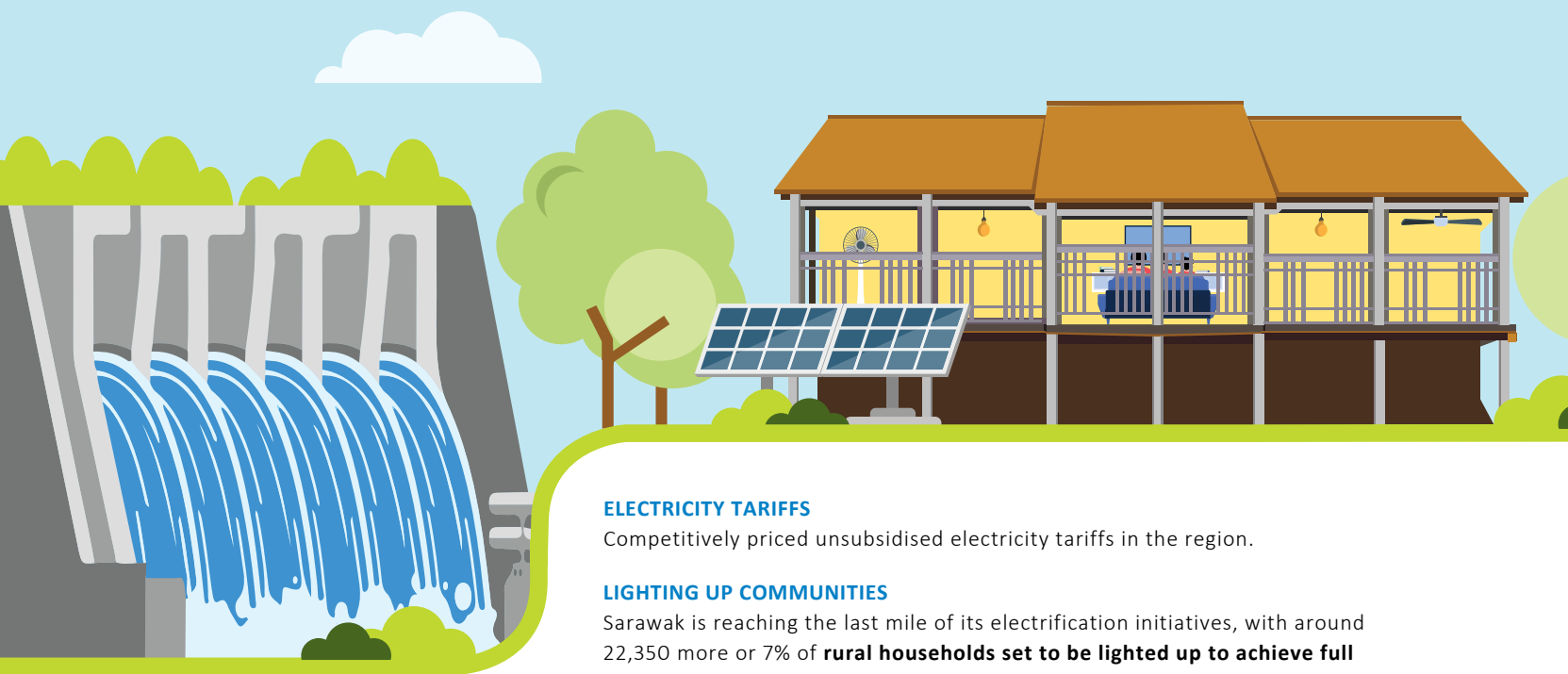
WINNING BEHAVIOURS

KEY ATTRIBUTES		
 <h2>COURAGE</h2> <p>We dare to do what is right and in the best interests of our Company and the community, even when it is not easy to do so.</p>	<ul style="list-style-type: none">• Dare to speak one’s mind• Dare to share different viewpoints• Dare to intervene to right the wrong• Dare to take risks in decision-making	<p>Proactive on HSSE</p> <p>Value and bottom line driven with strong cost discipline</p> <p>Trusted to deliver on our promises</p> <p>Precise and speed conscious</p> <p>Conducting our business with integrity</p> <p>Focusing on team work and integration</p> <p>Working across functional and organisational boundaries</p> <p>Proud of Sarawak Energy and will do our best</p> <p>Open and adaptable to leverage technology for solutions</p> <p>Learning from our experience and mistakes</p> <p>Employees of choice, working for an employer of choice</p> <p>Respectful of our people and the law of the land</p>
 <h2>UNITY</h2> <p>We collaborate and work together to deliver our business objectives.</p>	<ul style="list-style-type: none">• Purposeful collaboration• Enterprise – first mindset• We before me• Synergy and teamwork	
 <h2>RESPECT</h2> <p>We value differences, include and acknowledge different points of view and listen well in all situations.</p>	<ul style="list-style-type: none">• Value differences• Be inclusive• Listen• Be humble	
 <h2>INTEGRITY</h2> <p>We are honest and can be trusted by people to do what is right.</p>	<ul style="list-style-type: none">• Professionalism• Honesty• Trustworthy• Do the right thing	
 <h2>ACCOUNTABILITY</h2> <p>We work hard and are responsible for delivering our promises to the highest standards.</p>	<ul style="list-style-type: none">• Ownership• Commitment• Delivery on promises• Do things right / professionalism	

102-6, 102-9, 103-1, 103-3, 203-1, 305-4, EU3, EU26

Sustainable Energy Future for Sarawak and Beyond

Sarawak Energy aligns its corporate responsibility as the primary electricity provider in Sarawak with the United Nations Sustainability Development Goals (UN SDGs), focusing on six main goals while continuing its growth agenda within Sarawak and beyond for sustainable value creation:



ELECTRICITY TARIFFS

Competitively priced unsubsidised electricity tariffs in the region.

LIGHTING UP COMMUNITIES

Sarawak is reaching the last mile of its electrification initiatives, with around 22,350 more or 7% of **rural households set to be lighted up to achieve full electrification by 2025.**

A BALANCED GENERATION MIX

Sarawak's generation mix is predominantly renewable hydropower complemented by indigenous thermal resources.

CARBON FOOTPRINT

Carbon intensity for electricity supply decreased by

68%

since 2011.

Note:

¹ Based on Power Purchase Agreements (PPA) with Sarawak Energy.

96.9%

Domestic Coverage
(Urban & Rural) in 2019

93%

Rural Coverage
in 2019

100%

Electrification Target
by 2025

Sarawak Alternative Rural Electrification Scheme (SARES), a Government-community partnership programme that utilises standalone renewable solar and micro-hydro systems to light up Sarawak's most remote communities, was accorded a regional recognition under the Off-Grid – Power Category at the ASEAN Energy Awards 2019.

Number of Customer Accounts:

SCORE:

13¹

Domestic:

607,999

Commercial:

106,639

Industry:

1,078



- Exploring hydropower development in North Kalimantan, Indonesia.

102-2, 103-1, 103-2, 203-1

Energy for Sarawak



At the 2,400MW Bakun Hydroelectric Plant.

In line with SDG 7 to ensure access to affordable, reliable and renewable energy for all, Sarawak Energy remains compliant with Sarawak and Malaysian laws and stays guided by international best practices in sustainably harnessing Sarawak's abundant natural resources in hydro, coal and gas, to provide reliable, renewable, clean and affordable power for the growth and prosperity of the region.

ADVANCING HYDROPOWER

Sarawak Energy focuses on hydropower development to provide renewable, reliable and affordable energy for Sarawak and its people. The development of hydropower has enabled Sarawak to enjoy the lowest average unsubsidised electricity tariffs in Malaysia and amongst the most competitive tariffs in the region.

Sarawak Energy started its hydropower journey in 1985 when Batang Ai, Sarawak's first hydroelectric plant (HEP), came into operation. The Company now contributes 3,452MW of renewable hydropower energy to Sarawak's generation mix from its Batang Ai, Murum and Bakun plants, and is progressing towards SDG 7 of ensuring access to affordable, reliable, sustainable and modern energy for all, with Baleh, its fourth hydroelectric project, well under construction.

Bakun Hydroelectric Plant

Sarawak Energy became the sole owner and operator of the 2,400MW Bakun HEP, the largest hydropower plant in Malaysia, after the successful completion of the acquisition of Sarawak Hidro in 2017. Integrating the operations of Bakun HEP into the Company optimises water resources management between the Bakun and Murum HEPs, allowing a more efficient allocation of resources, generating long-term savings and supporting the distribution of reliable power supply to the State.

Baleh Hydroelectric Project

Located on the Baleh River, about 105km upstream from the confluence of the Rejang River in Kapit, the 188m-high Concrete Faced Rockfill Dam is one of Sarawak's largest infrastructure projects. Generating 1,285MW of renewable energy to the grid once completed, Baleh HEP is set to meet the anticipated rising energy demands especially in Bintulu's Samalaju Industrial Park catering for energy-intensive industries within the Sarawak Corridor of Renewable Energy or SCORE. Baleh HEP is Sarawak Energy's second hydropower development project under the SCORE initiative after Murum HEP and will be the largest HEP developed by the Company. The project is expected to be fully commissioned in 2026.

Baleh HEP opens up the more remote parts of Kapit Division and connects villages to the main town. Four bridges link Kapit town to the project site in Putai, providing direct access from Kapit to the dam site and will benefit longhouses located along the route when the spur roads are completed.

ADVANCING HYDROPOWER

Batang Ai Hydroelectric Plant

108MW

Murum Hydroelectric Plant

944MW

Bakun Hydroelectric Plant

2,400MW

Baleh Hydroelectric Project

1,285MW

Under construction

Asia, will reduce nitrogen dioxide and sulphur dioxide emissions by over 40% and minimise its environmental footprint. The plant has been fully commissioned with the commencement of Unit 1 and Unit 2 Commercial Operation on August 2019 and September 2019, respectively.

The plant is located near the Balingian River, 25km southeast of the Mukah 2 x 135MW Power Station and about 60km from Mukah Town. The RM3 billion plant consisted nine work packages: the construction of the main power plant; substation and plant site earthworks; upgrading of the access road; administration and ancillary buildings; operator's village; the 33kV supply; 275kV transmission substation and lines and ash pond. About 45% of the work is undertaken by local contractors.



The 624MW Balingian Coal-Fired Power Plant.

THERMAL POWER FOR ENERGY SECURITY

Balingian Coal-Fired Power Plant – Sarawak's Last Coal-Fired Power Plant

The 624MW (2 x 312MW) Balingian Coal-Fired Power Plant is the first power plant in Malaysia to use Circulating Fluidised Bed (CFB) boiler technology, which enables the low-emission plant to handle a wide range of coal types including high moisture indigenous coal commonly found in the Balingian region. The plant's CFB boiler, being the largest of its kind in Southeast

Tanjung Kidurong New Combined Cycle Power Plant Project

The Tanjung Kidurong Combined Cycle Power Plant (CCPP) project is an extension of the existing Kidurong Power Station in Bintulu and is set to be one of the most efficient combined cycle power plants for its class in the world when it is completed. The Tanjung Kidurong CCPP will contribute 842MW of gross generating capacity when its two blocks are targeted for full commissioning by Q1 2021 and Q4 2021, respectively.

General Electric (GE), a world leader in power generation solutions for utilities, takes the lead as the Engineering Procurement and Construction (EPC) contractor with consortium partner Sinohydro, China's leading power and infrastructure EPC contractor. The project is also undertaken by local contractors as part of Sarawak Energy's continued commitment to maximise local participation and content.

The Tanjung Kidurong CCPP will be connected to GE's Monitoring and Diagnostics (M&D) Centre, for machine performance prediction using real-time data, to improve decision-making and potentially reduce plant maintenance costs. A computerised maintenance management system will be deployed to increase safety mechanisms while maintaining high plant reliability and availability.

102-2, 103-2, 203-1, EU1, EU10

SECURING UPSTREAM RESOURCES

For supply security and diversity, Sarawak Energy secures upstream resource supply by extracting indigenous low sulphur eco-coal resources for its low-emission coal-fired power plants. Actively engaging in the entire value-chain from exploration, mining, processing and delivery of coal, Sarawak Energy incorporates advanced mining practices and planning techniques to optimise coal recovery and ensure sustainable coal resource development.

Sarawak Energy has been awarded six General Prospecting Licenses to explore coal in the Mukah and Balingian areas. The development of coal resources in Mukah and Balingian will create more job opportunities and promote the area's infrastructure growth including better road accessibility and provision of basic amenities. The Company is also extracting coal resources in Merit Pila, Kapit.

Sarawak has the largest coal resources in Malaysia with up to 1.4 billion tonnes of coal. Sarawak Energy plans to use an average of 5.4 million tonnes of locally-mined coal each year to generate power from coal-fired power plants. The Mukah and Balingian coal mines will be able to supply the life-of-plant requirement for the new Balingian Coal-Fired Power Plant.

STRENGTHENING THE RELIABILITY OF OUR SYSTEM

Reinforcement Projects to Enhance Supply Reliability to Matu and Daro

Sarawak Energy continues to prioritise efforts to improve the reliability of electricity supply for residents of Matu and Daro by investing RM333.2 million in new installations to reinforce the overall distribution system. Major reinforcement works include the construction of a new Daro substation which was energised in May 2019 and the construction of the 132kV transmission lines from Sungai Maaw and Petian substations which is currently ongoing. The second power supply to Matu was energised in December 2019 and has helped to reduce the risk of disturbances along the stretch as a backup to reinforce the existing supply system.

SECURITY OF SUPPLY



GAS

Bintulu Power Station (Combined Cycle)

317MW

Bintulu Power Station (Open Cycle)

165MW

Miri Power Station

102MW

Tanjung Kidurong CCPP

421MW x 2

Est. commissioning year: 2021



Coal

Mukah Power Station

270MW

Sejingkat Power Station

210MW

Balingian Power Station

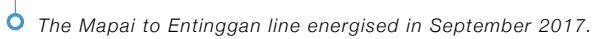
624MW



Diesel

Kuching Power Station

64MW



102-2, 102-11, 102-14, 102-16

Chairman's Statement

“

Sarawak Energy is a key player in accelerating the economic growth of Sarawak and we are determined to achieve our vision to ensure sustainable growth and prosperity for Sarawak by meeting the region's needs for reliable and renewable energy.

”

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present Sarawak Energy Berhad's first combined Annual and Sustainability Report (ASR) which discloses our performances for the year ended 31 December 2019.

We have combined our Annual Report and Sustainability Report into one platform to disclose our corporate, operational and sustainability performances as a reflection of our commitment to improve our reporting standards in line with global best practices, and ensure stakeholders have access to the relevant information in one document.

Just over a decade ago, we began our transformation journey to advance from a traditional utility into a modern and agile corporation with sustainability at the core of our business, project delivery and operations. This inaugural combined report provides a record of this journey and underscores our commitment to transparency and accountability to our stakeholders to show the progress of our corporate transformation and the increasing importance of incorporating sustainability into our business.

The year 2019 has shown us that we are on track to achieve our vision to ensure sustainable growth and prosperity for Sarawak by meeting the region's need for reliable and renewable energy. We are also optimistic that our people will be able to deliver this aspiration through our strategic roadmap, guided by our five Key Focus Areas.



**DATUK AMAR ABDUL
HAMED SEPAWI**

Chairman

Sarawak Energy is on track to provide sustainable growth and prosperity for Sarawak by meeting the region's need for reliable, renewable and affordable energy. We strive to incorporate sustainability into our business, project development and operations to ensure there is always a net positive benefit to the community.

7 AFFORDABLE AND CLEAN ENERGY



Green Energy Agenda – Towards A Sustainable Energy Future

This resulted in a significant milestone when we formed a strategic partnership with Linde EOX Sdn Bhd, as subsidiary of Linde Malaysia, established and commissioned Southeast Asia's first Integrated Hydrogen Production Plant and Refueling Station in Kuching in 2019.

As a catalyst for the Sarawak Corridor of Renewable Energy (SCORE) agenda, we will continue to develop generation assets to meet power demand growth, especially at the energy-intensive Samalaju Industrial Park in Bintulu. In our role as Malaysia's largest provider of renewable energy, we are supporting the growth of Sarawak's development and creating employment, wealth and economic opportunities for Sarawakians through our projects and operations. This year, we signed a total of 727MW of new SCORE demand. I am optimistic of the opportunity to sign more Power Purchase Agreements (PPAs) with premium customers next year.



Sarawak Energy's participation in the Hydrogen and Fuel Cell Research was announced in 2017.



The launching of Southeast Asia's first Integrated Hydrogen Production Plant and Refueling Station.

102-2, 102-11, 102-14, 102-16



Artist's impression of the 1,285MW Baleh Hydroelectric Project.

ADVANCING RENEWABLE HYDROPOWER

Our 1,285MW Baleh Hydroelectric Project (HEP) is on track to meet the scheduled commissioning date of 2026. In addition to increasing our generation capacity of renewable hydropower when completed, Baleh HEP will provide access to more remote parts of the Kapit Division and connect the villages to the main town.

We also commissioned our 10.5MW micro-hydro at Kota 2 in the Lawas district of northern Sarawak to displace expensive diesel generation and provide much needed generation capacity.

ENHANCING ENERGY SECURITY

While we have abundant renewable hydropower, we also harness our indigenous resources of coal and gas for our thermal power plants to ensure energy security. This year, we began commercial operation of our 624MW Balingian Coal-Fired Power Plant.

This plant will help meet the demand from both retail and SCORE's bulk power customers as well as provide energy security to our generation mix.

This RM3 billion project, based on more environmentally friendly Circulating Fluidised Bed (CFB) boiler technology, is the largest of its kind in Southeast Asia and will be the last coal-fired power plant to be built in Sarawak.

The new technology incorporated into this power plant will reduce the emission of harmful gases and improve the environmental footprint of the plant.

The plant is located 60km from Mukah town, and 45% of the power plant construction works was undertaken by local contractors. This is in line with SDG 8 to provide decent work and boost economic growth in Sarawak.

BECOMING A REGIONAL POWERHOUSE

Sarawak Energy is moving forward towards becoming a regional powerhouse by collaborating with PT Kayan Patria Pratama (PT KPP) through a joint-venture (JV) company, PT Kayan Hydro Nusantara (PT KHN). The company was developed to advance the proposed 1,375MW Mentarang Induk HEP at the Malinau Regency in Indonesia's Northern Province of Kalimantan (KALTARA).

Following the Indonesian Government's plan to relocate their capital from Jakarta to Kalimantan, the Mentarang Induk HEP may support electricity demand growth for the development of the proposed new capital and potentially supply electricity to the new power-intensive industries at the proposed Tanah Kuning-Mangkupadi industrial and port zone. A full feasibility study on the Mentarang Induk HEP was completed in 2018 and the Malinau regency government has given their commitment and support.

The hydropower project represents a strategic entry to the region as the HEP under study has the potential to support the expansion of the ASEAN Grid in Borneo to improve energy security across the region. Once completed, this hydroelectric project is also expected to provide reliable and renewable electricity to the community of Malinau, strengthen the provincial economy, provide job opportunities and enhance the living standards of the communities around the HEP and extend Sarawak's successful hydro-industrialisation model to pursue economic growth. Through the JV, we will continue to work closely and consult the Malinau authorities and communities to ensure long-term benefits accruing from the proposed project are planned in a sustainable manner. We will also ensure short-term negative impacts are mitigated and positive benefits enhanced, especially where resettlement is required.

We are also progressing with our power export negotiations with Sabah and Brunei. I am positive of this prospect as it is one step towards realising the ASEAN Grid, beginning with an interconnected Borneo Grid, crucial for our future energy security and reliability.



(Front row, from right to left) Datuk Amar Abdul Hamed Sepawi, Sarawak Energy Chairman; Juanda Lesmana, KPP Group Chairman; Indonesian President Joko Widodo; Dr. Drs. Yansen Tipa Padan, M.Si, Regent of Malinau; and Antony Lesmana, President Director of PT KHN.

7 AFFORDABLE AND CLEAN ENERGY

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

We develop our strategy based on the material matters identified. There are 32 key issues under the Economic, Social and Environment pillars and they are prioritised based on the level of importance to the company and stakeholders.

I also applaud the efforts of senior management to engage employees through townhalls, focused group discussions, sports events, festive occasions and other formal and informal platforms for everyone to meet, greet and talk to each other. I am certain that this is why our employee engagement scores as measured by the Sarawak Energy Employee Survey have been consistently high over the last few years.

During the 11th Annual Global CSR Summit and Awards 2019, we received three platinum awards under the Best Community Programme, Empowerment of Women for SELWN and CSR Leadership for driving the company's CSR and sustainability efforts.

102-2, 102-11, 102-14, 102-16

Sarawak Energy's commitment to pursuing brand excellence was recognised with a Nation Branding Award 2019 at The BrandLaureate Awards. We were also the silver award recipient at the 'Anugerah Ketua Menteri Sarawak 2019' under the category of 'Agensi Utama Negeri'.

Our Annual Report 2017 was awarded Silver at the 69th Australasian Reporting Awards (ARA) themed "Celebrating Excellence in Reporting" in Melbourne.

Our efforts to make Sarawak Energy the best place to work were recognised with the "HR Asia Best Companies to Work for in Asia" Award. We were the only Sarawak-based company to win the award.

