

Energising Tomorrow Today





ENERGISING TOMORROW TODAY

“Energising Tomorrow Today” reflects our mission to drive Sarawak’s continued sustainable progress through renewable energy and at the same time enhance the benefits we bring to the people of Sarawak via digitalisation.

We constantly scrutinise the way we conduct our business and welcome the opportunity for adaptation and change, as a forward-looking corporation with a versatile mindset.

The power industry is fast-paced and complex. One of our key objectives is to keep up with technological advance and to this end, we have a comprehensive strategy in place to transform into a digital organisation by 2025, complementing our role as the renewable energy provider of Sarawak and the region.

This focus will have a wide-ranging impact on the way we do business and will uplift every aspect of our operations - from the processes we use to conduct our day-to-day office tasks to how we deliver excellence in our projects and services.

We are confident that the successful implementation of our strategy will support the development of Sarawak, empower its people and enable us to keep pace with the industry’s best regional and international players.

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How We're Organised

About This Report

Our financial statements are available on our website, please scan the QR code below:



<https://www.sarawakenergy.com/investors/audited-financial-statements>

SCOPE AND BOUNDARY

Our Annual Report for 2018 covers the period 1 January 2018 to 31 December 2018 and gives clear and comprehensive details of our activities.

Our report provides an assessment of our current financial, environmental and social condition and we document both our accomplishments and the tests we have faced throughout the year.

Our report also looks forward to 2019. It anticipates the successes that lie ahead and presents our strategy for dealing with any challenges we may encounter.

Our Annual Report will be read with interest by all our stakeholders in Sarawak, Malaysia and the neighbouring region.

Our financial statements are independently audited and give a clear indication of our financial health.

OUR COMMITMENT TO TRANSPARENCY

Sarawak Energy is not a listed public entity and therefore we are not bound by the disclosure requirements of Bursa Malaysia Securities Berhad. We place great importance on maintaining the trust we have built with our stakeholders in order to ensure our continued success and prosperity. For this reason, we make our company information accessible to all our stakeholders through the publication of our Annual Reports. We also welcome feedback.

Our Annual Report for 2018 details our targets and how we have accomplished them and provides stakeholders with a clear understanding of our strategies and progress. We also explain our initiatives in the areas of health, safety and the environment, corporate responsibility, sustainability and corporate governance.

Our audited financial statements can be downloaded at our website www.sarawakenergy.com.

STATEMENT OF THE BOARD OF DIRECTORS OF SARAWAK ENERGY BERHAD

In presenting our Annual Report for 2018, the Board is confident that the report is a fair and balanced illustration of Sarawak Energy's activities throughout the year.

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

Datuk Amar Abdul Hamed Sepawi
Chairman

Datu Sharbini Suhaili
Group Chief Executive Officer

How We're Organised

About Sarawak Energy

Sarawak Energy is the primary provider of reliable and predominantly renewable energy for Sarawak. We serve a population of almost three million people, we are trusted by a consumer base of almost 680,000 customers to supply affordable and reliable energy and we have a growing multidisciplinary workforce of more than 5,000 people.

Sarawak's generation mix is primarily sustainable hydropower complemented by indigenous coal and gas generation for security of supply. Sarawak Energy's history stretches back nearly 100 years. During that time, Sarawak Energy has built a reputation as a respected energy developer and also as a forward-thinking, modern utility able to respond to change and drive the sustainable development and prosperity of Sarawak.

We play an integral role in advancing Sarawak's economic and industrial growth by providing power to the Sarawak Corridor of Renewable

Energy (SCORE), the 70,000sq km economic development zone central to Sarawak's ambition to reach developed status by 2030.

Sarawak Energy is also making progress towards becoming a key player in the regional energy arena, exporting power to West Kalimantan in Indonesia and exploring hydropower development in Borneo.

Our rural electrification project strives to bring electricity to even the most remote areas of Sarawak and we are firmly on target to achieve our goal of 99% electrification coverage by 2020, towards full coverage before 2025.

Sarawak Energy has completed two thirds of our Strategic Roadmap 2020, a plan of action which will witness our transformation into a high performing and

technologically advanced utility and energy developer able to compete with the leading energy companies. Whilst we are transforming at speed and with determination, we remain committed to the core values which lie at the heart of our success: courage, unity, respect, integrity and accountability.

This combination of progressive thinking and adherence to our core attributes will enable us to bring innovative solutions to the challenges that lie ahead and greater reward to all our stakeholders.

Vertically Integrated Power Utility & Energy Development Company

Power generation, transmission, distribution, retail and export



Manpower = 5,023



Customers 680,000 in 2018

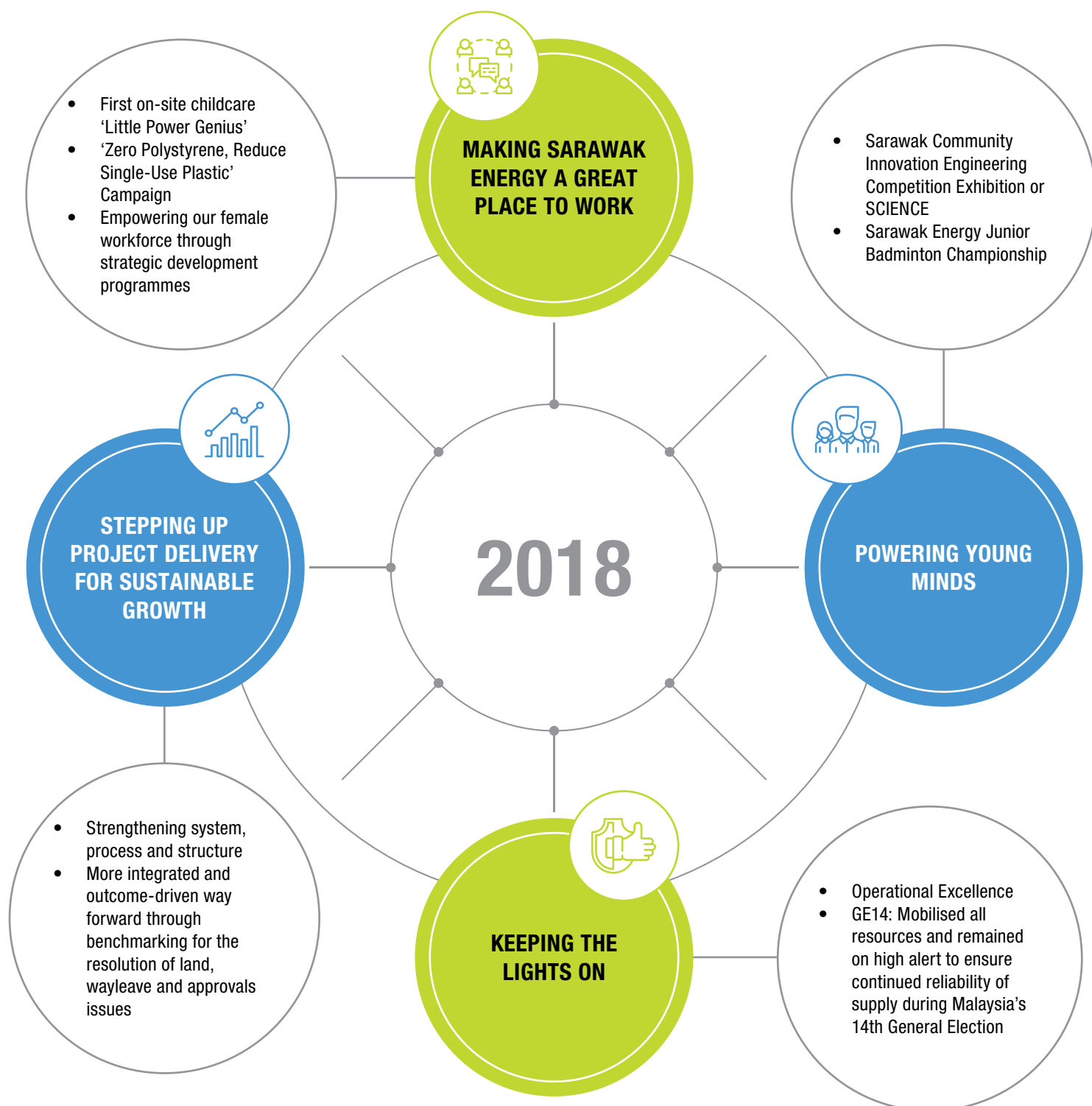


📍 Sarawak Energy's headquarters, Menara Sarawak Energy, retained its Green Building Index (GBI) silver rating in 2018.

How We're Organised

Year in Review





How We're Organised

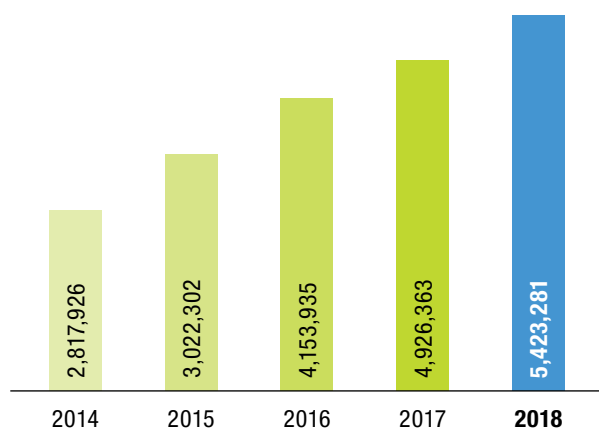
Five-Year Financial Highlights

Financial Year Ended 31 December	2014	2015	2016	2017* Restated	2018
PERFORMANCE (RM'000)					
Revenue	2,817,926	3,022,302	4,153,935	4,926,363	5,423,281
Profit before tax	703,966	615,333	752,249	1,817,623	1,733,207
Profit net of tax	1,448,664	678,623	545,848	1,479,340	1,280,620
Profit after tax and non-controlling interests	1,449,088	678,884	548,168	1,479,597	1,279,878
Net dividends	142,696	-	-	-	-(1)
KEY FINANCIAL POSITION DATA (RM'000)					
Property, plant and equipment	12,710,705	14,206,961	17,019,679	27,093,907	28,997,902
Cash and bank balances	2,212,914	2,554,300	2,032,350	3,937,077	4,216,264
Total assets	17,079,994	19,146,624	21,663,158	33,874,213	36,583,812
Loans and borrowings	7,502,824	8,945,071	9,880,055	19,860,202	20,462,687
Total liabilities	11,468,287	12,999,974	15,005,875	25,833,672	27,283,318
Share capital	1,610,569	1,610,569	1,610,569	1,833,341	1,833,341
Equity attributable to owners of the Company	5,602,985	6,132,909	6,637,453	8,015,968	9,275,179
SHARE INFORMATION					
Net asset per share attributable to owners of the Company (RM)	3.48	3.81	4.12	4.98	5.76
Net earnings per share (Sen)	90.00	42.20	34.00	91.90	79.50
Gross dividend per share (Sen)	8.90	-	-	-	-

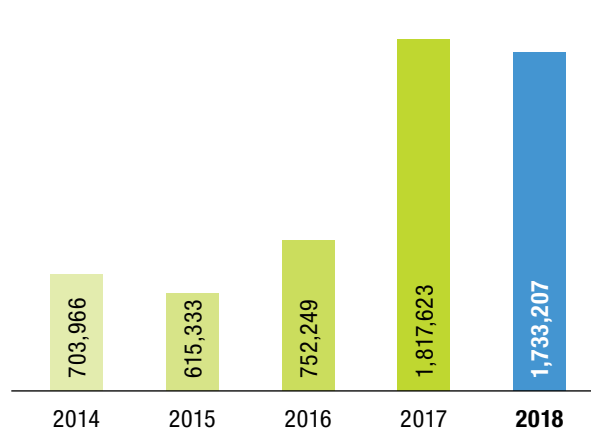
* Amounts for the financial year ended 31 December 2017 have been restated due to the adoption of MFRS15 and the change in the method of presentation of government grants related to assets.

(1) On 27 March 2019, the Board of Directors declared a single-tier dividend of 4.21 sen per ordinary share on 1,610,568,979 ordinary shares amounting to RM67,804,954.02 in respect of the financial year ended 31 December 2018. The dividends are payable on 10 April 2019. The dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

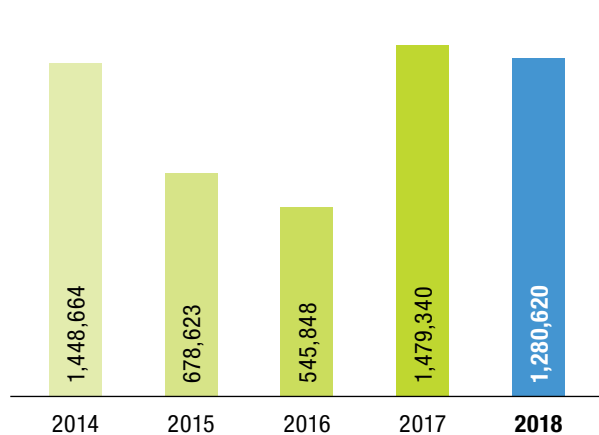
Revenue (RM'000)



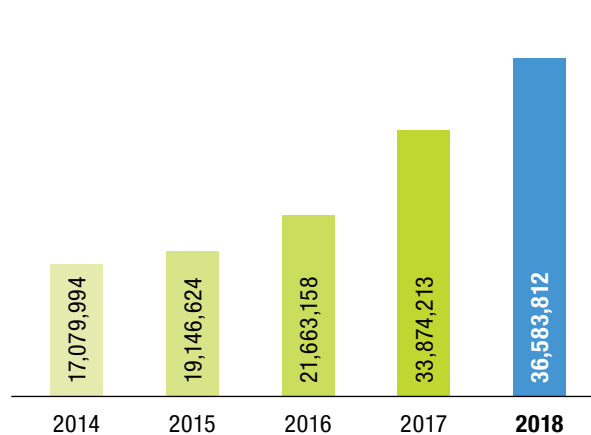
Profit Before Tax (RM'000)



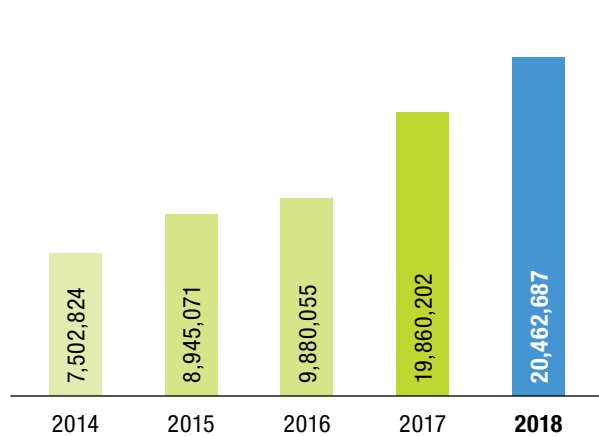
Profit Net of Tax (RM'000)



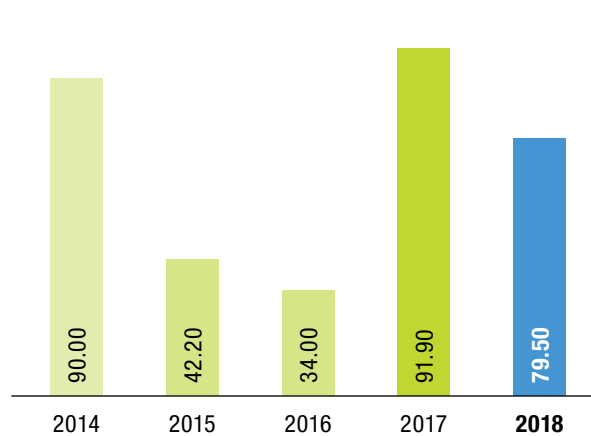
Total Assets (RM'000)



Loans and Borrowings (RM'000)



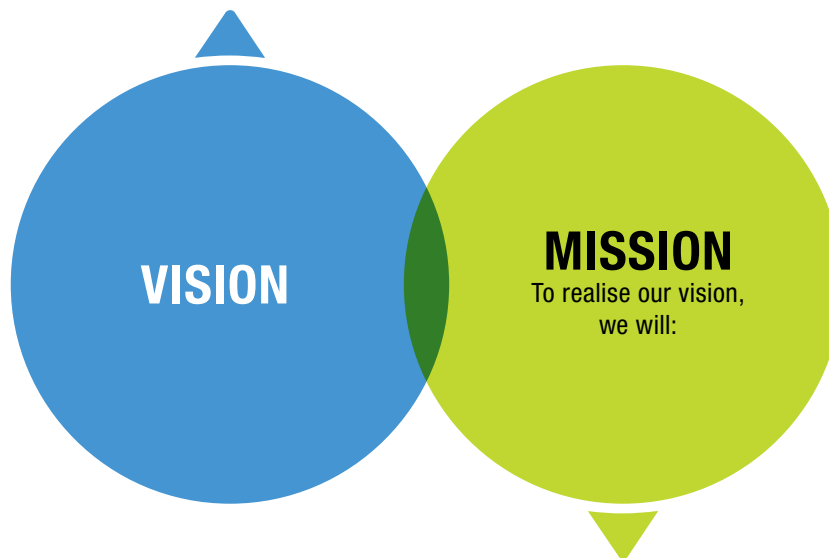
Net Earnings Per Share (Sen)



How We're Organised

Vision, Mission and Living Our Values

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



- 1) Pursue opportunities for growth by fully developing the Sarawak Government's SCORE agenda
- 2) Operate as a business based on principles that reward our owners and employees, and delight our customers
- 3) Achieve operational excellence through a commitment to continual improvement and best practice
- 4) Ensure our own safety and the safety of others, with a commitment to do 'no harm to anyone at any time'
- 5) Honour the trust placed in us by the people of Sarawak, by acknowledging and respecting them and contributing to their well-being
- 6) Harness and utilise natural resources in a sustainable and responsible way
- 7) Provide a reliable supply of clean, competitively-priced energy to support the economic and social development of Sarawak and our partners in the region
- 8) Set and achieve high ethical and corporate standards that are a source of pride for our employees, customers and owners
- 9) 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

Living our Core Values and Winning Behaviours towards a High Performance Culture

COURAGE

We will do what is right and in the best interests of our Company and the community, even when it is not easy to do so.

