

STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity: PANAGORA MARKETING COMPANY LIMITED

Reporting Period: 1 JULY 2016 TO 30 JUNE 2017

We, the Directors of **PANAGORA MARKETING COMPANY LTD**, confirm that, to the best of our knowledge, the Company has complied with the provisions of the Code of Corporate Governance for the reporting year ended June 30, 2017 except for the following sections set out in the report:

1. **Section 2.10.3 - “Assessment of directors individually (annually) and collectively as a Board”**. No assessment of the directors has been undertaken during the year under review.
2. **Section 2.8.2 “Remuneration of Directors”**. The remuneration paid to the Executive Directors has not been disclosed as the Board considers this information to be commercially sensitive.
3. **Section 3.5 - “Corporate Governance Committee”**. There is no Corporate Governance Committee as such and the Board ensures that the Company complies with prevailing corporate principles and that it acts responsibly and responsively.

SIGNED BY:

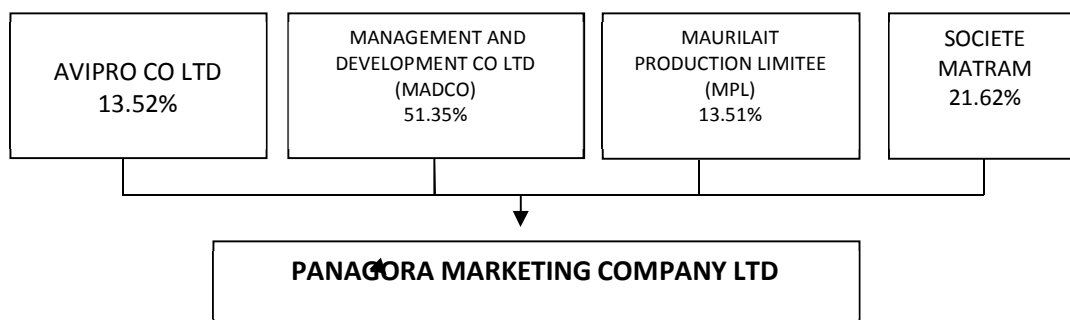
Michel de Spéville
Chairman

[]
Director

Date: 26 September 2017

1. SHAREHOLDING STRUCTURE

- The shareholding structure of the Company at 30 June 2017 was as follows:



- The company's ultimate beneficial owner is Société Beauvoir Holdings.

1.1 Shareholders holding more than 5% of the Company

- At 30 June 2017, all the shareholders of the company held more than 5% of the Company. The shareholding of the company was as follows:

Shareholders	No. of Ordinary Shares Held	%
Management and Development Company Limited	5,700,000	51.35
Société Matram	2,399,400	21.62
Avipro Co Ltd	1,500,600	13.52
Maurilait Production Limitée	1,500,000	13.51

1.2 Shareholders' Agreements affecting Governance of the Board

- There are no shareholders' agreements that affect the governance of the Company.

1.3 Annual Meeting

- Panagora Marketing Company Limited ("Panagora") being a private company and having as its shareholders other companies of the Eclasia Group, all matters that require shareholders' approval are approved through a written resolution in lieu of an Annual or Special Meeting, as per the requirements of the Companies Act 2001.

2. CONSTITUTION

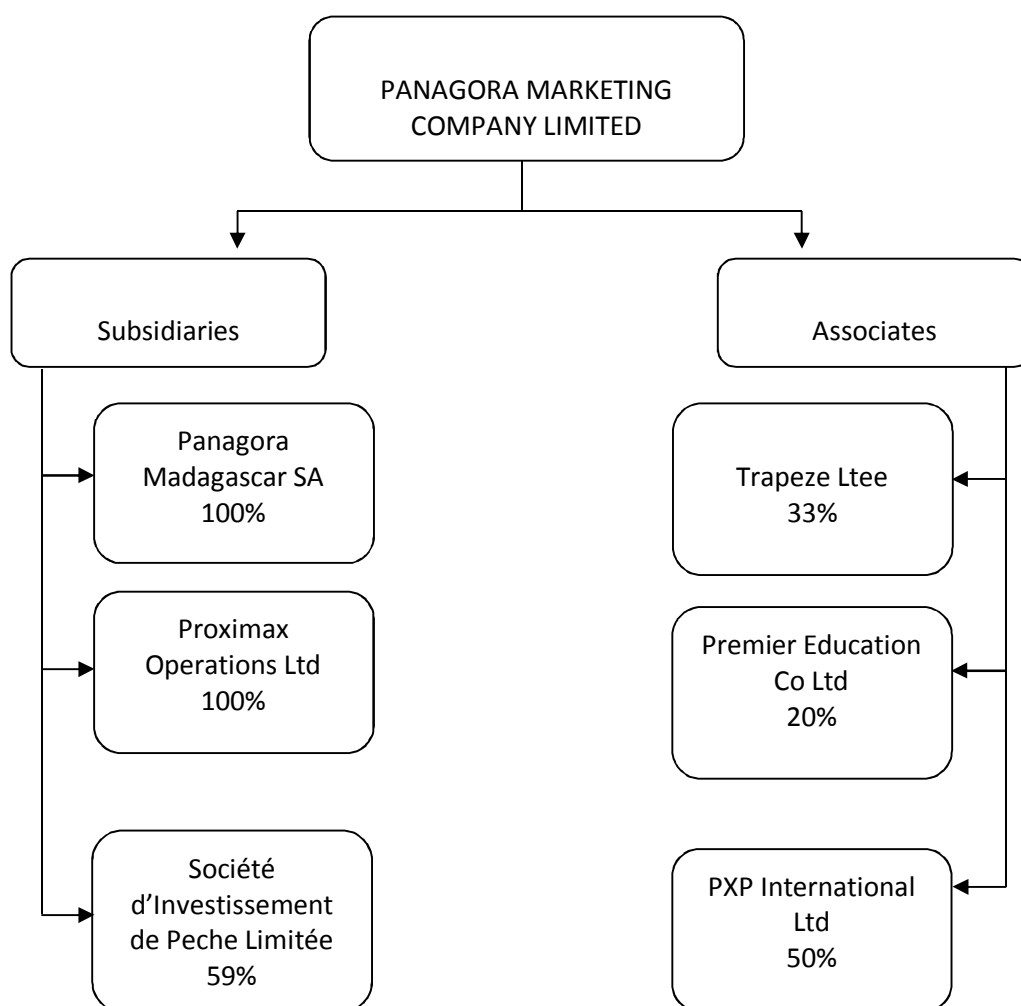
- The Constitution is in line with the Companies Act 2001.

