

STATEMENT OF COMPLIANCE – YEAR ENDED 30 JUNE 2019

STATEMENT OF COMPLIANCE

Name of Public Interest Entity: PANAGORA MARKETING COMPANY LIMITED

Reporting Period: 1 JULY 2018 TO 30 JUNE 2019

We, the Directors of **PANAGORA MARKETING COMPANY LIMITED**, confirm that to the best of our knowledge, throughout the financial year ended 30 June 2019, **PANAGORA MARKETING COMPANY LIMITED** has complied Corporate Governance Code for Mauritius except for the following:

(a) Composition of the Board

There is only one executive director on the Board of Panagora Marketing Company Limited. However, the Board believes that the attendance of senior executives at the meetings and various sub-committees of the Board fulfils the spirit of the Code.

Furthermore, there is currently only one independent director on the Board of Panagora Marketing Company Limited. Despite this fact, the Members of the Board are satisfied that it is well balanced based on the knowledge of the organisation, skills and experience to allow the directors to discharge their responsibilities towards the Company and its shareholders effectively.

(b) Composition of the Audit and Risk Committee

Since there are no independent directors sitting on the Audit and Risk Committee of the Company, the Chairperson of the Committee is a non-executive director. The Board has designated the Chairman of the Audit and Risk Committee on account of his experience and skills.

(c) 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.

Explanation as to how these principles have been applied are provided in the Corporate Governance Report of the Company at 30 June 2019.

SIGNED BY:

Michel de Spéville
Chairman

[]
Director

Date: [] 2019

1. SHAREHOLDING STRUCTURE

- At 30 June 2019, Panagora Marketing Company Limited was a wholly-owned subsidiary of Management and Development Company Limited.
- The company’s ultimate beneficial owner is Société Beauvoir Holdings.

1.1 Shareholders’ Agreements affecting Governance of the Board

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

1.2 Annual Meeting

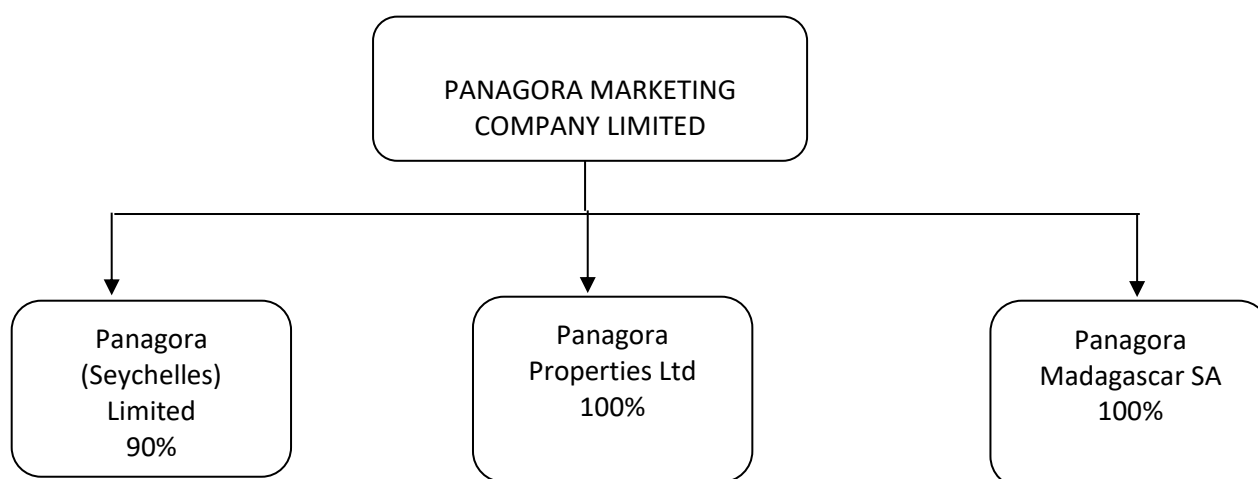
- Panagora Marketing Company Limited (“Panagora”) being a private company and having as sole shareholder Management and Development Company Limited, all matters that require shareholders’ approval are approved through a written resolution in lieu of an Annual or Special Meeting, as per the requirements of the Companies Act 2001.