At the ASEAN International PR Excellence Awards, Sarawak Energy received two top Diamond Awards – the 'Best PR Programme – ASEAN Category' for its 'Mat Weavers' programme, the 'Best PR Campaign – ASEAN Category' for its 'Electrifying Sarawak and Beyond' campaign for outstanding communication work at the regional level.

PROSPECTS FOR 2020

As we move into a new decade, I am positive and confident that Sarawak Energy's strong and strategic partnerships with various global and regional agencies will help us advance in our aspirations to be a regional powerhouse and a digital utility.

Our dedicated workforce is our most valuable asset in progressing our vision for Sarawak and we are constantly looking into helping our people to reach their potential and achieve their professional aspirations. This is supported by a comprehensive talent management framework enabled by a High Performance Culture embedded in our corporate culture.

We will continue to advocate Health, Safety, Security and Environment (HSSE) awareness in our culture and among our contractors by implementing stricter compliance to HSSE, as there is always room for improvement. Ultimately, our goal is to achieve no harm to our people and our environment.

Guided by our Key Focus Areas of Operational and Project Delivery Excellence, I am optimistic that we can practise the highest standards and professionalism in delivering our projects in a timely manner based on our performance in 2019.

We are constantly adapting to the ever-changing economic developments to enable us to contribute to Sarawak's growth and development while securing our reputation as a preferred employer and trusted brand.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my deepest appreciation to the management and our staff for another year of excellent work. Thank you for your contributions and commitment in ensuring our continued success and making Sarawak Energy a great place to work.

Congratulations to Datu Haji Sharbini Suhaili for another successful year under his stewardship as Group Chief Executive Officer. I also congratulate Datu Haji Sharbini for his re-election to the Board of the International Hydropower Association (IHA). This signifies the association's continued confidence towards Sarawak Energy as a strong advocate of sustainable hydropower development.

On behalf of the Board of Sarawak Energy, I would like to extend our gratitude to all our stakeholders, shareholders, partners and customers for your continuous support and confidence in Sarawak Energy through the years. We will continue to serve you better.

Our appreciation also goes to the Sarawak Ministry of Utilities for their continuous guidance and wholehearted support for Sarawak Energy in delivering reliable and affordable energy to all Sarawakians.

I also extend my gratitude to the Chief Minister of Sarawak, Yang Amat Berhormat Datuk Patinggi Abang Haji Abdul Rahman Zohari bin Tun Abang Haji Openg for his wisdom, leadership and judgement in ensuring Sarawak's future progression and growth.



DATUK AMAR ABDUL HAMED SEPAWI
Chairman



The year 2019 marked the completion of our three-year strategic roadmap towards Sarawak Energy Excellence 2020. During the year, we achieved several milestones and continued to support Sarawak's economic development. Together as a united team with a vision to provide sustainable, reliable and affordable energy for Sarawak, we overcame challenges and continued to embed change and improvements to what we do. Sarawak Energy is well-placed to move forward in our strategic roadmap towards becoming a regional powerhouse.

102-2, 102-11, 102-15, 102-16, 103-1, 103-2, EU28, EU29, EU30

HSSE EXCELLENCE

At Sarawak Energy, safety is the top priority and we continue with our efforts to ingrain it as a shared responsibility so everybody who works for us can go home safely. Emphasising our Life-Saving Rules, we continue to embed the safety culture amongst our employees, contractors, and stakeholders in all aspects of our operations to achieve zero harm to people.



Building upon our Life Saving Rules campaign launched in 2017, we also rolled out our new HSSE Culture – **Assess, Comply, and Empower (ACE)** as the 3 elements of core behaviours to instill and inculcate in our workforce as part our safety culture.

Sarawak Energy was also recognised for our HSSE efforts and initiatives at the 37th Occupational Safety and Health Awards organised by the Malaysian Society for Occupational Safety and Health. Our 2,400MW Bakun HEP, 108MW Batang Ai HEP, 270MW Mukah Power Plant, 25MW Limbang Power Station, and 60MW Sungai Biawak Power Station won Gold Class I under the Utilities Sectors category for good management and practices in occupational safety and health. We also received Silver for our 944MW Murum HEP and 102MW Miri Power Station.

In implementing a stringent HSSE Management system which includes Occupational Health & Safety Assessment



Sarawak Energy received five Gold Class I and two Silver awards at the 37th Occupational Safety and Health Awards.

System (OHSAS) and Environmental Management System (EMS), our major power plants have been certified with OHSAS 18001:2017 Management System as well as ISO 14001:2015 EMS. Distribution and retail offices in Kuching, Miri, Sibu and Bintulu as well as Bakun Hydroelectric Plant received ISO 45001:2018 Occupational Health & Safety Management System and ISO 14001:2015 EMS certifications on 19 December 2019.

However, despite these efforts, we recorded three fatalities involving our contractors this year. We must continue a stringent and disciplined culture that embeds safety across the organisation and all stakeholders. We must also work on ensuring safety compliance and competency among our contractors.

OPERATIONAL EXCELLENCE

The reliability of our generation facilities is measured by Equivalent Availability Factor (EAF) and the results have been positive. EAF Gas achieved 91.06% and EAF Hydro attained 93.41%, exceeding our 2020 target of 89% and 93%, respectively, although there is room for improvement in our EAF Coal of 77.49%, to meet our 2020 target of 87%. By measuring the full capacity of our generation on an annual basis, we can improve and adjust the generation required to light up our community.



Our efforts to improve our customer delivery service through operational excellence have yielded much improvement with a year on year reduction of the overall System Average Interruption Duration Index (SAIDI) from 101.36¹ minutes in 2018 to 96.49¹ minutes in 2019. This is our lowest SAIDI to date, registering a 60% improvement since 2016. With consistent and continuous improvement, we hope to achieve our target to reduce SAIDI to 60 minutes by 2020. The System Average Interruption Frequency Index (SAIFI) also showed constant improvement from 2.84¹ times in 2016 to 1.73¹ times in 2019. With this improvement, we have been able to reduce the frequency of the average outage for each customer by 1.1 times since 2016.

Note:

¹ Includes generation, transmission and distribution.



Despite continued power theft cases, we were also able to recover RM20.89 million worth of arrears in electricity bills, which exceeded our target of RM18 million. Sarawak Energy also won 34 out of 35 power theft court cases, with four cases still on trial.

In continuing our efforts to strengthen and enhance organisational effectiveness, we reorganised our Project Delivery Department as part of our project delivery transformation efforts. We added new key functionalities in the department as a holistic approach to enhance and streamline



102-2, 102-11, 102-15, 102-16

To be a best-in-class utility, we must continuously benchmark our performance and practices against other industry players to articulate our strengths, address areas for improvement and evolve current and new strategies for the company.

As part of our project standards benchmarking exercises and to strengthen business relations, in April Sarawak Energy visited Singapore Power (SP) Group – a leading energy utility company in Asia Pacific renowned for its reliable and cost-effective networks. This visit to SP's facilities offered an opportunity for network and relationship building as well as knowledge sharing. To enhance our technical knowledge and skills to better manage our gas-powered generation plant and projects, we also visited PETRONAS's Pengerang Integrated Complex in February to learn more about their gas and power project. Our visit to their refinery, Petrochemical Integrated Development and other facilities provided us with the opportunity to learn from the petroleum giant.

Continuing our efforts to benchmark our project system, we engaged Independent Project Analysis (IPA) at the end of 2018 to assess the competitive position of our key project metrics, which included cost, schedule and functionality against industry peers. With the results, we were able to plan our strategy to improve our position in 2019.

TALENT MANAGEMENT EXCELLENCE SUPPORTED BY A HIGH-PERFORMANCE CULTURE

We believe people are our greatest assets and the key to drive the Company towards being a top quartile utility company, by making Sarawak Energy a great place to work through our Talent Management Excellence and High Performance Culture Key Focus Areas.

We actively invest in the development of human capital for an employee to reach their full potential through Human Resources



Visiting PETRONAS's Pengerang Integrated Complex in Johor.



processes such as the Staff Progression, Internal Open Resourcing, Departure Window, Competency Assurance Framework and Individual Development Plans.

This year, we launched the inaugural Business-Smart HR and HR-Smart Business Roadshow which aimed to inform and engage

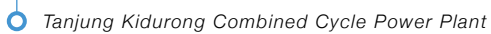
our employees on issues related to human resources such as disciplinary issues, career progression, ethics and compliance through interactive activities. The HR portal was also rolled out as a one-stop centre for all staff to acquire HR information from career progression to leadership.

We are on track with our talent management excellence target to prepare a sustainable talent bench strength.

The High Performance Culture focus area targets enhanced employee engagement by ensuring our diverse workforce has an inclusive and enabling environment, building on a platform of our core values of courage, unity, respect, integrity and accountability.

In addition to our ongoing 'turun padang' and 'teh tarik' leadership reach-out communication sessions to listen directly to staff views, we also officially launched our on-site childcare centre Little Power Genius at Menara Sarawak Energy to support our colleagues with young children to juggle their career and family. This initiative is expected to contribute to better talent retention in Sarawak Energy while attracting more talents to join us.

Indicative of the success, the engagement scores of Sarawak Energy Employee Survey continue to exceed the KFA target.



As at 31 December 2019, the total outstanding borrowings of the Sarawak Energy Group stood at approximately RM20.148 billion, comprising RM19.785 billion in onshore borrowings and RM0.363 billion in offshore borrowings. The Company's enlarged equity base, due to sustained profit improvements, has translated to a lower gearing ratio of 1.94 times against 2.20 times in 2018.

102-2, 102-11, 102-15, 102-16

ENTERPRISE MODERNISATION AND DIGITALISATION

To achieve our ambition to become a digital utility by 2025, we have introduced several fit for purpose Information and Communication Technology (ICT) innovations this year to ensure smoother operations and processes.

Our efforts in modernising and digitalising processes resulted in the migration of manual procurement processes to the Sarawak Energy e-Procurement system (SEPRO) in August. SEPRO is a procurement transformation initiative with an end-to-end integrated platform consolidating all procurement spend from sourcing and orders through invoicing and payment. Powered by SAP Ariba, this cloud-based procurement platform enables Sarawak Energy and vendors to connect and do business globally. Sarawak Energy can negotiate better agreements with vendors and achieve better spend visibility and control.

We have also introduced integrated payroll via our Sarawak Energy People Systems for the convenience of our people. This new function saves time and manages information efficiently by ensuring human resources and staff can access the same information without duplicate paperwork.

Since migrating to Microsoft Office 365 (O365), the variety of tools or programmes in O365 has modernised our workplace, increased enterprise collaboration and promoted working through virtual teams such as Skype and Microsoft Teams to enhance efficiency and communication among colleagues across Sarawak. With Microsoft O365, mobile working is available anywhere and anytime. Besides laptop and desktops, it is also accessible via mobile phones.

On the Retail side, we have initiated the smart meter pilot project to replace existing conventional energy meters. We have installed 4,943 smart meters this year, with a target of 6,000 smart meter



The launching of SEPRO at Menara Sarawak Energy.

installations for the pilot project. With this wireless communication technology, we can obtain real-time meter readings while enabling our customers to receive prompt and accurate electricity bills. The smart meter also allows faster detection of outages, hence shortening the power restoration time.

We have also implemented several new systems to enhance the processes and reliability of our distribution network. Among the systems introduced was Enterprise Asset Management solution with mobility to Distribution for efficient work management and retrofitting and installing new motorised ring main units (RMU) to achieve faster supply restoration during

power outages for underground systems. The smart overhead line monitoring system detects abnormalities and notifies the operation team. This saves time in locating faults and reduces the number of customers affected during the outages.

To strengthen the physical security of our major assets, we extended the Distribution Remote Monitoring Systems (DRMS) to 380 distribution substations and deployed smart substation surveillance systems (CCTV) to our transmission and zone substations. The CCTV automatically detects substation abnormalities via sensors and video analytics which then alerts the response team with minimal human intervention.

Sarawak Energy has charted the Digital Power Plant (DPP) Blueprint in line with the corporate ICT Blueprint and aspiration to become a digital utility. The DPP Blueprint focuses on the progression of Sarawak Energy's large power plants by leveraging on the latest technologies and best practices adopted by global industries. The approach is designed and implemented in stages depending on the location of the power plant and size of impact.

102-2, 102-11, 102-15, 102-16, 103-1, 103-2, EU26

RURAL ELECTRIFICATION

We remain fully committed to support the Sarawak Government's ambition of full electrification across Sarawak by 2025. Through the implementation of grid and off-grid solutions under the Accelerated Rural Electrification Masterplan, our rural electrification coverage grew to 93% in 2019, increasing our overall domestic coverage to 96.9%.

Our sizeable rural population is dispersed across remote and inaccessible areas in the region and not all are feasible for grid solutions under the Rural Electrification Scheme and Rural Power Supply Scheme. To address this, off-grid solutions such as the Sarawak Alternative Rural Electrification Scheme (SARES) and Hybrid Power Stations have proven effective in lighting up these remote communities. SARES has provided 277 villages covering 7,987 households with electricity while our 24 solar hybrid stations supply 53 villages with 2,075 households.

In the coming year, we will intensify our efforts to provide more rural households with access to 24/7 reliable electricity.

PROGRESSIVE PROFESSIONAL INITIATIVES

Sarawak Energy invests significantly in developing all levels of our people to ensure they can advance in their career through a structured competence and performance-based progression. Our leadership development programmes and trainings are designed to motivate and accelerate the development of our people.

As a progressive organisation, we acknowledge the importance of diversity and inclusiveness in the workforce, and how this can bring unique qualities, creativity and skillsets to the business. Our aspiration to achieve a better gender balance in the company drives us to step up our efforts in women empowerment in Sarawak Energy while supporting Malaysia's target of achieving 30% of women in top leadership positions in the Company.

The Sarawak Energy Leading Women Network (SELWN) was formed to develop women leaders and empower them through talent management programmes, professional networking and learning experience. Among the notable partnerships included our collaboration with 30% Club Malaysia, Pemandu Associates, Association of Voices of Peace, Conscience and Reason (PCORE), Malaysia Women in Energy (MyWIE), Maybank Women Council and Sarawak Women and Family Council.

COMBATING FRAUD & CORRUPTION

Sarawak Energy is working towards embedding our core values across the company and our people, with a focus on integrity in combating fraud and corruption. We practise zero tolerance for fraud and have developed strategies for the prevention, detection and response to fraud.

Overall domestic coverage

96.9%

SARES has electrified

277 villages covering

7,987 households

** Figure reflects SARES Phase 1 to 4 implementation.*

This year, we held our Integrity, Risk and Business Continuity Management Day at all regions and power plants to inculcate a culture of proactive risk management in day-to-day business with uncompromised integrity and zero tolerance to fraud.

All colleagues across Sarawak are also required to sign an integrity pledge to make a unilateral declaration against corrupt practices and express our resolve to work towards a highly principled business environment.



Group Executive Committee members signing the integrity pledge.

THOUGHT LEADERSHIP PROGRAMME

In partnership with the Ministry of Utilities, we launched the Sustainability and Renewable Energy Forum (SAREF) to kick off a 10-year thought leadership campaign to develop networks and showcase our role as a key regional player in discussions on building a sustainable energy future.

The event was attended by 1,000 people overall and reflects the region and the world's commitment to environmental sustainability. United Nations Development Programme (UNDP) Goodwill Ambassador Tan Sri Michelle Yeoh delivered a special address at SAREF 2019.

Management Discussion and Analysis



 Celebrating HSSE Excellence at Baleh HEP.

Over the last decade, Sarawak Energy has grown rapidly. We grew our generation capacity to over 5,000MW and our workforce today numbers over 5,000.

With corporate restructuring, we are becoming a more agile corporation and increasing our company value. Building on this achievement, we began a transformation journey – Sarawak Energy Excellence 2020 – from 2017 to 2019 as a three-year strategic roadmap to accelerate our progression towards becoming a regional powerhouse.

Following the completion of this consolidation period between 2017 to 2019, we were able to align our company to sustain our business value and growth. As a result, 2019 was an exciting year as we achieved several milestones while also meeting with our fair share of challenges. We improved our operational performance while achieving cost optimisation and continuous improvement within the Company.

Sarawak Energy Excellence 2022 is our next three-year roadmap to become the Best Operator and Capture Growth through Continuous Improvement. To be delivered from 2020 to 2021, we are working on continuous improvement initiatives to drive change across the Company's value chain and investing in various digitalisation plans to reach our aspiration to become a regional powerhouse.

KEY FOCUS AREAS

Under our Sarawak Energy Excellence 2020 strategic roadmap and underpinned by our five key focus areas, we are focused on achieving excellence in our operations and Health, Safety, Security and Environment (HSSE), project delivery and talent management enabled by a high-performance organisational culture. In aligning our operations and business with the United Nations Sustainable Development Goals (UN SDGs), we are focused on the three pillars of sustainability: catalysing economic sustainability, transitioning social outcomes and improving our environmental footprint.

During the year, we recorded 2.9 million manhours without Lost Time Injury (LTI) at our Baleh Hydroelectric Project while our Tanjung Kidurong CCPP reported 5 million manhours without LTI. Sarawak Energy Resources also achieved 2.6 million manhours without LTI. For project delivery, our lost time injury frequency rate (LTIFR) was 0.19, whereas our operational LTIFR recorded 0.27, bringing our overall corporate LTIFR to 0.23. However, there is still more work to be done to ensure that we achieve our Zero Lost Time Injury and Zero Fatality goal – we recorded three fatalities involving our contractors this year. We will continue with programmes to inculcate and embed a culture that is HSSE-focused and equip our staff and contractors with the right knowledge and competency. This includes engaging competent contractors who comply with our HSSE practices and EIA standards to undertake our projects.

While we successfully delivered several projects this year, we were also faced with various challenges which led to project delays and cost escalation. We recognised that land and wayleave issues, procurement complications, contractors' performance and front-end loading are areas of improvement.

In line with SDG 7 to provide secure and reliable electricity supply throughout Sarawak, we are extending our transmission infrastructure and network further into rural and remote areas, traversing geographically challenging regions with proposed transmission line routes occasionally passing through land with difficult claimants. Together with our Land and Wayleave Department, the project team will engage with the landowners for wayleave permission and compensation. However, when consensus cannot be reached, complications such as protests leading to access denial and blockade will result in project delays and cost escalation.

With an accelerated time frame for delivery, we must have a structured and standardised approach to resolve such issues. We have worked on developing a comprehensive way forward with our Legal and Enterprise Risk team to amicably resolve disputes or disagreements amongst the parties. We continue to seek the understanding and cooperation of the public for the successful implementation of our projects, all of which are meant to benefit the community.

Sarawak's urban population enjoys 100% electricity coverage with full access to 24/7 reliable electricity. Together with the Ministry of Utilities, our efforts are geared towards increasing overall domestic coverage in the coming months by focusing on rural electrification projects so we can achieve full electrification for Sarawak by 2025. Through a variety of government-funded programmes under the Accelerated Rural Electrification Masterplan, we have reached 93% electrification for Sarawak's rural communities this year, an increase from 91% in 2018.

Throughout 2019, Sarawak Energy did well in terms of our operational excellence initiatives and targets. We achieved several firsts in our generation operational excellence as well as network and customer service excellence.

Digitalisation is a key enabler to accelerate our business growth, providing long term solutions to make the company's operations and processes more efficient. We are on track with our digital transformation by utilising information technology to drive innovation while aligning our people, processes and systems to keep up with the changing global scene. We continue to adapt to changes by modernising our technologies and implementing new ways of working to prepare us towards becoming a digital utility.

We are also focused on digitalisation of project management processes, strengthening project governance, high-quality front-end works, standardisation of engineering designs and enhancing technical capability development of our engineers to drive project delivery excellence.

While we pursue enterprise-modernisation initiatives to integrate digital technology applications into our various business management functions, we are also building a workforce that is knowledgeable in utilising and optimising these technologies. We will continue to digitalise processes for greater efficiency and add value for our customers and support Sarawak in its drive to achieve a digital economy.



- *Digitalising systems at Customer Service Counters.*

At Sarawak Energy, we strive to provide a conducive working environment for our people at work, in line with SDG 8 to provide decent work for all as well as meet the professional needs of our people. In 2019, we received the “HR Asia Best Companies to Work for in Asia” award and emerged third in Jobstreet’s top ten preferred companies to work for in their Sarawak survey just behind two multi-nationals, making us the local employer of choice for Sarawakians.

Our talent development programme is aligned with our core values and fit for purpose for a sustainable talent bench strength that meets our Company’s needs. The Sarawak Energy Talent Council ensures robust succession planning and a sustainable talent bench strength for critical positions. ‘Ready Now’ and Ready Later’ successors are identified for all critical positions and structured development interventions are taken to accelerate the development of successors. We ensure that all levels of our people are developed accordingly through our Individual Development Plan and Competency Assurance Framework. This platform empowers our people to take control of their career progression and personal development.

The AIM 100 Leadership Conference 2019 was held for 100 high calibre and high potential employees to learn from industry experts through engaging TED Talk-like sessions and panel discussions centred on leadership roles to promote growth and address current and future development challenges.

Effective leadership is crucial for bringing positive change required to help the Company prepare for future growth.



◉ AIM 100 panel debate to demonstrate agility.

SELWN supports Malaysia’s target of achieving

30%

of women in top leadership positions.