CORPORATE GOVERNANCE REPORT – YEAR ENDED 30 JUNE 2017

- Shareholders have a pre-emptive right on all new shares issued by the Company up to the extent of their respective holding in the shares of the Company. Transfer of shares is restricted to existing shareholders.
- In conformity with the Company’s Memorandum and Articles of Association, every year, the director who is longest in office offers himself for re-election at the Annual Meeting of shareholders.

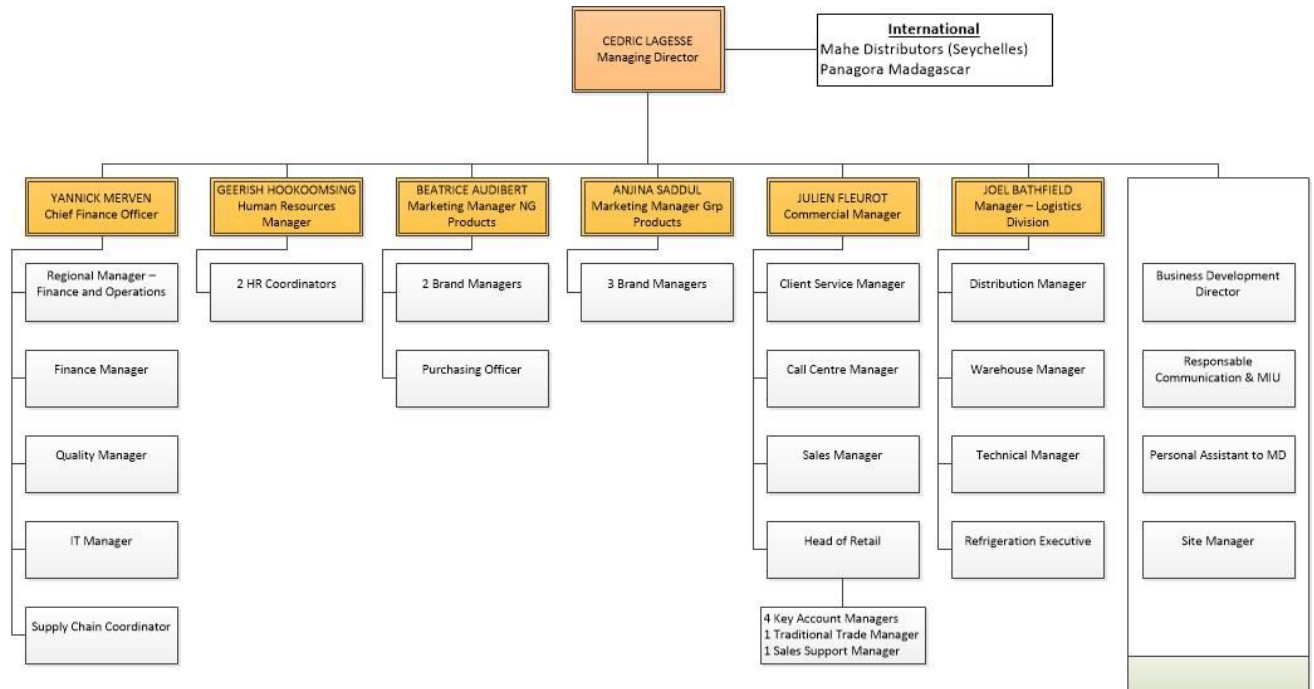
3. THE GROUP STRUCTURE

- The structure of the Panagora Group at 30 June 2017 was as follows:



4. THE ORGANISATIONAL STRUCTURE

- The organizational structure of Panagora Marketing Company Limited is as follows:



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- The profiles of the senior management of Panagora Marketing Company Limited are:

Cédric Lagesse Managing Director	The profile of the Managing Director is stated on page 2(h).
Yannick Merven Chief Finance Officer	He completed his studies in Paris between years 1997 to 2002. He holds a DUT in “Gestion des Entreprises” and Business Administration (Finance/Accounting) respectively, along with a Master Degree in Accounting and Finance (DECF). In year 2003, he joined Panagora as a Management Controller for the logistics division. After having assumed the role of Project Manager for the implementation of ERP (Sage in 2006/AX between 2009 and 2011), he now supervises the Corporate Division, namely IT, Supply Chain, Quality and Finance. He has had extensive vacation work experience in various environments which has enabled him to know in detail the processes of Panagora. Since April 2016, he has been appointed Chief Finance Officer.
Geersih Hookoomsing HR Manager	After college, he joined a QC chambers, where he spent 6 years working and studying. Thereafter, he spent 10 years in the manufacturing sector as an HR Coordinator. He then worked in an offshore management company for 3 years and 15 years in the hospitality sector as HR Manager. In 2012, he was appointed member of the Labour Advisory Council for a period of 2 years. He joined Panagora in 2015.
Anjina Saddul-Tulsidas Marketing Manager(Group)	Anjina Saddul Tulsidas joined the Eclasia group in 2006 following her tertiary studies in the UK where she obtained a Bachelor of Science (Hons) in Psychology with Nutrition from the University of Wales in 2013 and a Master of Science in Public Health Nutrition from the University of London in 2015. She worked at LFL as a Technical and Commercial Manager (Aqua & Extrusion Division) while further studying Marketing with the Chartered Institute of Marketing UK to gain accreditation as a Chartered Marketer. She joined Panagora Marketing in 2009 as the Marketing Manager (Group products) and has since completed a MBA with Paris-Dauphine University and the Sorbonne Graduate Business School to pursue her professional development.
Beatrice Audibert Marketing Manager (Non Group)	Béatrice Audibert obtained a Diploma in Mechanical engineering from University Toulouse III in 2001. She also completed Professional degree in Purchasing Management from University of Aix en Provence in 2002. She returned to Mauritius in 2002 and joined Panagora as New Product Development Officer. In 2003, she was nominated Purchasing Manager, and in 2009 she was appointed Purchasing & Marketing Manager for Non-Group Products. She is responsible for building strong relationships with Non-Group suppliers and for the setting and follow-up of the brands’ strategies in Mauritius.