2. CONSTITUTION

- The Memorandum and Articles of the Company was repealed and a new Constitution, which is in line with the Companies Act 2001, was adopted on 6 March 2019.

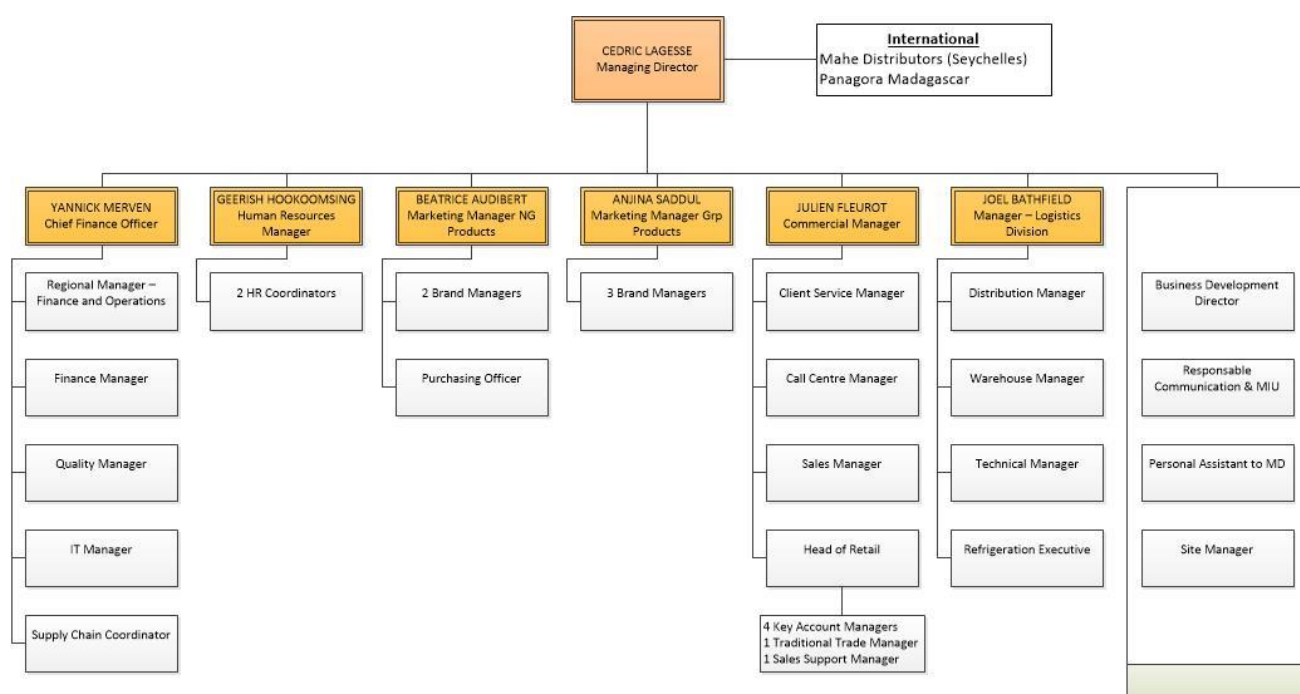
3. THE GROUP STRUCTURE

- The structure of the Panagora Group at 30 June 2019 was as follows:



4. THE ORGANISATIONAL STRUCTURE

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



- 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(i).

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.

Geerish 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

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<p>Anjina Saddul-Tulsidas Marketing Manager(Group)</p>	<p>appointed member of the Labour Advisory Council for a period of 2 years. He joined Panagora in 2015.</p> <p>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 Livestock Feed Limited 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 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.</p>
<p>Beatrice Audibert Marketing Manager (Non Group)</p>	<p>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.</p>
<p>Julien Fleurot Commercial Manager</p>	<p>Obtained a Bachelor of Social Science from University of Natal in South Africa in 1995. Worked at Pharmacie Nouvelle Limited 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.</p>
<p>Joel Bathfield Manager-Logistics division</p>	<p>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 South Africa 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 in August 2019 as manager of the logistic division.</p>