In 2019, Sarawak Energy added

95 new women executives

into our workforce.

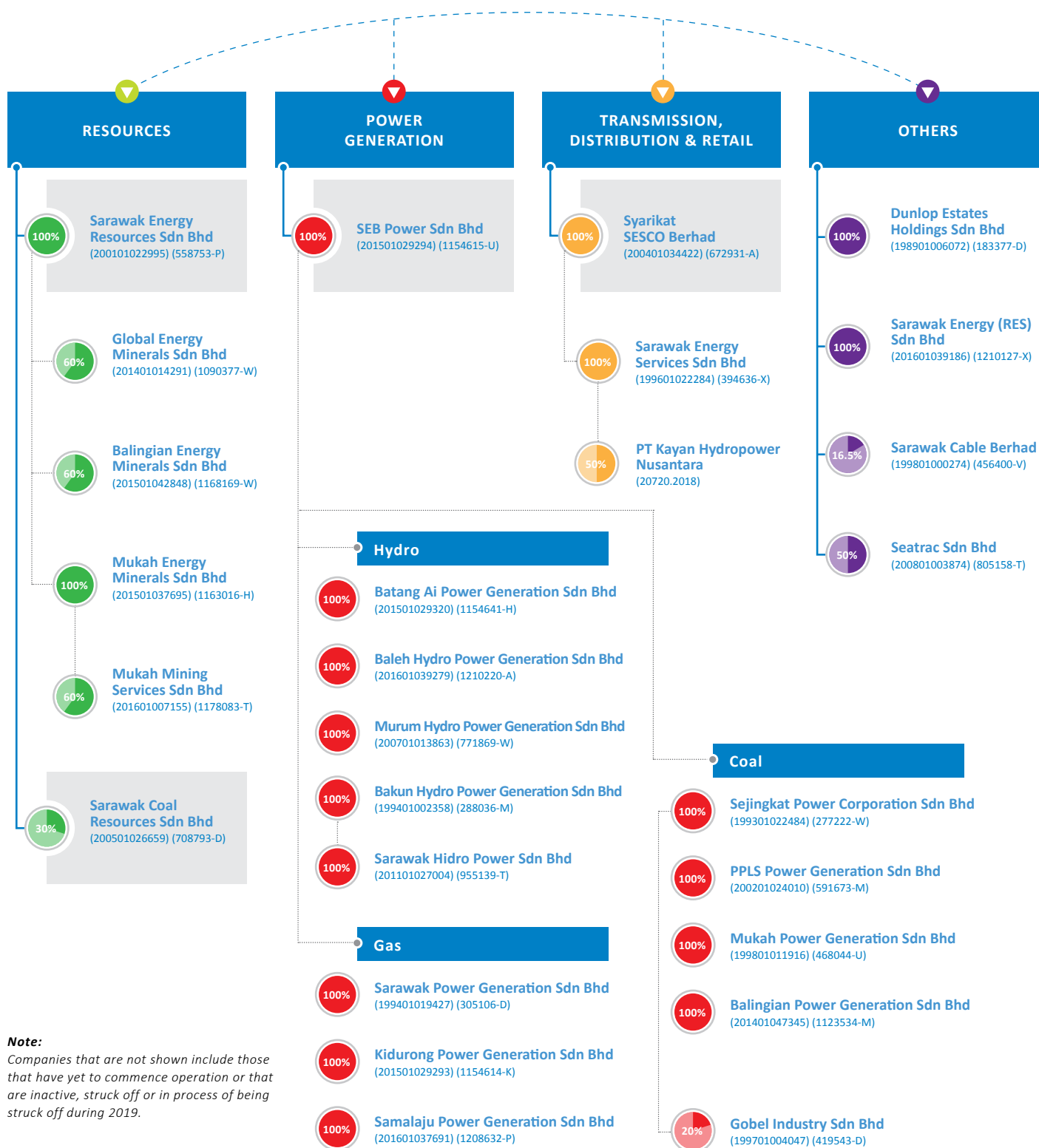
The Melbourne Business School programme, as part of the Sarawak Energy Executive Leadership Programme, develops leaders and enhances leadership skills. Two cohorts consisting 48 leaders from across the company have benefitted and graduated from the programme this year and two new cohorts are planned for next year.



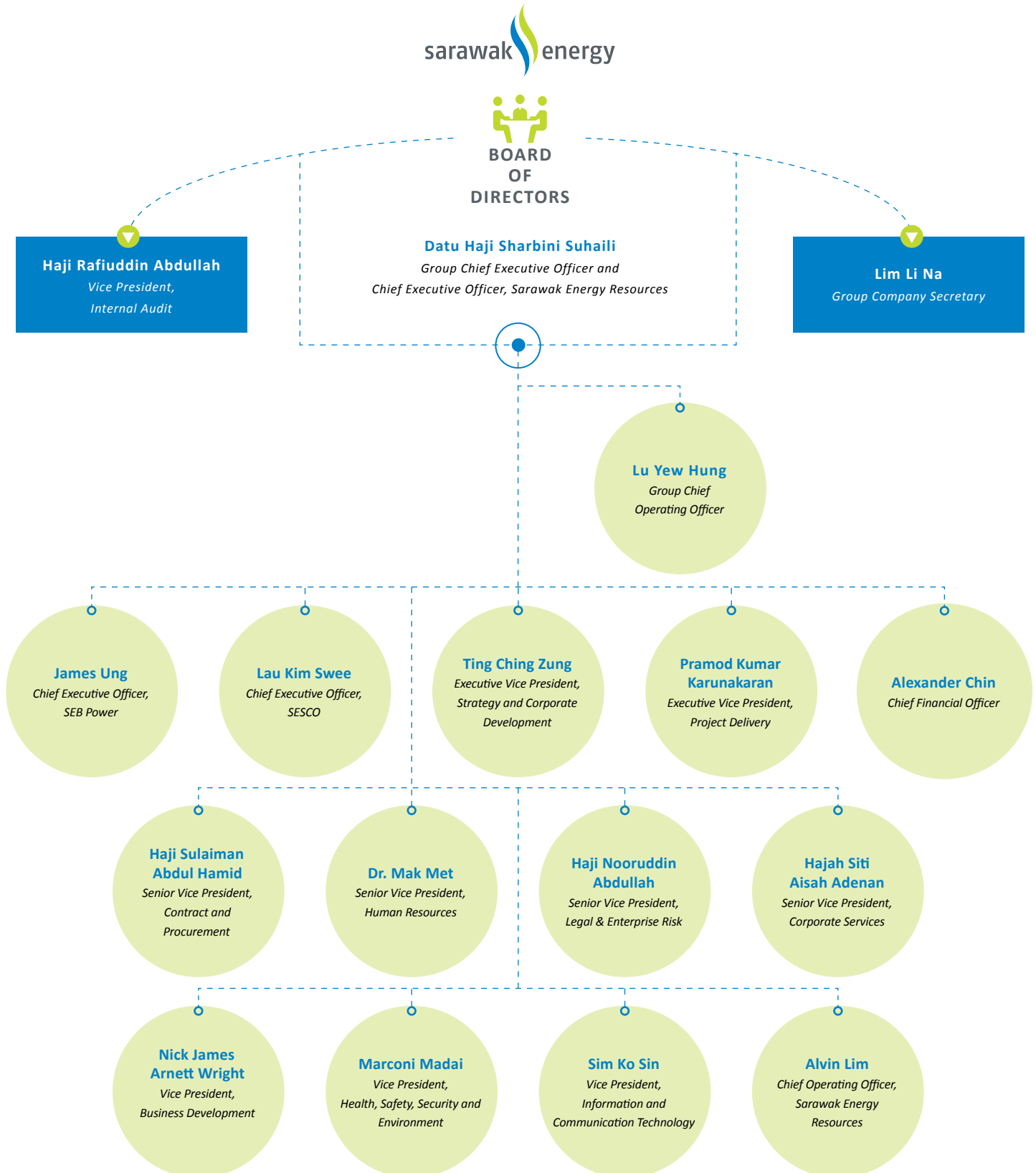
Our Sarawak Energy Leading Women Network (SELWN) continues with programmes and initiatives to empower and develop women leaders in the company. SELWN subscribes to UN SDG 5 on Gender Equality and supports Malaysia’s target of achieving 30% women participation in top leadership positions in the company. In 2019, we saw an increase of 87 women employees recruited and 95 new women executives as compared to 2018.

102-2, 102-5, 102-7, 102-10, 102-45

Our Corporate Structure

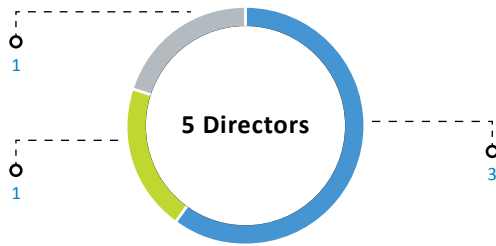


Group Organisation Structure



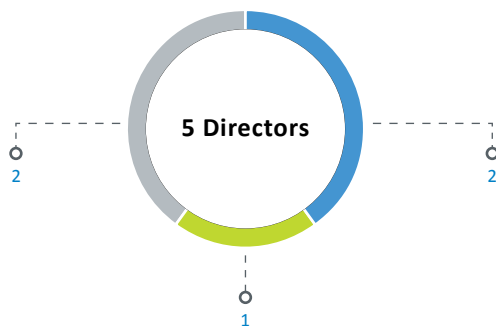
Board of Directors Profile

BOARD COMPOSITION:



- Non-Independent Non-Executive Directors
- Chairman/Non-Independent Non-Executive Directors
- Independent Non-Executive Directors

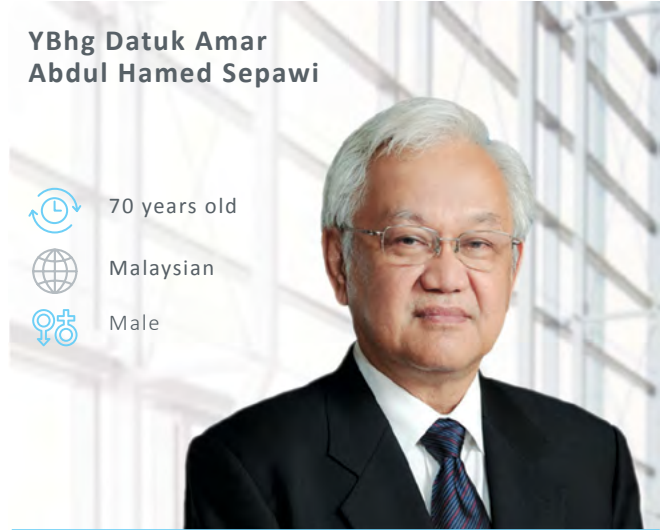
TENURE:



- 6 - 10 years
- 11 - 15 years
- 16 - 20 years

YBhg Datuk Amar Abdul Hamed Sepawi

- 70 years old
- Malaysian
- Male



Chairman of Sarawak Energy/ Non-Independent Non-Executive Director

Yang Berbahagia Datuk Amar Abdul Hamed Sepawi joined the Board of Sarawak Energy and was appointed Chairman of the Company on 27 June 2005. He attended all Board meetings held in 2019.

Datuk Amar Abdul Hamed is a trained forester, corporate management strategist and industrialist in the timber, food and beverages, and energy industries.

He graduated with a Bachelor of Science degree from University of Malaya in 1971 and pursued his undergraduate studies in Forestry at the Australian National University from 1974 to 1975. He also holds a Masters degree in Forest Products Utilisation from Oregon State University, USA.




He was conferred the Panglima Gemilang Bintang Kenyalang in 1999 and the Datuk Amar Bintang Kenyalang in 2012. He received the Sarawak Entrepreneur of the Year 2004 and was adjudged The BrandLaureate's prestigious 'Man of the Year' Brand Icon Leadership Award 2015.

He also serves as Chairman of Syarikat SESCO Berhad and Naim Holdings Berhad, and Executive Chairman of Ta Ann Holdings Berhad and Sarawak Plantation Berhad.

Board Attendance

6/6

**YBhg Tan Sri Datuk Amar
Haji Mohamad Morshidi
bin Haji Abdul Ghani**

 63 years old
 Malaysian
 Male



Non-Independent Non-Executive Director

Yang Berbahagia Tan Sri Datuk Amar Haji Mohamad Morshidi Bin Haji Abdul Ghani joined the Board of Sarawak Energy on 26 May 2010. He is a Non-Independent Non-Executive Director and attended four out of six Board meetings held in 2019.




Tan Sri Datuk Amar Haji Mohamad Morshidi graduated with a Bachelor of Economics from Universiti Kebangsaan Malaysia and has a Master of Science in Human Resource Administration from the University of Scranton, Pennsylvania, USA. He was a Management Executive with PETRONAS from 1980 to 1988, and Director of Kuching North City Hall from 1989 to 1998. He held a number of senior positions in the Chief Minister's Department before being appointed Permanent Secretary in the Ministry of Social Development and Urbanisation in 2001. He was Director of the State Planning Unit in the Chief Minister's Department prior to his appointment as the Deputy State Secretary of Sarawak in 2006 and later, the State Secretary of Sarawak in August 2009, a position he held until August 2019.

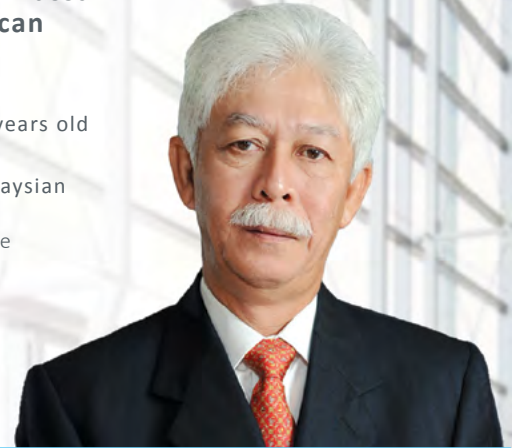
Tan Sri Datuk Amar Haji Mohamad Morshidi sits on the board of Syarikat SESCO Berhad and several other private limited companies.

Board
Attendance

4/6

**YBhg Tan Sri Dato
Sri Mohd Hassan
Bin Marican**

 67 years old
 Malaysian
 Male



Independent Non-Executive Director

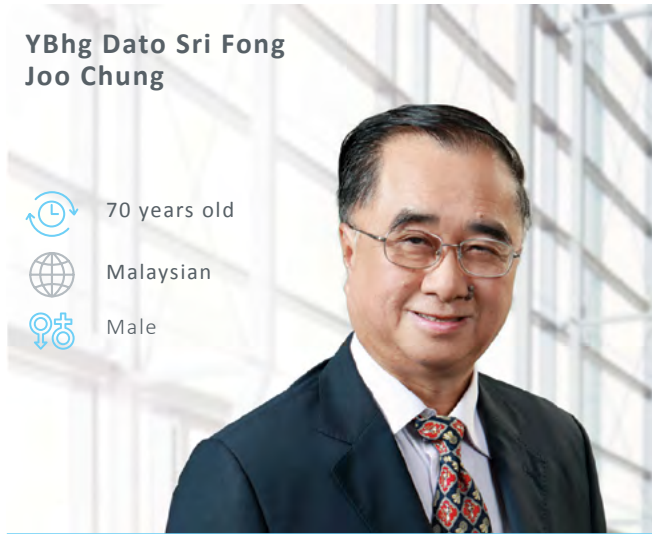
Yang Berbahagia Tan Sri Dato Sri Mohd Hassan Bin Marican joined the Board of Sarawak Energy on 9 June 2010. He is an Independent Non-Executive Director and has attended two out of the six Board meetings held in 2019.

Tan Sri Dato Sri Mohd Hassan is a Fellow of The Institute of Chartered Accountants in England and Wales (ICAEW), and a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). He began his professional career in 1972 at Touche Ross & Co., London, and subsequently became a Partner at Hanafiah Raslan & Mohamad/Touche Ross & Co. in 1981. He was appointed PETRONAS Senior Vice President of Finance in February 1989, its President and Chief Executive Officer from February 1995 to February 2010, and the Acting Chairman from July 2004 to February 2010.

Tan Sri Dato Sri Mohd Hassan also serves as a board member on several other private limited companies.

Board
Attendance

2/6



**YBhg Dato Sri Fong
Joo Chung**

70 years old
 Malaysian
 Male

Non-Independent Non-Executive Director

Yang Berbahagia Dato Sri Fong Joo Chung joined the Board of Sarawak Energy on 31 January 1996. He is a Non-Independent Non-Executive Director and has attended five out of six Board meetings held in 2019.

Dato Sri Fong received his LLB (Hons) from the University of Bristol, U.K., in June 1971. He was subsequently called to the Bar at Lincoln's Inn, London, in November of the same year. In 1972, he began his professional career at Reddi & Co. Advocates in Kuching. He was appointed the State Attorney-General, Sarawak in August 1992. He officially retired on 31 December 2007, but was retained by the Sarawak Government as the State Legal Counsel. He also served as Councillor with the Kuching Municipal Council and Council of Kuching City South. He is a founding member and past President of the Advocates' Association of Sarawak.

Dato Sri Fong was conferred the award of Panglima Jasa Negara (PJN) by the Yang di-Pertuan Agong, Malaysia in 1999 and Panglima Gemilang Bintang Kenyalang (PGBK) by the Yang di-Pertua Negeri, Sarawak in 1994.

He was conferred the Panglima Negara Bintang Sarawak (PNBS) in 2017.

Dato Sri Fong sits on the boards of several other subsidiaries of the Sarawak Energy Group besides holding directorships in Bintulu Port Holdings Berhad and Sarawak Cable Berhad.



**YB Dato' Haji Idris Bin
Haji Buang**

65 years old
 Malaysian
 Male

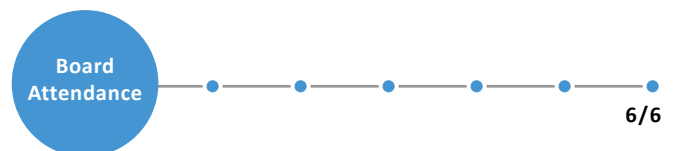
Non-Independent Non-Executive Director

Yang Berhormat Dato' Haji Idris Bin Haji Buang joined the Board of Sarawak Energy on 24 June 2000. He is a Non-Independent Non-Executive Director and has attended all Board meetings held in 2019.

Dato' Haji Idris graduated with an LLB (Hons) from the University of Buckingham, and was subsequently called to the Bar and qualified as a Barrister at Lincoln's Inn, London, U.K.. He is the proprietor of Idris-Buang & Associates (since 1985), a legal firm located in Kuching, Sarawak. He was formerly the Chief Political Secretary to YAB Chief Minister of Sarawak, a position he held from August 2000 to August 2006. He was appointed Senator of the Dewan Negara on 28 November 2005, and was reappointed to another three-year term on 29 November 2008.

He was elected as State Legislative Assemblyman in 2016.

Dato' Haji Idris also sits on the boards of several other subsidiaries of the Sarawak Energy Group besides holding directorships in Amanah Saham Sarawak Berhad and Hock Seng Lee Berhad as well as other private limited companies.



Our Management Team

Datu Haji Sharbini Suhaili

Group Chief Executive Officer



Datu Haji Sharbini Suhaili is the Group CEO of Sarawak Energy. Under Datu Sharbini's stewardship, Sarawak Energy continues to advance hydropower which currently accounts for approximately 75% of installed generation capacity in Sarawak, powering residential, commercial and industrial activities, and supporting the government's economic growth strategy. In accelerating rural electrification, Sarawak Energy is delivering on Sarawak's mission to achieve 99% electrification coverage by 2020, together with the Ministry of Utilities.

Datu Sharbini is strongly committed to managing Sarawak Energy's business to minimise any negative impact of its operations and maximise the positive impact of what it does for the community, as a socially responsible corporate citizen.

Datu Sharbini is also a strong advocate of safety as a key focus area for the corporation.

Sarawak Energy has been an International Hydropower Association (IHA) platinum member and sustainability partner since 2010. On the IHA Board since 2017, Datu Sharbini is also a director of Petros, a wholly government-owned petroleum company. In 2018, he was conferred the Darjah Jasa Bakti Sarawak (D.J.B.S) which carries the title Datu, on the occasion of His Excellency the Governor of Sarawak's birthday.

Datu Sharbini holds a degree in engineering (Hons) from University of Leeds, UK, and a masters in business administration (MBA) from Henley Management College, UK.

Lu Yew Hung

Group Chief Operating Officer

Lu Yew Hung is the Group Chief Operating Officer of Sarawak Energy, a position he was appointed to in 2013. In his current role, Lu is responsible for establishing the vision and strategy to lead the Company's operational units in the execution of critical and transformative operational strategic initiatives, including asset management, infrastructure upgrades, and technology improvements while maintaining engineering and operational excellence.

Starting as an electrical engineer, in 1980 he joined Sarawak Electricity Supply Corporation (SESCO), now a wholly-owned subsidiary of Sarawak Energy Group.

Lu holds a Bachelor's degree in Electrical and Electronics Engineering from the University of Dundee in the U.K. He was a Class 1 Switching Engineer up to 275kV before relinquishing his switching duties to assume leadership positions. Since 1988, he has been a professional engineer and also a Corporate Member of the Institution of Engineers, Malaysia (IEM). Since 1996, he has also served as a principal interviewer with the IEM.