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Julien Fleurot Commercial Manager	Obtained a Bachelor of Social Science from University of Natal in South Africa in 1995. Worked at PNL from 1999 to 2010, where he occupied the position of Sales & Marketing Manager FMCG from 2006 to 2008 and was appointed Department Manager FMCG in 2008. He joined Panagora In July 2010 as Commercial manager.
Joel Bathfield Manager-Logistics division	Joel Bathfield completed in 1995 a diploma in Marketing Management (IMM) from the Institute of Marketing and Management in South Africa. He worked for Coin de Mire Exports in RSA as export coordinator from 1994 to 1996. He started his employment in Mauritius as sales executive at Versatech Ltd (1996-1999) and Raffray Brothers Co Ltd (1999 – 2001). He was employed as project manager in 2001 at Gaz Carbonique Ltd and was appointed as Commercial Manager in 2010 before joining Panagora Marketing Co Ltd in August 2017 as manager of the logistic division.

- The above managers and other senior officers do not hold shares in the Company.
- Although there is no formal process of succession planning in place, the succession of senior management positions are continuously examined and ensured.
- Furthermore, an annual “Employee Development Plan & Succession Planning” exercise is done with all the Head of Departments to identify potential successors for key positions.

5. THE GOVERNANCE STRUCTURE

- Panagora Marketing Company Limited (“Panagora”) is a private company and is classified as a Public Interest Entity as per the requirements of the Code of Corporate Governance.
- The Board of the company assumes responsibility for leading and controlling the organisation and for meeting all legal and regulatory requirements. In addition, it ensures that the company adheres to the principles of good governance.
- In that respect, all the employees of the company adhere to the Code of Ethics of the Eclasia Group, of which Panagora forms part, which code reiterates the strong moral values which are an integral part of the Group’s spirit.
- Along with its vision and mission, the company promotes values such as integrity, dignity, quality, engagement and entrepreneurship. The Group Credo is communicated in the company’s induction and signed by all the employees.
- At Panagora and in the Eclasia group in general, we believe that the most important part of working together is to give the opportunity to employees to express themselves and interact with the management on a daily basis. Different sharing platforms are in place to encourage interaction between management and employees:
 - Conseil d’entreprise (Operation and Admin & Support)
 - Comité de Section for each department
 - 1 to 1 meeting with the Managing Director

- In addition, there are several forums where employees sit in committees such as Focus Group post engagement survey, discussions regarding the Staff Party, Uniforms and welfare at the company.
- Furthermore, a board charter and a directors' code of ethics are being implemented to ensure that the Group's values also form an integral part of the governance of the company.

6. THE BOARD STRUCTURE

6.1 The Board

- The Board, as the governing body, fully understands its role, responsibility and authority in setting out the strategy and monitoring the performance of the Company.
- The Company is headed by a unitary Board consisting at 30 June 2017 of eight members. The Members of the Board are satisfied that:
 - (i) the Board is of an appropriate size, taking into account the organisation's turnover and its sector of activity;
 - (ii) the Board is well balanced based on the skills, experience, knowledge of the organisation and, in the case of independent directors, independence of mind, to allow the directors to discharge their responsibilities towards the company and its shareholders effectively;
 - (iii) even though the term of office of the independent directors may exceed nine years, they demonstrate an independence of mind and judgment in the performance of their duties as directors.
- The roles of the Chairperson and the Managing Director are separate. The Chairperson, Mr Michel de Spéville, is a non-executive, non-independent director whereas the Managing Director, Mr. Cédric Lagesse, is fully executive. They both have regular meetings to discuss matters of the company and the Board is satisfied that the Chairperson commits sufficient time to carry out his duties and responsibilities effectively.

CORPORATE GOVERNANCE REPORT – YEAR ENDED 30 JUNE 2017

6.2 The Board composition

- At 30 June 2017, the composition of the Board and the interests of the directors in were as follows:

No	Directors	Executive	Non-Executive	Independent	Non-Independent	Resident in Mauritius	Direct	Indirect	Directorship in Listed Companies	
							Shareholding in PANAGORA MARKETING COMPANY LIMITED	Shareholding in PANAGORA MARKETING COMPANY LIMITED		
							Ord %	Ord %		
1	Michel de Spéville, C.B.E.	-	✓	-	✓	✓	-	56.77	4	
2	Gérard Boullé	-	✓	-	✓	✓	-	-	1	
3	Cédric de Spéville	-	✓	-	✓	✓	-	0.72	4	
6	Gilbert Espitalier-Noël	-	✓	✓	-	✓	-	2.31	7	
7	Cédric Lagesse	✓	-	-	✓	✓	-	-	-	
8	Pierre-Yves Pougnet	-	✓	-	✓	✓	-	-	4	
9	Cyril Li Ching Ng	✓	-	-	✓	✓	-	-	-	
10	Jean Mamet	-	✓	✓	-	✓	-	-	2	
Alternate Director										
11	Noël Eynaud	-	✓	-	✓	✓	-	-	-	

- The Board recognises the positive impact of gender diversity on the deliberations of a Board and will use its best endeavours to try and diversify its composition in that respect.
- Below were the profiles of the directors of the company at 30 June 2017:

1 Michel de Spéville, C.B.E. (Chairperson)

Founder President of the Eclasia Group. Founder and Senator of the “Jeune Chambre Economique de l’Ile Maurice”. Elevated to the rank of “Commander of the Order of the British Empire” (C.B.E). Honorary Citizen of Moka-Flack District of Mauritius. “Honorary Fellow Agribusiness”, University of Mauritius. Elevated to the rank of “Chevalier de l’Ordre de Mérite de Madagascar”. Elevated to the rank of “Chevalier de la Légion d’honneur de France”. He is also Chairman and member of the Board of various companies of the Eclasia Group and a member of the Board of Directors of several listed companies.

He is also a former President of the Mauritius Chamber of Commerce & Industry and a former President of “L’Institut de la Francophonie pour l’Entreprenariat” (IFE).