- The above managers and other senior officers do not hold shares in the Company.
- A formal process of succession planning is being put in place through the “Talent Management” program which has been adopted across the Eclasia Group.
- 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, a board charter and a directors’ code of ethics have been adopted by the Board to ensure that the values of the company also form an integral part of its governance. The board charter and the directors’ code of ethics are available for consultation on the company’s website and are reviewed as and when required and, in any case, at least every five years.
- Furthermore, 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.
- Moreover, employees are required to report any suspected fraud and should report their suspicions to any of the following persons: (a) his Head of Department (ii) the Finance Management, (iii) the Chief Finance Officer or (iv) the Managing Director. An anti-fraud policy has been adopted to ensure reporting of such frauds.
- Management recognises that the decision to report a suspicion can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. Panagora in accordance with its Human Resource Policies does not tolerate harassment or victimization and shall take all practical steps to protect those who raise an issue in good faith.
- The stakeholders of the Company are also involved in a dialogue on the organizational position, performance and outlook and management ensures that the Company responds to their reasonable expectations and interests. In that respect, the following steps are taken:

(a) Suppliers

The company keeps a register of suppliers for products and services it purchases. The suppliers are constantly evaluated on the quality of product delivered and the service they supply. The evaluation exercise allows the company to determine its preferred supplier.

The company favors competitive bidding between the preferred suppliers to ensure that it gets the best product at the most competitive price. However, potential suppliers who are not on the preferred suppliers list are invited to quote, on an ad hoc basis.

(b) Employees

The satisfaction level of employees is evaluated every 2 years through an engagement survey. The result of this survey is analysed in focus groups consisting of representatives of employees and an improvement action plan is thereafter put in place.

With specific regards to employees falling in the worker category, a three-year collective agreement is negotiated between the Company, its employees and the employees' syndicate.

(c) Clients & Consumers

A customer survey exercise is carried out by an independent organization every year. The results of the survey is thereafter analysed and communicated to all employees.

Consumers mainly interact with the company through our brands' social media or, in some cases, focus groups.

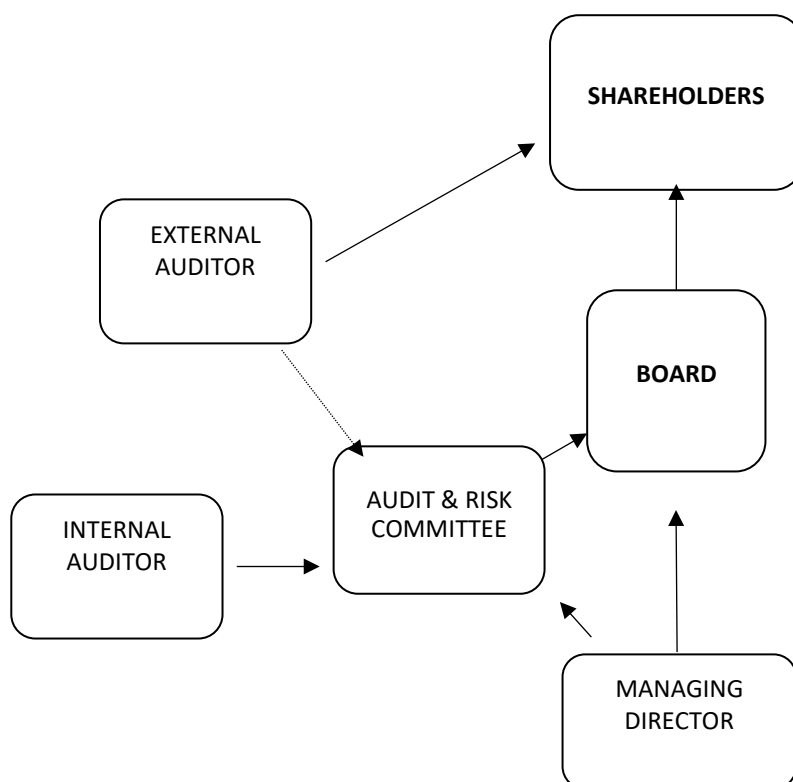
Furthermore, there is a procedure to record complaints for both consumers and clients with a specific team dedicated to following-through on issues and identifying, when possible, root causes.