Lau Kim Swee

Chief Executive Officer, SESCO



Lau Kim Swee is the Chief Executive Officer of Syarikat SESCO Berhad (SESCO) and is responsible for the reliability and security of the power system as well as oversight of end-user customer care.

Lau has served with Sarawak Energy for almost 30 years in various roles. Prior to his last appointment as Senior Vice President, Distribution, he held the retail portfolio and was responsible for significant success in the Company's efforts to combat power theft – reduction

of RM40 million and winning Sarawak Energy the first prize in the 2012 Key Focus Award from the Sarawak Government. Lau also brought visible change to the Company's customer service approach, spearheading Sarawak Energy's 24-7 Customer Care Centre in 2013 and other customer oriented initiatives.

Born and raised in Kuching, Lau holds a Bachelor's degree in Electrical and Computer Systems Engineering from Monash University in Melbourne, Australia.

James Ung Sing Kwong

Chief Executive Officer, SEB Power



James Ung, formerly Senior Vice President, Thermal, is the Chief Executive Officer of SEB Power and oversees Sarawak Energy's power generation business.

He joined Sarawak Electricity Supply Corporation (SESCO) in 1990, now a wholly owned subsidiary of Sarawak Energy Group, and has more than 25 years of experience in the power generation business and

project management in power plant construction. He served as General Manager of Sejingkat Power Plant and led the Mukah Coal Power Plant project to its successful commissioning in December 2008.

James holds a Bachelor's degree in Mechanical Engineering from the University of South Alabama in the USA.

Ting Ching Zung

Executive Vice President, Strategy and Corporate Development

Ting Ching Zung is the Executive Vice President of Strategy and Corporate Development, a position he was appointed to in May 2015. In his current position, he leads the development strategies for sustainable business growth and heads the implementation of strategic plans to achieve the Company's overall goals.

Ting has extensive experience in major corporate restructuring and rationalisation exercises, financial planning and analysis, and profit-and-loss leadership. Before joining Sarawak Energy, he was

the Chief Executive Officer of Trienekens (Sarawak) Sdn. Bhd., a waste management company which handles scheduled waste throughout East Malaysia and municipal waste in Sarawak's major cities. Prior to that, he held various leadership positions in the finance and accountancy sector in the East Asia region.

Ting is a Chartered Accountant of Chartered Accountants Australia and New Zealand and holds a Bachelor's degree in Accountancy from the University of Otago, New Zealand.

**Pramod Kumar Karunakaran**

Executive Vice President, Project Delivery



Pramod Kumar Karunakaran joined Sarawak Energy as the Executive Vice President for Project Delivery in July 2018.

Pramod has 33 years of experience in oil and gas major project management and development, covering all phases of projects from initiation, concept development to operational readiness and commissioning, through to delivery of commercial operations.

He has managed oil and gas downstream infrastructure and power generation projects (including downstream gas and power asset) and operations. Prior to joining Sarawak Energy, he was responsible for the delivery of the multi-billion ringgit PETRONAS Pengerang Gas & Power Project.

Alexander Chin

| Chief Financial Officer



Appointed as the Chief Financial Officer in January 2014, Alexander Chin oversees Sarawak Energy's financial risk management, a portfolio which supports the development of the Company's financial and strategic plan as well as the use of financial metrics to drive the Company's performance. Alexander also holds the responsibility for developing and monitoring the financial control systems designed to preserve the Company's assets and for ensuring that financial results are reported accurately, timely and in compliance with the relevant regulations.

Before joining Sarawak Energy, Alexander held a range of responsibilities with one of Malaysia's Big 4 assurance companies – in 2007 as a Partner in its

East Malaysia office, responsible for audit clients from the manufacturing, construction, banking, mining, telecommunications and palm oil industries, and from 2010 to 2014 as Partner-in-Charge of its Advisory and Risk Services. In this role, he led teams which carried out strategic planning and business performance improvement services as well as corporate governance reviews, risk management implementation and internal audits for clients from both the public and private sectors.

Alexander is a Fellow of the Association of Chartered Certified Accountants (U.K.) and a Member of the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia.

Tuan Haji Sulaiman Bin Haji Abdul Hamid

| Senior Vice President, Contract and Procurement

Haji Sulaiman Bin Haji Abdul Hamid has 30 years of experience with Sarawak Energy, joining SESCO in 1988.

Haji Sulaiman has held the positions of Consumer Accountant, SESCO Regional Accountant (Western Region), Senior Accountant (Management Accounting), Manager Internal Audit, Manager Corporate Finance and Head of Finance.

He is also actively involved in social initiatives both within Sarawak Energy and externally, notably with the Sarawak Orphanage Association and as Chairman of the Sports Club.

Haji Sulaiman holds a Diploma in Accounting from Universiti Teknologi MARA, a Bachelor's in Accounting from Universiti Kebangsaan Malaysia and an Executive MBA from Ohio University in the USA. He is also a Certified Accountant of the Malaysian Institute of Accountants.

**Dr. Mak Met**

| Senior Vice President, Human Resources



Dr. Mak Met joined Sarawak Energy from Shell Malaysia Exploration and Production where he headed Human Resources for Shell's upstream businesses in Malaysia. Dr. Mak has a background in mechanical engineering, and served in SESCO for five years before moving to Shell in the 1990s.

With over 30 years of experience and a Doctorate in Human Resources, he brings to Sarawak Energy a strong understanding of people and leadership development, in-depth knowledge of the HR function,

framework and processes of a company that serves as a global benchmark for talent development and a passion for building Sarawakian talent.

Dr. Mak works with the Group Executive Committee and HR team to build and develop the talent pipeline, ensure the Company attracts and retains the best talents, and resource and develop people so that the company is ready to face Sarawak Energy's current and future challenges.

Haji Nooruddin Abdullah

| Senior Vice President, Legal & Enterprise Risk



Nooruddin Abdullah joined Sarawak Energy as the Senior Vice President, Legal & Enterprise Risk in October 2017. In this role, Nooruddin leads the functions of Legal, Land and Wayleave, Enterprise, Risk, and Company Secretary, and is a member of the Group Executive Committee.

With close to 30 years of experience, he brings to Sarawak Energy strong legal and corporate advisory

expertise and experience from the petroleum industry, covering exploration and production, gas and petrochemicals, LNG and unconventional shale oil and gas. He has covered both Malaysian and international operations, including his most recent role as the Head of Upstream Legal for PETRONAS. Nooruddin graduated from the University of Malaya in 1989 and built his career with PETRONAS from October 1989 to September 2017.

Hajah Siti Aisah Adenan

| Senior Vice President, Corporate Services

Hajah Siti joined Sarawak Energy as an electrical engineer in 1990 under operating arm Sarawak Electricity Supply Corporation (SESCO). In her 30 years of service, she has undertaken diverse roles in technical and non-technical fields including stints as Regional Manager for Sibu and Bintulu; Vice President of People & Leadership Development and Vice President for Distribution – the first woman to hold this key technical position.

Her diverse career experience has allowed her to grow her knowledge as a technical specialist and broaden her management and leadership skills.

In Hajah Siti's current role, she leads the support functions of Sarawak Energy overseeing Corporate

Administration; Corporate Communication; Corporate Social Responsibility & Sustainability; Government Relations, Event Management and Protocol; Buildings, Facilities and Infrastructure; Integrated Quality Management System and Fleet Management & Logistics.

She is also the Executive Champion for the Sarawak Energy Leading Women Network (SELWN), playing an active role in the network's activities including as a pioneer in the Women Mentoring Women programme.

Hajah Siti graduated from George Washington University, Washington DC with a degree in electrical engineering.

**Nick Wright**

| Vice President, Business Development



Nick Wright joined Sarawak Energy in June 2010. As the Vice President of Business Development, he led the negotiation of the Power Exchange Agreement with Indonesian national utility Perusahaan Listrik Negara (PLN) governing the interconnection between Sarawak and West Kalimantan, which commenced operation in early 2016.

He is also leading the negotiation of similar agreements for Sarawak to export power to Brunei and Sabah, and secured a deal with Malaysia's national oil company PETRONAS to supply 250 million standard cubic feet a day of natural gas to Sarawak.

For the four years prior to joining Sarawak Energy, Nick was the Senior Advisor for Energy, Water and Mining to the Minister for Energy and Resources, Tasmania.

Nick holds a Master of Business Administration (MBA) from the Graduate School of Business, University of New England. He also has a Bachelor of Arts (with First Class Honours) in Government and Economic Policy, as well as a Bachelor of Laws, from the University of Tasmania.

Marconi Madai

| Vice President, Health, Safety, Security and Environment



Marconi Madai is the Vice President of Health, Safety, Security and Environment, a position he was appointed to in September 2011. He leads a multi-disciplinary team to drive excellence in health, safety and environment in Sarawak Energy as well as ensure business continuity management in line with the Company's business objectives.

Marconi has extensive industry experience, having served in management positions in the chemical

industry in Malaysia, where he developed standard operating procedures, oversaw compliance to standards, managed business risks and drove initiatives on human resources and CSR.

Marconi graduated with a Bachelor of Science degree in Chemical Engineering from the University of Utah, Salt Lake City in the USA in 1997.

Sim Ko Sin

| Vice President, Information and Communications Technology

Sim Ko Sin joined Sarawak Energy as the Vice President for Information and Communications Technology in April 2018.

In line with the increased importance of information and communications technology as an enabler for the business, Sim is responsible for driving Sarawak Energy's ICT functions. These include ICT Strategy and Planning, Applications, Telecommunications and IT Infrastructure, Information Management, Operations, as well as Information Security and Risk Management.

Sim has worked in the energy industry for 23 years and has extensive international experience, particularly in the Asia-Pacific, U.K. and China. She has well-rounded industrial experience and knowledge as well as IT services management expertise.

Sim has a Bachelor's degree in Computer and Mathematical Sciences from the University of Western Australia and an MBA from Imperial College London. She is also a certified project management professional.

**Alvin Lim**

| Chief Operating Officer, Sarawak Energy Resources



Alvin Lim is the Chief Operating Officer of Sarawak Energy Resources and is responsible to consolidate Sarawak Energy's upstream resource activities.

Alvin has served with Sarawak Energy for close to 25 years in various roles ranging from technical to corporate management positions. Starting as an electrical engineer, he joined Sarawak Electricity Supply Corporation (SESCO), now a wholly-owned subsidiary of Sarawak Energy Group.

Prior to his appointment as Vice President of Coal Resources, Alvin served as General Manager for Planning and Strategy, at a time which the company experienced significant growth. He led the Company's development strategies including for system planning, key accounts and corporate development.

Born and raised in Kuching, Alvin holds a Bachelor's degree in Electrical and Electronics Engineering (Hons) from the University of Tasmania, Australia.

Statement of Corporate Governance

The Sarawak Energy Berhad Board of Directors (Board) is committed to ensure that the highest standard of Corporate Governance is practiced throughout the Group with the objective of strengthening the Group's growth and corporate accountability and safeguarding the interests of the Shareholders.

The Board is pleased to present a statement to the Shareholders on how the Group has applied the principles of good governance and compliance with the best practices set out in the Malaysian Code of Corporate Governance.

THE BOARD OF DIRECTORS

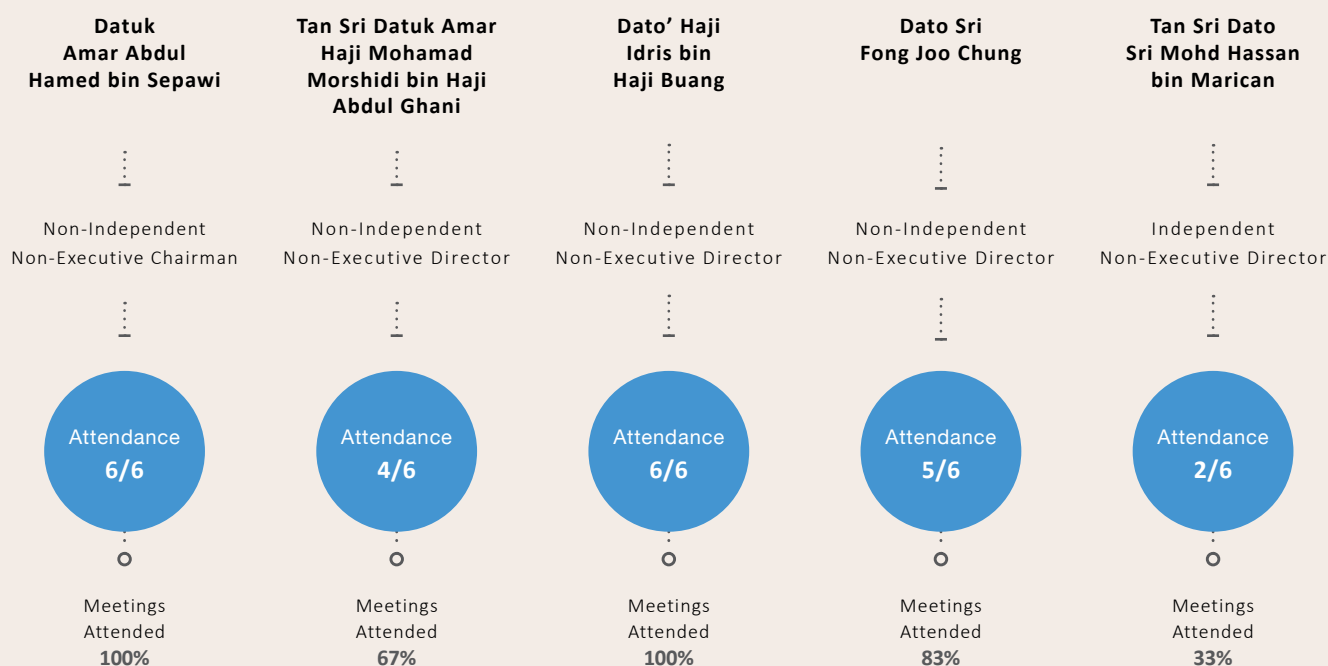
The Board's principal responsibilities for corporate governance are to set out the strategic direction of the Group and establish the objectives and the achievements of the objectives and goals.

The current Board consists of five (5) members, whereby four (4) of the members are Non-Independent Non-Executive Directors and one (1) member is an Independent Non-Executive Director. The Directors collectively have wide range of experience and expertise drawn from the area of business, accounting, economics, legal as well as public administration. Their expertise, experience and background are vital for the strategic direction of the Group. The profiles of the Directors are set out on pages 34 - 36 of the Annual Report.

The Chairman's responsibility is to ensure the effectiveness and efficiency of the Board meetings and their conduct, whereas the role of Independent Non-Executive Director is to ensure that the views provided are professional and independent and that the advice and judgment made on issues and decisions are in the best interest of the stakeholders and the Group.

The Company has limits of authority prescribed by the terms of reference provided in the Procurement, Policies and Procedures (PPP) that identifies the various persons or authorities responsible for different business transactions including matters that require board approval. It sets out a clear line of accountability and responsibility of the persons or authorities to facilitate decision making and approval at the appropriate level in the organisation's hierarchy.

The Board meets at least four (4) times in a year, with additional meetings held as and when required. There were six (6) Board meetings held during the financial year ended 31 December 2019. A summary of the attendance of each Director at Board meetings in 2019 is as follows:



SUPPLY OF INFORMATION

The Board and its Committees have full and unrestricted access to all information within Sarawak Energy pertaining to the Group's business and affairs.

All the Directors are notified of the Board meetings within stipulated time prior to the date of the meetings. The Directors are also provided with an agenda and a set of Board papers in ample time prior to each Board meeting to enable them to gain information and insights to be properly briefed before the meeting.

In most instances, the Senior Management of the Group as well as external advisors may be invited to attend Board meetings, to provide further information and to provide clarification on issues that may be raised by the Board.

Board members also have access to the Company Secretary to obtain any further details they may require. Directors may also seek independent professional advice on any matter connected with the discharge of their responsibilities if deemed necessary and appropriate, whether as a full board or in their individual capacities, at the Company's expense.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to election by Shareholders at the first Annual General Meeting after their appointment. One-third of the remaining Directors are required to submit themselves for re-election by rotation at each Annual General Meeting thereafter. All Directors must submit themselves for re-election at least once every three years.

DIRECTORS' TRAINING

The Directors attend various accredited programs organised by various course leaders in the country to enhance their knowledge and skills to enable them to effectively carry out their role as Directors. The Company will continuously arrange for Directors to attend such training to provide them with current updates and information so that they are equipped with the skills in good governance required to act as effective Directors of the Company.

BOARD COMMITTEES

The following Committees have been established to assist the Board in the execution of its responsibilities. These Committees have written terms of reference which have been approved by the Board and set out their authority and duties.

1. Board Audit and Risk Committee (BARC)

The BARC plays an important role in reviewing the Group's financial management and reporting and assessing the integrity of the Group's accounting procedures and financial control. The BARC is responsible for the review of accounting policy and the presentation of external financial reporting including the Group's interim results and its disclosures, overseeing the activities of the internal audit function and ensuring an objective and professional relationship is maintained with the External Auditors, and that conflicts of interest, if any, are avoided. The BARC has full access to both Internal and External auditors, who in turn, have access at all time, to the Chairman of the BARC.

The BARC strives to ensure that it keeps abreast of all material developments in regulations and best practices in its area of responsibility.

The report of the BARC, including their attendance at the Committee meetings, is set out on page 50 of this Annual Report.

2. Governance, Nomination and Remuneration Committee (GNRC)

The responsibilities of the GNRC are to identify potential candidates for Directorships to the Board and make recommendations on all new or re-appointments of members of the Board. Further, the GNRC also make recommendations on the Company's framework for remuneration and its cost and to determine on behalf of the Board specific remuneration packages and the terms and conditions of employment for the Group's employees.

The GNRC further duties are to provide remuneration input on contracts of employment with executive directors, determine the terms of any compensation in the event of early termination of the employment contracts, make recommendations on human resource policies from time to time and discuss and approve the revision of the Group's organisation structure, as and when needed.

The GNRC also acts as a disciplinary committee to decide and recommend disciplinary action for senior staff misconduct to the Board for approval.

The composition of the GNRC members for the financial year ended 31 December 2019 is as follows:

- i) **Tan Sri Datuk Amar Haji Mohamad Morshidi bin Haji Abdul Ghani**
(Non-Executive Director) Chairman
- ii) **Tan Sri Dato' Sri Mohd. Hassan bin Marican**
(Non-Executive Director)
- iii) **Dato Sri Fong Joo Chung**
(Non-Executive Director)
- iv) **Dato' Haji Idris bin Haji Buang**
(Non-Executive Director)

The GNRC held six (6) meetings during the financial year ended 31 December 2019. The attendance record of the members is as follows:

Directors	Position	Meetings Attended	% of Attendance
Tan Sri Datuk Amar Haji Mohamad Morshidi bin Haji Abdul Ghani	Non-Independent Non-Executive Director	5/6	83
Tan Sri Dato Sri Mohd Hassan bin Marican	Independent Non-Executive Director	1/6	17
Dato' Haji Idris bin Haji Buang	Non-Independent Non-Executive Director	6/6	100
Dato Sri Fong Joo Chung	Non-Independent Non-Executive Director	5/6	83

3. Bumiputera Participation Board Committee (BPBC)

The responsibility of the BPBC is to ensure that it is aligned with the State government's vision to maximise local and Bumiputera participation in Sarawak Energy's procurement and contract activities. BPBC has formulated and is implementing an overall plan to ensure that Sarawak Energy's current and potential contractors are fully aware of the opportunities and incentives available. The objective of these new initiatives is to expand the pool of qualified local contractors that can participate in Sarawak Energy's projects.

The composition of the BPBC members for the financial year ended 31 December 2019 is as follows:

- i) **Dato Haji Idris bin Haji Buang**
(Non-Executive Director) Chairman
- ii) **Dzulkornain bin Masron**
(Public Sector) – Member

- iii) **Dato Ir. Abang Jemat bin Abang Bujang**
(Professional & Entrepreneurial Group) – Member

- iv) **Datu Haji Wan Kassim bin Tuanku Zubir**
(Professional & Entrepreneurial Group) – Member

- v) **Dr. Simon Sinang Bada**
(Professional & Entrepreneurial Group) – Member

- vi) **Ir. Haji Zawawi bin Haji Embong**
(Professional & Entrepreneurial Group) – Member

- vii) **Stell Sindau**
(Professional & Entrepreneurial Group) – Member

- viii) **Datu Haji Abang Helmi bin Tan Sri Ikhwan**
(Bumiputera Business Chambers) – Member

- ix) **Allan Keripin Nangkai**
(Bumiputera Business Chambers) – Member

The BPBC held five (5) meetings during the financial year ended 31 December 2019. The attendance record of the members is as follows:

Directors	Position	Meetings Attended	% of Attendance
Dato' Haji Idris bin Haji Buang	Chairman	5/5	100
Dzulkornain bin Masron	Member	2/5	40
Dato Ir. Abang Jemat bin Abang Bujang	Member	5/5	100
Datu Haji Wan Kassim bin Tuanku Zubir	Member	5/5	100
Dr. Simon Sinang Bada	Member	5/5	100
Ir. Haji Zawawi bin Haji Embong	Member	4/5	80
Stell Sindau	Member	5/5	100
Datu Haji Abang Helmi bin Tan Sri Ikhwan	Member	1/5	20
Allan Keripin Nangkai	Member	4/5	80

MANAGEMENT COMMITTEE

To assist the Board in the execution of its responsibilities, a Management Committee named Group Executive Committee (GEC) has been established to ensure that corporate-level policies are well developed before they are adopted, and to award tenders within the approving limits as prescribed by the prevailing terms of reference provided in the Procurement, Policies and Procedures (PPP) of the Company.

