

# GOLDEN ENERGY AND RESOURCES LIMITED

(Incorporated in the Republic of Singapore)  
Company Registration Number: 199508589E

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## RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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The Board of Directors (the “**Board**”) of Golden Energy and Resources Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the Company’s annual report for the financial year ended 31 December 2020, as announced on SGXNet on 14 April 2021 (the “**Annual Report**”).

### SGX-ST Queries

#### Query 1

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.2 and 2.3 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent and non-executive directors do not make up a majority of your Board, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

#### The Company’s Response to Query 1

- 1.1 The Company refers to the following disclosures made on page 48 of the Annual Report:

*“The Board comprises eight Directors, four of whom are Independent Directors. With at least half of the Board consisting of Independent Directors, there is a strong element of independence on the Board. Taking into account the scope and nature of the current operations of the Group, the Board considers that the current board size of eight Directors is appropriate to facilitate decision making.*

*The Company had complied with Guideline 2.1 of the Code of Corporate Governance 2012 which provides that at least one-third of the Board is made up of Independent Directors. The Company also complies with the Rule 210(5)(c) of the Listing Manual of the SGX-ST (which comes into effect from 1 January 2022) which requires Independent Directors to make up at least one-third of the Board.*

*Although the Chairman is not independent and the Independent Directors of the Company do not make up a majority of the Board pursuant to Provision 2.2 of the Code, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on the corporate affairs. The Company will comply with Provision 2.2 of the Code by 31 December 2021, whereby the Independent Directors would make up majority of the Board as the Chairman is not independent.”*

- 1.2 In addition, the Company highlights the following practices that are consistent with Principle 2 of the Code:
- (a) the independence of each Independent Director is reviewed annually by the NC and the NC adopts the Code’s definition of what constitutes an independent director in its review. In its deliberation as to the independence of a director, the NC took into account the guidelines as set out in the Code and the SGX Listing Manual, such as the Independent Director’s relationship with the Company, its related corporations, officers or its shareholders with

shareholdings of 5% or more in the voting shares of the Company, and whether a director had business relationships with the Group, and if so, whether such relationship could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment. In addition, each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code and the SGX Listing Manual. The NC has determined that the four Independent Directors of the Company are independent;

- (b) as discussed at page 47 of the Annual Report, as a group, the Directors bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, banking, finance, business and management. The diversity of the Directors' experience allows for the useful exchange of ideas and views as well as provide for effective decision-making. Key information regarding the Directors are set out in pages 18 to 21 and pages 52 to 54 of the Annual Report; and
- (c) the Board regularly discusses important issues robustly and have always been able to reach well deliberated consensus on their decisions without having to rely on any majority votes nor having an individual or small group of individuals dominate the Board's decision-making process. All important and major decisions relating to the operations and management of the Group made by the Executive Chairman and Executive Directors are reviewed by the Board.

## **Query 2**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

### **The Company's Response to Query 2**

- 2.1 As stated in paragraph 1.2 above, the Company believes that there is a strong element of independence and that there is also diversity in the Directors' experience as a group.
- 2.2 The Company also refers to the following disclosures made on pages 49 and 47 of the Annual Report: *"the Company is mindful that the Board and Board Committees should be of an appropriate balance and mix of skills, knowledge, experience, and other aspect of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. During FY2020, the Company has embraced most aspects of diversity in the current Board composition save for the gender diversity. In this respect, the Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board. Nevertheless, the Board may, from time to time, seek to improve the aspects of its diversity and measure progress accordingly"* and the *"size and composition of the Board are reviewed from time to time by the NC which strives to ensure that the size of the Board is conducive to effective discussions and decision making and that the Board has an appropriate balance of Independent Directors."*
- 2.3 In view of the foregoing, the Board is of the view that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.
- 2.4 In addition, the Board recognises that a diverse Board is an important element which will drive the Company's strategic objectives for sustainable development. In order to arrive at an optimum balanced composition of the Board from time to time, the Board and the NC will be adopting a formal Board Diversity Policy, setting out its policy and framework for promoting diversity on the Board.

### **Query 3**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

#### **The Company's Response to Query 3**

- 3.1 With respect to its Directors, as stated in the Annual Report, the Company had on page 56 of the Annual Report explained its deviation from Provision 8.1 of the Code, as follows:

*"Each Director's remuneration is expressed in bands of S\$250,000 with a percentage breakdown.*

*The Company believes that rather than disclosing to the nearest dollar, the current format of disclosure is good indication, of each Director's remuneration package, as remuneration continues to be a sensitive subject."*

- 3.2 The Company had on page 57 of the Annual Report complied with the disclosure of the top five key management personnel (who are not directors or the CEO) ("**KMPs**") in bands of S\$250,000 and in aggregate the total remuneration paid to these KMPs.

- 3.3 With respect to its KMPs, the Company had on page 57 of the Annual Report explained its deviation from Provision 8.1 of the Code, as follows:

*"The Company believes that it is not in the Group's interest to disclose the remuneration of the KMPs to the full extent recommended, due to continuing confidentiality and sensitivity of executives' remuneration and, moreover, such disclosure may hamper its ability to retain the Group's talent pool in a competitive environment."*

- 3.4 As the Group operates mainly in the highly competitive mining industry, the disclosure of highly confidential and sensitive remuneration information of the Group's KMPs may lead to staff poaching by competitors, which would adversely impact the Group's operations and business.

- 3.5 As regards Principle 8 of the Code, as described on page 56 of the Annual Report, the Company has in place a remuneration structure for its executive directors and KMPs consisting of (a) fixed remuneration, (b) variable bonus and/or (c) other benefits. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate. The Company has key success factors which are regularly reviewed and used to set Key Performance Indicators ("**KPIs**") on a shared and individual basis. Every year, the Company will formulate an annual budget for each of the business units within the organisation, setting key operational, financial and strategic KPIs. The Company also monitors and rewards individual performance achievement in the form of individual KPIs, which will be weighted according to the relevance and relative importance of each position and will form part of the individual's annual remuneration review.

- 3.6 Having regard to the above, the Board is of the view that the Company's practices are consistent with the intent of Principle 8 of the Code in relation to the Company's transparency on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

By Order of the Board

**Golden Energy and Resources Limited**

Pauline Lee  
Group Company Secretary  
29 April 2021