(d) Public Bodies

Panagora complies with all legal and normative rules put forth by public bodies. The company constantly monitors any updates in the relevant legal framework and undertakes appropriate action to ensure compliance with the law at all times.

5.1 Statement of accountabilities

- The Chairman of the Audit and Risk Committee reports to the Board on the deliberations of his Committee, and as and when necessary, makes recommendations to the Board.
- The Managing Director, who attends board meetings, report on the operations and management of the Company to the Board.



- The organisational structure of the company is on page 2(b).

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 2019 of seven 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) although there is only one executive director on the Board, the attendance of senior executives at the meetings and various sub-committees of the Board fulfils the spirit of the Code.

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- 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.
- The role and duties of the Chairperson are set out in a Position Statement which has been adopted by the Board of the company.

6.2 The Board composition

- At 30 June 2019, the composition of the Board and the interests of the directors in the company were as follows:

No	Directors	Executive	Non-Executive	Independent	Non-Independent	Resident in Mauritius	Direct Shareholding in PANAGORA MARKETING COMPANY LIMITED		Indirect Shareholding in PANAGORA MARKETING COMPANY LIMITED	Directorship in Listed Companies
							Ord %	Ord %		
1	Michel de Spéville, C.B.E.	-	✓	-	✓	✓	-	-	58.70	4
2	Gérard Boullé	-	✓	-	✓	✓	-	-	-	1
3	Cédric de Spéville	-	✓	-	✓	✓	-	-	1.22	4
4	Gilbert Espitalier-Noël	-	✓	-	✓	✓	-	-	3.52	7
5	Cédric Lagesse	✓	-	-	✓	✓	-	-	-	-
6	Jacques Enouf	-	-	✓	-	✓	-	-	-	-
7	Pierre-Yves Pougnet	-	✓	-	✓	✓	-	-	-	4
Alternate Director										
7	Noël Eynaud	-	✓	-	✓	✓	-	-	-	-

- The Board acknowledges that gender diversity is recommended by the Code of Corporate Governance and recognises the positive impact of gender diversity on Board deliberations. Nevertheless, expertise and skill are regarded as prerequisites for appointing a director.

- Below were the profiles of the directors of the company at 30 June 2019:

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-Flacq 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”. Chairman and Member of the Board of various companies of the Eclasia Group. A former President of the Mauritius Chamber of Commerce & Industry and a former President of “L’Institut de la Francophonie pour l’Entrepreneuriat” (IFE).

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

2 Gérard Boullé

Gérard Boullé is holder of a “Maîtrise de Gestion” from the 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 is a former President of the Association of Mauritian Manufacturers and is also Member of the Board of several companies of the Eclasia Group.

Directorship in listed companies: Livestock Feed Limited.

3 Cédric de Spéville

Obtained a “Maîtrise en économie” from the University of Paris I Panthéon Sorbonne in 2001. He also completed an MSc in Accounting and Finance at the London School of Economics in 2003 and obtained a Masters 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 a director of various companies of the Eclasia Group, a former President of the Mauritius Chamber of Commerce and Industry, the current President of Business Mauritius as well as a Member of the Economic Development Board of Mauritius.

Directorships 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 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 Livestock Feed Limited on 16 February 1998.

Directorship in other listed companies: Livestock Feed Limited, ENL Limited, New Mauritius Hotels Ltd and Rogers & Co Ltd.

6 Jacques Enouf

Mr Enouf has worked for the Eclasia Group since June 1973 except for a period of 3 years between 1986 -1988 spent at DCDM as HR Manager and Consultant. He was nominated HR Director in January 1989. Mr Enouf holds a Bachelor in Social Science with a specialisation in Sociology. He was appointed on the Board of Panagora Marketing Company Limited on 30 January 2019.

Directorship in listed companies: None

7 Pierre-Yves Pougnet

Pierre-Yves Pougnet is an accountant by profession. He started his career with an audit firm. In 1975 he joined the Eclasia Group where he occupied executive functions, amongst which, Managing Director of Panagora Marketing and subsequently Managing Director of Food & Allied Industries Ltd (now Avipro Co Ltd). He was the Vice Chairman of the Eclasia Group when he retired in 2015.