Directorship in other listed companies: Fincorp Investment Ltd, Les Moulins de la Concorde Ltée and Tropical Paradise Co. Ltd and Livestock Feed Limited.

2 Gérard Boullé

Gérard Boullé is holder of a “Maîtrise de Gestion” from University of Paris IX Dauphine in France and is presently the Chief Operating Officer (C.O.O), Food Industry of the Eclasia Group of Companies. Mr Boullé sits on the board of several companies in Mauritius and was appointed director of Panagora on 03 March 2010.

Directorship in listed companies: Livestock Feed Limited.

3 Cédric de Spéville

Obtained a “Maîtrise en économie” from University of Paris I Panthéon Sorbonne in 2001. He also completed a Msc in Accounting and Finance at the London School of Economics in 2002 and obtained a Master in Business Administration from Columbia Business School in 2007. He was Consultant for COFINTER in Paris from 2002 to 2003 and joined the Eclasia Group in 2003. In January 2013, Cédric de Spéville was appointed Group Chief Executive Officer. He is director on various companies of the Eclasia Group. He is a former President of the Mauritius Chamber of Commerce and Industry. He was appointed to the Board of Panagora on 26 December 2007.

Directorship in listed companies: Livestock Feed Limited, Les Moulins de la Concorde Ltée, Tropical Paradise Co. Ltd and Mauritius Freeport Development Co Ltd.

4 Cédric Lagesse

Born in 1970, Mr. Lagesse holds a degree in law and a Master degree in International Trade. He has a rich career in the logistics sector before he resigned as Chief Executive Officer of Freight & Transit Company Limited on 01 September 2011 to join the Food & Allied Group as Projects Director. He was appointed General Manager of Panagora in April 2014 and as its Managing Director in August 2014.

5 Cyril Li Ching Ng

Holder of a diploma in Management and Sales & Marketing. Joined the company in 1975, he gradually moved up and was appointed Director in 1999. He is currently in charge of the Business Development Department.

6 Gilbert Espitalier-Noël

Holds an MBA from Insead Fontainebleau, France. He is the CEO of New Mauritius Hotels Ltd. He was appointed to the Board of Panagora Marketing Company Limited on 16 September 2009.

Other directorships: Livestock Feed Limited, ENL Limited, ENL Land Ltd, ENL Commercial Ltd, New Mauritius Hotels Ltd and Rogers & Co Ltd.

7 Pierre-Yves Pougnet

Accountant by profession, Mr Pierre-Yves Pougnet was appointed to the Board of Panagora on 1 December 1975 and is also a member of the Audit and Risk Committee.

Directorships in listed companies: Livestock Feed Limited, P.O.L.I.C.Y. Limited, Tropical Paradise Co. Ltd and Les Moulins de la Concorde Ltée.

8 Jean Mamet

Born in 1943, Mr Mamet is a Certified Accountant and has been in practice for forty-three years involved in auditing and consulting services up to 2003 when he retired as Managing Partner of Ernst & Young Mauritius. He was the Vice Chairman of the Mauritius Commercial Bank Ltd from 2004 to 2013 and is currently a director of United Basalt Products Ltd and IPRO Growth Fund Ltd. Mr Jean Mamet was appointed Director of the Company in September 2009 and is currently the Chairperson of the Audit & Risk Committee.

ALTERNATE DIRECTOR

1 Noël Eynaud (alternate to Mr Michel de Spéville)

Accountant by profession, he is a Director of Management and Development Company Limited. He was appointed to the Board of Panagora on 31 March 2010 as alternate director to Mr Michel de Spéville. Mr Eynaud is alternate director on the boards of Les Moulins de La Concorde Ltée, Livestock Feed Ltd and Tropical Paradise Co Ltd and is a board member of Avipro Co Ltd.

6.3 Common Directors

- The names of the common directors within the holding structure are:

DIRECTORS	Panagora	AVIPRO	MADCO	Maurilait	Societe Matram
Michel de Spéville , C.B.E. (Chairman)	✓	✓	✓	✓	✓
Gérard Boullé	✓	-	-	-	-
Cédric de Spéville	✓	✓	✓	✓	-
Gilbert Espitalier-Noël	✓	-	-	✓	✓
Cédric Lagesse	✓	-	-	-	-
Cyril Li Ching Ng	✓	-	-	-	-
Guy Evenor Jean Mamet	✓	-	-	-	-
Pierre-Yves Pougnat	✓	✓	✓	-	✓
Noël Eynaud (Alternate to Chairman)	✓	✓	✓	-	✓

6.4 Directors' dealings in securities of the company.

- None of the directors of the Company hold shares directly in the company.
- Except for three directors who jointly have 59.8% indirect interest in the shares of the Company, none of the other directors have indirect interest in the shares of the Company.

6.5 The Company Secretary

- The representatives of the Company Secretary, Eclosia Secretarial Services Ltd, are Associates of the Chartered Institutes of Secretaries, UK. They complete a minimum of twenty hours on training and skill development annually as required by the Institute.
- The Company Secretary has access to Board Members and has been assigned the task of applying and implementing the principles of the Code by the Board.
- The terms of reference of the Company Secretary is being drafted and will be implemented to formalise its role and duties.

6.6 Board committees

6.6.1 The Audit and Risk Committee

- The roles and responsibilities of the Audit and Risk Committee are set out in its terms of reference and are in summary:
 - To assist the Board in fulfilling its supervisory responsibilities.
 - To review the financial reporting process, the system of internal control and assessment of business and financial risks, the internal audit process and the external audit process.
 - To monitor compliance with laws and regulations as well as Board policies and Board decisions. In performing its duties, the Committee maintains effective working relationships with the Board of Directors, Management, as well as the Internal and External Auditors;
 - To review regularly the risks register and ensure through internal audit reports that the identified risks are monitored and reviewed on a regular basis.
 - To submit recommendations to the Board (for consideration and acceptance by shareholders) for the appointment and remunerations of the External Auditors.
- The terms of references of the Audit and Risk Committee are reviewed as and when required.
- The composition of the Audit and Risk Committee at 30 June 2017 was as follows:

Name	Status	Qualification
Mr. Jean Mamet	Chairperson	Independent director
Mr. Noël Eynaud	Member	Non-executive director
Mr. Gilbert Espitalier-Noël	Member	Independent director
Mr. Pierre-Yves Pougnet	Member	Non-executive director
Eclosia Secretarial Services Ltd	Secretary	-

- The committee met three times during the year under review and confirms that it has discharged its responsibilities for the year in compliance with the above terms of reference.