The GEC also functions as the Executive Risk Committee (ERC) for the Group, to promote risk discussion at Top Management level.

The GEC has written terms of reference which have been approved by the Board and their authority and duties are set out as follows:

a) Monitor and evaluate political, economic and business conditions and formulate measures to ensure that any potential material impact is identified and managed;	i) Discuss and debate Sarawak Energy Group corporate culture and set ways forward to address any issues or encourage beneficial developments;
b) Review, decide, endorse on strategic decisions and policy discussions or such other matters that require submission to, or further deliberation on a decision from, the Board of Directors, Board Committees or Subsidiary Company Boards;	j) Consider other matters as required by the Board;
c) Review, decide or endorse on strategic directions of the Sarawak Energy Group, including Decision Gate on projects, new business directions and the like;	k) Oversees the establishment, implementation and consistent adoption and communication of the Group's risk management framework, which includes policies, processes and procedures to identify, analyse, evaluate, monitor and report on significant financial and non-financial risks, and is responsive to changes in the Group's internal and external environment;
d) Review, decide or endorse on strategic directions and policies relevant to the Sarawak Energy Group (such as Human Resources and leadership development, implementation of management leadership, change management and continuous improvements programs and initiatives for the Sarawak Energy Group);	l) Endorses any changes to the Group's Risk Management Framework to Board Audit and Risk Committee and Sarawak Energy Board for approval;
e) Review, decide or endorse on strategic directions and policies for Key Performance Indicators (KPIs) for the Sarawak Energy Group;	m) Sets the risk appetite within which the Board expects Management to operate and ensures that actions are taken in a timely manner when risks are outside acceptable tolerance ranges;
f) Review, decide, endorse or share of issues of timely importance to the Sarawak Energy Group (such as Corporate Risk, Health, Safety, Security and Environment, Customer related issues, land access concerns and the like);	n) Monitors risk exposure against risk appetite tolerance ranges;
g) Manage and regularly review the operational and financial performance of the Sarawak Energy Group;	o) Deliberate and provide directive, where applicable, on risk appetite metrics and tolerance ranges, portfolio of key risks and risk issues highlighted to the ERC, through regular reports;
h) Optimise and allocate the Sarawak Energy Group's resources;	p) Ensures that controls are in place to mitigate and manage the key risks of the Group; and
	q) Provides reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Group's objectives is mitigated and managed.

As at 31 December 2019, the GEC comprises the following members:

- | | |
|---|---|
| <p>i) Datu Haji Sharbini Bin Suhaili
(Group Chief Executive Officer) – Chairman</p> <p>ii) Lu Yew Hung @ Lu Yew Hong
(Group Chief Operating Officer)</p> <p>iii) Lau Kim Swee
(Chief Executive Officer, Syarikat SESCO Berhad)</p> <p>iv) Ung Sing Kwong, James
(Chief Executive Officer, SEB Power Sdn. Bhd.)</p> <p>v) Aisah Eden
(Executive Vice President, Corporate Services)
<i>(retired with effect from 1 September 2019)</i></p> <p>vi) Ting Ching Zung
(Executive Vice President, Strategy & Corporate Development)</p> <p>vii) Pramod Kumar Karunakaran
(Executive Vice President, Project Delivery)
<i>(Project Execution Department renamed as Project Delivery Department with effect from 29 January 2019)</i></p> <p>viii) Alexander Chin
(Chief Financial Officer)</p> | <p>ix) Haji Sulaiman bin Haji Abdul Hamid
(Senior Vice President, Contract & Procurement)</p> <p>x) Dr Mak Anak Met
(Senior Vice President, Human Resource)</p> <p>xi) Nooruddin Bin Abdullah @ Liew Sze Hoon
(Senior Vice President, Legal & Enterprise Risk)</p> <p>xii) Hajjah Siti Aisah Bt. Adenan
(Senior Vice President, Corporate Services)
<i>(appointed with effect from 1 September 2019)</i></p> <p>xiii) Nick Wright
(Vice President, Business Development)</p> <p>xiv) Sim Ko Sin
(Vice President, Information & Communication Technology)</p> <p>xv) Marconi Madai
(Vice President, Health, Safety, Security & Environment)</p> <p>xvi) Alvin Lim Khiok Leong
[Chief Operating Officer, SER (COO SER)/Vice President, Coal Resources (VP CS)]
<i>(appointed with effect from 4 April 2019)</i></p> |
|---|---|

There were fourteen (14) GEC meetings, six (6) Special GEC meetings, one (1) Extraordinary GEC meeting, two (2) GEC Technology Council meetings, two (2) Group Digital Council meetings and one (1) GEC Away Day held during the financial year ended 31 December 2019.

CONFIDENTIALITY OF INFORMATION

Under the Company's Information Governance guidelines, documents are to be classified. For documents classified as Confidential, Secret or High Secret, there are stipulated guidelines to be adhered to.

Staff or external parties privy to information or documents classified "Confidential" or higher are required to sign a Secrecy Oath or Non-Disclosure Agreement.

Internal Controls

Information on the Group's internal controls system is presented in the Statement on Risk Management and Internal Control as set out on pages 47-49 of this Annual Report.

Statement on Risk Management and Internal Control

Although Sarawak Energy is not listed on Bursa Malaysia, for good corporate governance, Sarawak Energy has voluntarily adopted the best practices for the Sarawak Energy Board of Directors (Board) to make a statement in its Annual Report about the state of risk management and internal control as a Group.

Accordingly, Sarawak Energy's Board is pleased to provide the following statement that has been prepared in accordance with the best practices recommended by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (2012).

This Statement outlines the nature and scope of the risk management and internal control systems within the Group during the year under review.

The Board is committed to its responsibility of maintaining a sound risk management framework and system of internal control, covering financial and operating activities to safeguard Shareholders' investment, the Group's assets and customers' interests. This Statement on Risk Management and Internal Control outlines the processes that have been implemented to ensure the adequacy and effectiveness and integrity of the risk management framework and system of internal control of the Sarawak Energy and the Group during the financial year ended 31 December 2019.

The Group's risk management framework and system of internal control applies to Sarawak Energy and its subsidiaries. Associated companies and joint ventures are excluded because the Group does not have full management control over them.

BOARD RESPONSIBILITY

The Board has an overall responsibility for the Group's risk management framework and system of internal control to provide reasonable assurance of efficient operations, effective internal checks and compliance with laws and regulations.

The on-going process for identifying, evaluating, monitoring and managing the significant risks faced by the Group is periodically reviewed by the Board during the financial year under review. However, the Board recognises that the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives, hence it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

The Board is assisted by the Management in the implementation of the approved policies and procedures on risks and controls, in which the Management identifies and assesses the risks faced as well as implements and monitors appropriate control measures to mitigate and control these risks.

Further, the Board is assisted by the Board Audit and Risk Committee (BARC) to review the adequacy and effectiveness of the system of internal controls in the Group as part of the governance and risk management processes.

ENTERPRISE RISK MANAGEMENT (ERM)

The Board also acknowledges that effective risk management is part of good business practices and recognises the need for a sound system of internal control capable of managing the significant risks of the Group.

Thus, in addition to discharging its duties and responsibilities in maintaining a robust and sound system of internal control, the Board has also formalised and implemented an ERM Framework for the Group to provide guidance relating to the implementation of enterprise risk oversight and management processes. This framework incorporates identification, assessment, mitigation and control, monitoring and reviewing processes especially relating to strategic risks and their trending.

The ERM framework ensures that significant risks are continuously identified and that instituted controls are efficaciously applied by the management to manage risk exposure which are tolerable and acceptable to the Group consistent with the Group's risk appetite and risk management practices.

Continuous risk awareness and education programmes are conducted for the employees including via the Group's on-boarding programme for new recruits with the ultimate aim of inculcating a risk conscious culture within the Group.

102-15, 103-2, 103-3

In 2019, the Group also continues to roll out the implementation of the Fraud Risk Management Framework roadmap, embedded within the existing ERM Framework, which comprises of fraud control policy and plan as well as fraud awareness training, reporting procedures and related programmes.

Further, the Management of the Group has signed Sarawak Energy's Integrity Pledge on 5 December 2019 followed by rolling out to all its employees similarly to affirm their respective pledge individually. This demonstrates Sarawak Energy's commitment to integrity and zero tolerance to fraud, as well as a step in its journey towards meeting the Adequate Procedures requirement of the MACC's Section 17A (Amendment) Act 2018.

SYSTEM OF INTERNAL CONTROLS

Some of the key elements of the Group's System of Internal Control are as follows:

- The Group's Organisational & Management Structure formally defines line of responsibility for all aspects of the Group's affairs which is aligned to the Group's strategic and operational requirements. The structure will be reviewed and updated as and when needed to reflect the changing business environment and operating activities within the Group.
- The Group has in place written policies and operating procedures, which are reviewed and updated as and when necessary to improve on the control environment and operating efficiency. New policies, procedures and guidelines are also introduced from time to time to meet the regulatory and operational requirements.
- Senior Management prepares and presents the business plans and budgets annually for Board approval and updates on the progress on a quarterly basis.
- Measurement of performance is regularly monitored through the GCEO Report to the Board incorporating key project progress, financial and operational key performance indicators and departmental initiatives.
- The BARC reviews the statutory annual financial statements and the quarterly group management reports and recommends to the Board for approval.
- The Management of the Group has established, documented and implemented the information security management system according to the ISO 27001 Information Security Management System (ISMS) Standard and shall continually improve and upgrade its effectiveness and efficiency based on changes which may affect the information security risk exposure.
- The Group has implemented the Procurement Policies and Procedures (PPP) which includes the establishment of the tender committees and the limits of authority of all these committees.
- All major capital project investments will be subject to Sarawak Energy Berhad Project Model (SPM). The SPM is a stage-gate decision process for investment projects, to allow consistent assessment of investment opportunities with the intent to achieve the business goals.

BUSINESS CONTINUITY MANAGEMENT (BCM)

The Board acknowledges the significance of instituting a holistic BCM Framework and Crisis Management Plan for the Group to build and enhance its organisational resilience with the capability and capacity to create an effective response that safeguards the interests of its key stakeholders, reputation, and value-creating activities.

The Group had implemented the BCM Framework, Crisis Management Plan and continues its roll out of the BCM implementation roadmap, and related programs.

INTERNAL AUDIT FUNCTION

The BARC, assisted by the Group Internal Audit Department (GIAD), provides the Board with the assurance it requires on the adequacy and effectiveness of the system of internal controls. The BARC has an oversight function of all activities carried out by the GIAD.

The GIAD adopts a risk-based approach in preparing its audit strategy and annual plan. The GIAD independently reviews the risk exposures and control processes implemented by the Management and conducts assignments which cover auditing and review of critical areas within the Group, including financial, operations, projects and IT/information systems. The internal audit functions and activities are guided by its internal audit charter and annual audit plan which are approved by the BARC and the internal audit reports are tabled at the BARC meetings for review and deliberation.

Further, the GIAD engages in regular communication with senior management team and various departments within the Group related to internal audit activities and efforts for continuous improvement in operations and systems. External auditors' recommendations for improvements noted during their audit, if any, are also closely monitored and followed up to ensure that they are promptly implemented.

CONCLUSION

The Board has obtained assurances from the Group Executive Committee (GEC) that to the best of their knowledge and belief, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects. Where weaknesses are identified, rectification steps have been put in place.

To the best of their knowledge and belief, the Board is of the view that the risk management and internal control system in place for the year under review and up to the date of approval of this statement for inclusion into the Annual Report, is adequate and effective to safeguard shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* (AAPG3) issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Annual Report of the Group for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects: has not been prepared in accordance with the principle disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers or is factually inaccurate.

AAPG3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon.

The report from the external auditors was made solely for, and directed solely to the Board in connection with their voluntary adoption of the best practices recommended by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (2012) which is for the Board to make a statement in its Annual Report about the state of risk management and internal control as a Group and for no other purposed or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

This statement is made in accordance with the resolution of the Board dated 24 September 2020.

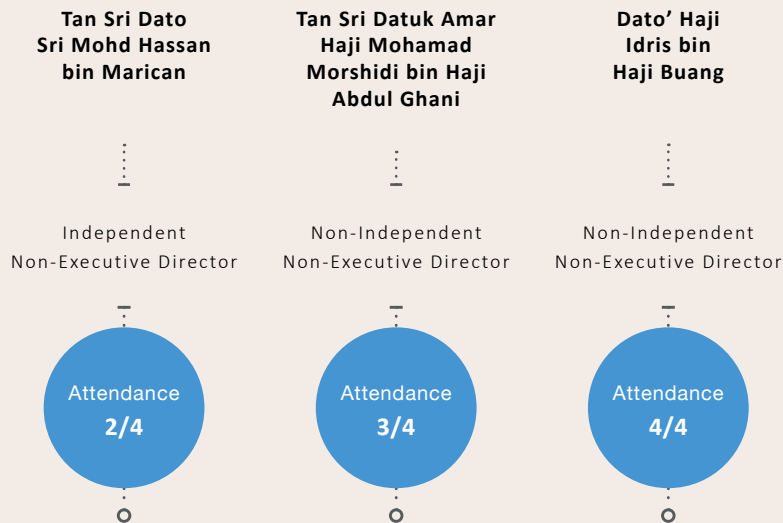
Board Audit and Risk Committee Report

MEMBERSHIP AND MEETINGS

The Board Audit and Risk Committee ("BARC") members are appointed by the Board from amongst its non-executive members. The BARC comprises of one independent non-executive director and two non-independent non-executive directors of the Board as set out in the table below.

YBhg Tan Sri Dato Sri Mohd Hassan Bin Marican is a Fellow of the Institute of Chartered Accountants in England and Wales, a Member of Malaysian Institute of Accountants and Malaysia Institute of Certified Public Accountants.

During the financial year under review, the BARC convened four (4) meetings. The attendance record of the members is as follows:



The Vice President/Head of Internal Audit and the Group Company Secretary, being Secretary of the BARC were present at all the meetings. Upon invitation, representatives from the External Auditors, Group Chief Executive Officer/Chief Financial Officer and other members of senior management and external parties also attend specific meetings whenever required.

SUMMARY OF ACTIVITIES OF THE BARC

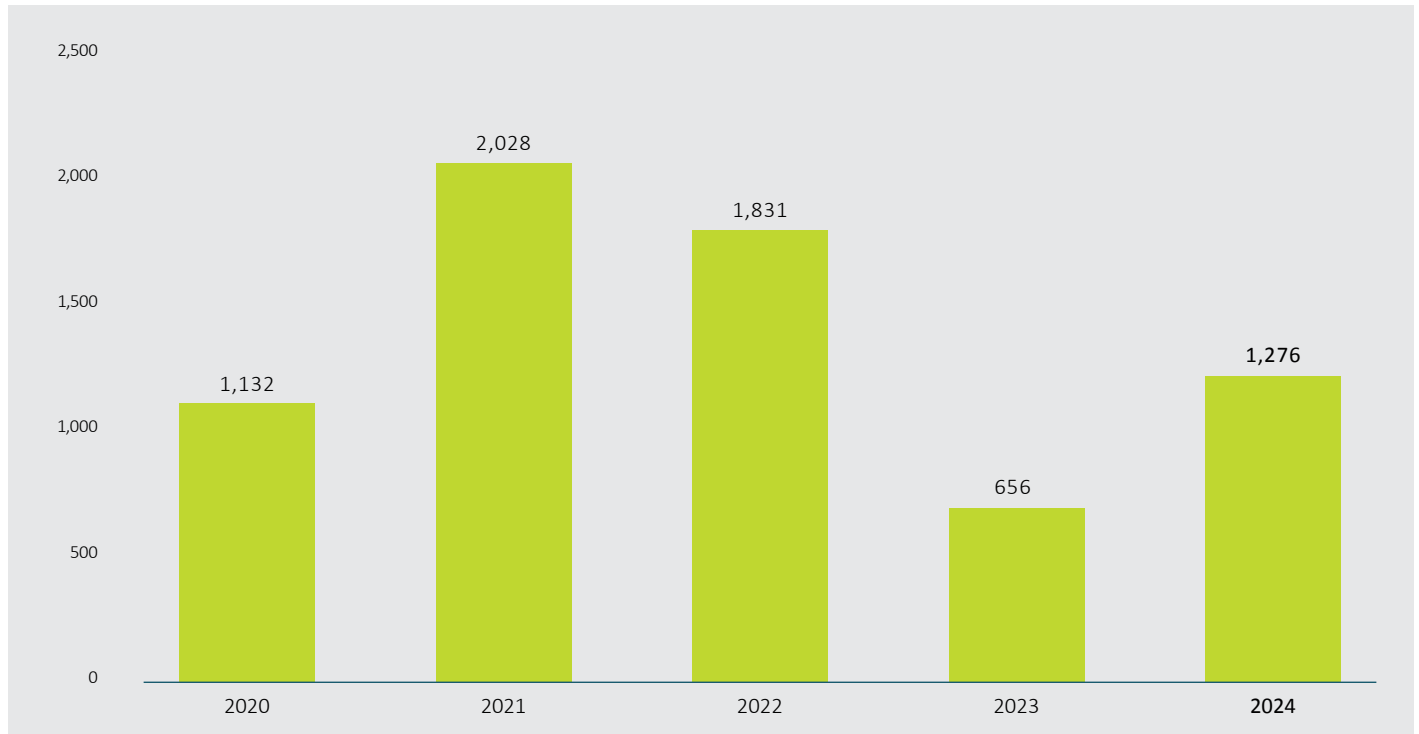
The BARC carried out the following main activities as set out in its terms of reference:

- Reviewed and recommended the Quarterly Group Management Reports of the Sarawak Energy Group to the Board for approval.
- Reviewed and endorsed the External Auditors Audit Plan, Scope of Work and Fees for Sarawak Energy Group and recommended the same for approval by the Board.

- Reviewed and recommended the Quarterly Enterprise Risk Management Report – Updates on Sarawak Energy Berhad's Risk Profiles, Key Strategic and High Risks and Key Mitigation Actions taken by the Management to address the risks.
- Reviewed and noted the strategic risk for SCORE and Export Customers' demand.
- Reviewed and approved the enhancement to Sarawak Energy Berhad's Risk Management Frameworks with regards to risk appetite and risk organization.
- Reviewed and endorsed the BARC Reports, Statement on Risk Management & Internal Controls and Corporate Governance Statement for inclusion in Sarawak Energy Berhad Annual Reports.
- Reviewed and discussed Sarawak Energy Berhad Group Annual Revenue and Capital Budget & Year End Estimates and recommended the same for submission to the Board.
- Reviewed and endorsed the Report of Sarawak Energy Forex Hedging Committee on the hedging activities transacted during the year.
- Reviewed and noted on the status updates on the Sarawak Energy's insurance services and initiatives.
- Reviewed and approved/noted the Group Internal Audit Plans, KPIs Achievement and Quarterly Internal Audit Update Reports.
- Reviewed and deliberated reports issued by the External Auditors and Group Internal Audit on significant findings and remedial actions taken by the Management to address the issues raised.
- Reported to the Board on its activities and any significant issues and remedial actions taken by the Management arising from the audits undertaken by the External and Internal Auditors on specific areas and reports/papers presented by the Management at each BARC meeting.