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

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	MADCO
Michel de Spéville , C.B.E. (Chairman)	✓	✓
Gérard Boullé	✓	-
Cédric de Spéville	✓	✓
Gilbert Espitalier-Noël	✓	-
Cédric Lagesse	✓	-
Jacques Enouf	✓	-
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 63.44% 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, Eclasia 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.

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- The duties of the Company Secretary has been set out in terms of reference which have been adopted by the Board. The said terms of reference is available for consultation on the company's website.

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 reference of the Audit and Risk Committee are available for consultation on the company's website. Those terms and reference are reviewed as and when required and, in any case, at least every five years.
- The composition of the Audit and Risk Committee at 30 June 2019 was as follows:

Name	Status	Qualification
Mr. Pierre-Yves Pougnet	Chairperson	Non-executive director
Mr. Gilbert Espitalier-Noël	Member	Non-executive director
Mr. Noël Eynaud	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.

6.7 Attendance to Board and committee meetings

- The attendance of the Directors and Committee Members for the financial year ended 30 June 2019 was as follows:

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No	Directors	Board Attendance	Audit & Risk Committee Attendance
		3 Meetings	3 Meetings
1	Michel de Spéville , C.B.E.	3/3	-
2	Gérard Boullé	3/3	-
3	Cédric de Spéville	3/3	-
4	Cédric Lagesse	3/3	-
5	Gilbert Espitalier-Noël	1/3	2/3
6	Jacques Enouf*	1/3	-
7	Pierre-Yves Pougné	2/3	3/3
Alternate			
1	Noël Eynaud	-	3/3

* Appointed on 30 January 2019.

7. DIRECTORS' APPOINTMENT PROCEDURES

7.1 Appointment procedures

- As per the Company's constitution, every year, one third of the directors longest in office retire by rotation and may offer themselves for re-election. These directors, if re-elected, have a three-year term after which they may once again stand 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.
- Appointment of directors on the Board of the Company are done according to the provisions of the Constitution.
- A letter of appointment for non-executive directors has also been approved by the Board and non-executive directors are required to sign the said letter as soon as they are appointed to the Board.

7.2 Induction and orientation

- The company has a formal induction process. 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.

7.3 Professional development

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

7.4 Succession planning

- In order to keep a balance of skills and expertise at the level of the Board, it is the Board's responsibility to review its composition from time to time.

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.
- In addition, a board charter, setting out all the directors duties and responsibilities with respect to the board governance, has been adopted by the Board of the company and is available for consultation on the company's website.

8.2 Code of ethics

- A code of ethics for the directors of the Company has been adopted by the Board and is available for consultation on the company's website.
- The said code of ethics provides guidance to the directors in dealing with ethical issues, conflicts of interests and related party transactions.

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' conflicts of interests and related-party transactions are included in the directors' code of ethics.

8.4 Information, Information Technology and Information Security governance

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- 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.
- 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

- The Board recognizes the significance of board evaluation exercise. Hence, it has resolved that, henceforth, a board evaluation exercises will be carried out on a two-yearly basis.

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- A board evaluation will be carried out in the financial year 2019/2020 and will be done internally by way of a questionnaire. Any weakness identified will thereafter be addressed by the Board.

8.7 Remuneration

- The fees for Members of the Board and Audit and Risk Committee at 30 June 2019 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	-

- The fees paid to the directors of the company for the financial year ended June 30, 2019 were as follows:

No	Directors	Board Fees Rs	Audit & Risk Committee Fees Rs
1	Michel de Spéville, C.B.E.	104 000	-
2	Gérard Boullé	74 000	-
3	Cédric de Spéville	74 000	-
4	Cédric Lagesse	-	-
5	Gilbert Espitalier-Noël	58 000	40,000
6	Jacques Enouf	58 000	-
7	Pierre-Yves Pougnet	66 000	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

- A formal statement of Remuneration philosophy had been adopted by Board of the company. The philosophy is to offer a competitive package that will attract, retain and motivate directors and

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employees of the highest calibre and recognize value-added performance, whilst taking into account its own financial position.

- In that respect, the remuneration offered to each category of jobs within the Company has been benchmarked and aligned with the current market rate.
- Moreover, the directors’ fees are also benchmarked on market norms and reviewed on a regular basis by the Board.