6.6.2 The Corporate Governance Committee

- The Board of the Company is of opinion that, due to the company's sector of activity, its shareholding structure and the size of its board, there is no necessity for the company to have a corporate governance committee. Nevertheless, from time to time, the Audit and Risk Committee reviews the corporate governance structure of the company.

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6.7 Attendance to Board and committee meetings

- The attendance of the Directors and Committee Members for the financial year ended June 30, 2017 were as follows:

No	Directors	Board Attendance 5 Meetings	Audit & Risk Committee Attendance 3 Meetings
1	Michel de Spéville, C.B.E.	4/5	-
2	Gérard Boullé	4/5	-
3	Cédric de Spéville	5/5	-
4	Cédric Lagesse	5/5	-
5	Gilbert Espitalier-Noël	3/5	1/3
6	Cyril Li Ching Ng	5/5	-
7	Pierre-Yves Pougnet	4/5	3/3
8	Jean Mamet	4/5	2/3
Alternate			
1	Noël Eynaud	-	3/3

7. DIRECTORS' APPOINTMENT PROCEDURES**7.1 Appointment procedures**

- As per the Company's constitution, every year, the director longest in office offers himself for re-election.
- Moreover, according to the company's constitution, in cases of casual vacancies, the Board can appoint someone to serve as director of the company until the next Annual Meeting, where his election will be ratified.
- The company does not have a formal procedure for appointment of directors. However, such procedure will be implemented in the near future.
- A letter of appointment for non-executive directors will also be implemented by the Board and will be formalised with respect to existing non-executive directors of the company.

7.2 Induction and orientation

- Upon a director's appointment, the latter receives an induction and orientation programme where he is invited to visit the company and familiarize with its operations. The director also receives, through an induction pack, copies of minutes of the three last board meetings held prior to his appointment, the past three financial statements, the mission statement of the company and relevant legislations which shall enable him to know the duties and obligations of being a director.

- The responsibility of the induction process lies with the Chairperson of the Board.
- The abovementioned induction process has not yet been formalised by the Board but will be formally adopted shortly.

7.3 Professional development

- The company provides the opportunity to its directors to develop their knowledge and skills through workshops and development programmes.

8. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

8.1 Directors' duties

- Upon a director's appointment, the relevant legislations pertaining to the legal duties of acting as a director on the Board of the Company are communicated to him through the induction pack.
- A board charter is also in the process of being implemented.

8.2 Code of ethics

- A code of ethics for the directors of the Company is in the process of being implemented.

8.3 Conflicts of interest

- The Company Secretary maintains an interest register for the Members of the Board. It is, however, the responsibility of each director to ensure that any interests be recorded in this register.
- Whenever there is an actual or potential conflict of interest, the director concerned is not present at the part of the meeting in which the conflict or potential conflict is discussed and, therefore, does not debate or vote on the matter
- Specific provisions relating to directors' conflict of interests and related-party transactions shall be included in the Board Charter.

8.4 Information, Information Technology and Information Security governance

- The Eclasia Group IT Committee (GIT) has been mandated to provide the necessary directions with regards to strategy, infrastructure, security and operations management in relation to information, communication, and technology systems within the Panagora Group ("the Group). Three sub-committees have been created to support the GIT in meeting its objectives, namely the Digital Innovation and Technical Management, Enterprise Architecture and Standards and IT Security and Solution Endorsement. When required, these sub-committees join forces to give an assurance to the Group Companies that their Information System project is within the define framework and standard of the Group.

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- Resilience of our IT infrastructure has been tested via a Vulnerability and Penetration Tests assignment and recommendation highlighted by the Service Provider are being implemented. In parallel, the Eclasia Group has initiated a “Cybersecurity Journey” to define a clear, accurate and tailor-made road map for each company and for the Eclasia group as a whole with the objective to protect the right information asset with the right technology at the right cost.
- An IT Policies and Procedure (ITPP) Manual comprising of 32 policies and 200 control points is also operational throughout the Group and audited by the Eclasia Group IT Audit Department, which accountable to the Audit & Risk Committee, on a two-year roll over program to ensure that they are properly implemented and followed. Extracted from the ITPP Manual, an End User IT Security Policy is remitted to all new recruit and must be adhered to by all employees.
- In order to optimise the Group’s business operations and decision-making process, a common Enterprise Resource Planning system for the Group is being implemented with the assistance of a dedicated team comprising of both internal and external resources.
- This robust IT Governance Framework and initiatives proves that Information Management, Information Technology and Information Security is at the heart of Panagora Marketing Company Limited and the Eclasia Group of Companies’ operations and that no efforts will be spared to maintain a reliable and secured IT environment.

8.5 Board information

- Relevant board information are provided to the Board members in a timely manner to enable them to have sufficient time to study the matters that will be discussed at the meetings and make appropriate decisions.
- Where necessary, directors may have access to independent professional advice at the company’s expense, subject to the formal approval of the Chairperson, to enable them to discharge their responsibilities.
- A Directors’ and Officers’ Liability cover is in place for directors and senior officers of the company.

8.6 Board evaluation

- There is no formal evaluation process at the level of the Board of the company.

8.7 Remuneration

- The fees for Members of the Board and Audit and Risk Committee at 30 June 2017 were as follows:

Type of meeting	Chairperson		Directors	
	Annual Retainer Rs	Meeting Fee Rs	Annual Retainer Rs	Meeting Fee Rs
Board meeting	80,000	8,000	50,000	8,000
Audit and Risk	70,000	-	40,000	-

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- The fees paid to the directors of the company for the financial year ended June 30, 2017 were as follows:

No	Directors	Board Fees Rs	Audit & Risk Committee Fees Rs
1	Michel de Spéville, C.B.E.	120 000	-
2	Gérard Boullé	82 000	-
3	Cédric de Spéville	90 000	-
4	Cédric Lagesse	-	-
5	Cyril Li Ching Ng	-	-
6	Gilbert Espitalier-Noël	74 000	40,000
7	Pierre-Yves Pougnet	82 000	40 000
8	Jean Mamet	74 000	70,000
Alternate			
1	Noël Eynaud	-	40,000

- Executive directors do not receive any directors' fees for attendance to Board Meetings. Furthermore, the non-executive directors of the company are employed by companies of the Eclasia Group and the fees attributable to those directors are paid to their respective companies.
- Non-executive directors have not received any remuneration in the form of share options or bonuses associated with the performance of the company.

