

ENECO ENERGY LIMITED
(the “Company”)
(Co. Reg. No. 200301668R)
(Incorporated in the Republic of Singapore)

**RESPONSE TO SGX QUERIES
ON THE COMPANY’S ANNUAL REPORT 2021**

The Board of Directors (“Board”) of the Company refers to the announcement released by the Company via SGXNet on 11 April 2022 in relation to the Company’s Annual Report for the year ended 31 December 2021 (“AR 2021”). The Board is pleased to provide the Company’s responses to the queries raised by SGX-ST on the following items in respect of the AR 2021:

Question 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 has not complied with Provisions 8.1 and 8.2 of the Code with regards to the disclosure of remuneration of each individual director and the CEO and key management personnel. While the Company explained that this was due to confidentiality and sensitivity of such matters, there were no explanations provided for in your 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.

Company’s response:

As disclosed on page 25 of AR 2021, the Board is of the view that it is not in the interest of the Company to disclose the exact amounts of the remuneration of the individual directors, CEO and for each of the top five KMP (who are not directors) and the names of the Company’s KMP due to the sensitive and confidential nature of such information in the highly competitive industry conditions.

The Company had disclosed the name and remuneration of the Board members and the CEO in remuneration bands of S\$250,000 and by a percentage breakdown in terms of categories and components on page 24 of AR 2021. The Company had also disclosed the name, breakdown and the amounts of the directors’ fees of its Non-Executive Directors in absolute numbers on page 25 of AR 2021. These disclosures provide shareholders with an insight into the level of remuneration paid to the Directors and the CEO.

On page 25 of AR 2021, the Company had disclosed that it adopts a remuneration framework that takes into consideration the remuneration packages and employment conditions within the industry as well as the Group’s relative performance and the performance of its individual directors.

The Board, CEO and KMP are remunerated, taking into account factors, including but not limited to, the effort, time spent and the scope of responsibilities. It is structured to link a significant proportion of rewards to the Group's and each individual's performance and value creation for the Company's stakeholders.

The Board believes that the current disclosures and practices are consistent with the intent of Principle 8 of the Code. The Board, with the assistance of the Remuneration Committee, will periodically review the extent of disclosure of the remuneration of the Directors, CEO and top five KMP, and the Board will determine the disclosure of more details of such remuneration in future annual reports of the Company.

The Company has complied with Provisions 8.2 of the Code, where it has disclosed on page 26 of AR 2021 that there are no employees of the Company and its subsidiaries who are substantial shareholders, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company during FY2021.

Question 2

Rule 1207(18B)(d) provides that the Annual Report must contain an explanation of how the Audit Committee is responsible for oversight and monitoring of whistleblowing.

In this regard, please clarify whether and how the Company has complied with Listing Rule 1207(18B)(d).

Company's response:

The Audit Committee ("AC"), assisted by the Ethics Committee ("EC"), oversees the prevention of fraud, malpractice, wrongdoings and other irregularities in the Group. As disclosed on page 30 of the AR 2021, the EC Members are elected by the AC and the AC has the full authority to appoint and remove the EC Members at its discretion to ensure the independence of the EC. To ensure the Company is in compliance with Rule 1207(18B)(d), the AC itself will form part of the EC with additional members who are deemed appropriate as elected by the AC.

The AC also has the authority to appoint an independent investigator, if required, to investigate any whistleblowing reports made in good faith.

To maintain the independence of the whistleblowing reporting framework, all complaints received are presented to the AC for review and monitoring at the quarterly AC meetings.

The AC also has oversight on the maintenance, regular review and updating of the whistleblowing policy and will recommend revisions, amendments and alterations to the policy.

In this regard, the Company has complied with Listing Rule 1207(18B)(d).

By Order of the Board
ENECO ENERGY LIMITED

Gwee Chee Kiang
Chief Executive Officer
17 May 2022