Key Attributes

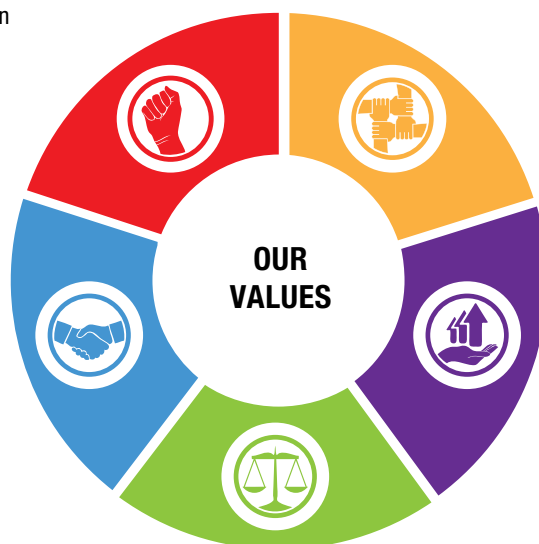
- Dare to speak one's mind
- Dare to share different view points
- Dare to intervene to right the wrong
- Dare to take risks in decision-making

RESPECT

We value differences, include and acknowledge different points of view, and listen well in all situations.

Key Attributes

- Value differences
- Be inclusive
- Listen
- Humility



UNITY

We collaborate and work together to deliver our business objectives.

Key Attributes

- Purposeful collaboration
- Enterprise-first mindset
- We before me
- Synergy and teamwork

ACCOUNTABILITY

We work hard and are responsible for delivering our promises to the highest standards.

Key Attributes

- Ownership
- Commitment
- Delivery on promises
- Do things right / professionalism

INTEGRITY

We are honest and can be trusted by people to do what is right.

Key Attributes

- Professionalism
- Honesty
- Trustworthy
- Do the right thing

WINNING BEHAVIOURS

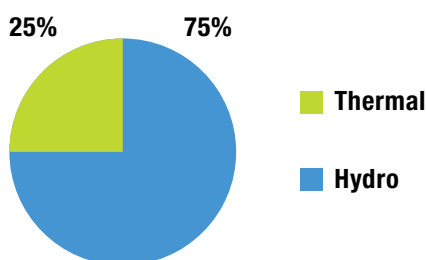
- Proactive on HSE
- Value and bottom-line driven with strong cost discipline
- Keeping our delivery promises
- Demonstrating urgency through speed and precision
- Conducting our business with the highest level of integrity
- Focused on team work and integration
- Working across functional and organisational boundaries
- Always doing what is best for the Sarawak Energy enterprise and brand
- Adaptable and open to leveraging on technology as the solution
- Always learning from our experiences, particularly mistakes
- As employees of choice, working for the employer of choice

How We're Organised

Sustainable Energy for Sarawak and Beyond

SARAWAK'S GENERATION MIX

Predominantly Renewable, Sustainable Hydropower



↓ **76.5%**

Carbon intensity for electricity supply since 2009

LIGHTING UP COMMUNITIES

Overall Coverage
95%
in 2018

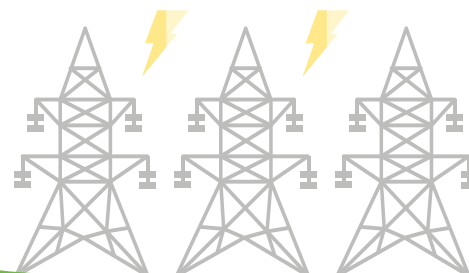
Rural Coverage
91%
in 2018

Target
100%
by 2025

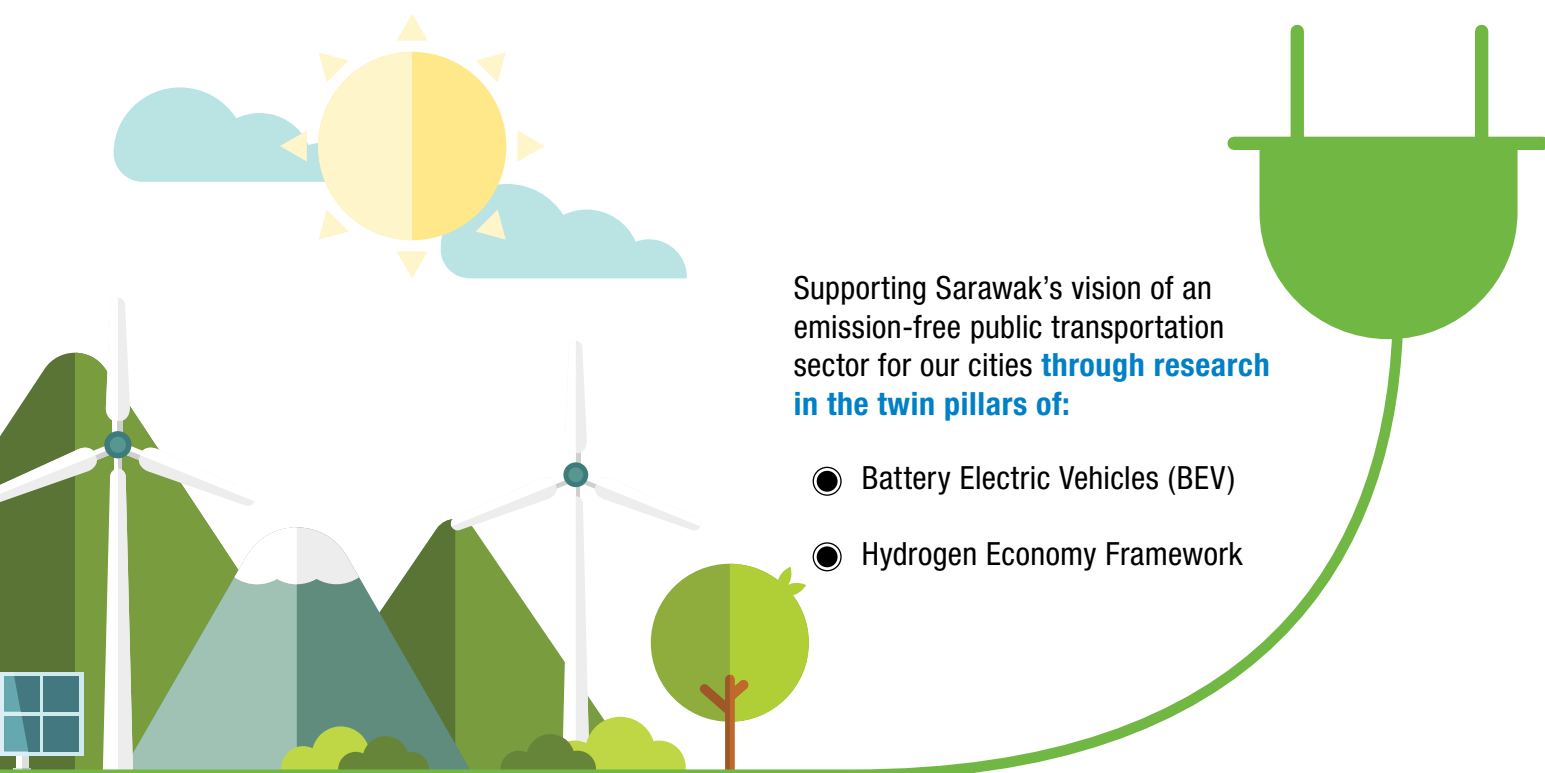
Supporting the Sarawak Government on rural electrification

110,000

new rural households have been connected through grid expansion or community-based generation projects since 2009



Lowest average unsubsidised electricity tariffs in the region



Supporting Sarawak's vision of an emission-free public transportation sector for our cities **through research in the twin pillars of:**

- Battery Electric Vehicles (BEV)
- Hydrogen Economy Framework

SCORE

Sarawak Corridor of Renewable Energy

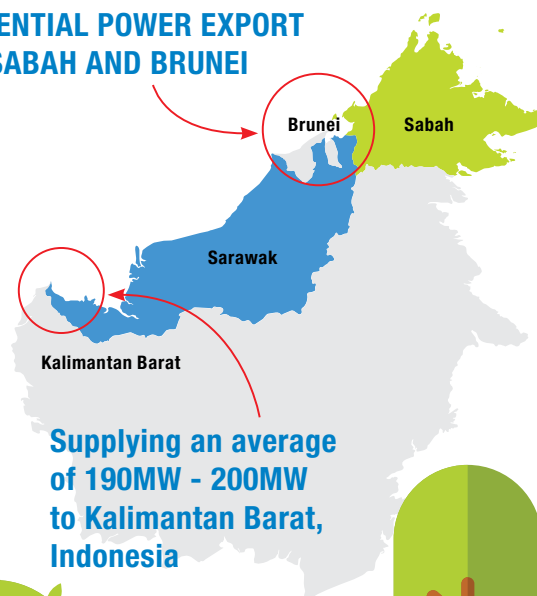
>2,000_{MW} energy demand

Business and employment opportunities through bulk power customer investment



REGIONAL POWERHOUSE

POTENTIAL POWER EXPORT TO SABAH AND BRUNEI



Supplying an average of 190MW - 200MW to Kalimantan Barat, Indonesia

How We're Organised

Energy For Sarawak

INTRODUCTION

Sarawak Energy continues to pursue the development of indigenous hydro, coal and gas resources to provide reliable and affordable power for the growth and prosperity of the region. Sarawak Energy is committed to harnessing Sarawak's abundant natural resources in a sustainable manner, compliant with Sarawak and Malaysian law and guided by international best practices.

ADVANCING HYDROPOWER

The development of hydropower is key to providing sustainable, clean and affordable energy for Sarawak and its people and has enabled Sarawak to offer the lowest unsubsidised electricity tariffs for all its customers compared to in Malaysia and within the ASEAN region. Sarawak Energy became involved in hydropower in 1985 when Batang Ai, Sarawak's first hydroelectric plant, came into operation. Sarawak Energy now has 75% hydro in the generation mix derived from the Murum, Bakun and Batang Ai plants.

Bakun Hydroelectric Plant

Sarawak Energy became the sole owner and operator of the 2,400MW Bakun Hydroelectric Plant (HEP) in 2017. Integrating the operations of Bakun HEP into the Group optimises water resources management between the Bakun and Murum HEPs, allowing resources to be allocated more efficiently, generating long-term savings and supporting the distribution of a reliable power supply to Sarawak.

Baleh Hydroelectric Project

Located on the Baleh River, about 95km upstream from the confluence with the Rejang River in Kapit, the 188m high Concrete Faced Rockfill Dam is one of Sarawak's largest infrastructure projects and will generate 1,285MW of renewable energy once completed. The project is expected to be fully commissioned in 2026. The main civil works for the plant are being carried out by Gezhouba Group Company Ltd. and Untang Jaya Sdn. Bhd. Joint Venture.

The 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

108_{MW}

Murum Hydroelectric Plant

944_{MW}

Bakun Hydroelectric Plant

2,400_{MW}

Baleh Hydroelectric Plant

1,285_{MW}
UNDER CONSTRUCTION

SECURING UPSTREAM RESOURCES

To secure its upstream resource supply, Sarawak Energy is developing coal resources in Balingian for its 2 x 312MW Coal-Fired Power Plant, a modern, low-emission plant which is scheduled for full commissioning in 2019. Developing coal resources in Mukah and Balingian will also accelerate the growth of the area's infrastructure such as access roads and other basic amenities. Sarawak Energy is also extracting coal resources in Merit Pila, Kapit.

Sarawak Energy has been awarded six General Prospecting Licenses to explore coal in the Mukah and Balingian area. Sarawak has around 1.7 billion tonnes of coal resources and Sarawak Energy plans to use 5.4 million tonnes of locally mined coal each year to generate power from coal-fired power plants. The coal mines will supply the Balingian Coal-Fired Power Plant for 25 years and Sarawak Energy will implement advanced mining practices and planning techniques to optimise coal recovery and ensure long-term coal resource development.



📍 The 944MW Murum HEP.

THERMAL POWER FOR ENERGY SECURITY

Balingian Coal-Fired Power Plant

The construction of the 624MW Balingian Coal-Fired Power Plant is entering commissioning and testing phase. The first shipment of coal has been delivered and the plant is due for full commissioning by the end of 2019. The plant is the first in Malaysia to use circulating fluidised bed boiler or CFB technology, allowing it to handle a wide range of coal types including high moisture coal commonly found in the Balingian region. It is also the largest of its kind in Southeast Asia. The new technology will reduce the emission of nitrogen dioxide and sulphur dioxide by more than 40%, improving the environmental footprint of the plant.

The project is located near the Balingian River, 25km south east of the Mukah 2 x 135MW Power Station and about 60km from Mukah Town. The RM3 billion project consists of 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.

Tanjung Kidurong New Combined Cycle Gas Turbine

The Tanjung Kidurong Combined Cycle Gas Turbine (CCGT) project is an extension of the existing Kidurong Power Station at Bintulu. It consists of two blocks which are expected to add 842MW of gross generating capacity when they are commissioned in Q3 2020 and Q1 2021 respectively. The CCGT is set to be one of the most efficient combined cycle power plants for its class in the world when it is completed.

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, which is China's key power and infrastructure EPC contractor.

GE will provide operations and maintenance support for the project, including training for operations and maintenance personnel, technical support and major spare parts. Using the predictive capabilities of GE's Monitoring and Diagnostics (M&D) Centre in Kuala Lumpur, Sarawak Energy will use real-time data collection to improve its decision-making and potentially reduce

maintenance costs at Tanjung Kidurong. GE's computerised maintenance system will help to increase safety mechanisms and the reliability and efficiency of the plant.

STRENGTHENING THE RELIABILITY OF OUR SYSTEM

Reinforcement Projects to Strengthen Miri Electricity Grid

From 2014 to 2020, Sarawak Energy has committed in the region of RM1 billion for reinforcement work to improve the reliability of Miri's electricity supply. Major projects which have been completed since 2014 include additional injection points and the construction of zone substations in urban Miri to cater for the city's rapid development and expansion. Feeders and transformers have also been upgraded and ageing equipment and power lines have been replaced. Most of the projects and upgrading works are expected to be completed within the next four years and will significantly strengthen the Miri network.



📍 The 317MW Bintulu Combined Cycle Power Station.

SECURITY OF SUPPLY

GAS

- Bintulu Power Station (Combined Cycle) **317MW**
- Bintulu Power Station (Open Cycle) **165MW**
- Miri Power Station **102MW**
- Tanjung Kidurong CCGT **421MW x 2**

commissioning date : 2021

COAL

- Mukah Power Station **270MW**
- Sejingkat Power Station **210MW**
- Balingian Power Station **624MW**

commissioning date : 2019

DIESEL

- Kuching Power Station **64MW**

Our Strategy

Our Strategic Roadmap

INTRODUCTION

Sarawak Energy plays a leading role in helping Sarawak achieve sustainable growth and prosperity as it journeys towards developed status by 2030. This task requires that Sarawak Energy sustain its own growth in order to remain a strong and stable partner and catalyst for Sarawak's growth. To this end, retaining the trust it has built up over many years with both its external and internal stakeholders and making constant efforts to improve on its delivery of excellence at all levels of its business operations, is vital. With the correct strategy in place and a dedicated and focused workforce, Sarawak Energy is confident that it can achieve its aspiration of becoming a powerhouse for the region.



SARAWAK ENERGY EXCELLENCE 2020

The Strategic Roadmap towards Sarawak Energy Excellence 2020 is a blueprint for uniting and focusing our organisation as we strive to be on par with the best utilities in the region.

Safety is our top priority and our shared responsibility. To achieve HSE Excellence and make sure everybody goes home safely requires a stringent and disciplined safety culture. The Sarawak Energy Life-Saving Rules, a mandatory set of safety rules that all our staff and contractors must adhere to, are central to our safety agenda.

To achieve Operational Excellence requires ensuring that our power supply is reliable and safe. To do that, we need efficient and increasingly technologically sophisticated processes. We stay abreast of the latest delivery advances and we compare our performance metrics with the top quartile performers, addressing any shortcomings in our performance.

Project Delivery Excellence demands that we deliver our projects safely, on-time and at-cost as we promised our stakeholders. We also focus on the quality of the projects we deliver and their impact on the

communities living nearby. Implementing the right processes and having highly skilled project teams are central to the success of our delivery.

Excellence in Talent Management involves retaining and nurturing our people. By having the right infrastructure in place and constantly seeking innovative and relevant ways of improving the professional environment we offer our staff, we will continue to build our reputation as a company that talented individuals wish to work for.

The successful delivery of these objectives requires a progressive and high-performing corporate culture. Each and every member of staff has an important contribution to make to our organisation and we strive to create a working environment with the right and conducive framework in place to enable our staff to excel and fulfil their professional goals.

I am confident that our strong team spirit and the emphasis on our key focus areas will carry Sarawak Energy to the next level of its existence.

Datu Sharbini Suhaili

Group Chief Executive Officer

Our Strategy

Delivering on Our Strategy

SARAWAK ENERGY EXCELLENCE 2020 AND 5 KEY FOCUS AREAS

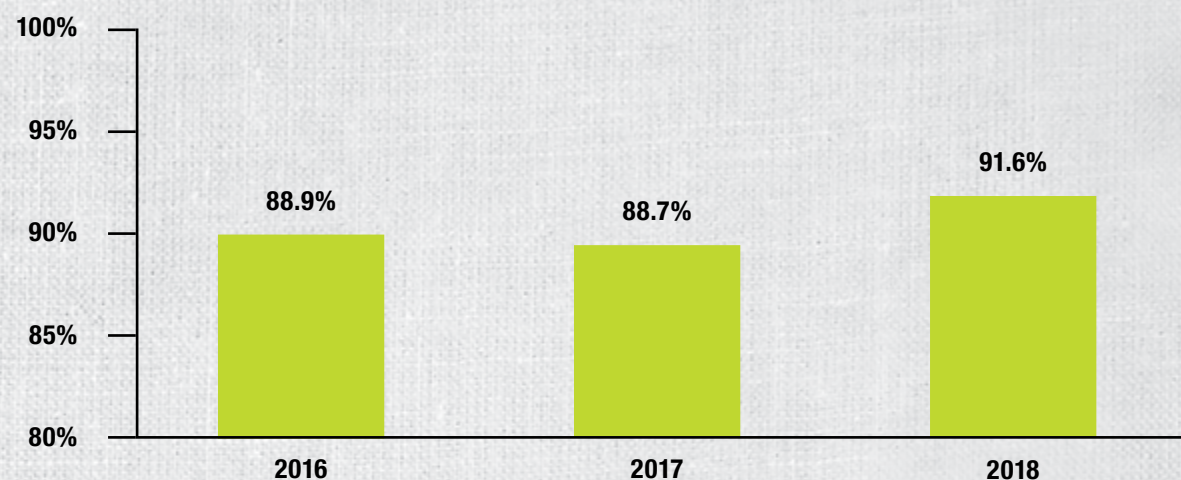
HEALTH

SAFETY

ENVIRONMENT

OUR REPORT CARD 2018

EQUIVALENT AVAILABLE FACTOR (WEIGHTED AVERAGE)



Plant		2016	2017	2018	2020
Coal	EAF	78.96%	84%	83.3%	90%
	FOR	2.69%	1.94%	1.97%	<2%
Gas	EAF	85.51%	83.6%	86.82%	92%
	FOR	2.12%	1.52%	2.39%	<2%
Hydro	EAF	95.94%	95.14%	93.74%	95%
	FOR	0.21%	0.14%	0.31%	<1%

Notes:

Equivalent Available Factor (EAF) is weighted; 2018 is 12 months rolling average up to September
Forced Outage Rate (FOR) is simple average; 2018 is average January to September

Our Strategy

Our Strategic Roadmap

INTRODUCTION

Sarawak Energy plays a leading role in helping Sarawak achieve sustainable growth and prosperity as it journeys towards developed status by 2030. This task requires that Sarawak Energy sustain its own growth in order to remain a strong and stable partner and catalyst for Sarawak's growth. To this end, retaining the trust it has built up over many years with both its external and internal stakeholders and making constant efforts to improve on its delivery of excellence at all levels of its business operations, is vital. With the correct strategy, Sarawak Energy is becoming a powerful force for growth.