8.7.1 Statement of Remuneration Philosophy

- Directors' fees are benchmarked on local norms and reviewed on a regular basis by the Board upon recommendation of the Corporate Governance Committee.
- The task of determining the remuneration of Executive, Senior Management and Staff has been delegated by the Board to the Management Company, MADCO.
- The level of remuneration of senior staff is benchmarked on the Industry's norms and is reviewed on a regular basis.
- A formal statement of remuneration policy will be adopted shortly.

8.7.2 Remuneration of the executive director

- The Board does not disclose the remuneration paid to the Executive Director as it considers that it is sensitive information.

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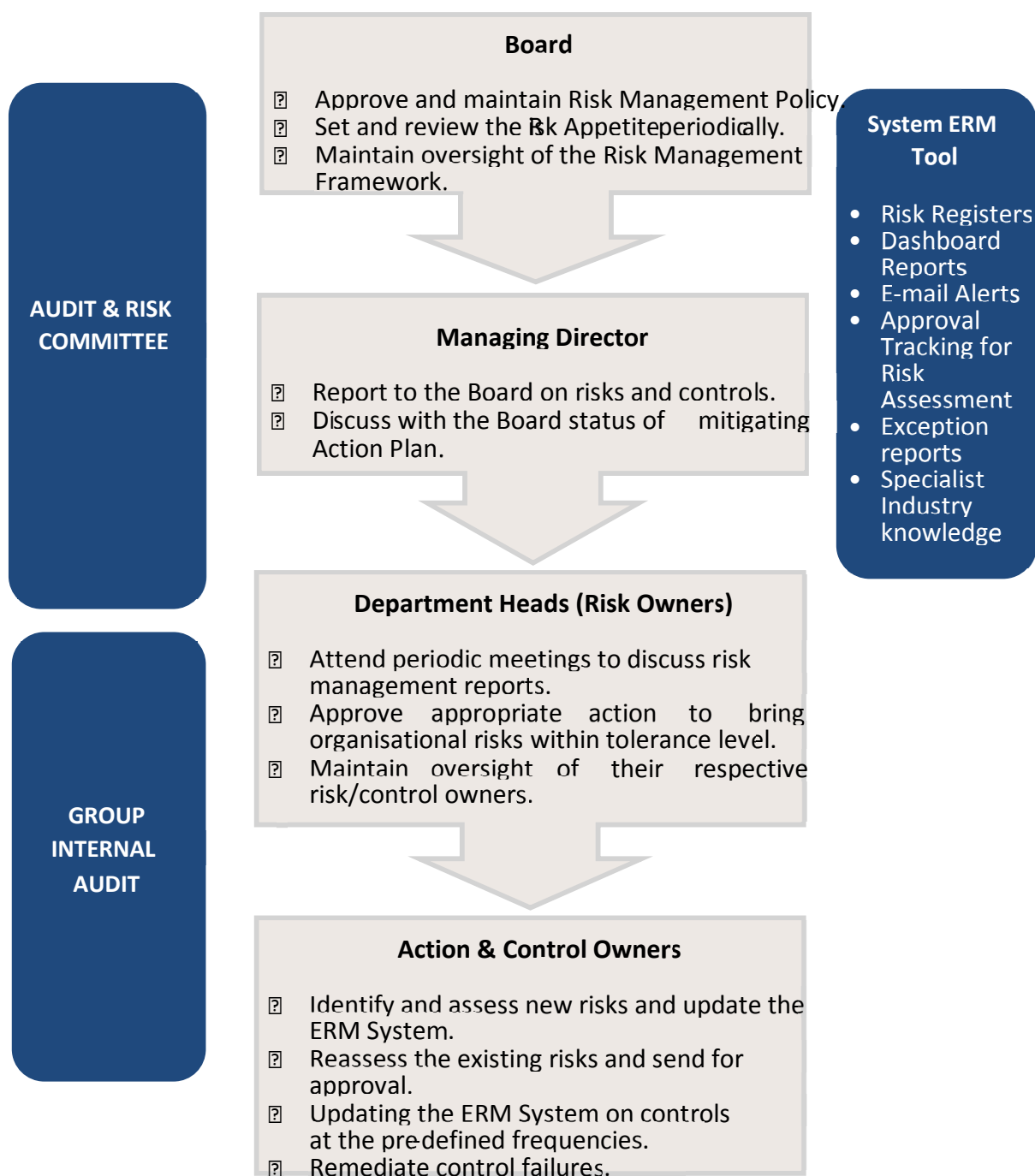
9. RISK GOVERNANCE AND INTERNAL CONTROL**9.1 Risk governance**

- The Board is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. In that respect, it has entrusted to the Audit and Risk Committee the responsibility to ensure that Management identifies and manages all inherent risks on a regular basis and, amongst other initiatives, keeping a Risk Register.
- In that respect, the management of the company has set up a risk management process to identify and manage its risks and a risk register containing the top 10 risks of the company has been set up and is monitored on a regular basis. The said risks and the risk management process are monitored and evaluated by the Audit and Risk Committee at least once a year.
- The Risk Register, which is updated by Management yearly, under the monitoring of the Audit and Risk Committee, is subdivided into categories namely: operational, legal, quality, human-resources, commercial, strategic, financial, information technology and natural risks.
- Risks are evaluated according to the likelihood of occurrence and the potential impact on the corporate goals. This methodology helps to prioritise the risk responsiveness. The risks have been divided into 8 categories as follows:

Risk Category	Descriptions
Operational	Operational risks include all processes and sub processes from the time the products are delivered to Panagora's premises to the point of receipt by the customer.
Legal & Regulatory	Legal and regulatory risks include and those surrounding competition laws, food handling regulations, health & safety requirements and compliance with the code of corporate governance.
Financial	The financial risks include liquidity risks and risk associated with interest rates, foreign exchange rates, taxation, capital structure and profitability risk.
People	People risks include all risks associated with recruitment & retirement, on-going talent management & succession planning, relations with trade unions & regulatory bodies and staff disciplinary issues.
Customer	Customer risks include all risks associated with maintaining the reputation of its branded products, quality of the products and innovation in its offering to the customers.
Information Technology	IT risks include risks associated with Panagora's transaction processing capabilities, preservation of the integrity and confidentiality of data, maintenance of a Disaster Recovery Plan (DRP) and system downtimes should not be more that 3 hours.
Supply Chain	Supply chain risks encompasses all risks associated with sourcing of products, suppliers vetting and evaluation, loss of key suppliers and relationship with other group companies.
Strategic	Strategic risks include risks associated with products, markets, competitors, suppliers and brand.