Group Debt Maturity Profile

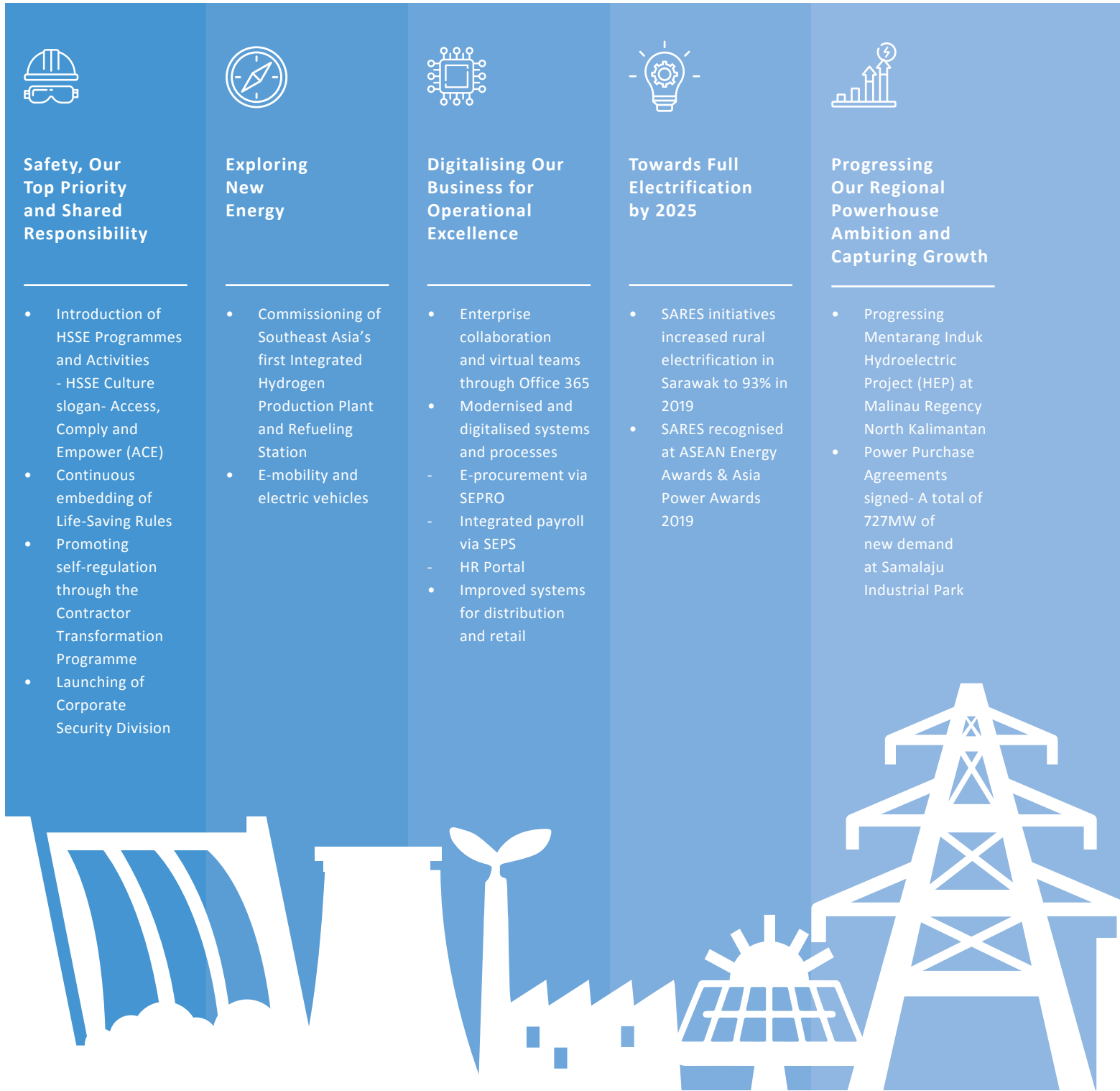
Sarawak Energy Group Debt Maturity Profile – Principal only as at 31 December 2019 (RM'mil)⁽¹⁾



Notes:

⁽¹⁾ Excluding interest and profit payments.

2019 Year in Review





Stepping Up Project Delivery for Sustainable Growth

- Commissioning of Balingian Coal-Fired Power Plant
- Safe Punch through Baleh Diversion Tunnel Upper Bench
- 10.5MW Micro-Hydro Kota 2 commissioned
- 12 Transmission Projects completed and commissioned
- Malaysia Book Of Records: Tanjung Kidurong Combined Cycle Gas Power Plant recognised for various engineering and technical feats



Powering Young Minds

- Sarawak Community Innovation Engineering Competition (SCIENCE)
- Junior Badminton Championship



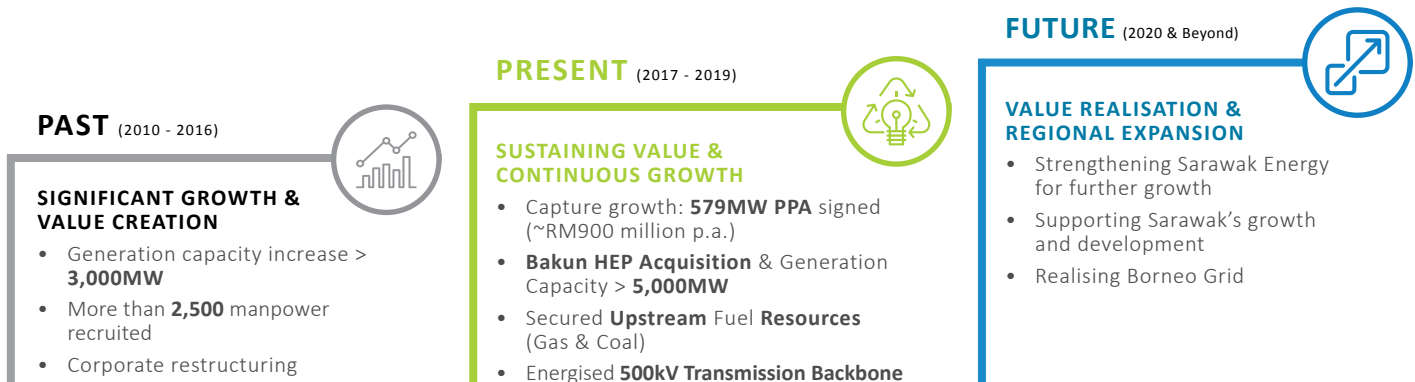
- Renewable Energy Certificate – First in Sarawak
- Sustainability and Renewable Energy Forum - First own-brand thought leadership conference
- Sharing Sarawak's hydropower story at the 24th World Energy Congress by International Hydropower Association (IHA) in Paris



103-1, 103-3, EU30

Our Strategic Roadmap

Sarawak Energy supports Sarawak in achieving sustainable growth and prosperity towards the State's goal of attaining developed status by 2030. In advancing this agenda, Sarawak Energy is creating new growth and value-added opportunities. Sarawak Energy retains the trust of both its external and internal stakeholders by continuously improving the delivery of business operations excellence. Towards this end, a strategic roadmap focused on five Key Focus Areas is in place to achieve Health, Safety, Security and Environment (HSSE) Excellence, Project Delivery Excellence, Operational Excellence, Talent Management Excellence and High Performance Culture.



SARAWAK ENERGY EXCELLENCE 2020

As we move towards becoming a top quartile utility and regional powerhouse, our strategic roadmap is focused on achieving Sarawak Energy Excellence 2020 by uniting all 5,200 of our staff to drive organisational growth through a common vision, goals, beliefs and values.

Safety is our top priority and shared responsibility. We introduced the Sarawak Energy Life-Saving Rules in 2017 as a mandatory set of safety rules that all our staff and contractors must comply with, to ensure that everybody goes home safely. HSSE Excellence demands all commitment towards embracing a disciplined safety culture as part of our daily practices.

Operational Excellence ensures that we deliver customer satisfaction by supplying Sarawak with safe, affordable and reliable power. To achieve this, we keep ourselves on par with the best utilities in the region by continuously fine tuning our technologies, systems and processes, besides comparing and monitoring our performance metrics with top quartile performers to bridge any gaps in performance delivery.

To achieve Project Delivery Excellence, projects must be completed safely, on-time and at-cost as promised to our stakeholders. We also see it as our social duty and obligation to deliver on the quality of the projects while minimising any negative impact on communities residing nearby. The implementation of the right processes with highly competent project teams are key to achieving delivery success.

People are our greatest asset and key enablers for the Company's sustainable growth. It is vital to achieve Talent Management Excellence to attract, nurture and retain new and existing talent. We are on constant lookout to enhance our working environment through better benefits and incentives, infrastructure upgrades and staff development initiatives.

To ensure the successful delivery of targets for all the key focus areas, a progressive and high-performing corporate culture is essential. We strive to develop staff effectively through roles that maximise their potential. Each member of the staff is to embrace our five core values of courage, unity, respect, integrity and accountability, leveraging on our collective strengths to achieve excellence for Sarawak Energy.

2019 marks the completion of our Sarawak Energy Excellence 2020 roadmap and we have experienced tremendous growth since it was first rolled out in 2017. I am optimistic, with our strong team synergy and our consistent focus on delivering our targets, we will continue to capture growth to become the best operator in the region.

Datu Haji Sharbini Suhaili
Group Chief Executive Officer

103-1, 103-3, EU30

Our Strategic Roadmap

Sarawak Energy supports Sarawak in achieving sustainable growth and prosperity towards the State's goal of attaining developed status by 2030. In advancing this agenda, Sarawak Energy is creating new growth and value-added opportunities. Sarawak Energy retains the trust of both its external and internal stakeholders by continuously improving the delivery of business operations excellence. Towards this end, a strategic roadmap focused on five Key Focus Areas is in place to achieve Health, Safety, Security and Environment (HSSE) Excellence, Project Delivery Excellence, Operational Excellence, Talent Management Excellence and High Performance Culture.

FUTURE (2020 & Beyond)

PAST (2010)

SIGNIFICANT VALUE CREATION

- Generation 3,000MW
- More than 100,000 recruited
- Corporate

SARAWAK ENERGY

As we move to powerhouse, our Energy Excellence organisational values.

Safety is our top priority. Sarawak Energy rules that all our employees and everybody goes towards embracing safety practices.

Operational Excellence in supplying Sarawak. This, we keep our focus continuously fine-tuning besides comparing our quartile performance.

To achieve Project Delivery Excellence, safely, on-time and cost-effective, we see it as our social responsibility in projects while maintaining the safety of the nearby. The implementation of project teams are

NETWORK AND CUSTOMER SERVICE EXCELLENCE

Plant	Actual 2019	Target 2019	Target 2020
System Average Interruption Duration Index (SAIDI)	96.49 ¹ mins	100 mins	60 mins
System Average Interruption Frequency Index (SAIFI)	1.73 ¹ times	1.48 times	1 time
Age of Debtors > 42 days	24.98%	≤ 22%	< 20%
Non-Technical Losses	4.41%	≤ 3.97%	< 2%
Street Lighting Repair	94% ≤ 24 hours	92% ≤ 24 hours	90% < 24 hours
Release of Connection Charges	92% ≤ 14 days	92% ≤ 14 days	90% < 14 days
Service Call Attendance	88% ≤ 45 mins	90% ≤ 45 mins	90% < 45 mins
Service Line Installation	95% ≤ 7 days	90% ≤ 7 days	90% < 7 days
Service Cable Installation	80% ≤ 7 days	50% ≤ 7 days	90% < 7 days
Customer Satisfaction Index	95.08%	≥ 90%	> 90%

HIGH PERFORMANCE CULTURE

Sarawak Energy Employee Survey (SEES) – employee engagement score of 85% in 2019 and an average score of 80% by 2020.

Note:

¹ Include generation, transmission and distribution.



TIMELY COMPLETION

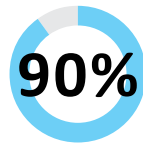


of projects are completed on time

COST DISCIPLINE

Within 1st Quartile Benchmark

QUALITY



of contractors are rated A and B

ZERO

No malfunction/ major equipment failure during defect liability period



SUSTAINABLE TALENT BENCH STRENGTH

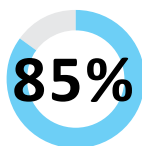


At least 2 “Ready Now” successors for critical positions



INDIVIDUAL DEVELOPMENT PLAN (IDP) FOR EVERY EMPLOYEE

For career growth and development

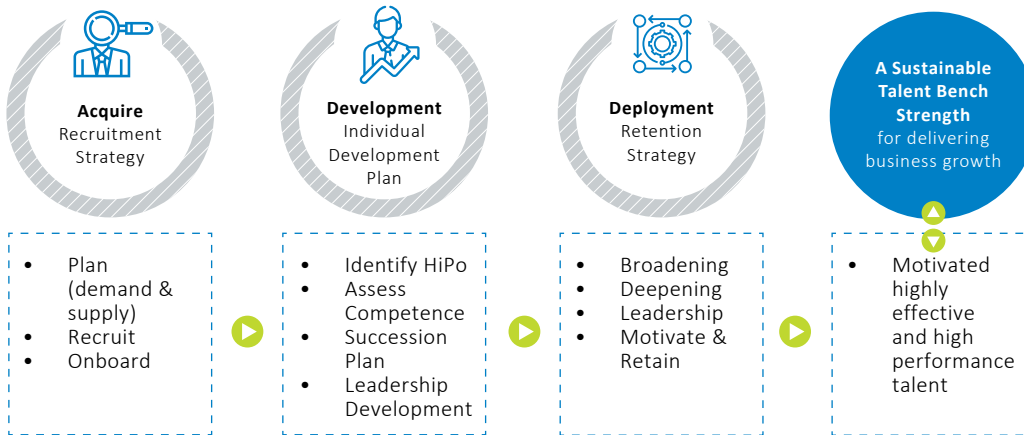


Employee Engagement Score

WE KNOW THAT SARAWAK ENERGY IS A GREAT PLACE TO WORK THROUGH THE FOLLOWING MEASURES:

- People demonstrate winning behaviours
- Enabling the delivery of the targets for all Key Focus Areas
- Employees sharing positive experiences as indicated by Sarawak Energy Employee Survey (SEES) score

TALENT MANAGEMENT EXCELLENCE FRAMEWORK (LET'S ADD)



Working towards maintaining a balanced talent ecosystem, Sarawak Energy implements a structured talent management end-to-end process or the ADD framework to cover talent Acquisition, Development and Deployment. Its Internal Open Resourcing facility allows staff to explore career opportunities in other functional areas for self-development with greater ease.

SARAWAK ENERGY TALENT COUNCIL

Sarawak Energy believes in the importance of robust succession planning for the benefit of the Company's long-term business continuation. Sarawak Energy's Talent Council was set up in 2017 to identify talent within Sarawak Energy with the potential to contribute to the Company's forward-looking direction. Identified individuals are provided with differentiated trainings to enable them to assume leadership and technical roles in critical positions within the Company. The Talent Council also identifies talent gaps within the Company and takes the necessary measures to close them.

INDIVIDUAL DEVELOPMENT PLAN

The progression map for each employee in Sarawak Energy is guided by an Individual Development Plan (IDP) which is discussed and agreed upon with the respective supervisor. The IDP is intended as an assessment platform to drive and empower staff development through open and honest discussions with their supervisors. Besides monitoring and reviewing work performance, learning and development needs, the IDP offers deployment opportunities for staff to pursue new roles within the Company as part of their career progression plan.

RECRUITMENT

Benefitting Sarawakians – Bursaries and Scholarships

In efforts to identify and develop Sarawak's pool of young talent in the early stages of their lives, Sarawak Energy awarded 90 scholarships to students and employees in 2019 to pursue higher education. Sarawak Energy's scholarship programme also prioritises supporting high performing students from remote or rural areas to continue their studies.

Since its introduction in 2014, some 483 students including 68 staff have benefitted from the scholarship programme. For the past three years, Sarawak Energy's recruitment has also been successful in increasing the percentage of new female employees, particularly at the executive level, from 32% in 2016 to 44% in 2019.



At the Scholarship Award Ceremony 2019, 90 students and employees were awarded scholarships to pursue higher education.

Collaboration with Educational Institutions

Sarawak Energy continues to collaborate with local educational institutions in a range of development activities to identify and acquire new talent besides building up staff capacity and improving skills of the local communities. In 2019, Sarawak Energy established collaborations with established educational institutions like University of Nottingham Malaysia, Curtin University Malaysia and Swinburne University of Technology, Sarawak Campus in areas including feasibility studies and consultancy work, research and development activities and industry knowledge transfer. Sarawak Energy's other collaboration initiatives to spot, attract and recruit potential young fresh graduates include internship placement, campus ambassador and scholarship programmes.

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SARAWAK ENERGY HALL OF FAME

As part of the initiatives under High Performance Culture, the Sarawak Energy Hall of Fame was introduced in 2017 as a company-wide recognition scheme for super performers who are enabling the successful delivery of Sarawak Energy's Key Focus Areas and to motivate staff to continuously discover and maximise their potential. The GCEO Award allows individuals, teams or departments to be nominated if they have facilitated excellence in delivery of the Key Focus Areas. The best of the GCEO award winners wins the Chairman's Award.

In recognition of their outstanding performance to deliver strategic objectives of the business throughout the year 2019, the Chairman's Award for individual and team categories were conferred to Matthew Renang anak Nuri and the Hydro team for Bakun Hydroelectric Plant, respectively. GCEO Awards for individual categories went to Joseph Koh Sibat and Lai Choo Chek, while the team categories went to Bintulu Disconnection for Team Excellence, Murum Power Station for Zero Waste Programme, Information and Communication Technology for the Office 365 digitalisation initiative, Project Delivery for Tanjung Kidurong Combined Cycle Power Project, as well as Strategy and Corporate Development for the signing of a Power Purchase Agreement with Press Metal Holdings Aluminum Berhad.



○ Sarawak Energy's super performers under the Hall of Fame recognised for their outstanding performance during Townhall.

LOYALTY SERVICE AWARDS

Sarawak Energy Loyalty Service Awards recognise employees who have shown their continued dedication, commitment and loyalty to the Company. In 2019, Sarawak Energy honoured 597 long-serving staff, including 78 retirees. Held in September in Kuching, Sibul and Miri, the Loyalty Service Awards celebrated employees who reached their career milestone years of 10, 15, 20, 25, 30, 35 and 40 years.



○ At Sarawak Energy's Loyalty Service Awards 2019.

HIGH PERFORMANCE CULTURE

For Sarawak Energy, a high performance culture means continuously improving the Company's core values and developing highly competent people, processes and systems to take Sarawak Energy to the next level of excellence. The high performance culture at Sarawak Energy encourages its people to reach for the best in class through two process enablers of continuous improvement and innovation.



○ At the launch of High Performance Culture as one of the Company's Key Focus Areas.

EMPLOYEE ENGAGEMENT INITIATIVES

Sarawak Energy views consistent employee engagement as the key towards building a high performance culture. The Company's employee engagement initiatives are set out with the objectives to align company-staff aspirations, provide staff with good career development opportunities and increase transparency in order to attract and retain its employees. Leadership workshops or conferences like AIM 100 are designed for Sarawak Energy to engage with industry experts and develop leadership skills to promote the Company's growth and address current and future challenges.

Staff engagement activities like 'turun padang' and 'teh tarik' sessions enable the management team to share with staff on Sarawak Energy's Key Focus Area targets and allow staff to provide constructive feedback for continuous improvement. Notes-to-Staff, internal advisories and newsletters are also issued regularly to provide updates on the Company's news and events.



At the AIM 100 leadership conference – Agility, Impact, Mindset.

CURIA CORE VALUES

Sarawak Energy champions the five core values of Courage, Unity, Respect, Integrity and Accountability or CURIA as the foundation towards building a high performance culture amongst its employees. The CURIA core values form the framework for Sarawak Energy to work towards becoming a company that is truly proactive on HSSE; value and bottom-line driven with strong cost discipline; keeps delivery promises; demonstrates urgency with speed and precision and conducts business with the highest level of integrity. The five CURIA core values are embedded within the Company's day-to-day operations, systems and processes to ensure staff live by these good practices while working towards shared goals, improve team cohesion and create a sense of belonging and commitment in the workplace.



The five CURIA core values as foundation towards building a High Performance Culture at Sarawak Energy.

EMPLOYEE EXPERIENCE – SARAWAK ENERGY EMPLOYEE SURVEY

The Sarawak Energy Employee Survey (SEES) is intended as Sarawak Energy's primary measure of employee engagement and positive experience to gauge a high performance culture. SEES measures employees' perception of the Company by obtaining feedback on organisational practices, processes, support systems and the management. SEES promotes strong employee engagement to enable the Company to understand the expectations, motivations, aspirations and opinions of its staff regarding work and career development and the expected level of compensation.

For 2019, employees gave Sarawak Energy an employee engagement score of 85%, the highest score recorded since its introduction in 2017. The results of the survey allow the Company to identify gaps and make improvements where possible.



Achieved an Employee Engagement score of 85% for 2019.

EXTERNAL RECOGNITIONS

JobStreet – “Top 10 Preferred Companies in Sarawak” Award

Sarawak Energy was voted as one of Sarawakians’ top three preferred companies in the Jobstreet.com Malaysia Survey 2019 to identify the top 10 most favoured companies in Sarawak. The recognition reflects the perception of Sarawakian job seekers towards the Company’s positive reputation and good career development opportunities. The public’s acknowledgement is also a result of Sarawak Energy’s investment in enhancing and delivering Talent Management Excellence, High Performance Culture and other Key Focus Areas.



Recognised as the one of Sarawakians’ top three preferred companies in the Jobstreet.com Malaysia Survey 2019.

HR Asia Awards – Best Companies to Work for in Asia

In November, Sarawak Energy was recognised with the prestigious HR Asia “Best Companies to Work for in Asia” award for its high employee engagement and excellent workplace culture. The award uses the Total Engagement Assessment Model (T.E.A.M.) to measure and evaluate staff emotional engagement, motivation, advocacy and behaviour, collective consciousness, workplace sentiment and team dynamics. Out of the 49 Malaysian companies recognised, Sarawak Energy was the only recipient from Sarawak. The award was Sarawak Energy’s second external recognition in 2019 for its talent management and high performance culture efforts.



The only recipient from Sarawak at the 2019 HR Asia Awards ceremony in Kuala Lumpur.

BENEFITS ENHANCEMENT AND HARMONISATION PROGRAMMES

Sarawak Energy attracts, motivates and retains new and existing talent by offering competitive benefits tailored to their needs. Incentives like leave benefits, health and wellness benefits, family benefits and financial aids are reviewed and enhanced regularly to improve employee morale and loyalty.