PAST (2010-2017)

SIGNIFICANT VALUE CREATION

- Revenue
- Generation
- > 3,000 MW
- More than 100,000 customers

SARAWAK ENERGY

The Strategic Roadmap is the blueprint for uniting Sarawak Energy with the best of the world.

Safety is our top priority. Excellence and innovation are our stringency and discipline. Life-Saving Rule: No contractors must be harmed.

To achieve Operational Excellence, power supply is increasingly technical. The latest delivery with the top quality performance.

Project Delivery: safely, on-time and focus on the quality.

NETWORK AND CUSTOMER SERVICE EXCELLENCE

	Actual 2018	Target 2018	Target 2020
System Average Interruption Duration Index (SAIDI)	99.46 mins	≤ 140 mins	60 mins
System Average Interruption Frequency Index (SAIFI)	1.43 times	≤ 1.88 times	1 time
Age of Debtors > 42 days	23.99%	≤ 26%	< 20%
Non Technical Losses	4.47% (based on technical loss of 6.33%)	≤ 3.3%	< 1%
Street Lighting Repair	93% within 24 hrs	90% within 24 hrs	90% < 24 hrs
Release of Connection Charges	91% within 14 days	85% within 14 days	90% < 14 days
Service Call Attendance	88% within 45 mins	85% within 45 mins	90% < 45 mins
Service Line Installation	96% within 7 days	90% within 7 days	90% < 7 days
Service Cable Installation	92% within 30 days	90% within 30 days	90% < 7 days
Customer Satisfaction Index	94.08%	82%	82% (To be revised)

HIGH PERFORMANCE CULTURE

Sarawak Energy Employee Survey (SEES) – employee engagement of 84% in 2018 and average score of 80% by 2020

Our Strategy

Delivering on Our Strategy

SARAWAK ENERGY EXCELLENCE 2020 AND 5 KEY FOCUS AREAS



HEALTH

75%

75% of employees with Body Mass Index (BMI) < 30

BMI < 30

SAFETY

0

LOST TIME INJURY (LTI) & FATALITY

ENVIRONMENT



Compliance with Regulatory Laws



GENERATION EXCELLENCE

Coal	Gas	Hydro
■ EAF 90%	■ EAF 92%	■ EAF 95%
■ FOR 2%	■ FOR 2%	■ FOR 1%

Notes:

1. EAF = Equivalent Availability Factor
2. FOR = Forced Outage Rate

NETWORK EXCELLENCE

0

total blackout at major load centres of **Kuching, Sibul, Bintulu, Miri and Samalaju**

CUSTOMER SERVICE EXCELLENCE



Customer Satisfaction Index > 82%

Age of Debtors >42 days < 20%

Non-technical losses < 1%



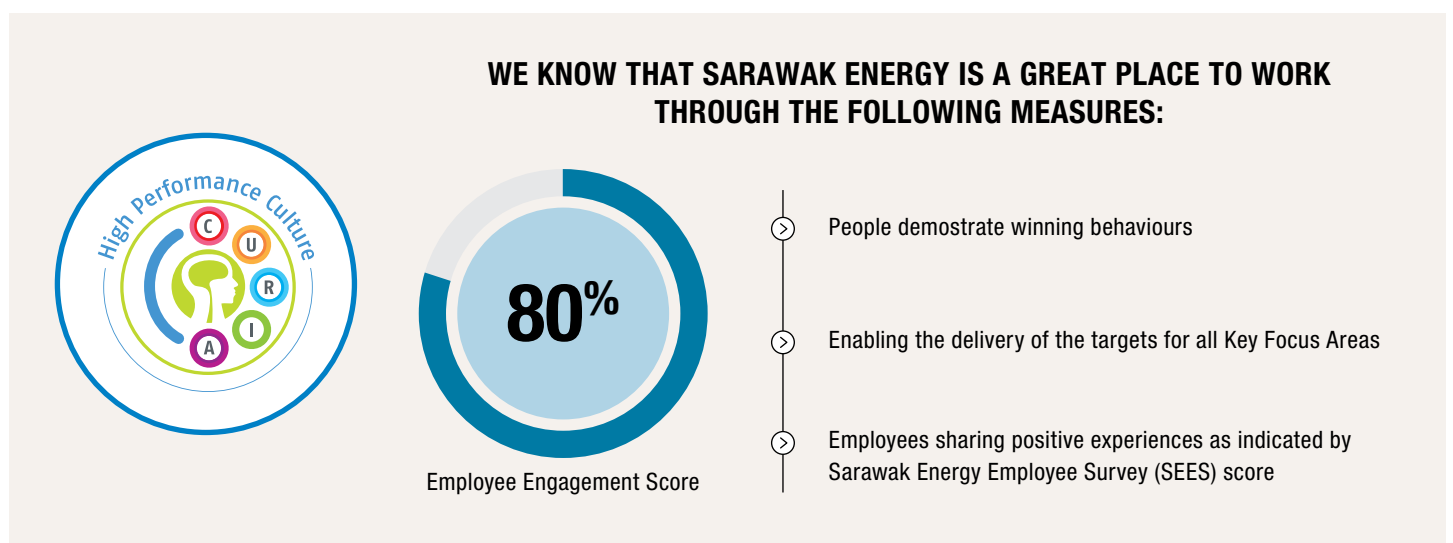
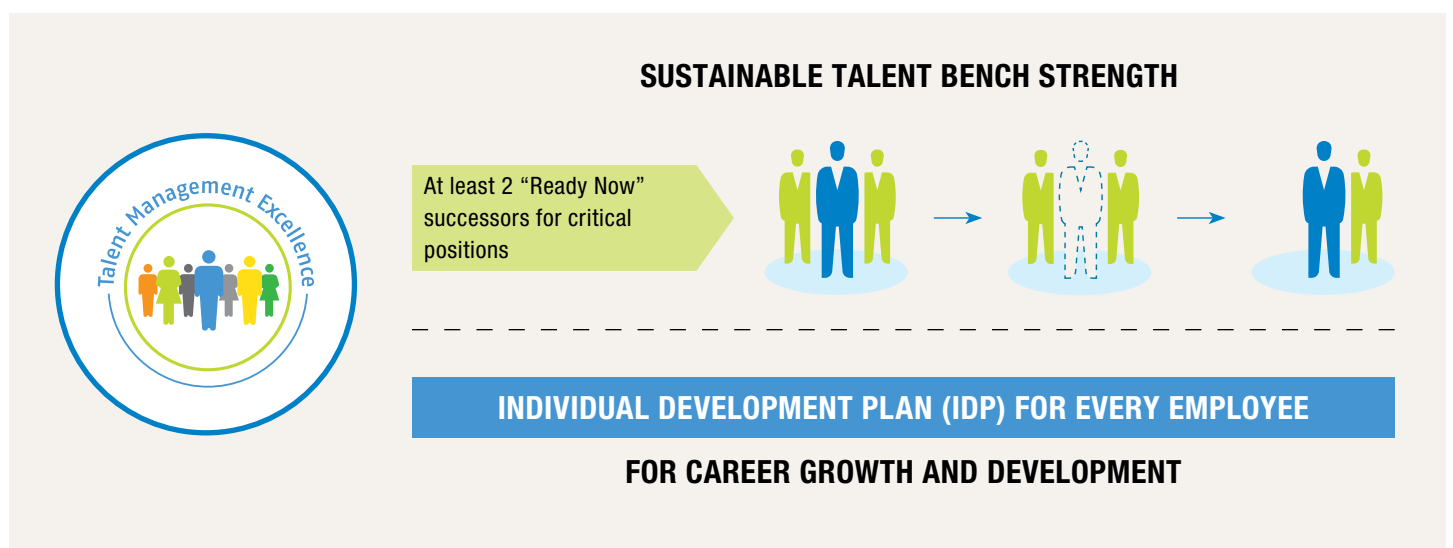
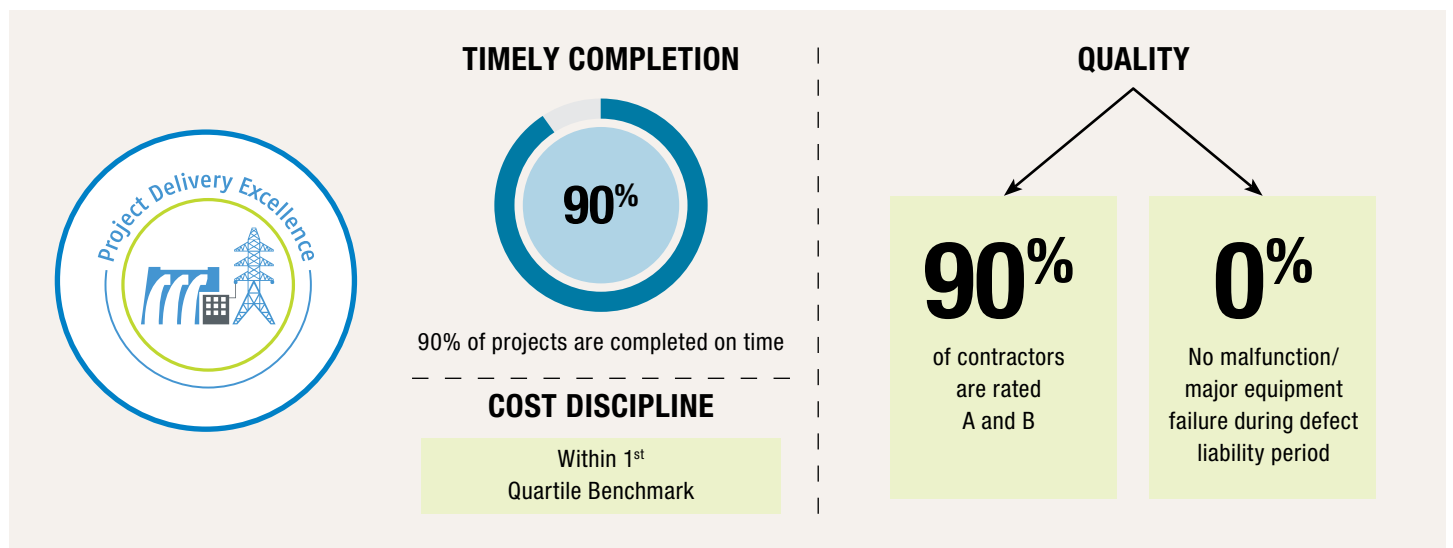
Street Lighting < 24 hours

Service Call < 45 mins

Connection Charge < 14 days

Service Line/Cable < 7 days

90% Resolution of Key Services



How We've Performed

Chairman's Statement



DEAR SHAREHOLDERS

The year 2018 has been another year we can look upon with pride. We remain firmly on track with our long-term objectives for the Group's transformation and for the contribution we hope to make in driving growth and productivity for the socioeconomic development of Sarawak and the wider region. We are energised by our strong performance this year and we look forward to the opportunities that lie ahead.

I therefore have great pleasure, on behalf of the Board of Directors, in presenting our Annual Report and Audited Financial Statements for the financial year ended 31 December 2018.

DATUK AMAR ABDUL HAMED SEPAWI CHAIRMAN

OUR YEAR IN REVIEW

Our endeavours are guided by the principle of sustainability for development and our commitment to provide Sarawak with a reliable, safe and affordable supply of energy to power Sarawak to wealth and prosperity. This year, we have recorded significant achievements in fulfilling our objective.

In 2017, we were tasked by the Sarawak Government to lead a feasibility study into the potential applications of hydrogen and fuel cell research in Sarawak. In the span of just one year, we have made tremendous progress and we are delighted to be working with two extremely accomplished partners in this realm – with Linde Malaysia in the piloting of a hydrogen production plant and refueling station and with Shell MDS (Malaysia) Sdn. Bhd. to assess opportunities in lower cost hydrogen production technology. Both projects aim to provide clean alternatives to Sarawak's automotive and energy industry and will contribute to enhancing Sarawak's environmental sustainability. Hydrogen is a versatile molecule. As well as delivering cleaner mobility, it can also be used in other applications such as energy storage and as a feedstock to industrial chemical processes. Our efforts in the realm of future green energy cement our reputation as a forward-thinking, modern and progressive organisation committed to providing new ways of delivering green energy.

We continue to advance the economic development of Sarawak by supporting the Sarawak Corridor of Renewable Energy, or SCORE, agenda. Our objective is to continue powering the growth of Sarawak's development by creating wealth and economic opportunities for Sarawakians through job opportunities and development and infrastructure projects.

We also recorded a significant milestone with the delivery of the first shipment of coal to our Balingian Coal-Fired Power Plant. The plant is due for commissioning at the end of 2019 and will add an additional 624MW of generation capacity to Sarawak's grid. It will help meet demand from our retail and bulk power SCORE customers and continue to provide energy security to our generation mix.

SARAWAK ENERGY AND HYDROPOWER

We continue to make progress in furthering the development of hydropower in Sarawak as we strive to power Sarawak's progression. We entered the hydropower arena 30 years ago with the Batang Ai hydroelectric plant. Our involvement in hydropower has accelerated in the last 10 years and our projects support the Government's vision to realise socio-economic transformation and high-income status for the people of Sarawak by 2030.

The development of the Baleh Hydroelectric Project is progressing well. It is scheduled to be fully commissioned in 2026 and will generate 1,285MW of renewable energy.

“ We remain firmly committed to the goal of providing energy to even the most remote areas of Sarawak and by 2020, our aim is that 99% of Sarawak will have access to electricity. ”

A POWERHOUSE FOR THE REGION

We are pleased to report that our ambition to expand beyond Malaysia's shore and become a regional powerhouse and battery for ASEAN is progressing well. Our partnership with Indonesia's Northern Province of Kalimantan (KALTARA) plays an important role in our aspirations. Our relationship with KALTARA is more than two years old and together we aim to improve the power supply infrastructure in the province.

This year, we established our first international joint venture subsidiary, PT Kayan Hydropower Nusantara, and completed the full feasibility study for the 1,375MW hydroelectric plant at Mentarang Induk.

Our negotiations to sell power to Sabah are also progressing well. Exporting electricity to our neighbour will bring us closer to realising the Borneo Grid and to the development of the ASEAN Grid. We hope to start supplying power to Sabah by 2022.

SUSTAINABILITY HIGHLIGHTS

Throughout the year, Sarawak Energy remained at the forefront of the drive to bring electricity to even the most remote rural areas of Sarawak.

As we explore ways of reducing our carbon footprint, we present our achievements in the realm of sustainable energy development at leading regional conferences. Our practices are in line with the United Nations' Sustainable Development Goals.

BOARD MATTERS

In 2018, there were no changes to the composition of our Board of Directors.

BUMIPUTERA PARTICIPATION

In 2018, we continued to promote the involvement of Bumiputera entrepreneurs in our procurement and contract activities, in line with the vision of the Sarawak Government.

Our contractor community numbers around 340 registrations, of which around 80% are local Sarawakian. We aim to grow this number through a range of initiatives and to expand the pool of qualified local contractors that can participate in our projects. Contractors who attended the briefing also received 20 Construction Industry Development Board (CIDB) points each, which will go towards the points required for them to renew their CIDB memberships.

AWARDS AND RECOGNITIONS

Sarawak Energy was honoured to be the recipient of several prestigious awards throughout the year, in recognition of our determination to achieve excellence in all the sectors in which we conduct our business.

The Sarawak Alternative Rural Electrification Scheme, or SARES, was accorded global recognition from the International Alliance for Rural Electrification in Catania, Sicily.

At the 10th Annual Global CSR Awards, we received platinum under the Empowerment of Women category and gold under the Best Community Programme category for our initiative to treat eye disease.

At the 8th Chief Minister's Environmental Awards, we received gold for the Murum Hydroelectric Plant, the Batang Ai Hydroelectric Plant and the Mukah Coal Power Plant and a merit award for the Sejingkat Coal Power Plant.

The National Institute of Occupational Safety and Health awarded Sarawak Energy an appreciation award in recognition of our commitment to occupational health and safety at the workplace.

The Batang Ai Power Plant and the Limbang Power Station were awarded the Gold Class II Award under the Utilities Sector category of the 36th Occupational Safety and Health Awards by the Malaysian Society for Occupational Safety and Health in recognition of their commendable management and practices. This marks the second consecutive year that the Limbang Power Station has received the award.

PROSPECTS FOR 2019

We enter a new year confident that the strong partnerships we have nurtured over the years will continue to support our progression as a leading provider of power for Malaysia and for the region and our transformation into a modern and technologically advanced organisation. Our dedicated workforce will continue to benefit from the high performance culture we have embedded into our corporate culture and we remain committed to rewarding the dedication of our staff by crafting innovative professional programmes to enable them to grow with us and achieve their professional aspirations. We operate in an ever-changing and competitive industry and to stay ahead of the curve, we need to be agile and willing to adapt and introduce change with speed. We are confident that we will be able to do that.

We are now a crucial player in the economic development of Sarawak and its people and we will continue to fulfil this obligation with the highest standards of professionalism and integrity which are synonymous with our brand. Our task remains to secure a sustainable, affordable and secure energy future for Sarawak for the generations to come.



CONGRATULATIONS DATU SHARBINI AND DATIN NORASMAH

On behalf of all of us at Sarawak Energy, I would like to congratulate Datu Sharbini on being conferred the Darjah Jasa Bakti Sarawak, which carries the title Datu, on the occasion of His excellency the Governor of Sarawak's birthday.

Thanks and Acknowledgements

Our achievements over the past year have been made possible through the dedication and commitment of all our stakeholders. I would therefore like to take this opportunity to thank all members of our management and our staff for their loyalty and their relentless hard work. The contribution you have made to Sarawak Energy is immeasurable.