9.2 Risk management

- Risk management has a better chance of becoming embedded across an organization if it is operated on the basis of clearly-defined structures and responsibilities. The diagram below represents the company’s risk management framework:



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- Adequate insurance policy covers have been taken to mitigate these risks where applicable. The Insurance Policies have been established based on the advice of an insurance broker.
- Financial risks which have been identified as being those which could materially impact the financial performance of the Company are listed in note 3 to the financial statements.
- The Audit & Risk Committee is responsible to monitor its application and reliability.

9.3 Internal control

- In addition to the review of the company's risks by the Audit and Risk committee, a sound internal control system is in place at the company.
- The Board has entrusted to the Audit and Risk Committee the responsibility to report on the effectiveness of Internal Control.
- In light of the implementation of the process-based approach of the ISO 9001:2015 standard to managing performance, the company has taken care to identify for the risks inherent to each of the 19 companies processes. The company has implemented a clear structure of responsibility to ensure each process is monitored and managed by appropriate users.
- Following this exercise, the company has worked with BDO to design and implement a digital Risk Register to facilitate the monitoring and management of the company's risks. The Risk Register currently only lists the risks identified within the core processes of Panagora, along with the comprehensive lists of controls (pro-active to prevent the risk and reactive to mitigate the risk). This tool allows designated users throughout the core processes to report on their assigned controls at set dates throughout the year. Documented proof is required to validate any control, which ensures an accurate view at any given time of the company's situation.
- In parallel to our risk management policies, the company also has controls in place pertaining to its financial and operational health, most often in the form of key performance indicators. Contrary to the risk controls, these KPIs are designed, followed and maintained by individual departments. Examples include but are not limited to: actual sales figures versus budget, cash flow, gearing ratio, availability of product stocks vs demand, etc. Both appropriate members of the senior management team and the department managers and key figures responsible for the KPIs review these KPIs in dedicated monthly/bi-monthly forums throughout the year.
- Finally, both Eclasia Group's internal auditing services and external auditors regularly audit Panagora. Examples include HACCP and Food Safety audits, supplier audits, IT audits, etc. These audits complement Panagora's controls to ensure an accurate vision of the company's health.

10. AUDIT

10.1 Internal audit

- The company outsources the internal audit function to Eclasia Corporate Services Ltd which has a team of qualified professionals with extensive experience in auditing, fraud examination, risk management, information systems security and governance.
- The Board with the assistance of the Audit and Risk Committee and the Internal Auditor monitors the effectiveness of internal controls.
- The Internal Auditors follow an established system of internal control and policies which ensure that the control objectives are attained.
- The Internal Audit team has an independent appraisal function which reviews the adequacy and effectiveness of internal controls and the systems that support them. This includes controls at both the operational and financial levels as well as offering guidance to Management in relation to the evaluation of overall business risks and actions taken to mitigate such risks.
- Weaknesses identified by the Internal Auditors during their reviews are brought to the attention of Management and the Audit & Risk Committee formally by way of risk rated structured reports. These comprise of the results of the current review together with updates on the corrective actions taken by Management to improve control systems and procedures.
- The Internal Audit Manager attends and reports on his findings at the Audit and Risk committee. Thereafter, the Chairman of the Audit and Risk Committee brings to the Board any material issues requiring special attention of the Directors.
- The purpose, authority and responsibility of the Internal Auditors are formally defined in its Charter.
- The Internal Audit team has the authority to access and examine all information, both paper-based and electronic documents as well as inspect physical assets. No complaints were received from the Internal Auditor during the year under review with respect to restrictions on access to records, management or employees of the organisation.
- The objectives of the reviews performed by the Internal Audit function are to give assurance on the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations as well as on the reliability of financial reporting.

10.2 External Auditors

- The external auditors of the company are currently BDO & Co. The latter have been acting as external auditor of the company for the last 6 years.
- Auditors are currently being reconducted to their functions at the AGMs, However, a process will be put in place for the appointment of auditors in the future.

CORPORATE GOVERNANCE REPORT – YEAR ENDED 30 JUNE 2017

- The Audit and Risk committee reviews the audit plan and fees of the external auditor prior to the yearly audits.
- The Audit and Risk committee meets once a year with the external auditors to review the company's financial statements, management and representation letter and to assess the effectiveness of the external audit process. The external auditor also has the opportunity to meet the members of the Audit and Risk committee without management presence.
- The audit fees of the external auditor for the financial year 2016/2017 were Rs 725,000 compared to Rs 710,000 for the financial year 2015/2016. The Company also signed a Service Level Agreement for the risk management with BDO for a monthly fee of Rs 35,000.

11. SHARE PRICE

- The company being a private one, its share price is not available.

12. SHARE OPTION PLAN

- The company does not have a Share Option Plan.

13. DIVIDEND POLICY

- The Company has no defined dividend policy as such and pays dividends based on its current profitability and the liquidity requirements of the Company.

14. RELATED PARTY TRANSACTIONS

- Related party transactions are disclosed in note 28 of the accounts and are at arm's length and in the normal course of business.

15. CONTRACT OF SIGNIFICANCE WITH A SUBSTANTIAL SHAREHOLDER

- The Company has a management contract with Management and Development Company Ltd which covers interalia, strategy, human resources, governance, risk and compliance issues monitored at group level.
- The distribution and sale of products of Avipro Co Ltd and Maurilait Production Ltée are made at arm's length and within the normal course of business.