Sarawak Energy continues to enhance its employee benefits including offering attractive hardship allowances to encourage more employees to take up difficult postings or to serve at duty stations located at more remote areas. To reduce staff differentiation, Sarawak Energy ensures a harmony benefit system is put in place to standardise the benefits for employees across all levels.

DIGITALISATION AND ENTERPRISE MODERNISATION

To enable a high performance culture, Sarawak Energy continues its enterprise-modernisation initiatives and leverages on technology to digitalise and enhance its work processes for better efficiency. All staff are provided with protected access to digital collaboration tools like Office 365 that allows staff to get connected with anyone within the Company. Mobile working is made easier as staff are able to operate remotely or from their base locations, at any time via multiple devices.

DIVERSITY AND INCLUSIVENESS

Sarawak Energy recognises the value of workforce diversity and inclusiveness. Sarawak Energy believes that a working environment that provides equal opportunities to people irrespective of their gender, background and experience generates more honest discussions with all-rounded feedback, develops more innovative solutions and improves decision making. Sarawak Energy maintains a strong mix of seasoned professionals and a large population of young, educated talent who can challenge the traditional way of doing things. Sarawak Energy also encourages various inter-departmental collaborations to provide a working climate where people work as one team and move in the same direction. Staff are expected to support each other and move Sarawak Energy forward to be a top quartile energy company.

102-8, 103-1, 103-2

Health, Safety, Security and Environment

CHAMPIONING A HSSE CULTURE

Sarawak Energy places Health, Safety, Security and Environment (HSSE) as shared responsibilities in its business. Sarawak Energy ensures that its people are equipped with the best health benefits, enabling optimal performance and providing a safe, secure and environmental-friendly place to work. Building a culture of excellence in health and safety is one of the key contributors to Sarawak Energy's business sustainability and ability to become a best-in-class utility and a top-quartile corporation.

HEALTH

Sarawak Energy has established a culture that promotes workplace health and well-being by designing sports and recreational events such as corporate wellness programmes and outdoor activities to nurture a healthy and highly motivated workforce that can perform at their optimal level. These activities and events include sports carnivals, tournaments and runs, which are held all year round between the Health, Safety, Security and Environment (HSSE) department and the Recreation Club.

Reinforcing this culture, Sarawak Energy has set the Body Mass Index (BMI) programme as one of its KPIs and aims to achieve a BMI of less than 30 for 95% of its employees by 2020. In 2019, a total of 4,932 staff took part in the Company's health screening programme.

Sarawak Energy Utility Games 2019

The main objective of the Utility Games is to facilitate networking opportunities and relationship building between utilities companies in Southeast Asia through various sports activities.

Sarawak Energy Walkathon 2019

The Sarawak Energy Walkathon is a health initiative involving employees' submission of their steps count every month. Staff with the most accumulated steps are given special prizes for their dedication in creating a healthy lifestyle for themselves.

Sarawak Energy Recreational Centre

In line with the Company's Healthy Living initiative, the Sarawak Energy Recreational Centre (SERC) was established in June 2019 with the objective of encouraging a socially active and healthy lifestyle among Sarawak Energy's staff and retirees through sports and recreational activities, improving overall fitness, health and well-being.

Sarawak Energy Corporate Games 2019

Competing in the spirit of comradeship and community building, the Sarawak Energy Corporate Games is a biennial event aimed at bringing staff and management together in an informal and fun environment to build stronger bonds, enhance workplace culture and boost productivity. It is aligned with Sarawak Energy's CURIA core values of Courage, Unity, Respect, Integrity and Accountability.



Samalaju Sports Carnival 2019.



Sarawak Energy Run 2019.

Sarawak Energy Cup 2019

Fostering friendship and sportsmanship through sports, the Sarawak Energy Cup aims to promote badminton in Sarawak and healthy lifestyle. At this year's event, a badminton clinic was also held to nurture interest among young talents and develop potential shuttlers.

Sarawak Energy Run 2019

Held in conjunction with the Sarawak Energy Utility Games, the Sarawak Energy Run targets to promote a healthy workforce by recognising the importance of work-life balance and giving back to the community.

Samalaju Sports Carnival 2019

A biennial event aimed at strengthening and sustaining relationships with Sarawak Energy's Samalaju customers, Sarawak Energy collaborated with eight other companies for the 2019 event which also promotes a healthy lifestyle and culture as an essential way to sustain business growth and development.

SAFETY

Sarawak Energy recognises the safety of its internal and external stakeholders as its priority and shared responsibility. A strong safety culture is crucial for the Company as it grows and takes on more activities in its operations and projects. Sarawak Energy's safety standards are to keep its staff, contractors and the communities in which it operates, safe from harm. Striving towards achieving the ultimate goal of Zero Lost Time Injury and Zero Fatality, Sarawak Energy partners with a range of external organisations including the National Institute of Occupational Safety and Health (NIOSH), the Department of Environment (DOE), the Natural Resources and Environment Board (NREB), the Department of Occupational Safety and Health (DOSH) and the National Anti-Drug Agency (NADA) to promote proactive safety standards in the workplace.

Sarawak Energy HSSE Culture Programme – ACE

As part of Sarawak Energy's continuous efforts to inculcate a strong workplace safety culture, the HSSE Culture Programme was rolled out in November 2019 to reinforce safety principles amongst its workforce through three key HSSE core behaviours – **Assess, Comply and Empower (ACE)**.

Assess involves analysing potential hazards and pollutions, **Comply** consists adherence to laws, standards and procedures and **Empower** calls for staff to intervene and stop work in the event of any unsafe acts and conditions.

Life-Saving Rules

Sarawak Energy's Life-Saving Rules are a set of mandatory, easy-to-follow safety principles which all employees, its subsidiaries and its contractors must comply with whenever and



wherever they conduct Sarawak Energy's business. The Life-Saving Rules were launched in 2017 to create a more focused approach to reducing accidents, improve Sarawak Energy's overall safety performance and ensure that 'Everybody Goes Home Safely' at the end of the day. Since its introduction, safety-related cases recorded in the Company have declined as staff and contractors are adapting to the culture of compliance with safety rules. To further amplify and fully embed safety rules in the hearts and minds of staff and contractors, Sarawak Energy has designed the Life-Saving Rules Road Map and Masterplan.



○ 'Everybody Goes Home Safely' is Sarawak Energy's tagline to ensure safety remains everyone's top priority.



○ Watch the 'Pesan Orang Tua' video about Arthur's personal safety journey. #EverybodyGoesHomeSafely



○ HSSE Week at Menara Sarawak Energy with Tan Sri Lee Lam Thye, Chairman of NIOSH.



HSSE Week

Sarawak Energy's HSSE week serves as an essential platform to raise awareness amongst its employees and contractors on the importance of the Company's HSSE values with the slogan "Raising Standards, Nurturing Culture and Saving Lives". Sarawak Energy also promotes a range of safety aspects and practices that are important in daily activities through the HSSE Orientation Programme. The Company's safety mascot 'BOLT', an acronym incorporating Sarawak Energy's safety principles- Be Aware, Open your mind, Look at your surroundings and Take care of yourself and your co-workers, further reinforces the Company's safety culture. Regional offices and power stations organise their own HSSE Weeks at their premises.

Safety Passport Programme

The Safety Passport Programme is an initiative designed to complement the corporate policies, procedures and processes between Sarawak Energy and NIOSH to promote work safety amongst Sarawak Energy's contractors. Sarawak Energy and NIOSH also conduct a suite of safety and competency training modules for switching personnel and technicians working at heights or in transportation.

Top Management HSSE Walkabout and Turun Padang Programme

Sarawak Energy's Top Management HSSE Walkabout and 'turun padang' Programme provide the opportunity for management to lead by example and engage with workers to understand the HSSE challenges faced on the ground at major project sites and power stations.

In 2019, a total of 19 employee engagement activities were organised throughout Sarawak Energy's power stations, regional offices and project sites in Sarawak.



○ Celebrating HSSE Excellence with contractors during the Contractor Transformation Programme award ceremony.

Contractor Transformation Programme

The Contractor Transformation Programme (CTP) was introduced in 2017 as a platform to foster a strategic partnership between Sarawak Energy and its contractors by promoting self-regulation and continuous improvement in workplace safety. This initiative is in line with the Company's target of "Zero Harm to People" as well as the National Occupational Safety and Health (OSH) Master Plan 2016 - 2020, to transform OSH into a preventive culture.

The CTP also helps to identify the gaps in health and safety for Sarawak Energy and its contractors, allowing the establishment of remedial measures. The programme awards contractors who are outstanding in HSSE activities, particularly in self-regulation.

In 2019, a total of three contractors were awarded Gold; eight contractors were awarded Silver and nine contractors were awarded Bronze in recognition of their commitment to build a strong safety culture at their workplaces.

Routine Audits and Inspections

To further embed the health and safety culture throughout all levels of Sarawak Energy, the Company conducts regular checks and inspections at power stations and regional offices as well as performs site visits at ongoing projects to ensure that all operations comply with the highest HSSE standards.

Drug-Free Work Environment

Sarawak Energy takes an uncompromising approach to eliminate the illegal use of drugs at its workplace. The Company holds random drug tests and any employee, contractor, or third-party associate found to be using illegal drugs will face disciplinary actions.

CORPORATE SECURITY

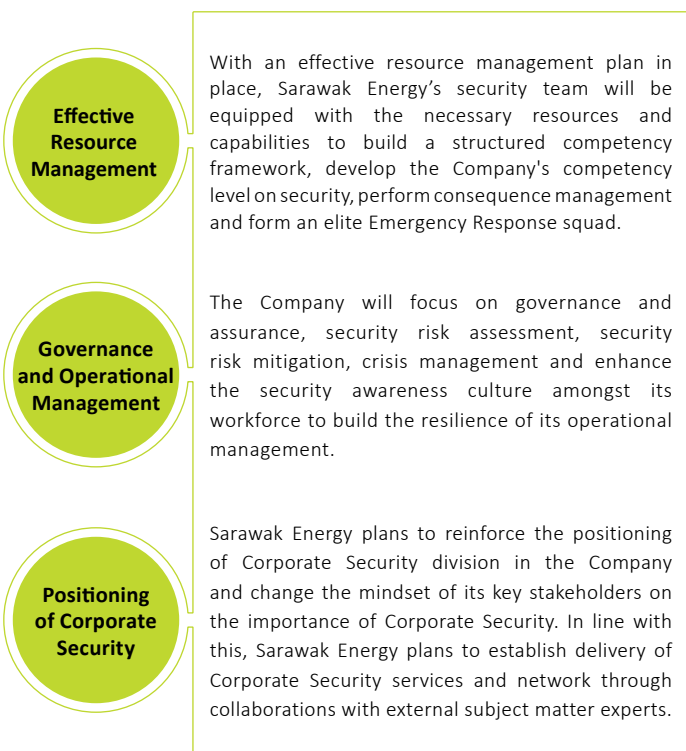
A new Corporate Security division was established in October 2019 to enhance the role of Sarawak Energy's security division through modernised security systems and structures. Formerly known as Security Services, the new portfolio of the division includes increasing involvement of security in the Company's business activities, particularly in project developments; conducting security risk assessments for critical premises such as substations, stations and offices and strengthening the Company's security intelligence for effective surveillance to protect its premises, assets and people.

The new division is guided by three principles, namely professionalism, visibility and confidentiality, to provide professional protection to Sarawak Energy's assets and personnel from threats that can jeopardise the Company's interests and reputation.

With the implementation of enhanced security roles, the 470 Auxiliary Police (AP) under the division and the retail AP team resolved nine cases that led to 13 arrests and conviction for metal theft this year.

2022 AND BEYOND – THREE-YEAR PLAN

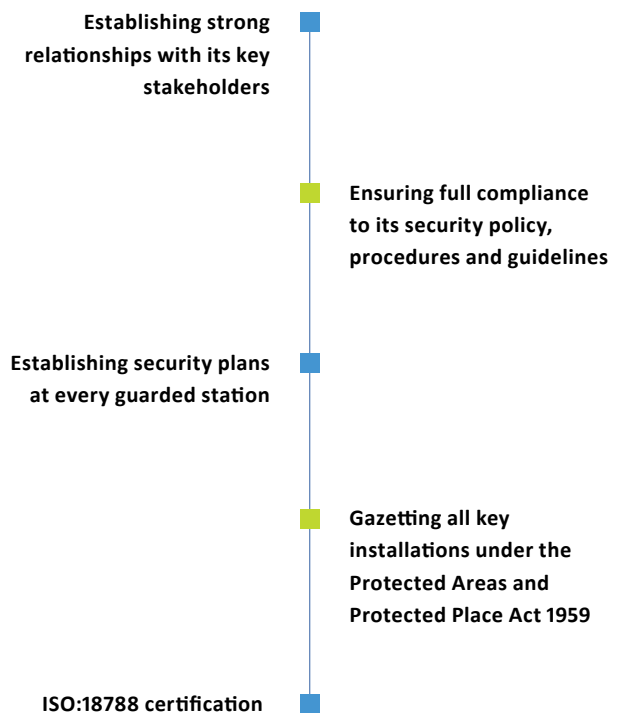
In efforts to achieving HSSE Excellence by 2022 and beyond, Sarawak Energy has identified three key areas to drive Security Excellence.



Launching of the new division during Corporate Security Day 2019.

KEY MILESTONES

Sarawak Energy aims to achieve the following five key milestones by 2022.





Corporate Security Auxillary Police keeps Sarawak Energy safe.

Auxiliary Police

The Auxiliary Police protects Sarawak Energy's assets and properties from intrusions and technicians from high-risk customers on-site during the raid of electricity theft operations and disconnections as well as performs surveillance on premises suspected of tampering of meters and electricity distribution systems.

The Auxiliary Police is also present on-site to manage the public, especially concerning land issues.

Security Risk Assessment

A Security Risk Assessment (SeRA) was initiated in August 2019 and completed for most of Sarawak Energy's assets, covering 10 power stations, 36 transmission substations and 13 offices around Sarawak.

ENVIRONMENT

Sarawak Energy aspires to become the leading company in environmental stewardship for Sarawak. Beyond 2020, the Company targets to achieve and maintain 100% Environmental Statutory requirements compliance, in line with its Key Focus Area in HSSE Excellence.

MoU Signing between Sarawak Energy and Forest Department on Baleh Watershed Wildlife Connectivity Project

Sarawak Energy's environmental stewardship extends to the preservation of important ecosystems. In 2019, the Company signed a Memorandum of Understanding (MoU) with Sarawak's Forest Department to collaborate on the Baleh Watershed Wildlife Connectivity Project for research and data gathering in the effort to conserve and protect its catchment area and ecosystem. This three-year project is part of Sarawak Energy's integrated catchment management initiative to support biodiversity conservation as well as build resilient hydropower resources by protecting catchment areas and water resources.



Sarawak Energy and Department of Environment MoU signing ceremony.

MoU Signing between Sarawak Energy and Department of Environment

In compliance with the Environmental Quality Act 1974 and through direct engagement with the Department of Environment (DOE) in its operation, Sarawak Energy signed an MoU with the DOE to establish its commitment in environmental stewardship.

With the MoU, Sarawak Energy can further promote and implement various environmental awareness programmes and conservation initiatives in line with its Key Focus Area in Environmental Excellence as well as collaborate with other organisations.

103-1, 103-2, 403-10

Complying with Environmental Legislation and Requirements

Sarawak Energy is committed to not only mitigate the impact of its activities on the environment but also to comply with environmental legislations and requirements that provide a basis for the protection of the environment. The Company coordinates regular environmental monitoring, assessments, documentation and maintenance at the rural and urban power stations. The Company also conducts scheduled waste disposal programmes and stack emission monitoring at power stations regularly in compliance with the environmental Act and regulations.

Sarawak Energy incorporates environmental policies in its business that complements the following environmental laws and regulations:

Environmental Quality Act 1974	This legislation is related to the prevention, abatement, control of pollution and enhancement of the environment in Malaysia. This Act restricts the discharge of wastes into the environment in contravention of the acceptable conditions.
Natural Resources and Environment Ordinance 1993	The Natural Resources and Environment Ordinance acts as a regulatory mechanism for a more robust sustainable management of natural resources and the protection of environmental quality.

Managing Sarawak Energy's Environmental Footprint

Sarawak Energy measures and manages its impact on the environment by monitoring the environmental footprint of its operations.

Noise Boundary Monitoring

The Company complies with the Environmental Quality Act 1974 (Section 23) which stipulates "No person shall, unless licensed, emit or cause or permit to be emitted any noise greater in volume, intensity or quality in contravention of the acceptable conditions." The Company also conducts boundary noise monitoring annually at a few points along the perimeter of power stations to align with approval conditions of Environmental Impact Assessments (EIA). The allowable emission of noise levels established by the Department of Environment for power stations is 65 dBA at all times.

Dark Smoke Observation

In 2011, Sarawak Energy started to observe dark smoke emission at rural and urban power stations. It is a legal requirement under the Sijil Kelulusan Bertulis Pemasangan/

Pembinaan Alat Pembakaran Bahanapi dan Cerobong di bawah Peraturan-Peraturan Kualiti Alam Sekeliling (Udara Bersih) 1978 that smoke emission limit should not be darker than shade No. 1 (20%) on the Ringelmann Chart, which measures the different shades of smoke emissions.

Dark smoke observation for generator sets at the rural and urban power stations is conducted annually; at major stations like Bintulu and Kuching Power Stations quarterly; and at Miri Power Station on an annual basis, together with stack emission monitoring. This initiative also complies with EIA requirements.



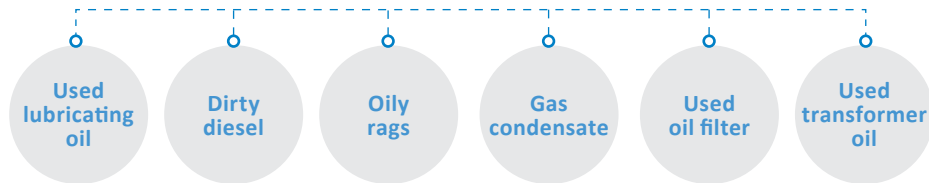
Boundary noise monitoring.



Dark smoke observation.

Scheduled Waste Management

Scheduled waste is defined as any waste listed in the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005. Commonly produced scheduled waste generated from power generation activities are:



It is an offence under the Environmental Quality (Scheduled Wastes) Regulations 2005 for a waste generator to store scheduled waste for more than 180 days, or exceeding 20 tonnes, whichever comes first. Sarawak Energy assists all stations throughout the State with scheduled waste management, especially on monthly inventory reporting and waste disposal. Since July 2015, a scheduled waste contractor for disposal has been appointed for each station.



Wastes are stored properly before disposal.

Environmental Assessment

Sarawak Energy conducts an annual environmental assessment of the rural and urban power stations. The objectives of the assessment are to evaluate:

- Station's compliance with the applicable legal requirements
- Station's capability to achieve the Company's policy objectives
- Effective implementation of prevention measures at the station

The environmental assessment covers the operation, maintenance and general environmental conditions of the station. The assessment team conducts inspections on the drainage system, fuel farmyard, fuel loading area, waste storage area and the chemical storage area. The assessments at the rural and urban power stations are carried out together with the environmental monitoring and Environmental Management System (EMS) documentation.

Water Quality Monitoring

Sarawak Energy conducts water quality monitoring at the Batang Ai, Bakun and Murum HEP reservoirs. Under the Sarawak Natural Resources & Environment Board (NREB), it is a legal requirement to perform water quality monitoring at the reservoirs every quarter. Unlike natural lakes, human-made reservoirs may have an environmental impact, as modifications to the natural flow of water create barriers to the mobility of water species and can change the composition of species upstream and downstream. The formation of deep reservoirs can also cause thermal stratification, which influences the chemical and biological processes in the waters. In addition, changes in the quality of the water retained in the reservoirs will eventually be discharged into the rivers downstream and may affect the receiving water body.

Water quality monitoring and assessment for reservoirs are therefore essential to study the changes in water quality and to mitigate the potential problems related to reservoir water quality. Ultimately, management programmes could be suggested to remediate the environmental impacts of reservoir water quality.



Water Quality Monitoring at Batang Ai Reservoir.

Environmental Conservation Highlights

Sarawak Energy directly engages with various link-minded agencies to hold events and promote environmental awareness on environmental protection and biodiversity preservation.

State-Level National Environment Day 2019

Sarawak Energy and the Department of Environment (DOE) collaborated in organising the State-Level National Environment Day 2019 which serves as a platform to raise awareness among the community on current environmental issues to promote sustainable environmental protection.



Gaharu Tree Planting Programme at Rumah Manggat, Batang Ai.

Gaharu Tree Planting Programme

The Gaharu Tree Planting Programme at Rumah Manggat in Batang Ai is one of the conservation initiatives under the Forest Department Sarawak's (FDS) Ulu Sungai Menyang Orang Utan Strategic Action Plan (USMOSAP). Sarawak Energy first took part in this programme in 2018 with the main objective of conserving the Ulu Sungai Menyang forest to help improve the livelihood of the local communities, and helped to plant 1,500 seedlings. In 2019, Sarawak Energy participated again in the programme to perform tree maintenance and to monitor the growth of the gaharu seedlings.



PALS Club Conference for school students.