I congratulate Datu Sharbini Suhaili for another year of excellent leadership as Group Chief Executive Officer and I look forward to continuing to support Datu Sharbini's aspirations and successes in the coming years.

On Behalf of the Board of Sarawak Energy

I would like to thank all our stakeholders, our shareholders, our partners and our clients for their support throughout the year.

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 and judgment in guiding Sarawak's growth and progression.

Datuk Amar Abdul Hamed Sepawi
Chairman

How We've Performed

Group CEO's Statement



2018 has been a remarkable year for Sarawak Energy in many ways as we continue our growth journey. We delivered a very strong performance, achieving 19 out of our 23 Key Performance Indicators; we achieved several firsts and provided significant support towards driving and innovating Sarawak's economic development. There were interesting opportunities as well as challenges to overcome, and there are still many areas that we can improve on. As we approach a new year, I feel confident that Sarawak Energy can leverage on our 2018 achievements and deliver our objectives and plan for 2019, the final year of a three-year Strategic Roadmap towards Sarawak Energy Excellence 2020.

DATU SHARBINI SUHAILI GROUP CHIEF EXECUTIVE OFFICER

STRATEGIC ROADMAP

We have completed two years of our three-year Strategic Roadmap – a key platform to elevate Sarawak Energy into a top quartile company, comparable with the strongest players in the power industry.

Our roadmap focuses on achieving excellence in five Key Focus Areas: Health, Safety and Environment; Operations; Project Delivery and Talent Management, and driven by a Progressive Corporate Culture.

Safety will always remain a top priority for Sarawak Energy to ensure that everybody goes home safely. A lapse in safety compliance can have far-reaching and long-term consequences on our people, their families and our business. We continue to work hard to create an environment where all our stakeholders are secure in the knowledge that safety is embedded in every aspect of our operations. Sarawak Energy Life-Saving Rules (LSR) remain at the heart of this safety agenda.

Our Contractor Transformation Programme (CTP), introduced in 2017, aims to ensure compliance with our Life-Saving Rules and encourages safety self-regulation in the contracting community. This year, 19 contractors from the pioneer CTP batch were awarded for their efforts to entrench safety into all areas of their work processes and operations.

On the environmental front, as part of embedding environmental awareness, we introduced a three-year Go Green Campaign which aims to reduce the use of polystyrene and single-use plastics at our offices and work sites. The campaign was launched in conjunction with this year's Earth Day.

Under Operational Excellence, we continued to improve the quality and reliability of our supply and were able to further reduce our transmission distribution System Average Interruption Duration Index, or SAIDI, to 99.46 minutes after 141 minutes recorded in 2017. This is the first time we have achieved SAIDI of below 100 minutes. Our target is to reduce SAIDI to 60 minutes by 2020. Our non-technical losses continue to improve and we stepped up efforts to tackle the issue of power theft. In acknowledgement of Sarawak Energy's drive and significant efforts to enhance the level of customer service, our customer satisfaction index rose to 94.08% in 2018 compared to 80.57% in 2017. We have already surpassed the target of 82% we set ourselves for 2020.

In Project Delivery, we strive to continuously deliver excellence with respect to time, cost, quality and safety, and at the same time we remain mindful of the impact our projects have on the communities living in the vicinity of the projects. Project delivery excellence will bring us to the next level of growth in our aspiration to become a regional powerhouse and a top quartile global energy company.

Our efforts in Talent Management Excellence and High Performance Culture are designed to make Sarawak Energy a great place to work, where staff thrive both professionally and personally. Our Talent Management Framework and the Talent Council are working very well. We were proud to open our first childcare centre at our headquarters in Kuching this year and we hope to launch more centres in the coming years.

We have a robust succession plan in place for key positions and to further support the broadening of specialised knowledge and expertise within the organisation, we have appointed subject matter experts (SMEs) across all functions.

We understand that however far we advance technologically, an organisation requires an outstanding workforce in order to make it successful and we continue to introduce innovative and progressive enhancements to our professional culture.

DIGITALISING OUR BUSINESS FOR OPERATIONAL EXCELLENCE

This year, a key focus has been our digital journey – pursuing initiatives and adopting technology that will change the way we operate, making us altogether more efficient across all our lines of business.

Our ambition to become a digital utility powerhouse by 2025, in step with global trends, is progressing well and will support future growth and high performance culture. The Digital Transformation Blueprint sets out the strategy, roadmap and direction for achieving our digital ambitions.

We introduced a new integrated Information and Communications Technology (ICT) department this year to further drive the digital journey, making us a stronger and more integrated workforce as we build ourselves into a top-class organisation.

As part of this journey and to better understand our internal requirements, in July, we hosted an ICT Business Framing Workshop for our power generation, retail, distribution and transmission, coal resources, research and development and project execution functions, that was attended by some 80 participants.

To achieve more efficient and cost effective work processes and service delivery, we have embarked on the Pinnacle Programme, a suite of corporate-wide process improvement through SAP S/4HANA and highgrading to Microsoft Office 365 (O365) driving enterprise modernisation initiatives covering various aspects of our business, including human resource, finance and procurement, asset management and fleet management.

Our O360 team, together with the end-user computing team, are working hard to deliver O365 suite deployment to our end users preparing for the rollout of O365 throughout Sarawak Energy, with migration expected to complete by mid-2019. A more connected workforce and collaboration will significantly enhance our efficiency and productivity.

We were also pleased to receive Information Security Management System recertifications for our ICT, power generation and transmission lines of business as well as our state and regional dispatch centres.

Our CEO townhall with staff was carried out via live video and teleconferencing to some 11 locations including regional offices and power plants across Sarawak.

KEEPING THE LIGHTS ON FOR GE14

On 9 May, Sarawak Energy kept the lights on during Malaysia's 14th General Election, mobilising all resources and remaining on high alert to ensure continued reliability of supply. I would like to commend the Operations team for intensifying the monitoring of our feeders, with switching and standby personnel stationed at strategic points on the supply network system and critical facilities throughout Sarawak. Standby technical teams were ready for swift deployment to expedite supply restoration in case of a supply interruption.





Memorandum of Understanding with Shell MDS (Malaysia) Sdn. Bhd.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2018, Sarawak Energy recorded a revenue of RM5.423 billion, compared to RM4.926 billion in 2017, representing 10% year-on-year growth.

This is a historic milestone, driven mainly by strong demand from our bulk power customers in Samalaju and energy export to our neighbour, PLN in West Kalimantan. Stronger electricity demand from both organic and bulk power customers, as well as a rise in the number of organic customers, also contributed to the increase in revenue.

Sarawak Energy's profit before tax increased to RM1.733 billion mainly due to the increase in revenue and complemented by lower operating expenses following the successful acquisition of Bakun Hydro Power Generation Sdn. Bhd. (formerly known as Sarawak Hidro Sdn. Bhd.), the owner of Bakun Hydroelectric Plant in 2017. Furthermore, Sarawak Energy's cost optimisation initiatives achieved savings of RM52.9 million, mostly spurred by sustainable cost management practices.

Our profit net of tax was RM1.281 billion after RM1.479 billion in 2017, primarily due to the recognition of the one-off extraordinary gain of RM509 million arising from the acquisition of Bakun Hydro Power Generation Sdn. Bhd. in the preceding year.

Moving in tandem with our Strategic Roadmap 2020, Sarawak Energy has invested in various initiatives aimed at consolidating and protecting the value created and pursuing future value creation and realisation as the Sarawak Energy Group continues on its journey towards becoming a regional powerhouse.

FINANCING ACTIVITIES

Sarawak Energy finances its business activities via a mix of internally generated funds, external financing and Sukuk Programmes.

In 2018, Sarawak Energy Berhad's long term rating outlook from RAM Ratings (RAM) was upgraded to AA1/Positive for its RM15 billion Sukuk Musyarakah Programme.

Subsequently, RAM revised both the outlooks for Mukah Power Generation Sdn. Bhd.'s RM665 million Senior Sukuk Mudharabah Programme and Sarawak Power Generation Sdn. Bhd.'s RM215 million Serial Sukuk Musharakah ratings to AA2(s)/Positive. RAM also reaffirmed the AAA/Stable rating for Bakun Hydro Power Generation Sdn. Bhd.'s RM5.54 billion Sukuk Murabahah Programme.

During the financial year under review, Sarawak Energy successfully raised RM1.5 billion via book build to meet our capital expenditure requirements. The seventh issuance consisted of two tranches,

a 10-year tranche of RM500 million and a 15-year tranche of RM1 billion.

As at 31 December 2018, the total outstanding borrowings of the Sarawak Energy Group were approximately RM20.5 billion. The Group's gearing has decreased to 2.2 times as a reflection of our improved equity position.

PROJECT HIGHLIGHTS

Our hydrogen production plant and refueling station is scheduled to be ready in time for a test run of three hydrogen powered buses by the first quarter of 2019. An earth-breaking ceremony for the facility was held on 29 July.

Located in Kuching, this pilot project will be the first integrated hydrogen refueling station for transportation in Southeast Asia and is part of several initiatives being undertaken by Sarawak Energy as part of our research into greening the transportation sector through low carbon fuels.

The facility lays the foundation for research on the commercial viability of a hydrogen economy for Sarawak and is being built in partnership with Linde Malaysia, part of the global Linde Group and a leading industrial gas supplier in Malaysia.

This year, we also signed a Memorandum of Understanding with Shell MDS (Malaysia) Sdn. Bhd. to work together on hydrogen production technology, education and drawing up best practices as well as assessing opportunities for green certification in hydrogen production. We share a common goal in supporting Sarawak's aspiration to decarbonise the energy system.



Memorandum of Understanding with Linde Malaysia, part of the global Linde Group.

SECURING UPSTREAM RESOURCES

In September, Sarawak Energy Resources delivered the first shipment of coal to our Balingian Coal-Fired Power Plant, part of the 25,000 tonnes of bedding coal for the stock yard. This is a significant milestone in Sarawak Energy's upstream coal resources development and in progressing our fuel security of supply.

The 624MW Balingian Coal-Fired Power Plant is scheduled for full commissioning by the end of 2019. The coal mines in the Balingian area will be able to supply the plant for 25 years.

SENIOR LEADERSHIP APPOINTMENTS

We continue to fine tune our management organisation structure to ensure that Sarawak Energy is able to provide the highest level of efficiency throughout all operational levels.

In 2018, we were pleased to announce the appointment of Pramod Kumar Karunakaran as Executive Vice President Project Execution and Sim Ko Sin as Vice President Information and Communications Technology.

PROGRESSIVE PROFESSIONAL INITIATIVES

We continue to strive to provide a working environment that respects and actively promotes gender diversity and inclusiveness. We work particularly hard to empower the female members of our workforce and create a support system for our female employees to progress their career and develop leadership skills. Our ultimate aim is to achieve a better gender balance in the organisation, and to especially increase the representation of women at senior management, in line with global initiatives. To this end, we were pleased to introduce our first childcare centre at Menara Sarawak Energy this year and to announce the partnership between our professional networking platform, Sarawak Energy Leading Women Network (SELWN), and the Iclif Leadership and Governance Centre to further promote Sarawak Energy as an employer of choice for women.

COMBATING FRAUD

Since the launch of our Zero Tolerance to Fraud programme in March 2017 as a proactive step to combat fraud, we are continuously educating and raising awareness on fraud risk management and the importance of integrity, ensuring that everyone understands that they have a responsibility to report misconducts.

This year's Integrity, Risk and Business Continuity Management Day was themed R.I.S.K. to represent Risk conscious, Integrity uncompromised, Sustaining values and Key to business resiliency. It invited senior management and staff to renew their commitment to conducting the Company's business with the highest level of integrity.

REGIONAL AND INTERNATIONAL PRESENCE

We continue to raise our profile in both the national and international power industry arena. This year, we took part for the first time in the annual Singapore International Energy Week and also gained very worthwhile regional exposure through an interview with CNBC Asia.

We were proud to play leading roles at the inaugural Sarawak International Business Exhibition and Conference in Kuching and at the Conference of the Electric Power Supply Industry in Kuala Lumpur and as a strategic sponsor of the 4th International Sustainable Energy Summit 2018 in Kuching, we showcased our achievements in renewable hydropower.

FURTHERING EDUCATION

Sarawak Energy places great emphasis on education, especially in the field of science, technology, engineering and mathematics, or STEM. This year, we were pleased to partner The Learning Curve at the inaugural two-day Sarawak Community Innovation Engineering Competition Exhibition, or SCIENCE, an initiative to encourage youth interest in STEM and innovative thinking.

IN CLOSING

I would like to thank the Sarawak Energy team for your focus, dedication, positive energy and teamwork in realising our 2018 deliverables. Without the solid commitment of our people, we would not have been able to deliver what we set out to do. We will continue to focus on enhancing our business performance by concentrating on delivering continued excellence in our five Key Focus Areas.

I would like to extend my appreciation and gratitude to the Board of Directors for their guidance and steer. I would also like to thank the Sarawak Government, particularly the Ministry of Utilities, as well as all our stakeholders, our shareholders, our partners and our clients for their support throughout the year.

I look forward to embracing the challenges that lie ahead for Sarawak Energy in the coming years and in partnership with all our stakeholders, building on our excellent work. I would like to thank you all for your hard work and the role you continue to play in driving our company's success.



Datu Sharbini Suhaili
Group Chief Executive Officer

How We've Performed

Management Discussion & Analysis

We have completed two years of our three-year strategic roadmap to achieve excellence in all aspects of our business operations. We encountered many challenges in 2018, but we were able to record a number of remarkable milestones. We continued to improve our revenue and our operational performance and at the same time managed to achieve cost optimisation and continuous enhancements within the organisation.

Throughout the year, Sarawak Energy continued to modernise and press ahead with its transformation into a digital powerhouse. Adopting new and advanced technologies will significantly change the way we operate and will support our drive for excellence in the operations, project delivery, health, safety and environment and talent management. It will also promote the high performance culture that is essential to our continued success.

We continue to embed safety into all our processes and operations. Under project delivery, our lost time injury frequency rate (LTIFR) was 0.2, better than our set limit of 1.6. For operational LTIFR, we scored 0.49 against a limit of below 0.5. We also recorded one fatality, indicating that we still have some way to go to reach our goal of zero harm to people. At the Balingian Coal-Fired Power Plant, we were pleased to record 13 million safe manhours since the project commenced in May 2014.

On Project Delivery Excellence, we acknowledge that there are areas where we still need to improve. Land and wayleave issues, including protests at project sites, remain a hurdle to our delivery of projects on time and impact our efforts to ensure the reliability of the power supply in Sarawak. We recently conducted an internal review of the performance of 50 of our projects from 2010 to 2018 and initial findings show that these projects were delayed by more than one year for each project – 40% of the delay was caused by land and wayleave issues, 24% by the approval process and 17% by the performance of contractors. The delays cost us



🔵 Launch of SAP Concur as part of Sarawak Energy's Pinnacle Programme for process improvement and enterprise modernisation.

in the region of RM1 billion. As we face these challenges, we continue to seek the cooperation and understanding of the public, as Sarawak works towards modernising its power supply infrastructure.

To help us address any gaps in our project delivery, we have completed an international benchmarking exercise to assist us in making improvements in this area. Key initiatives include renaming the Project Execution department to Project Delivery to reflect the holistic role the department must play; the introduction of a project delivery framework to incorporate a governance process and capability building; and a resourcing strategy to ensure that all projects are adequately manned.

In the realm of Operational Excellence, although we performed very well throughout the year, we also experienced electricity theft cases related to rampant cryptocurrency activities. We will continue to monitor this closely.

We have made great strides in our digital transformation and digitalisation will be a key driver in the years to come. By 2025, we intend to be a digital utility and achieve a high level of efficiency through digital technologies and a new way of working. Expectations run high that innovative ICT will enable us to meet our operational needs with ease. We understand that we will have to work hard to accelerate our learning and adapt to new ways of working. This year, we launched our ICT Portal and ICT Competence Framework, designed to develop our ICT professionals to their full potential.



At the launch of the Sarawak Energy Executive Leadership Programme with representatives from Melbourne Business School.

We have infrastructure storage control and capacity constraints that are impacting our business and we need to review our information governance policy to build strong data management and governance. We also need to help our end users adopt and embrace the challenges which accompany our digitalisation journey. In 2019, we will focus on addressing these challenges as well as the complexities involved in introducing security in the operational technology environment, which will require close cooperation between all departments.

The best technology and equipment alone can only take us so far. We need to attract and retain the very best talent and to this end, we emphasise the importance of providing a working environment conducive to professional and personal fulfilment. This year, we operationalised our talent management excellence framework as well as the Sarawak Energy People System, designed to help all our employees enhance their skill sets. Key initiatives this year include the introduction of improved online methods for applying for job openings; rewarding high performers through better differentiation of bonus payments; accelerated leadership development; new initiatives for managing progression and a robust succession plan for critical positions. We are also exploring the feasibility of flexi-time for our people.

We continue to invest in leadership programmes for all levels of our staff. We recognise the importance of collaborating with educational institutions as we strive to develop our employees. Our partnership with Melbourne Business School will help us to provide customised education solutions to our staff to promote thought leadership, helping us to grow, innovate and break new ground.

The ongoing work of our professional platform initiative, the Sarawak Energy Women Leadership Network, with the Iclif Leadership and Governance Centre will support our efforts to nurture the leadership skills of our female staff. This year, the number of women participating in our leadership programme rose to 70, from 30 in 2017.

We also acknowledge that as we progress to becoming a top quartile energy company, we require a stronger brand and corporate identity. A strong brand is a strategic asset and delivers competitive advantage. We recognise that brand and identity continue to be a challenge and we will work hard to address this gap and improve.

This year, our employee engagement score was 84% – the highest ever – and as we move forward, our progressive corporate culture will become more apparent with visible examples of winning behaviours.

How We've Performed

Developing Our People

As we work to achieve our regional ambition, Sarawak Energy recognises that our aspirations will only be possible with the continued dedication and loyalty of our 5,000 strong workforce. The corporate spirit of teamwork and unity underpins Sarawak Energy's growth agenda.