16. CONTRACT OF SIGNIFICANCE WITH A DIRECTOR

- Except for Messrs. Cédric Lagesse and Cyril Li Ching Ng who have undetermined service contracts with the Company, none of the other directors have any contract of significance with the company.

CORPORATE GOVERNANCE REPORT – YEAR ENDED 30 JUNE 2017

17. MANAGEMENT AGREEMENTS

- PANAGORA MARKETING COMPANY LIMITED has a management contract with Management and Development Company Limited (MADCO) in which six directors have an interest.
- The above contract is remunerated in the form of management fees.

18. MAJOR EVENTS0

Event	Month
Approval of Audited Financial Statements and Publication of Abridged Financial Statements	October
Annual Meeting	December
Dividend Declaration	June
Dividend Payment	June

19. DONATIONS

- Donations by the Company for the year under review were:

Charitable donations for the financial year ended 30 June 17****mainly food products given to requestors**

Details	Rs.
Cultural associations	3,654
Church	55,936
NGO	30,903
Schools	69,676
Scout	9,665
Special requests (ex. Cuisines Solidaires, Cité Ste Catherine, needy employees practising high level sports)	18,326
Total charitable donations	188,160

- No donations have been made to political parties during the financial year under review.

20. CORPORATE SOCIAL RESPONSIBILITY

- In compliance with the current legislation, Panagora Marketing Co Ltd has earmarked 2% of its profits before tax for its Corporate Social Responsibility. The funds available for CSR in the financial year ended 30 June 2017 were used to support our Group CSR activities via the ‘Eclasia Fondation Solidarite’ and part of this amount was used directly for our long term ‘Education project’ launched approximately 3 years ago. With support from Caritas, Panagora has identified 3 poverty-stricken families and provides financial and material support for the education of their children. 8 children aged 5 to 14 years old are given school materials (backpacks, uniforms, etc.) and financial support for education related expenses (private lessons, lunch money, transportation). Additionally, Panagora organises pedagogical outings during school holidays (such a visits to Casela, food factories, etc).
- As a food distribution company, Panagora also provides food donations around Christmas time and Easter for a few families leaving in difficult conditions. Likewise, the company prepares an annual meal donation for the homeless residents of ‘Abri de Nuit de St Jean’.
- To further strengthen its social impact, the company has laid the groundwork to collaborate with a number of third parties in a food-sharing program for the upcoming financial year.

21. ENVIRONMENT

- As part of ongoing efforts to promote sustainable practices, Panagora has organised a “Green Week” from June 5th to June 9th, 2017. The period chosen encompassed both World Environment Day (June 5th) and World Oceans Day (June 8th). Panagora raised awareness on four topics bearing significance to both the company and the country: connecting with nature, smart energy, waste and oceans. During the week, employees received extensive communication on the impact of the company for these four topics. Employees were encouraged to “go green” by leveraging best practices disseminated throughout on the company on posters printed on recycled paper. Finally, an internal selfie competition was organised to showcase examples from employees, again along the four topics chosen. It is to be noted that throughout the year, the company has also worked on a rainwater-harvesting project to reduce water consumption by using the region’s naturally rainy climate. While officially launched in July 2017, the groundwork was laid out throughout the financial year ended 30 June 2017.

22. HUMAN RESOURCES

- During the financial year ended 30 June 2017, Panagora has created a new position within the HR Department tasked with organising extra-curricular activities for our employees. The Welfare Officer has both an administrative role, in that she handles the planning and logistics aspect of these activities, and a motivational role, in that she coaxes participation through regular communications and personal example. This new role strengthens our commitment to the well-being of our employees.
- Eighty-nine employees have participated in approximately 15 sports events throughout the year. The company has organised among other things a carom competition, a futsal competition, and a bowling competition. Our athletes also competed in events organised by Eclasia Group and national competitions such as the FMSC. The company also encourages its employees to participate in free, bi-weekly sports classes after hours for better fitness and health.

- Panagora has also invested in a number of cultural activities for its employees, to encourage personal development and group cohesion. Of note this past year, a prominent amount of Panagora employees were involved in the celebrations linked to Eclasia Group’s 50 year anniversary, either in the dance spectacle or the Group choir. Internally, as a proudly Mauritian company, Panagora marked the celebrations of the country’s independence with a Mauritian cake competition. Furthermore an internal “Morissimo” competition was held, which helped our employees discover little known facts on Mauritius.

23. HEALTH & SAFETY

- Panagora conducts on-the-job trainings for incoming employees to transmit both company approved safety procedures and best practices to maintain healthy habits at work. The latter has become particularly important in the past years given the hours spent working on computers and laptops (exposure to blue light, posture etc). Aside from these regular trainings, the company’s Health & Safety officer also organises job-specific trainings in collaboration with the HR Department, such as electrical safety procedures or ammonia safety procedures. This year Panagora also organised a training on “defensive driving” for its driving employees – an essential part of employee safety given our line of business.
- To mark World Health & Safety at work Day 2017, an awareness campaign on best practices at work was launched during the month of April. Health Surveillance sessions were also organised over the months of May and June. Finally, the company elected to raise awareness on drug and substance abuse-related issues, following last year’s media coverage. Three morning information and discussion sessions were organised with officers from the Anti-Drug and Smuggling Unit over the course of a week.

SANDRINE MOUSSA
ECLOSIA SECRETARIAL SERVICES LTD
SECRETARY

Date: 26 September 2017

STATEMENT OF DIRECTORS RESPONSIBILITIES WITH RESPECT TO FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for:

- (i) Adequate accounting records and maintenance of effective internal control systems;
- (ii) The preparation of financial statements which fairly present the state of affairs of the Group and the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS) and the Companies Act 2001;
- (iii) The selection of appropriate accounting policies supported by reasonable and prudent judgments.

The report of the external auditors confirming that the financial statements are fairly presented is on pages 4 to 4(b) of the financial statements.

The Directors report that:

- (i) Adequate accounting records and an effective system of internal controls and risks management have been maintained;
- (ii) Appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- (iii) International Financial Reporting standards have been adhered to. Any departure in fair presentation has been disclosed, explained and quantified;
- (iv) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Michel de Spéville
Chairperson

Director

Date: 26 September 2017