2nd PALS Club Conference 2019

Sarawak Energy and Natural Resources and Environment Board Sarawak (NREB) organised the Annual Pencinta Alam Sekitar (PALS) Club Conference which serves as a platform for PALS Club schools to share information, increase students' awareness and establish networking opportunities amongst students, teachers and environmental agencies.

State-Level Train-the-Trainers Programme for PALS Club 2019

Sarawak Energy and NREB jointly organised a State-level Train-the-Trainers Programme for PALS Club 2019 which aimed to provide a better understanding of the roles and activities of PALS Club to new school teachers responsible for PALS Club. The programme targets to enhance the teachers' technical skills to conduct impactful PALS Club activities through the application of environmental education modules, equips educators to raise environmental awareness and develop sustainable behaviours and strengthen the bond and fellowship between schools, the NREB and other stakeholders.

Beach Cleaning

Sarawak Energy organises beach cleaning activities in collaboration with various organisations to promote environmental awareness amongst participants and highlight the impact of improper waste disposal. Three beach cleaning activities involving volunteers from various organisations took place at Pantai Abang Amin in Sematan, Pantai Kala Dana in Mukah and Pantai Kampung Nelayan in Bakam, Miri in 2019.



Beach cleaning activity at Lundu.

103-2, EU26

Lighting Up Communities

In 2009, the rural population in Sarawak with access to reliable 24/7 electricity supply stood at 56%. A decade later in 2019, the coverage has reached 93%. Sarawak Energy's target is to meet full electrification by 2025.

STRATEGISING FOR FULL RURAL ELECTRIFICATION COVERAGE

Aligning with SDG 7, providing affordable and clean energy, Sarawak Energy works closely with the Federal and State Governments to support the rural electrification plan to provide electricity to rural areas of Sarawak through the Accelerated Rural Electrification Masterplan.

In 2015, various Government-funded initiatives were introduced under the Masterplan to accelerate rural electrification in Sarawak. Key programmes of the Masterplan comprise the Rural Electrification Scheme or RES, which focuses on extending the existing grid line into the interior; Rural Power Supply Scheme or RPSS, which focuses on complementing RES by introducing new transmission lines and substations into rural areas; Sarawak Alternative Rural Electrification Scheme, or SARES, a fast track solution to provide remote households with the standalone solar power system in partnership with the community; and the Alternative Hybrid Rural Electrification Project, which utilises renewable alternative systems of both micro-hydro and solar technologies to provide reliable electricity supply to the most remote villages.

Through the implementation of these programmes, electricity coverage reached 93% in 2019. Subsequently, the Ministry of Utilities spearheaded the Accelerated Rural Electrification Masterplan with Sarawak Energy acting as its implementing agent,



Longhouses at Julau are lighted up at night.

targeting to deliver the State's vision of achieving full electrification by 2025.

Full access to electricity brings real benefits and opportunities for a better standard of living, more convenience, greater savings and enables businesses to operate in Sarawak's remote communities.

SARAWAK ALTERNATIVE RURAL ELECTRIFICATION SCHEME – REACHING THE MOST REMOTE COMMUNITIES

SARES is an innovative Government-community partnership initiative that utilises standalone alternative systems comprising renewable solar and micro-hydro

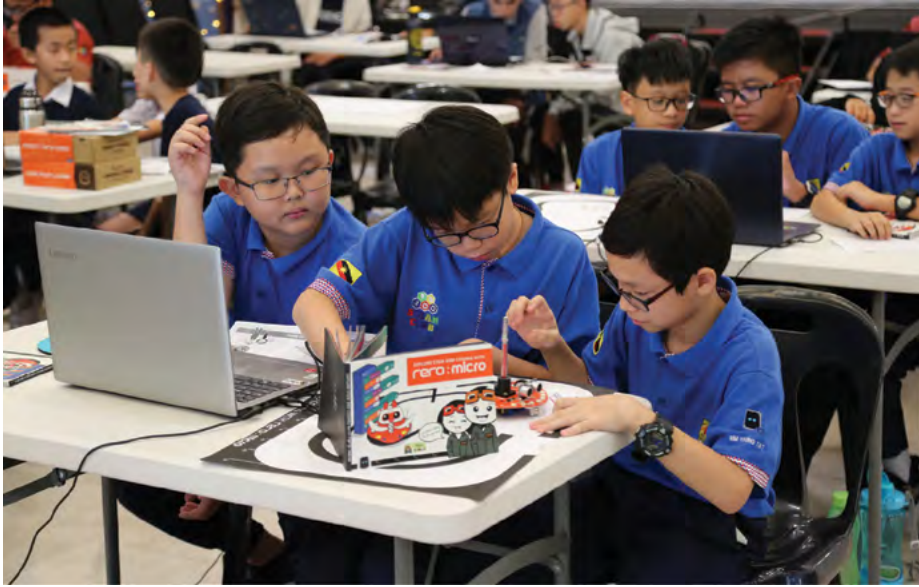
technologies to supply electricity to villages that are too distant to connect to the main electricity grid. The SARES initiative mobilises Government machinery and agencies to help villages build, own and operate more sustainable and affordable electricity generating systems.

SARES replaces noisy and polluting generators that can only provide limited hours of supply with reliable electricity supply for each household's lighting, fans, television and refrigeration needs. Since the SARES project began in 2016, a total 277 villages, comprising 7,987 households, have gained access to 24/7 reliable electricity supply.



SARES handover ceremony at Rumah Nading, Sungai Gaat in Kapit.

Growing Our Brand



To strengthen Sarawak Energy's corporate reputation and to earn and maintain its licence to operate and achieve continuous growth, Signature Brand Programmes were conducted since 2018. The Company also sponsored relevant brand programmes as a long-term strategic plan to drive new opportunities and form strategic partnerships with relevant stakeholders.

Students taking part in a competition at SCIENCE.

POWER TO GROW

International Hydropower Association (IHA) Sponsorship

Sarawak Energy supported the International Hydropower Association (IHA) at the World Hydropower Congress 2019 in Paris in highlighting hydropower's vital roles in meeting global carbon reduction targets, building a clean energy future and ensuring responsible freshwater management.

The three-day congress provided a platform for Sarawak Energy to share its journey in progressing hydropower development for sustainable, renewable and affordable energy for Sarawak. Both management and executives from Sarawak Energy participated as speakers in the congress focus sessions and presented on a variety of topics including hydropower safety, Sarawak Energy's methodology in measuring greenhouse gas emission at its hydropower plant reservoirs, the Company's sustainability journey and in humanising the digital transformation programme.

The biennial congress was organised by IHA in collaboration with more than 40 partner organisations and attended by more than 700 delegates from over 70 countries. Sarawak Energy has been a sustainability partner and platinum member of the IHA since 2010 with Group Chief Executive Officer Datu Haji Sharbini Suhaili serving as an elected member of the IHA Board since 2017.

POWERING YOUNG MINDS

Sarawak Community Innovation Engineering Competition Exhibition (SCIENCE)

To cultivate greater interest and innovative thinking in science, technology, engineering and mathematics (STEM) among students in Sarawak, Sarawak Energy held the second edition of the Sarawak Community Innovation Engineering Competition Exhibition in August.



Group COO Lu Yew Hung visiting the SCIENCE exhibition.

Themed “Smart Home and Future Living”, SCIENCE 2019 attracted over 300 students from Sarawak including Kuching, Betong, Mukah, Bintulu and Miri. The students from 36 primary and secondary schools formed 80 teams to participate in the various workshops, challenges and competitions.

In collaboration with The Learning Curve, this innovative format fosters teamwork among students as they collaborated over a span of six months to design, programme, assemble and showcase their engineering projects with the assigned theme. The students were able to showcase their creations during the exhibition and demonstrate its application in daily lives.

SCIENCE 2019 was held in conjunction with the National Science Week and was supported by the Federal Ministry of Education, Science and Technology Research Sarawak, Ministry of Energy, Science, Technology, Environment and Climate Change Malaysia, Sarawak Multimedia Authority and Education Department Sarawak.

Junior Badminton Championship

Sarawak Energy is also doing its part to contribute to the development of sporting talent and powering young minds for Sarawak through the annual Junior Badminton Championship. The championship's objective are to nurture interest and develop potential among young badminton players as well as provide an avenue to groom young shuttlers to compete at the local, regional and international levels.



○ Badminton tournament at Miri.

The tournaments were held in three locations this year; Kuching, Sibul and Miri, to ensure all Sarawakian talents can participate. The programme was well-received by the community.

Through these programmes, Sarawak Energy aspires to positively impact Sarawak's future generation while attracting young talents to join Sarawak Energy and become the employer of choice in Sarawak.



○ Beach cleaning activity at Sematan beach.

SARAWAK ENERGY COMMUNITY VOLUNTEER PROGRAMME

To internalise sustainability among Sarawak Energy employees and encourage them to play a part in this journey, Sarawak Energy has launched the Sarawak Energy Community Volunteer Programme (CVP) in April to provide all employees with the opportunity to volunteer for the community and to promote inclusiveness and respect.

The CVP provides an annual allocation of RM200,000 to fund activities organised by employees for charitable causes, social or environmental related initiatives which are in line with the Environmental, Social and Governance (ESG) or United Nations Sustainable Development Goals.

The programme serves as an additional platform for Sarawak Energy to earn its social licence to operate by giving back to the society beyond project-affected communities.

The programme has benefitted students at Tadika Sejati, Kampung Subang Padawan in an annual community sports day as well as a beach cleaning activity which saw bags of rubbish being cleared off Sematan Palm Beach.



Powered by:



The inaugural Sustainability and Renewable Energy Forum (SAREF) 2019 marked the start of a 10-year-thought leadership campaign to lead the region in sustainable and renewable energy. Organised together with the Sarawak Ministry of Utilities, the key objective of SAREF is to drive a regional discourse on sustainability and the role of renewable energy providers in Southeast Asia in delivering the UN SDGs by 2030.



TOWARDS A SUSTAINABLE AND RENEWABLE ENERGY FUTURE

As the largest producer of hydropower electricity in Malaysia, Sarawak Energy amplifies the role of renewable hydropower in the regional renewable energy mix to encourage a shift towards a more sustainable energy future. Since embarking on renewable hydropower development, carbon emissions from the Company's electricity system has declined significantly by 77% in the last decade.



In line with SDG 7 to ensure all Sarawakians have access to sustainable, reliable and affordable electricity, the Company aims to

achieve 100% electrification for Sarawak by 2025. SAREF plays an important role to support this goal and also achieve its aspiration to become a regional powerhouse.

With an attendance of more than 700 international and local delegates, the two-day forum explored how the energy industry and various sectors of society can collaborate in building a sustainable energy future while helping to meet the UN SDGs, allowing energy players and stakeholders to explore potential collaborations.

The event was officiated by Yang Amat Berhormat Datuk Patinggi Abang Haji Abdul Rahman Zohari bin Tun Abang Haji Openg, Chief Minister of Sarawak. Tan Sri Michelle Yeoh, Goodwill Ambassador of the United Nations Development Programme, also delivered a special address.

Besides plenary sessions on energy and sustainability-centric topics such as Sustainability and Renewable Energy, Renewable Energy Certificates and Sustainable Financing, Renewable Hydropower as Southeast Asia's Catalyst for Growth, Circular Economy, Driving Sustainability and Preparing the Workforce for 2030, the forum also included an Energy Leaders Forum session led by Group CEO Datu Haji Sharbini Suhaili to drive conversations around renewable energy strategies and technologies for the industry in delivering efficient and sustainable management of natural resources.

SAREF 2019 featured notable speakers from key organisations and partner agencies such as United Nations Industrial Development Organisation, World Bank Group, Terracycle, ASEAN Global Energy Interconnection and the International Hydropower Association, UN Global Compact Network, Malaysia and Malaysia's Sustainable Energy Development Authority who shared ideas beyond traditional thinking to stimulate change, innovation and improvement.

Sarawak Energy commits itself to review the Company's sustainability and renewable energy progress against commitments made from the first conference.



MEDIA PARTNERSHIP

Promoting SAREF 2019 required comprehensive media coverage and exposure to reach audience and stakeholders beyond Sarawak. With the appropriate public relations strategy and active engagements with media, Sarawak Energy was able to showcase the Company's efforts in championing sustainability and renewable energy in Sarawak.

In addition to engaging Astro Awani as the national media and content partner, Sarawak Energy invested in partnerships with top-tier international media companies such as CNBC Catalyst and South China Morning Post to ensure key discussion points from the forum reached a broader national and regional audience. Moderators for the plenary sessions were also members of the media partners.

For long-term global exposure, the SAREF 2019 articles, videos, interviews were featured on all media partners' websites and social media platforms.

National Media and Content Partner



International Media Partner



Strategic Media Partner



A Fireside Chat curated by CNBC Catalyst also featured Group CEO Datu Haji Sharbini Suhaili as he spoke on renewable hydropower.

#SAREF2019 At A Glance



1,000
Crowd Turnout



700
Participating Delegates from 12 Countries



45
Speakers from 10 Countries

A Special Address by the

**Tan Sri Michelle Yeoh, Goodwill Ambassador of the
United Nations Development Programme**

30
Participating
Exhibitors



Received

**National and International Media
Coverage**

First Tier Media Partnership with

CNBC Catalyst, South China Morning Post, Astro Awani

In Recognition of Our Efforts

ASEAN ENERGY AWARDS

At the ASEAN Energy Business Forum (AEBF) 2019 in Bangkok, Thailand, the Sarawak Alternative Rural Electrification Scheme or SARES was the first runner up under the Off-Grid Power Category for the ASEAN Renewable Energy Project Award 2019. SARES is a Government-community partnership programme that utilises standalone alternative systems comprising renewable solar and micro-hydro technologies to light up remote communities.

ASIAN POWER AWARDS

At the Asian Power Awards 2019, held in conjunction with POWERGEN Asia & Asian Utility Week 2019, Sarawak Energy received recognition for SARES as Solar Power Project of the Year in the Malaysia category while Murum Hydroelectric Plant received a silver award for Hydro Power Project of the Year. Sarawak Energy participated as an exhibitor at POWERGEN Asia 2019 and shared Sarawak's aspirations and efforts in adopting new energy economy and digital utility during the Energy Capital Leaders Asia Summit.



ANUGERAH KUALITI PERKHIDMATAN AWAM NEGERI SARAWAK (AKPANS)

Sarawak Energy was recognised with a silver award for 'Anugerah Ketua Menteri Sarawak 2019' under the category of 'Agensi Utama Negeri' during the AKPANS 2019 presented on the Sarawak Civil Service Day in December. The Company also received a High Performance Team Award. AKPANS is the highest recognition given by the Sarawak Government to deserving public agencies who have achieved overall excellence in their organisational management, operation and customer services.



SUSTAINABLE BUSINESS AWARDS MALAYSIA 2019

In November, Sarawak Energy received five awards at the Sustainable Business Awards Malaysia 2019 in Kuala Lumpur, namely Best Overall for Sustainability Excellence, Strategy and Sustainability Management, Energy Management,

Climate Change, as well as receiving Special Recognition in Stakeholder Engagement and Materiality. Earlier in the year, Sarawak Energy also received the Best Strategy and Sustainability Management Award, Best UN SDGs Award and special recognition for Sustainability in the Community at the Sustainable Business Awards Malaysia 2018.

Organised by Global Initiatives, this prestigious award recognises companies who are leading the way in sustainable business best practices and for their commitment to embedding sustainability into long-term business strategies. The awards have earned credibility and standing for the rigour in its process and prominence of the judging panel.



THE BRANDLAUREATE AWARDS

In July, Sarawak Energy's commitment to pursuing brand excellence was recognised with a Nation Branding Award 2018 - 2019 at The BrandLaureate Awards held in Kuala Lumpur. The award recognises Sarawak's primary power utility and energy development company's brand personality and presence and leadership in renewable energy generation, sustainability and its positive brand culture. Recipients of The BrandLaureate Nation Branding Award of the Year are noted for their brand leadership and influence of industry trends and standards with their innovative initiatives.

ASEAN PR CONFERENCE AND EXCELLENCE AWARDS

Sarawak Energy was awarded two Diamond Awards at the 2nd ASEAN PR Conference and Excellence Awards under the Best PR Programme Category for Mat Weavers Tale and Best PR Campaign ASEAN Category for Electrifying Sarawak and Beyond on 29 April. The awards presented were in recognition of outstanding PR and communication work at the ASEAN level through nominations by national PR associations with a selection panel led by Ibu Prita Kemal Gani, President of the ASEAN PR Network.





ANNUAL GLOBAL CSR SUMMIT AND AWARDS 2019

At the 11th Annual Global CSR Summit and Awards 2019 in Kuching, Sarawak Energy was awarded three platinum awards under the Best Community Programme for the Telang Usan Sape Heritage Programme and the Baleh Skills Training Programme; Empowerment of Women for Sarawak Energy Leading Women Network (SELWN) and CSR Leadership for driving the Company's CSR and sustainability efforts. Sarawak Energy also received a Gold Award under the Best Environmental Excellence Award for CSR solar projects at Tanjung Datu National Park, and two turtle islands, Talang-Talang Kechil and Talang-Talang Besar.

MALAYSIAN BOOK OF RECORDS

Sarawak Energy's 826MW Tanjung Kidurong Combined Cycle Gas Power Plant project made four entries into the Malaysia Book of Records for various engineering and technical feats. The power plant was recognised for the Longest Towing Distance for High-Density Polyethylene; Biggest Reinforced Concrete Cylinder Pipe Jacking; Biggest 'Open Caisson' Cooling Water Pump House and Longest High-Density Polyethylene Pipe Submersion. The certificate was presented in June and acknowledged the exceptional teamwork from all parties involved in the project. The Tanjung Kidurong power plant, which commenced construction in 2016, is set to be one of the most efficient combined cycle power plants of its class in the world when it is completed in 2021.



AUSTRALASIAN REPORTING AWARDS (ARA)

Sarawak Energy's Annual Report 2017 won a Silver award at the Australasian Reporting Awards (ARA) ARA themed "Celebrating Excellence in Reporting". The prestigious ARA provides organisations with the opportunity to benchmark their reports against global best practices. The awards have been organised for more than 62 years and are administered by Australasian

Reporting Awards Limited, an independent non-profit organisation run by various volunteer professionals from the business, government and non-profit sectors. Distinct professional bodies concerned with the quality of financial and business reporting support the award recognition.



CONTRACTOR ENVIRONMENTAL IMPACT ASSESSMENT COMPLIANCE AWARDS (CECA) 2019

The inaugural Sarawak Energy Contractor Environmental Impact Assessment (EIA) Compliance Award was introduced in 2017 to promote commitment to environmental considerations within the contractor community. The ceremony took place on 8 March 2019 to recognise Sarawak Energy's contractors' effort in achieving a high level of compliance with EIA assessment requirements and standards. A total of nine gold and silver award recipients and 12 contractors were given certificates for their achievements in observing EIA standards.



GREEN BUILDING INDEX SILVER RATING

Menara Sarawak Energy, Sarawak Energy's headquarters, retained its Green Building Index silver rating after undergoing verification assessment for the renewal process in December. This rating has a validity period of three years. Menara Sarawak Energy was the first building in East Malaysia to be accredited the green building certification under the Non-Residential New Construction Category in 2013. The rating is issued by Green Building Index Sdn Bhd, a wholly-owned subsidiary of Pertubuhan Akitek Malaysia and the Association of Consulting Engineers Malaysia which administers GBI accreditation and trains GBI Facilitators and Certifiers.

Corporate Event Highlights

DIVERSITY AND INCLUSIVENESS



Joint Gawai Raya celebration with Yang Amat Berhormat Chief Minister of Sarawak and his wife at Menara Sarawak Energy.



Celebrating Majlis Berbuka Puasa with Rumah Seri Kenangan residents and Rumah Amal Nur Murni children.



Lion dance performance at Menara Sarawak Energy to celebrate Chinese New Year.



Group Executive Committee members, GEC-1 and GEC-2 taking part in the Yee Sang or Prosperity Toss during the launching of Saradise Customer Service Counter.

STAKEHOLDER ENGAGEMENT



○ Our Group CEO holds townhalls to update staff across Sarawak on the Company's performance and the way forward in its strategy roadmap.



○ In supporting women empowerment and women leaders in the Company, Sarawak Energy Leading Women Network hosted a roundtable discussion with 30% Club Malaysia.



○ A delegation from PT Indonesia Asahan Aluminium (Persero) and Pratama Tax Service Office (KPP), Indonesia visited Menara Sarawak Energy in July.



○ Utilities under the Sarawak Ministry of Utilities were briefed on best practices in Communication by the Corporate Communication team.



○ Utility companies from within Malaysia and other regions took part in the Utility Games in December.

STAKEHOLDER ENGAGEMENT



Delegates from Chinese Aided Primary School Association Management Board (Tunglian) showed appreciation to Sarawak Energy for continuing to power young minds and support education programmes in Sarawak.



Sarawak Energy welcomed panel judges for the State Civil Service Key Focus Activities Award at the Western Region Technical Control Centre.



A Security Forum was held for Sarawak Energy's security team in March.



Sarawak Energy supports the yearly Kenyalang Journalism Awards to encourage excellence in journalism.



Sarawak Energy conducted a SEPRO briefing for contractors to familiarise with the new e-procurement system.



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