MAKING SARAWAK ENERGY A GREAT PLACE TO WORK

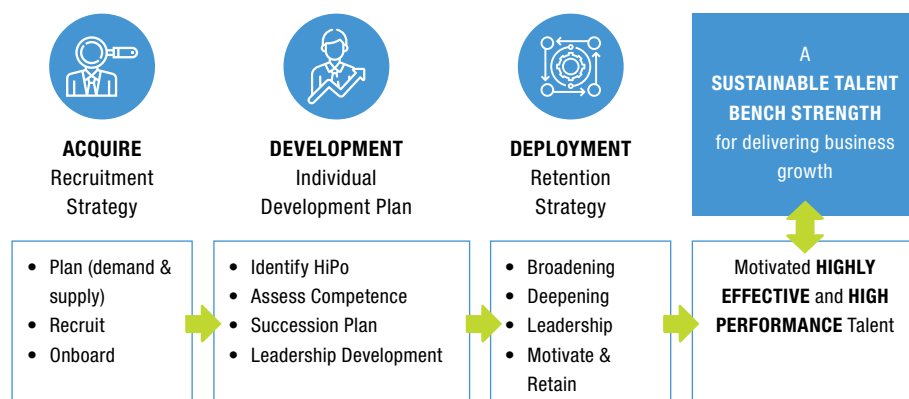
People are Sarawak Energy's most important asset and key to a sustainable and successful future. To this end, two pillars of the Roadmap 2020 focus on developing people – Talent Management Excellence and High Performance Culture – with the specific aim of helping the Company develop the required skills and behaviours to tackle the present and future challenges of the market.

HR STATISTICS 2018

Female	Male
1068 (21%) Executive: 429 (37%)	3955 (79%) Executive: 745 (63%)
Technical	Non- Technical
3168 (63%)	1855 (37%)
Age 35 and below	Above 35 years
2879 (57%)	2144 (43%)

* Total 5023

TALENT MANAGEMENT EXCELLENCE FRAMEWORK



TALENT MANAGEMENT FRAMEWORK

The overall aim of Sarawak Energy's Talent Management Excellence initiative is to identify and attract the right talent, develop them effectively, deploy them into roles that maximise their potential and give them a sense of fulfilment and belonging and retain them to meet current and future business needs. To support this aim, Sarawak Energy operates a structured talent management end-to-end process known as ADD, which covers talent Acquisition, Development and Deployment. An Internal Open Resourcing facility enables staff to apply for job openings with Sarawak Energy with greater ease.

SCHOLARSHIPS AND RECRUITMENT

In 2018, Sarawak Energy awarded 70 scholarships as part of its ongoing social investment in education and its drive to develop Sarawak's pool of talented young people able to meet Sarawak Energy's future manpower needs. The scholarship programme was introduced in 2014 and has benefited 424 students. Sarawak Energy also organises internships and Campus Ambassador activities to further identify and attract strong young talent.

In the past two years, Sarawak Energy's recruitment has been successful in increasing the percentage of new female employees, particularly from the executive level, to 40% in 2018 against 32% in 2016.

COLLABORATION WITH EDUCATIONAL INSTITUTIONS

Sarawak Energy collaborates with local educational institutions in a range of activities to enhance the development of its staff and build the skills of the local communities. In partnership with Universiti Malaysia Sarawak, Sarawak Energy is involved in feasibility studies and consultancy works, research and development activities and industry knowledge transfers, as well as staff exchange, internship placement and student ambassador activities.

SUBJECT MATTER EXPERTS

As part of ongoing efforts to recognise Sarawak Energy's in-house talent, Subject Matter Experts were introduced as go-to persons for advice and guidance on their respective areas of expertise.

In September, the first batch of 230 Subject Matter Experts was formally appointed by Group Chief Operating Officer and SME Process Owner Lu Yew Hung. Their responsibilities include developing competency assurance standards and coaching young talents as potential future experts.

SARAWAK ENERGY TALENT COUNCIL

The role of the Sarawak Energy Talent Council is to make sure that the Company benefits from a robust succession plan. It identifies impressive talent within Sarawak Energy who have the potential to make a strong contribution to the Company's future direction. Those individuals are given differentiated training 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

Sarawak Energy offers each employee an individual development plan (IDP) which is discussed and agreed with the respective supervisor. The IDP is a platform to assess the performance, career plan and learning and development needs to match the employee's professional aspirations. The IDP is intended to generate open and honest discussions between staff and their supervisors and enable employees to reach their full potential.

SARAWAK ENERGY PEOPLE SYSTEM

The Sarawak Energy People System (SEPS) initiative is designed to empower all members of the Company to operate more efficiently and effectively by bringing employees' information completely online. The one-stop centre is a repository for employee information and helps individuals and managers appraise performance and address development gaps in a structured way.

LEADERSHIP DEVELOPMENT

Sarawak Energy's leadership development framework focuses on the development gaps and needs of each category of its staff and offers a wide range of customised leadership and technical development programmes to share knowledge and expertise.

SARAWAK ENERGY LEADERSHIP LECTURE SERIES

The Sarawak Energy Leadership Lecture Series is an initiative that aims to help Sarawak Energy employees develop their knowledge of leadership. The lecture series is sponsored by the Group CEO and covers three broad areas of leadership, namely managing self, managing others and managing business. The lectures are delivered by external speakers who are recognised as experts in their individual fields as well as experienced internal speakers.

SARAWAK ENERGY HALL OF FAME

The Sarawak Energy Hall of Fame recognises super performers who are enabling Sarawak Energy's Key Focus Areas by demonstrating high performance behaviour and a winning mindset. The GCEO Award allows individuals, teams or whole departments to be nominated if they have facilitated excellence in delivery of the Key Focus Areas. The best of the GCEO award winners win the Chairman's Award. The Chairman's Award for individual and team categories were awarded to Wan Bahrain Wan Othman and Metalun (Murum) Unsung Hero respectively. GCEO Awards for the individual categories went to Bonniface Linjong and Ahadiah Zamhari while the team categories went to the Sarawak Alternative Rural Electrification Scheme (SARES) and Sarawak Energy People System (SEPS) teams.



LOYALTY SERVICE AWARDS

In November, the Sarawak Energy Loyalty Awards took place in Kuching, Sibul and Miri at which Sarawak Energy honoured 377 long-serving staff who had reached milestone years of 10, 20, 25, 30, 35 and 40 years of service with the Company. Collectively, the recipients represented a combined total of 9,000 years of service.



HIGH PERFORMANCE CULTURE

For Sarawak Energy, a high performance culture means continuously improving on the Company's core values and developing highly competent people, processes and systems to take Sarawak Energy to the next level of operational excellence and assure the Company of its sustainability.

SARAWAK ENERGY EMPLOYEE SURVEY

The Sarawak Energy Employee Survey promotes strong employee engagement to enable the Company to understand the expectations, aspirations and opinions of its staff regarding work and career development and the expected level of compensation and to obtain feedback on the Company's organisational practices, processes and support systems and management. It is intended to become Sarawak Energy's primary measure of employee engagement and positive experience to gauge a high performance culture. For 2018, employees gave Sarawak Energy a score of more than 78%. The results of the survey allow the Company to identify gaps and make improvements where possible.

DIVERSITY AND INCLUSIVENESS

Sarawak Energy recognises that the diversity and inclusiveness of its workforce is essential. A working environment that values people irrespective of gender, background and experience reflects the customer base, improves decision making, strengthens teamwork and encourages honest discussion, constructive feedback and innovation. Sarawak Energy maintains a strong mix of seasoned professionals and a large population of young, educated people who can challenge the traditional way of doing things. Sarawak Energy also encourages collaboration between the various parts of the organisation to provide a working climate where people work as one team and move in the same direction. Staff members are expected to support each other and move Sarawak Energy forward to be a top quartile energy company.

SARAWAK ENERGY LEADING WOMEN NETWORK

Sarawak Energy's Leading Women Network (SELWN) initiative is a networking platform focused on enabling female employees to reach their leadership potential by facilitating and supporting their career development through networking, sharing sessions, forums and targeted talent management programmes. To ensure that female employees remain with the Company and ascend to managerial positions, Sarawak Energy takes into consideration the challenges they face as they balance their careers with their responsibilities at home. Women make up around 21% of Sarawak Energy's total workforce and about 8% of that number form part of the Company's leadership team. In 2018, SELWN delegates participated in various strategic conferences, roundtable discussions and events organised by other leading organisations.



FIRST ON-SITE CHILDCARE CENTRE

In line with our commitment to make our workplace more inclusive and able to accommodate the requirements of working mothers and young working parents, Sarawak Energy launched its first childcare centre at Menara Sarawak Energy. Named Little Power Genius, the centre can accommodate 50 children of between three months and four years old. The initiative is part of Sarawak Energy's commitment towards empowering women and promoting gender diversity in line with the United Nations' Sustainable Development Goal No. 5. Sarawak Energy plans to provide similar facilities in major locations throughout Sarawak over the next five years.



How We've Performed

Health, Safety and Environment

Building a culture of excellence in the field of Health, Safety and the Environment (HSE) is one of Sarawak Energy's key priorities as we strive to become a top quartile corporation and a best-in-class utility. Ensuring that stakeholders are able to conduct their activities in a healthy, safe and environmentally-friendly work climate is a key contributor to the continued success of Sarawak Energy's business.



HEALTH

In order for staff to perform at their optimal level, they must be healthy in body and mind. Sarawak Energy has a range of programmes in place designed to help staff lead a healthy lifestyle.

Throughout the year, the Health, Safety, Security and Environment department partners with the Sarawak Energy Sports and Recreation Club to organise sports and recreational events such as corporate wellness programmes and outdoor activities to encourage staff to stay active. Sports carnivals, tournaments and runs are some of the events Sarawak Energy organises for its staff. The Body Mass Index (BMI) programme is one of Sarawak Energy's KPIs and by 2020, Sarawak Energy aims to report that 95% of its employees have a BMI of less than 30. This year, a total of 2,310 members of staff took part in Sarawak Energy's health screening programme.





Safety is a key priority and a shared responsibility. As Sarawak Energy grows and takes on more activities in its operations and projects, a strong safety culture becomes increasingly important. Sarawak Energy's safety standards are to keep its staff, contractors and the communities in which it operates, safe from harm. Sarawak Energy works with a range of external partners including the National Institute of Occupational Safety and Health (NIOSH), the Department of Environment, the Natural Resources and Environment Board (NREB), Sarawak Forestry Corporation (SFC), the Department of Occupational Safety and Health (DOSH) and the National Anti-Drug Agency (NADA) to promote a proactive safety agenda. Sarawak Energy's ultimate goal is to achieve Zero Lost Time Injury and Zero Fatality.



🔗 'Pesan Orang Tua' is about Arthur's personal safety journey from a young kampung boy guided by loving parents to being part of Team Sarawak Energy fully committed to the Life-Saving Rules #EverybodyGoesHomeSafely.

HEALTH AND SAFETY SLOGAN

'Everybody Goes Home Safely' is Sarawak Energy's mantra to ensure that safety remains top of mind for all its stakeholders. The slogan is embedded in Sarawak Energy's email signature as a constant reminder of the importance of safety.

LIFE-SAVING RULES

Sarawak Energy's Life-Saving Rules are a set of mandatory, easy-to-follow safety rules which all employees of Sarawak Energy, its subsidiaries and its contractors must comply with whenever and wherever they conduct Sarawak Energy's business. The rules aim to create a safety culture in which there are no accidents, improve Sarawak Energy's overall safety performance and ensure that 'Everybody Goes Home Safely' at the end of the day.

The Life-Saving Rules were launched in 2017 and since then, Sarawak Energy has recorded a significant reduction in safety-related cases as staff and contractors shift from a culture of awareness to a culture of compliance. To further energise the Life-Saving Rules and more fully embed the rules in the hearts and minds of staff and contractors, Sarawak Energy has crafted the Life-Saving Rules Road Map and Master Plan.

SARAWAK ENERGY LIFE-SAVING RULES



Do not smoke outside designated area



Wear your seat belt, do not use your handphone and do not exceed speed limits while driving



Work with approved valid permit to work



Protect yourself against a fall when working at height



Obtain authorisation before entering a confined space



Do not walk or work under a suspended load



No alcohol or drugs while working or driving



Wear and care for appropriate Personal Protective Equipment



Verify and re-verify Energy Isolation (LOTO Process) before any work involving hazardous energy



Protect yourself against a fall when working at height



Do not work near or under electric overhead lines if safe clearance is doubtful



HSE WEEK

Sarawak Energy conducts an annual HSE Week to raise awareness amongst employees and contractors of the importance of the Company's HSE values. Regional offices and power stations conduct their own independent HSE Weeks at their premises. Sarawak Energy also offers an HSE Orientation Programme which highlights the safety procedures and practices which are important to adopt in daily activities.

SAFETY PASSPORT PROGRAMME

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

DRUG-FREE WORK ENVIRONMENT

Sarawak Energy takes an uncompromising approach to the use of drugs at the workplace. The Company conducts random drug tests and any employee, contractor, or third party associate found to be using illegal drugs faces dismissal.

DIPLOMA IN OCCUPATIONAL SAFETY & HEALTH

Sarawak Energy is supporting about 20 young people from the Baleh community to pursue a 28-month Diploma in Occupational Safety & Health at a training institute in Miri. Participants have the opportunity to earn a locally and internationally recognised qualification and become registered safety health officers with DOSH. The programme is designed to prepare the local community for the employment and economic opportunities created by the Baleh HEP.



CONTRACTOR TRANSFORMATION PROGRAMME

The Contractor Transformation Programme (CTP) was launched in 2017. The initiative promotes partnership between Sarawak Energy's contractors and Sarawak Energy by sharing efforts in accident prevention, regulatory compliance and best practices.

It also enables Sarawak Energy and its contractors to identify gaps in health and safety and establish remedial measures. The initiative is in line with the National OSH Master Plan 2015-2020, as well as the Guided Self-Regulation which encourages government-linked companies to lead their contractors towards HSE self-regulation.

The programme also recognises contractors who excel in HSE activities, particularly self-regulation. Those contractors were recognised at the inaugural CTP Award presentation held on 23 November at the Waterfront Hotel Kuching.

ROUTINE AUDITS AND INSPECTIONS

To further inculcate a strong health and safety culture and ensure that all levels of Sarawak Energy's operations comply with the highest HSE standards, Sarawak Energy conducts regular audits and inspections at power stations and regional offices and makes site visits to on-going projects.



ENVIRONMENT

Increasingly, stakeholders demand that the companies they choose to be associated with demonstrate a high level of environmental responsibility and by 2020, Sarawak Energy aims to report 100% compliance with regulatory environment laws.

COMPLYING WITH ENVIRONMENTAL LEGISLATION AND REQUIREMENTS

In the interest of protecting the environment, Sarawak Energy has committed, through the formulation of its standalone Environmental Policy, to not only mitigate the impact of our activities on the environment, but also to comply with the environmental legislations and requirements that provide a basis for the protection of the environment.

Sarawak Energy, as an organisation, has a legal, ethical and moral duty to comply with the following environmental laws and regulations:

- Guided Self-Regulation (GSR)
- Environmental Quality Act 1974
- Environmental Quality (Clean Air) Regulations 2014
- Environmental Quality (Scheduled Waste) Regulations 2005
- Environmental Quality (Industrial Effluent) Regulations 2009
- Environmental Quality (Sewage) Regulations 2009

In compliance with the environmental act and regulations, the Environment Division conducts regular boundary noise monitoring, dark smoke observations, environmental assessments and environmental documentations and maintenance at the rural and urban power stations. The division also coordinates the scheduled waste disposal programme and stack emission monitoring at power stations. These activities are carried out regularly throughout the power stations to ensure compliance.



BOUNDARY NOISE MONITORING

The Environmental Quality Act 1974 (Section 23) stipulates that “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 allowable boundary noise level established by the Department of Environment (DOE) for our power stations is 65 dBA at all times. In compliance with this regulation, the Environment Division conducts boundary noise monitoring at a few points along the perimeter fencing of the power station on a yearly basis. This is also to comply with the EIA approval condition.



DARK SMOKE OBSERVATION

Dark smoke observation at rural and urban power stations was initiated by the Environment Division in 2011. 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 the smoke emission limit shall not be darker than shade No. 1 (20%) on the Ringelmann Chart.

Smoke emitted from generator sets is compared to different shades on the Ringelmann Chart, which is held or fixed in a position facing the observer. Dark smoke observation for the generator sets at the rural and urban power stations is carried out on a yearly basis; at major stations like Bintulu and Kuching Power Stations on a quarterly basis; and at Miri Power Station on a yearly basis, together with stack emission monitoring. This initiative is also in line with EIA approval condition requirements.



STACK EMISSION MONITORING

Stack emission monitoring is conducted in line with the following environmental requirements and guidelines:

- Sijil Kelulusan Bertulis Pemasangan / Pembinaan Alat Pembakaran Bahanapi dan Cerobong di bawah Peraturan-Peraturan Kualiti Alam Sekeliling (Udara Bersih) 2014
- Standard C, Environmental Quality (Clean Air) Regulations, 2014
- The dust particulate emission standard, **0.40 g/Nm³**
- The dark smoke standard, **Chart No. 1** of Ringelmann Chart

The main objectives of stack emission monitoring are to determine whether the emission meets statutory requirements; to check the effectiveness of emission control technology (if any) and to evaluate the effects of process variables in the emission rates (if any). The parameters monitored at the power stations include dust particulates, gas emissions of O₂, CO₂, CO, NO_x, SO₂, SO₃, hydrocarbons and dark smoke observations.



SCHEDULED WASTE MANAGEMENT

Waste is generally defined as 'any discarded solid, liquid or contained gas or material that can no longer be used.' Scheduled waste is defined as any waste falling within the categories of waste listed in the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005. The common scheduled waste generated from our power generation activities are:

- Used lubricating oil
- Dirty diesel
- Oily rags
- Gas condensate
- Used oil filter
- Used transformer oil

The Environment Division assists all stations throughout the state on their scheduled waste management especially on monthly inventory reporting and the waste disposal. Since July 2015, a scheduled waste contractor for disposal has been appointed by each station. 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.



ENVIRONMENTAL ASSESSMENT

The Environment Division conducts yearly environmental assessment of the rural and urban power stations. The objectives of the assessment are:

- To evaluate the station's compliance with the applicable /relevant legal requirements.
- To evaluate the station's capability to achieve the Company's policy objectives.
- To evaluate the station's effective implementation of prevention measures.

The environmental assessment covers the operation, maintenance and general environmental conditions of the station. The assessment team conducts inspections on the drainage system, fuel farm yard, 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 dark smoke observation, boundary noise monitoring and the EMS documentation and maintenance.

WATER QUALITY MONITORING

The Environment Division conducts water quality monitoring at Batang Ai, Murum and Bakun reservoirs. Unlike natural lakes, man-made reservoirs have an environmental impact. 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. Reservoir water quality monitoring and assessment is therefore important to study the changes in water quality and to predict the potential problems related to reservoir water quality. Ultimately, management programmes could be proposed to remediate the environmental impacts of reservoir water quality. It is a legal requirement under the Natural Resources and Environment Board (NREB) to perform water quality monitoring at Murum reservoir on a quarterly basis.



Water Quality Monitoring at Batang Ai Reservoir.



Water Quality Monitoring at Murum Reservoir.





GAHARU TREE PLANTING PROGRAMME

In February, Sarawak Energy took part in a Gaharu Tree Planting Programme at Rumah Manggat in Batang Ai – a conservation initiative under the Forest Department Sarawak's (FDS) Ulu Sungai Menyang Orang Utan Strategic Action Plan. A total of 78 participants from Sarawak Energy, Institut Pendidikan Guru Kampus Batu Lintang, the FDS, World Wildlife Fund (WWF) and local villagers of Rumah Manggat took part in the conservation effort, planting 1,500 gaharu seedlings at Ulu Sungai Menyang. The aim of the programme is to conserve the Ulu Sungai Menyang forest to improve the livelihood of the local communities. The wood of the gaharu tree can be used in incense, perfume and medicine and the leaves are dried for tea.

ENVIRONMENTAL AWARENESS PROGRAMMES

The Environment Division organises environmental awareness programmes for Sarawak Energy's staff, government agencies, schools and the general public to enhance environmental stewardship. Sarawak Energy engages in initiatives with agencies including the Department of Environment, the Forest Department Sarawak, the Natural Resources and Environment Board Sarawak and other non-government organisations to promote environmental conservation programmes. Sarawak Energy also conducts environment training and workshops and has developed a community Environmental Awareness Centre.

BEACH CLEANING

In December, some 250 runners and 30 beach cleaning enthusiasts took part in the 2018 Tanjung Kidurong Power Run and Beach Cleaning programme near to the Tanjung Kidurong Combine Cycle Power Plant Project site in Bintulu.



GO GREEN: 'ZERO POLYSTYRENE, REDUCE SINGLE-USE PLASTIC' CAMPAIGN

In April, Sarawak Energy launched the 'Zero Polystyrene, Reduce Single-Use Plastic' Campaign which aims to eliminate the use of polystyrene packaging and reduce single-use plastic across the organisation. A range of activities was held in conjunction with the launch, including an exhibition on environmental management with contributions from various agencies including the Department of Environment, the Wildlife Conservation Society, WWF and Majlis Bandaraya Kuching Selatan. An E-waste take back programme and a recyclable waste sale were conducted for staff to discard their items in a responsible manner.



PALS CLUB CONFERENCE

In July, Sarawak Energy and the NREB organised the annual Pencinta Alam Sekitar (PALS) Club Conference in Mukah to increase student awareness of the need to preserve the environment. A total of 90 students and 20 teachers from 20 secondary schools across Sarawak attended. The PALS Conference enables PALS Club schools to share information and students, teachers and environmental agencies to network. During the event, participants engaged in activities including an environmental exploration race and a visit to 'lamin dana'. An exhibition was held to allow the participating schools to showcase their projects.

ENVIRONMENTAL EDUCATION MODULES FOR PALS CLUB

Sarawak Energy's commitment to the school environmental awareness programme goes back to 2016 with its support for developing the Environmental Education Module (EEM) for PALS. The programme was launched in September in Bintulu. Two modules were developed for both primary and secondary schools and will be used by school teachers to instill environmental conservation and awareness in children from a young age. All 361 primary and secondary schools throughout Sarawak will benefit from this initiative.



ENVIRORUN AND AEROBATHON

In October, 617 runners and 100 aerobic participants joined the EnviroRun and Aerobathon 2018 programme held at Mydin Petra Jaya in Kuching. The event, aimed at raising environmental awareness and promoting a healthy lifestyle, was organised by Sarawak Energy and the DOE in conjunction with Sarawak's National Environment Day. Themed 'Our Environment, Our Shared Responsibility,' the programme consisted of a 3km and 7km run and an open category.



ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (ESIA) FOR THE TANJUNG KIDURONG COMBINED CYCLE POWER PLANT PROJECT (UNITS 10 & 11 AND UNITS 12 & 13)

In April, Sarawak Energy completed the Environmental and Social Impact Assessment (ESIA) for the Tanjung Kidurong Combined Cycle Power Plant project to obtain Export Credit Agency financing.

The ESIA was accomplished in line with the requirements of the Equator Principles and in compliance with the national requirements and performance standards of the International Finance Corporation (IFC). In pursuance of the ESIA submission, in May an Environmental and Social Due Diligence was conducted by an international Independent Environmental and Social Consultant. Sarawak Energy was commended for its strong team and HSE system, its cooperation with the EPC contractor and its transparency at every level of business, hence meeting the IFC performance standards and national requirements.



Environmental and Social Diligence (ESDD) for the Tg. Kidurong Combined Cycle Power Plant Project ESIA in May 2018.

ENVIRONMENTAL IMPACT ASSESSMENT (EIA) APPROVAL FOR SARAWAK ENERGY'S POWER DEVELOPMENT PROJECT

Obtaining EIA approval is necessary before Sarawak Energy can embark on the development of any power project development, whether thermal power, hydro power, transmission line and coal mining. In 2018, Sarawak Energy secured EIA approval for the following proposed power project development either at federal level from the Department of the Environment or at state level from the Natural Resources and Environment Board:

- i. Tg. Kidurong Combined Cycle Power Plant Project (Units 12 & 13);
- ii. Serudit to Sri Aman 132kV Transmission Line Project;
- iii. Limbang 2 – Trusan – Lawas 275kV Transmission Line Project; and
- iv. Opencast Coal Mining Project at MEM-B1, Mukah Balingian Coalfield



⌚ Stakeholder Engagement for EIA at the Tg. Kidurong Combined Cycle Power Plant Project.

ENVIRONMENTAL TRAINING FOR SARAWAK ENERGY'S POWER DEVELOPMENT PROJECT CONTRACTORS

Environmental training is one of the mechanisms to inculcate self-regulation within Sarawak Energy's community of power development project contractors. In 2018, environmental training and workshops focusing on erosion and sediment control, scheduled waste management, environmental mainstreaming tools, industrial effluent management and clean air management were successfully conducted at the following thermal and hydro projects:

- i. Baleh Hydroelectric Plant;
- ii. Balingian Coal-Fired Power Plant;
- iii. Tg. Kidurong Combined Cycle Power Plant; and
- iv. Kota 2 Mini Hydro



⌚ Baleh HEP Environmental Legislative Workshop with Contractors.

INTERNAL ENVIRONMENTAL COMPLIANCE AUDIT (IECA) FOR SARAWAK ENERGY'S POWER DEVELOPMENT PROJECT

By 2020, Sarawak Energy intends to achieve 100% environmental compliance as part of the HSE Excellence Key Focus Area. In line with this goal, Sarawak Energy has initiated an Internal Environmental Compliance Audit (IECA) for all its 11 major projects development with EIA approval. The aim of the IECA is to support self-regulation in EIA compliance and overall environmental management to achieve outstanding environmental excellence in power project development. In 2018, all 11 projects recorded zero penalty or fines either from federal or state environmental authorities.

MURUM HEP FLORA CONSERVATION GARDEN ISLAND

The Murum HEP flora conservation Garden Island was established in 2015 and is sustainably maintained by Sarawak Energy to showcase the area's rich biodiversity. The Garden Island is an attraction for nature lovers, environmentalists and ecologists. Almost 5,000 saplings have been planted there, comprising gaharu trees, mixed Dipterocarp species, various types of orchids, medicinal plants, bamboos and some non-tree species. The Garden Island also provides a facility for visitors to take shelter during long-distance boat ride along the reservoir.



⌚ Coelogyne swaniana orchid in the Garden Island.

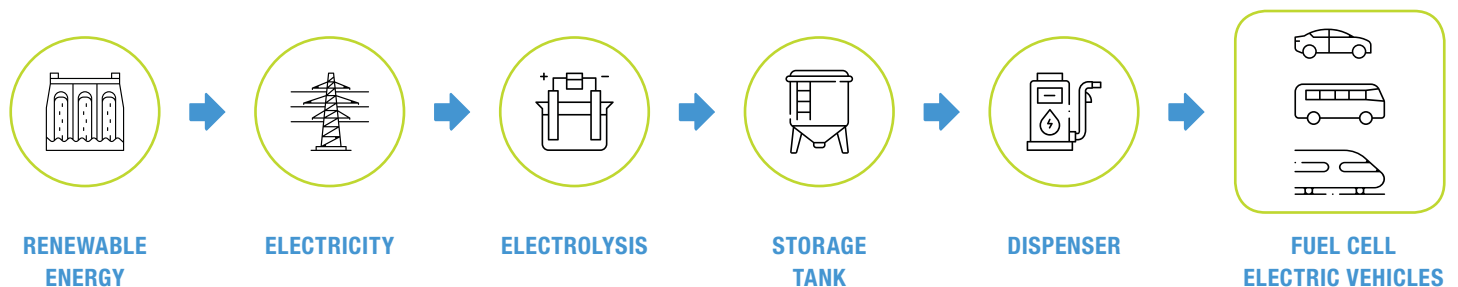
How We've Performed

Exploring Future Technologies



In partnership with Linde Malaysia, Sarawak Energy is piloting the first integrated hydrogen production plant and refueling station in Southeast Asia. When completed, the plant can produce up to 130 kilogrammes of hydrogen per day at a purity of 99.999 per cent and is capable of fueling up to five fuel cell buses and 10 fuel cell cars per day.

Through the facility, Sarawak Energy is researching hydrogen's potential as part of Sarawak's energy mix for a green transportation system and for energy storage. The facility includes a plant that produces hydrogen through an electro-chemical process called electrolysis using Sarawak's abundant renewable energy to produce clean, non-polluting and carbon-free hydrogen.



3D model of the integrated hydrogen production plant and refueling station

Corporate Sustainability and Reputation



Photo credit: Mohd. Firdaus bin Ibrahim

Corporate Sustainability and Reputation

Sarawak Energy is committed to conducting all levels of its business operations with respect for the well-being of the communities the Company serves.



SUSTAINABILITY AT SARAWAK ENERGY

For Sarawak Energy, sustainability means the ability to achieve a balance between the need for development and the need to protect Sarawak's natural environment. Sarawak Energy considers the environmental, economic and social implications of all its activities as the Company strives to ensure that it brings value to both present and future generations.

Incorporating progressive ways of doing business, investing in new technologies, emphasising the need for continual innovation and welcoming critical assessment strengthens the Company and helps Sarawak Energy achieve the ambitious goals it has set for sustainable growth.

Sarawak Energy is keen to learn from the sustainability strategies of major international players as it strives to become a top-quartile company. In June 2016, Sarawak Energy joined the Global Reporting Initiative (GRI) Gold Community, a group of leading international organisations that help shape the future of sustainability, enabling the Company to benchmark its sustainability practices and gain from knowledge sharing and collaboration with other companies.

SUSTAINABLE HYDROPOWER DEVELOPMENT AND OPERATION

Sarawak Energy is a sustainability partner of the International Hydropower Association (IHA) and committed to implementing its projects in line with the guidelines set out in the Hydropower Sustainability Assessment Protocol (HSAP) by embedding good sustainability practices into its hydropower operations. The HSAP is a globally recognised framework for assessing hydropower projects against social, environmental, technical and economic considerations and has been developed by representatives from governments, commercial and development banks, social and environmental NGOs, and the hydropower sector.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

Sarawak Energy's business is aligned and contributes to the United Nations' Sustainable Development Goals, a set of 17 targets that aim to bring together the public and private sector and civil society in the common goal of promoting prosperity while protecting the planet.



ECONOMIC
Catalysing Economic Sustainability



ENVIRONMENT
Improving Our Environment Footprint



SOCIAL
Transitioning Social Outcomes

Corporate Sustainability and Reputation

Our Social Responsibility

SOCIAL RESPONSIBILITY INITIATIVES

SUPPORT FOR THE MURUM PENAN COMMUNITY

Sarawak Energy focuses on enhancing the socio-economic well-being of the Murum Penan community to ensure that they continue to benefit from the construction of the Murum Hydroelectric Power Plant (HEP). Community partnerships include programmes and projects in education, housing and healthcare, social and sporting activities and traditional celebrations that reinforce community spirit and strengthen cultural heritage. Developing long-term comprehensive plans to address the needs of the communities affected by Sarawak Energy's projects is central to the Company's social responsibility.

PENAN EDUCATION FUND

The Penan Education Fund is a collaboration between Sarawak Energy and the Bakun Charitable Trust and aims to support Penan students and youth in Belaga and the resettled communities of the Murum HEP.

Now in its third year, the programme raises awareness within the community on the importance of education. The attendance and enrolment rates for primary students in the Murum Resettlement Schools is steadily increasing and academic results are improving. Growing numbers of secondary school students are continuing their education and graduating with useful vocational skills.

Sarawak Energy contributes RM200,000 to the Bakun Charitable Trust Fund annually. The Belaga Penan Education Fund is managed by a special committee under this Trust and in 2018, a total of 423 incentives were given to students to encourage the progression of their academic performance and participation.



Academic incentive presentation for SK Tegulang and SK Metalun students at Long Wat.

LITERACY FOR SOCIAL INCLUSION PROGRAMME

Sarawak Energy also supports the Literacy for Social Inclusion Programme in Murum, in partnership with the Dyslexia Association of Sarawak.

SPORTING INITIATIVES FOR THE PENAN COMMUNITY

Sporting initiatives include the Bintulu Rural Football Development Programme, a collaboration between Sarawak Energy and Bintulu Football Association and LEA Sports Centre to develop interest amongst the Murum Penan youth in training and competition. Since the introduction of the programme, Murum Football Club has won third place at the 'Kejohanan Bola Sepak Luar Bandar Bahagian Bintulu' in 2017 and 2018 and received the 'Best Rural Team' award at the 2018 tournament.



Ritchie Siang receiving the award for 'Best Rural Team' on behalf of Murum FC from Dato' Sri Dr. Stephen Rundi Utom.

ENVIRONMENTAL MANAGEMENT AND CONSERVATION



Photo credit: Sarawak Forestry.

SOLAR POWER FOR TURTLE SANCTUARIES

Sarawak Energy's broader sustainability agenda includes initiatives in the realm of environmental management and conservation.

In 2018, Sarawak Energy gave the turtle conservation programme a major boost by setting up a system that delivers a supply of 24/7 renewable, green solar energy to the protected turtle landing sites of Tanjung Datu National Park, Pulau Talang-Talang Besar and Pulau Talang-Talang Kechil. The RM1.5 million solar project replaces noisy diesel generators.

CULTURE & HERITAGE

Sarawak Energy is committed to working with communities on initiatives that preserve and promote Sarawak's indigenous cultural identity.

RAINFOREST WORLD MUSIC FESTIVAL

To showcase Sarawak's cultural heritage, artisans from Murum and Baram presented their skills at the iconic Rainforest World Music Festival 2018. Sarawak Energy was a Gold sponsor of the event. A group of Murum Penan artisans displayed their handicrafts and sape masters and apprentices of the 'Warisan Sape Telang Usan' (Telang Usan Sape Heritage) programme entertained festival goers.

BUNGAN SACRED RITUAL

The annual blessing ceremony of the Batu Tungun rock formation took place in October at a permanent site specially built for the ceremony by Sarawak Energy in partnership with the local community according to the indigeneous Bungan religion.



'Warisan Sape Telang Usan' at the Rainforest World Music Festival.

EDUCATION & YOUNG PEOPLE



Supporting students in Belaga with new dictionaries as part of their learning resources.

Sarawak Energy engaged and worked with the communities to develop a suite of programmes that address community needs. In 2018, a total of 25 high achieving students from SMK Bakun and SMK Belaga were presented with academic incentives at a ceremony held at SMK Bakun to recognise and encourage students from Belaga who excelled in their Sijil Pelajaran Malaysia (SPM) examinations. A total of 350 dictionaries were handed over to the students and the libraries of SMK Bakun and SMK Belaga.



A briefing for students during the 'Jom Masuk U' programme in Kuching.

BALEH YOUTH TRAINING

Sarawak Energy provides skills training programmes for youth in Baleh and Kapit to prepare them for employment opportunities generated by the development of the Baleh Hydroelectric Project. The initiative aims to equip 500 youth with technical skills including welding, scaffolding, handling heavy vehicles and machinery, rigging and slinging, metal blasting and safety, as well as courses on electrical, mechanical, administration, human resources and entrepreneurship. So far, 186 youth from both areas have been trained at both certificate and diploma level. At peak activity level, some 3,500 workers are expected to be employed on the Baleh project.

EDUCATIONAL SUPPORT FOR SCHOOLS IN BALEH

As part of Sarawak Energy's continued commitment to lift the standard of education amongst Sarawak's rural communities, Sarawak Energy has initiated a three-year education programme which runs from 2017 to 2020 and builds on the Education Enhancement Programme which was carried out in 2015 and 2016 in the Baleh area.



Students from Baleh taking part in an educational enhancement initiative 'Program Jalinan Mesra Peribumi' at SK Temenggong Koh.

DRUG AWARENESS CAMPAIGN

In August, Sarawak Energy conducted a one-day awareness programme on drug, cigarette and inhalant abuse and the consequences for 300 students from 10 primary and secondary schools in Kapit. The programme was in line with Sarawak Energy's social responsibility initiatives in promoting health and safety awareness among school students. Speakers included officers from the National Anti-Drug Agency and the Royal Malaysian Police.



Royal Malaysian Police Narcotics Criminal Investigation Division giving insight to the students on drug laws.

BATANG AI EDUCATION FUND

At the end of 2017, Sarawak Energy stepped up its support for the Batang Ai community, particularly the education needs of local youth living in the vicinity of Sarawak's first hydropower project site, through a dedicated Batang Ai Education Fund with a revolving fund of RM200,000. The fund aims to enhance the quality of primary and secondary learning and motivate students to work towards obtaining a tertiary education qualification for a better chance of employment. In 2018, a total of 48 students from the community pursued higher education under this fund.

COMMUNITY DEVELOPMENT AND ENTREPRENEURSHIP



ENGAGEMENT WITH BALEH COMMUNITIES

Sarawak Energy is stepping up its outreach and social investment programme for communities in Baleh as works on the hydroelectric project progress. As part of this, Sarawak Energy organised a formal dialogue and engagement session in October for some 250 residents of Nanga Antawau including community leaders as part of a comprehensive community engagement plan for Baleh HEP. The session held at Rumah Tajai was to strengthen and streamline communication during the construction and operation period of the project.

Sarawak Energy also organised a dialogue session in November with residents from 11 longhouses from Sungai Gaat of the Baleh river. The session was part of Sarawak Energy's comprehensive community engagement plan aimed at keeping neighbouring villages updated on work progress at the site, enabling the residents to tap into the socio-economic opportunities and benefit of the project. Held at Rumah Nyamok at Nanga Serau, Sungai Gaat, the session was attended by more than 150 residents.



MURUM PENAN HANDICRAFTS

Through collaboration with Universiti Malaysia Sarawak, the Malaysian Handicraft Development Corporation and the Sarawak Craft Council, Sarawak Energy supports the handicraft development project for the Murum Penan artisans which aims to preserve and promote their cultural heritage, enhance the commercial viability of their handicrafts and provide for a more sustainable form of economy for the Murum Penan community. As a result of Sarawak Energy's support, the number of artisans from the resettled community has increased from about 30 in 2014 to 170 in 2018.

THE BALEH WOMEN ENTREPRENEURSHIP PROGRAMME

The Baleh Women Entrepreneurship Programme is part of Sarawak Energy's overall strategy to ensure that women in the local community benefit from the various business and employment opportunities that are expected to be generated by the Baleh HEP. The programme includes workshops on how to start up and run a business.



Handing over the new fire engine vehicle to the Persatuan Bomba Sukarela Sungai Asap.

SUSTAINABLE LIVELIHOOD AND FOOD SECURITY PROJECTS

In 2018, Sarawak Energy gave the turtle conservation programme a major boost by setting up a system that delivers a supply of 24/7 renewable, green solar energy to the protected turtle landing sites of Tanjung Datu National Park, Pulau Talang-Talang Besar and Pulau vTalang-Talang Kechil. The RM1.5 million solar project replaces noisy diesel generators.

EYE VISION PROGRAMME

In collaboration with Klinik Katarak 1Malaysia and supported by Sarawak General Hospital and Kapit Hospital, Sarawak Energy's Eye Vision Programme provides free eye screening and operations for cataract and pterygium patients. Cataract disease is one of the main causes of blindness and visual impairment in Malaysia.

Corporate Sustainability and Reputation

Lighting Up Communities



LIGHTING UP RURAL SARAWAK

A decade ago, only 56% of Sarawak's rural population had access to reliable, 24/7 electricity supply. Today, coverage stands at 90%. By 2020, Sarawak Energy aims to achieve 97% rural electrification of Sarawak, by reaching 99% overall domestic coverage.

STRATEGISING FOR FULL RURAL ELECTRIFICATION COVERAGE

The Rural Electrification Master Plan is a strategy to accelerate the electrification of Sarawak's remaining rural households through a variety of government-funded initiatives. Key programmes are the Rural Electrification Scheme, or RES, which focuses on expanding a high voltage distribution network from the existing grid; Rural Power Supply Scheme, or RPSS, which extends the extra high voltage transmission network into rural areas; Sarawak Alternative Rural Electrification Scheme, or SARES and the Alternative Hybrid Rural Electrification Project which uses renewable alternative stand-alone systems with micro-hydro or solar technologies to bring power to the most remote villages.

SARAWAK ALTERNATIVE RURAL ELECTRIFICATION SCHEME REACHING THE MOST REMOTE

SARES is an innovative Government-community partnership scheme to supply electricity to villages that are too distant to connect to the main electricity grid. SARES utilises mainly solar technology and by 2020 aims to bring electricity to 8,700 households at isolated villages in Ulu Skrang, Katibas, Nanga Merit, Bukit Mabong, Tinjar, Long Bedian, Telang Usan, Bario, Julau, Tatau, Sungai Gaat, Sungai Pila and Medamit.

The SARES initiative mobilises Government machinery and agencies to help villages build, own and operate more sustainable and affordable electricity generating systems. Sarawak Energy is the primary implementation agency. SARES provides sufficient electricity for each household's lighting, fans, television and refrigeration and displaces expensive noisy and polluting generators that can only provide limited hours of supply for the villages. The RM500 million SARES project began in 2016. A total of 90 villages, comprising 1,400 households, have been electrified and another 210 villages will be powered by 2020.



STANDALONE SOLAR HYBRID POWER STATIONS

There are 29 solar hybrid power stations in operation throughout the interior of Sarawak. A further nine stations are in various stages of implementation and are expected to be commissioned within the next one to two years. Sarawak Energy, through the Rural Off-Grid Operation Division, undertakes the operation and maintenance of these solar hybrid stations.

THE WAY FORWARD #LIGHTINGUPCOMMUNITIES

Sarawak Energy's Research and Development team focuses on accelerating the rate of electrification in Sarawak by exploring a variety of innovations, ideas and technologies.

Rural School Electricity Supply

The Rural School Electricity Supply initiative aims to extend the grid or provide renewable solar systems to 369 schools under a partnership with the Ministry of Education, Ministry of Utilities Sarawak, Sarawak Education Department, Sarawak Public Works Department and Sarawak Energy.

In January, Phase One of the initiative saw 2,000 students in 13 secondary and primary schools connected to the grid, displacing the diesel generators that the schools were previously dependent on. With access to secure and reliable 24-hour electricity supply, the schools are installing additional fans, lightings and other electrical equipment to create a more conducive learning and working environment for students and staff.



Corporate Sustainability and Reputation

Growing Our Brand

BREAKING NEW GROUND

Our first 'Signature Brand Programmes' were introduced as part of long-term strategic initiatives aimed at strengthening our positive corporate reputation and growing our brand presence amongst stakeholders, under specific focus areas such as science and technology as well as youth and sports.

'Science by Sarawak Energy', a two-day science fair and exhibition, was held in Kuching on 25 and 26 August in partnership with The Learning Curve. Themed 'Powering Young Minds', about 400 secondary school students participated in workshops, competitions and student project demonstrations on topics related to science, technology, engineering, and mathematics, or STEM.

The Sarawak Energy Junior Badminton Championship, held in Kuching from 18 to 21 August, attracted 250 students aged between 6 and 19 years from Kuching, Serian, Sri Aman, Bintangor, Sibul, Mukah and Miri. The programme aimed at building up young talent in the sport to compete at local, regional and international level.

These initiatives received positive and extensive media coverage, including in the local press and on television, helping to make Sarawak Energy be seen as an employer of choice for young people in Sarawak.



In Recognition of Our Efforts



GLOBAL RECOGNITION FOR RURAL ELECTRIFICATION

At the 4th International Alliance for Rural Electrification Energy Investment Summit in Catania in Sicily, the Sarawak Alternative Rural Electrification Scheme, or SARES, was recognised under the Government in Africa, Asia and Latin America category. Spearheaded by Sarawak's government and implemented by Sarawak Energy, the SARES initiative aims to provide 24-hour electricity to more than 40,000 rural populace in 8,700 households by 2020.



ALPHA SOUTHEAST ASIA DEAL & SOLUTIONS AWARD

At the 11th Annual Southeast Asia Deal & Solution Awards 2018 held in Kuala Lumpur in February, Sarawak Energy's RM2.5 billion acquisition of Sarawak Hidro Sdn. Bhd. was awarded the Best Domestic Merger and Acquisition Deal in Southeast Asia for 2017. At the same event, Sarawak Energy was also honoured with the Borrower/Issuer Award Plaques for its RM1 billion Sukuk Musyarakah Issuance in December 2017.

CHIEF MINISTER'S ENVIRONMENTAL AWARD

At the 8th Chief Minister's Environmental Awards 2017-2018, Sarawak Energy received four awards in recognition of its commitment towards achieving environmental excellence. Themed 'Nurturing Environmental Stewardship', the awards emphasise the responsibility of every individual and organisation to protect and preserve the environment. The Mukah Coal Power Plant, the Batang Ai Hydroelectric Plant and the Murum Hydroelectric Plant received Gold Awards and Sejingkat Coal Power Plant a Merit Award. The award ceremony was organised by the Natural Resources and Environment Board Sarawak and the Sarawak Chamber of Commerce and Industry.

OCCUPATIONAL HEALTH AND SAFETY AWARD

In December, Sarawak Energy was presented with an Appreciation Award at the National Institute of Occupational Health and Safety's Silver Jubilee celebration dinner in recognition of its emphasis on the importance of occupational health and safety at the workplace and at project sites.

AUSTRALASIAN REPORTING AWARDS

Sarawak Energy's Annual Report 2016 received Silver at the Australasian Reporting Awards (ARA) a step up from Bronze in the previous year. The prestigious ARA provide organisations that produce annual reports the opportunity to benchmark their reports against world best practices. The awards have been organised for more than 60 years and are administered by Australasian Reporting Awards Limited, an independent non-profit organisation run by volunteer professionals from the business, government and non-profit sectors. The awards are supported by various professional bodies concerned with the quality of financial and business reporting.



ANNUAL CSR SUMMIT

At the 10th Annual Global CSR Summit and Awards held in Lombok, Indonesia, Sarawak Energy received Platinum in the Empowerment for Women category for its community development work with Murum Penan artisans to enhance the commercial viability of their handicrafts, and Gold in the Best Community Programme category for its community outreach programme in Baleh, Kapit to address cataract disease. The handicraft programme was organised in partnership with Universiti Malaysia Sarawak, Malaysia Handicraft Development Corporation Sarawak Branch and the Sarawak Craft Council. The eye screening programme was carried out in collaboration with the 1Malaysia Cataract Clinic.



POWER STATION SAFETY AND HEALTH AWARDS

In August, Sarawak Energy's Batang Ai Power Plant and its Limbang Power Station were awarded the Gold Class II Award under the Utilities Sector category of the 36th Occupational Safety and Health Awards by the Malaysian Society for Occupational Safety and Health in recognition of their commendable management and practices. This marks the second consecutive year that the Limbang Power Station has received the award.

GREEN BUILDING INDEX SILVER RATING

Sarawak Energy's headquarters, Menara Sarawak Energy, retained its Green Building Index (GBI) silver rating. Menara Sarawak Energy was the first building in East Malaysia to be accredited the GBI under the Non-Residential New Construction category in 2013. The rating recognises the sustainable aspects of the building, namely energy efficiency, indoor environment quality, sustainable site planning and management, materials and resources, water efficiency and innovation.



SARAWAK ENERGY CONTRACTOR ENVIRONMENTAL IMPACT ASSESSMENT COMPLIANCE AWARD 2017

In 2017, Sarawak Energy introduced the Sarawak Energy Contractor Environmental Impact Assessment (EIA) Compliance Award to promote commitment to environmental considerations within the contractor community. The inaugural awards ceremony took place on 1 March 2018 in Sibu to recognise the efforts of Sarawak Energy's contractors in achieving a high level of compliance with EIA assessment requirements and standards. A total of 14 contractors were presented with silver and bronze awards and seven consultants were given certificates for their achievements in observing EIA standards.

Throughout the year, Sarawak participated in a range of conferences to grow its presence on the regional and international arena.



INTERNATIONAL SUSTAINABLE ENERGY SUMMIT (ISES)

In April, Sarawak Energy was a strategic sponsor at the 4th International Sustainable Energy Summit 2018, jointly organised by the Ministry of Utilities Sarawak and the Sustainable Energy Development Authority Malaysia. At the summit, Sarawak Energy showcased its focused development of hydropower for sustainable energy generation and economic growth.

POWER WEEK ASIA

Sarawak Energy participated at the Asia Power Week in Singapore, sharing with delegates the story of the Company's transformation from a traditional utility to a key hydropower developer. The international conference attracts a broad range of high-level industry professionals and serves as an invaluable networking platform.

INTERNATIONAL ENERGY WEEK

In January, Sarawak Energy took part in the International Energy Week in Kuching, an event attended by local and regional representatives from the energy sector, and detailed the importance that technological advance plays in its commitment to developing renewable, affordable and reliable energy.



CONFERENCE OF THE ELECTRIC POWER SUPPLY INDUSTRY

At the Conference of the Electric Power Supply Industry 2018 held at the Kuala Lumpur Convention Centre in September, Sarawak Energy presented its initiatives on energy security with leading representatives from the national and international power industry.



SARAWAK INTERNATIONAL BUSINESS EXHIBITION AND CONFERENCE

At the inaugural Sarawak International Business Exhibition and Conference held in Kuching in October, Sarawak Energy gave a presentation to 600 participants on Sarawak Energy's strategy and success in ensuring a secure energy future for Sarawak and beyond. The two-day event was organised by the Sarawak Business Federation and endorsed by Sarawak government, with the aim of promoting business and investment and supporting the transformation of Sarawak's digital economy.

Corporate Sustainability and Reputation

Corporate Event Highlights

DIVERSITY AND INCLUSIVENESS



⌚ 'Ngiling tikai' with Yang Berhormat Minister for Utilities, marking the end of the Gawai Dayak celebration.



⌚ Majlis Ramah Tamah Aidilfitri with Yang Amat Berhormat Chief Minister of Sarawak and his wife.



⌚ Lion dance performance in the spirit of Chinese New Year.



STAKEHOLDER ENGAGEMENT



- ▶ Datuk Seri Fatimah Abdullah, Sarawak Welfare, Community Wellness, Women, Family and Childhood Development Minister, visited Menara Sarawak Energy in June to better understand Sarawak Energy's women empowerment and people development initiatives.



- ▶ Keeping stakeholders updated on projects and future growth aspirations: Media Business Update in March.



- ▶ Investors Townhall in August.



- ▶ To strengthen rapport with the national media fraternity, Sarawak Energy supported the Malaysian Press Night, organised by the Malaysian Press Institute in November.



- ▶ As part of efforts to encourage excellence in journalism, Sarawak Energy supported the Kenyalang Journalism Awards in November.



⌚ Keeping Government stakeholders and community leaders updated on reinforcement projects to strengthen the reliability of electricity supply in Kapit (left) and Song (right).



⌚ Community leaders from North Kalimantan visited Sarawak Energy in September as part of a study visit to better understand how hydropower development benefits communities.



⌚ Datu Sharbini's townhall with staff via live teleconferencing to various locations including regional offices and power plants across Sarawak.

OPERATION AND PROJECT MILESTONES



⬤ Celebrating one million manhours without lost time injury at Tanjung Kidurong Combined Cycle Power Plant Project in July.



⬤ Project Delivery Excellence Workshop themed 'Stepping Up Project Delivery for Sustainable Growth' in November.

A HEALTHY WORKFORCE



⬤ Ping pong friendly among management and staff.



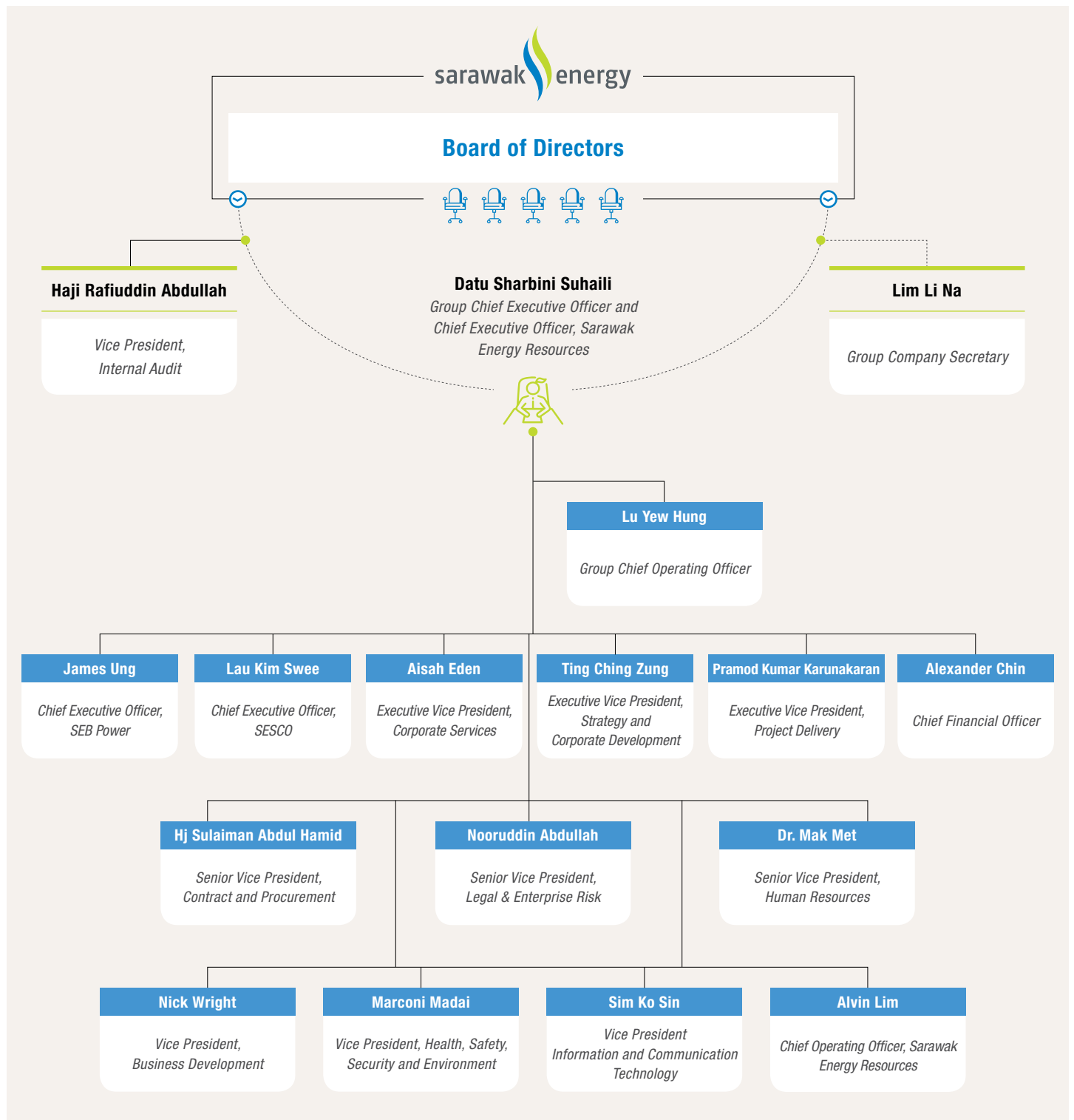
⬤ Sarawak Energy's Got Talent 2018.



⬤ Sarawak Energy's Mini Olympics in November.

How We're Governed

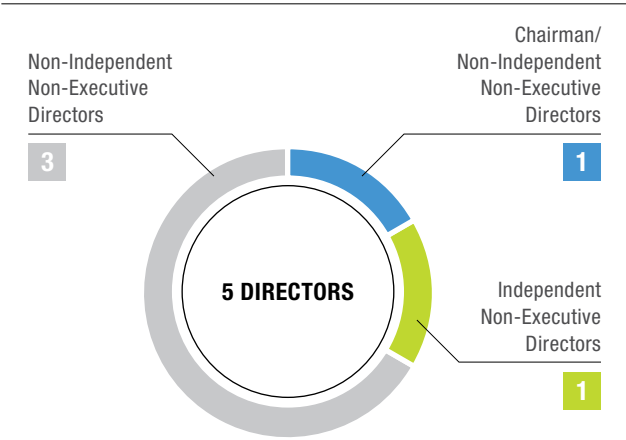
Group Organisation Structure



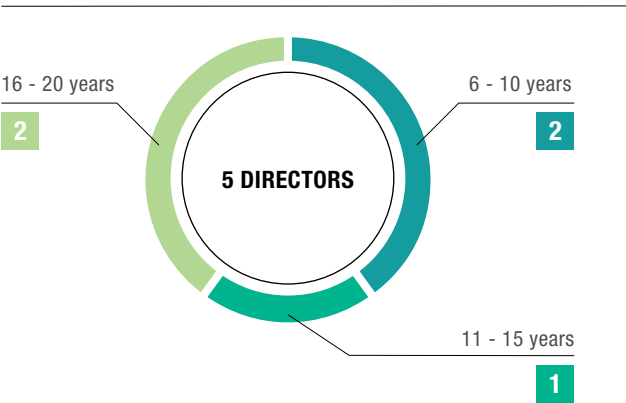
How We're Governed

Board of Directors Profiles

Board Composition



Tenure



KEY FEATURES OF THE BOARD

- The Board comprises a majority of Non-Independent Directors
- The Chairman is a Non-Independent Non-Executive Director
- The role of the Chairman and the Group Chief Executive Officer are distinct

YBhg Datuk Amar Abdul Hamed Sepawi
*Chairman of Sarawak Energy/
Non-Independent
Non-Executive Director*

Tenure

Nationality	Age	Gender
Malaysian	69	Male

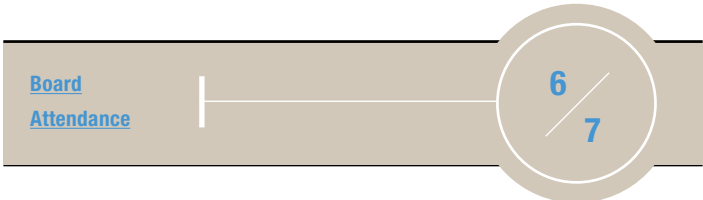
Yang Berbahagia Datuk Amar Abdul Hamed Sepawi joined the Board of Sarawak Energy and was appointed Chairman of the Company on 27 June 2005. He attended six out of seven Board meetings held in 2018.

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, Executive Chairman of Ta Ann Holdings Berhad and Sarawak Plantation Berhad.



**YB Tan Sri Datuk Amar
Haji Mohamad Morshidi
bin Haji Abdul Ghani**
*Non-Independent
Non-Executive Director*

Tenure



Nationality	Age	Gender
Malaysian	62	Male

Yang Berhormat 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 all Board meetings held in 2018.

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 still holds.

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

**YBhg Tan Sri Dato Sri
Mohd Hassan Bin Marican**
*Independent
Non-Executive Director*

Tenure



Nationality	Age	Gender
Malaysian	66	Male

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 three out of the seven Board meetings held in 2018.

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**

7 / 7

**Board
Attendance**

3 / 7

How We're Governed

Board of Directors Profiles

YBhg Dato Sri Fong Joo Chung
Non-Independent Non-Executive Director



Tenure

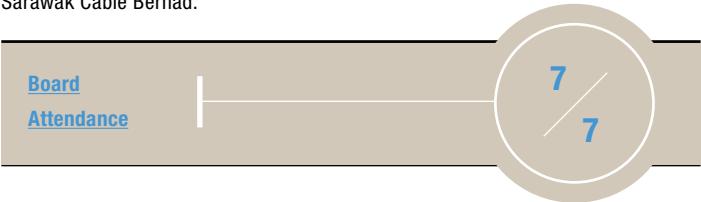
Nationality	Age	Gender
Malaysian	69	Male

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 all Board meetings held in 2018.

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
Non-Independent Non-Executive Director



Tenure

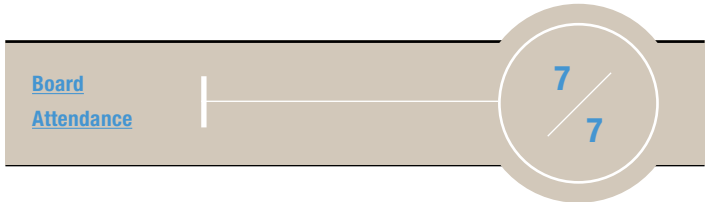
Nationality	Age	Gender
Malaysian	64	Male

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 2018.

Dato' Haji Idris graduated with 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.



How We're Governed

Our Management Team



YBhg Datu Sharbini Suhaili

Group Chief Executive Officer

Datu Sharbini Suhaili is 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 Group'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 Chief Executive Officer of 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.

How We're Governed

Our Management Team

**James Ung***Chief Executive Officer, SEB Power*

James Ung, formerly Senior Vice President, Thermal, is 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.

**Aisah Eden***Executive Vice President, Corporate Services*

Aisah Eden, Executive Vice President, Corporate Services of Sarawak Energy has been part of Sarawak Energy's tremendous growth over the past three decades. Throughout her career with Sarawak Energy, she has held various positions including Group Company Secretary, Group General Manager for Human Resource and Senior Vice President for Retail.

In her present role, Aisah drives the company's agenda on sustainability, particularly on the social and environmental aspects, guided by international best practices such as the United Nations' Sustainable Development Goals and the International Hydropower Association's Sustainability Assessment Protocol. Currently, Aisah serves as the Vice President of the UN Global Compact Malaysia Steering Committee.

In pursuant of SDG Goal No.5 on Gender Equality & Women Empowerment, Aisah launched and championed the Sarawak Energy Leading Women Network (SELWN), a professional networking platform with the principal objective of developing women leaders and empowering them through talent management programmes and the sharing of learning experiences, working towards a target of 30% women leaders in Sarawak Energy. Aisah has been invited as a speaker and panellist on women empowerment at various forums organised by LeadWomen, the 30% Club Malaysia and the Association of Voices of Peace, Conscience and Reason (PCORE), to name a few.

**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 Group'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.

**Alexander Chin***Chief Financial Officer*

Appointed Chief Financial Officer in January 2014, **Alexander Chin** oversees Sarawak Energy's financial risk management, a portfolio which supports the development of the Group's financial and strategic plan as well as the use of financial metrics to drive the Group's performance. Alexander also holds responsibility for developing and monitoring the financial control systems designed to preserve the Group'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.

**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.

**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.

How We're Governed

Our Management Team



Nooruddin Abdullah

Senior Vice President, Legal & Enterprise Risk

Nooruddin Abdullah joined Sarawak Energy as 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.



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 organisation is ready to face Sarawak Energy's current and future challenges.



Nick Wright

Vice President, Business Development

Nick Wright joined Sarawak Energy in June 2010. As 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, HSSE*

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 Group'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 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 Group'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.

How We're Governed

Statement of Corporate Governance

The Board of Directors of Sarawak Energy Berhad (Sarawak Energy) 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 of Directors 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 56 to 58 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 and one (1) Board Workshop held during the financial year ended 31 December 2018. A summary of the attendance of each Director at Board meetings in 2018 is as follows:

Datuk Amar Abdul Hamed bin Sepawi

Non-Independent
Non-Executive Chairman

6/7

Tan Sri Datuk Amar Haji Mohamad Morshidi bin Haji Abdul Ghani

Non-Independent
Non-Executive Director

7/7

Dato' Haji Idris bin Haji Buang

Non-Independent
Non-Executive Director

7/7

Dato Sri Fong Joo Chung

Non-Independent
Non-Executive Director

7/7

Tan Sri Dato Sri Mohd Hassan bin Marican

Independent
Non-Executive Director

3/7

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 Board of Directors attends various accredited programmes 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 pages 70 to 71 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 makes 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's 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 2018 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 five (5) meetings during the financial year ended 31 December 2018. 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	5/5	100%
Tan Sri Dato Sri Mohd Hassan bin Marican	Independent Non-Executive Director	3/5	60%
Dato' Haji Idris bin Haji Buang	Non-Independent Non-Executive Director	5/5	100%
Dato Sri Fong Joo Chung	Non-Independent Non-Executive Director	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.

This Committee has written terms of reference which have been approved by the Board and set out their authority and duties as follows: -

- a) Interpret, define and/or implement Corporate/Group policies and decisions.
- b) Formulate and/or approve the general management operating policies, procedures and guidelines.
- c) Decide and/or approve operational or matters requiring management decisions or approval by the GEC. In the event of uncertainties, the GCEO shall have the mandate to decide on the subject matters or issues to be referred to the GEC. To seek Board approval if this exceeds the limit of authority for GCEO/GEC.
- d) Review and/or decide on proposals, plans, projects, budgets and policies prior to submission to the Board.
- e) Implement change in management leadership and continuous improvement programmes and initiatives for the Group.
- f) Endorse and/or review decisions made by the disciplinary committees appointed to conduct disciplinary inquiry into disciplinary cases involving support groups.
- g) Discuss and/or review progress reports on projects and decide on any issues requiring management input or decisions.
- h) Appoint consultants subject to the limits of the GEC as defined in the PPP.
- i) Engage in such other matters not mentioned above provided that the approval of the GCEO has been obtained to refer the matter to the GEC and that such matters are within the scope or general authority of the GEC to decide/approve.

As at 31 December 2018, the GEC comprises the following members: -

- i. **Datu Sharbini Bin Suhaili**
(Group Chief Executive Officer) – Chairman
- ii. **Lu Yew Hung @ Lu Yew Hong**
(Group Chief Operating Officer)
- iii. **Lau Kim Swee**
(Chief Executive Officer, Syarikat SESCO Berhad)
- iv. **Ung Sing Kwong, James**
(Chief Executive Officer, SEB Power Sdn. Bhd.)
- v. **Aisah Eden**
(Executive Vice President, Corporate Services)
- vi. **Ting Ching Zung**
(Executive Vice President, Strategy & Corporate Development)
- vii. **Einar Gudmundsson Schie Kilde**
(Executive Vice President, Project Execution)
(resigned with effect from 31st October 2018)
- viii. **Pramod Kumar Karunakaran**
(Executive Vice President, Project Execution)
(appointed with effect from 1st July 2018)
- ix. **Alexander Chin**
(Chief Financial Officer)
- x. **Haji Sulaiman bin Haji Abdul Hamid**
(Senior Vice President, Contract & Procurement)
- xi. **Dr. Mak Anak Met**
(Senior Vice President, Human Resource)
- xii. **Nooruddin Bin Abdullah @ Liew Sze Hoon**
(Senior Vice President, Legal & Enterprise Risk)
- xiii. **Nick Wright**
(Vice President, Business Development)
- xiv. **Sim Ko Sin**
(Vice President, Information & Communication Technology)
(appointed with effect from 16th April 2018)
- xv. **Marconi Madai**
(Vice President, Health, Safety, Security & Environment)

There were twenty (20) GEC meetings, four (4) Special GEC Meetings, one (1) GEC Away Day, one (1) GEC Steering Committee Meeting and one (1) GEC Technology Council Meeting held during the financial year ended 31 December 2018.

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.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible for ensuring that the annual financial statements of the Company and the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statements and quarterly financial results as well as the Chairman's Statement and Review of Operations in the Annual Report. The Board is assisted by the Board Audit & Risk Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

Relationship with Auditors

The Board has, through the BARC, established a formal, transparent and appropriate relationship with the Group's Auditors, both External and Internal. The BARC meets regularly with External and Internal Auditors to discuss the yearly audit plan, quarterly financial results, annual financial statements and internal audit reports, and at every Board meeting convened, the Chairman of the BARC briefs the Board on significant matters discussed and deliberated at each BARC meeting and makes recommendations for the Board's approval and endorsement.

Internal Controls

Information on the Group's internal controls system is presented in the Statement of Risk Management and Internal Control as set out on pages 68 to 69 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible to ensure that the financial statements are prepared in accordance with the Companies Act 2016 and the applicable approved accounting standards set by the Malaysian Accounting Standards Board to present a true and fair, balanced and understandable assessment of the Group's financial position and results. In this Annual Report, an assessment is provided in the Directors' Report of the Audited Accounts.

The BARC reviews the statutory compliance and scrutinises the financial aspects of the Audited Accounts prior to deliberation at Board level.

ADDITIONAL COMPLIANCE INFORMATION

Material Contracts

Neither the Company nor its Subsidiaries entered into any material contracts not in the ordinary course of business during the financial year ended 31 December 2018.

Sanctions/Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by any relevant regulatory authorities during the financial year ended 31 December 2018.

Revaluation Policy on Landed Properties

The Group did not adopt any revaluation policy on landed properties during the financial year ended 31 December 2018.

How We're Governed

Statement of Risk Management and Internal Control

INTRODUCTION

The Board is committed to its responsibility of maintaining a sound system of internal control, covering financial and operating activities to safeguard Shareholders' investment, the Group's assets and customers' interests. This statement on Internal Control outlines the processes that have been implemented to ensure the efficacy and integrity of the system of internal control of the Group during the financial year.

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

BOARD RESPONSIBILITY

The Board has an overall responsibility for the Group's 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 efficacy and integrity of the system of internal control in the Group as part of the internal and risk management processes.

INTERNAL AUDIT FUNCTION

The BARC, assisted by the Group Internal Audit Department (GIAD), provides the Board with the assurance it requires on the efficacy and integrity of the system of internal control. 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 the 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.



SYSTEM OF INTERNAL CONTROL

The Board is responsible for managing the key business risks of the Group and implementing appropriate internal control system to manage those risks.

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 the responsibility and delegation of authority 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 operational requirements.
- Senior Management prepares and presents the business plans and budgets on an annual and bi-annual basis and the business plans include budget, new project proposals and capital expenditures. Measurement of performance is regularly monitored through the Group CEO's Report to the Board incorporating key project progress, financial and operational key performance indicators and departmental initiatives.
- The Board approves the annual budget and reviews key business variables and monitors the performance at its scheduled meetings.
- The BARC is responsible for reviewing 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.



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 principal or key 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 determine risk exposure which is tolerable and acceptable to the Group consistent with the Group's risk appetite and risk management practices.

Continuous risk education and awareness 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.

In 2018, the Board approved the renaming of BAC to BARC, i.e. Board Audit & Risk Committee, and the revision of the Terms and Reference (TOR) of the BARC to include risk oversight in its objectives and responsibilities.

In 2018, the Group also continued to roll out the implementation of the Fraud Risk Management Framework roadmap, embedded within the existing ERM Framework, which comprises fraud control policy and plan as well as fraud awareness training, reporting procedures and related programmes.

BUSINESS CONTINUITY MANAGEMENT (BCM)

The Board acknowledges the significance of instituting a BCM which can be used by the Group as a holistic management process to identify potential threats or risks and their impacts to the business and operations of the Group. This BCM will provide a framework 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 BCM Framework and continues its roll out of the implementation roadmap, and related programmes.

How We're Governed

Board Audit & Risk Committee Report

MEMBERSHIP AND MEETINGS

The Board Audit & 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 three meetings. The attendance record of the members is as follows:



YBhg Tan Sri Dato Sri Mohd Hassan Bin Marican
*Independent
Non-Executive Director*

Meetings Attended	2/3
<div><div></div><div></div><div></div></div>	



YB Tan Sri Datuk Sri Amar Haji Mohamad Morshidi bin Haji Abdul Ghani
*Non-Independent
Non-Executive Director*

Meetings Attended	3/3
<div><div></div><div></div><div></div></div>	



YB Dato' Haji Idris bin Haji Buang
*Non-Independent
Non-Executive Director*

Meetings Attended	3/3
<div><div></div><div></div><div></div></div>	

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 / Head of Finance and other members of senior management and external parties also attended specific meetings whenever required.

SUMMARY OF ACTIVITIES OF THE BARC

During the financial year, the BARC carried out the following main activities as set out in its terms of reference:-

- Reviewed and recommended the Quarterly Group Management Reports and Audited Financial Statements 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 organisation.
- 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 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.

INTERNAL AUDIT FUNCTION

The internal audit function of the Sarawak Energy Group is undertaken by the Group Internal Audit Department (GIAD), which reports functionally to the BARC and administratively to the Group Chief Executive Officer.

GIAD was established by the Board to provide independent assurance on the adequacy of Sarawak Energy Berhad's risk management, internal control and governance systems. The functions and activities of the department are guided by its internal audit charter and the charter sets out the framework within which the department will operate to achieve the objectives.

During the year, GIAD conducted its planned audit activities as per approved audit plan. The Vice President/Head of Internal Audit presented internal audit reports at every BARC meeting during the year which reports on the status and progress of internal audit assignments,

including summaries of the audit report issued, audit recommendation and the Management's responses to the issue/recommendations and their agreed action plans to resolves the issues highlighted.

The internal audit activities were carried out using risk-based methodology. The development of the audit plan took into consideration the corporate risk profiles and inputs from senior and line Management and the BARC members.

The results of the audits provided in the reports were reviewed and noted by the BARC. The relevant Managements of the specific audit subject were made responsible for ensuring that the corrective actions on the reported weaknesses were completed within the agreed timeframe. Internal Audit also conducts follow up audit to ensure that the Management's corrective actions are implemented promptly.

Glossary

ASEAN	– Association of Southeast Asian Nations	HSAP	– Hydropower Sustainability Assessment Protocol
BEV	– Battery Electric Vehicles	HSE	– Health, Safety and Environment
BMI	– Body Mass Index	IDP	– Individual Development Plan
CCGT	– Combined Cycle Gas Turbine	IECA	– Internal Environmental Compliance Audit
CFB	– Circulating Fluidised Bed	IHA	– International Hydropower Association
CFRD	– Concrete face rock-fill dam	KALTARA	– Northern Province of Kalimantan
CIDB	– Construction Industry Development Board	LTI	– Lost Time Injury
CTP	– Contractor Transformation Programme	LTIFR	– Lost Time Injury Frequency Rate
DOE	– Department of Environment	NADA	– National Anti-Drug Agency
DOSH	– Department of Occupational Safety and Health	NIOSH	– National Institute of Occupational Safety and Health
EAF	– Equivalent Available Factor	NREB	– Natural Resources and Environment Board
EIA	– Environmental Impact Assessment	RES	– Rural Electrification Scheme
EIU	– Electrical Inspectorate Unit	RPSS	– Rural Power Supply Scheme
EOSH	– Environment, Occupational Safety and Health	SAIDI	– System Average Interruption Duration Index
EPC	– Engineering, Procurement and Construction	SAIFI	– System Average Interruption Frequency Index
EV	– Electric Vehicle	SARES	– Sarawak Alternative Rural Electrification Scheme
FDS	– Forest Department Sarawak	SCORE	– Sarawak Corridor of Renewable Energy
FOR	– Forced Outage Rate	SEIA	– Social and Environmental Impact Assessment
GBI	– Green Building Index	SFC	– Sarawak Forestry Corporation
GHG	– Greenhouse gas	STEM	– Science, Technology, Engineering and Mathematics
GRI	– Global Reporting Initiative	UNSDG	– United Nations' Sustainable Development Goals
HEP	– Hydroelectric Plant		



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