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.

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:

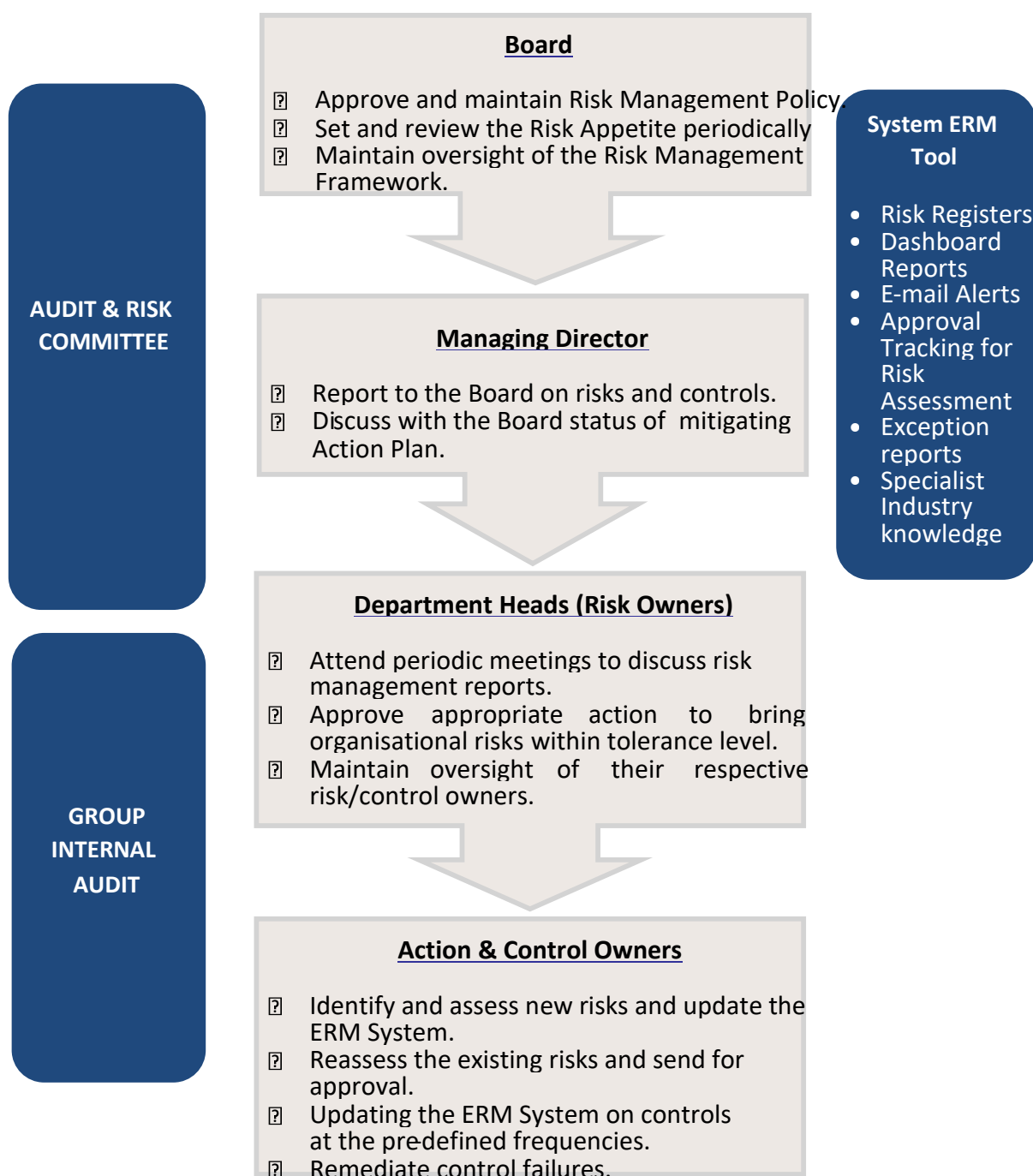
Risk Category	Descriptions
Operational	Operational risks include all processes and sub processes from the time the products are delivered to Panagora’s premises to the point of receipt by the customer.
Legal & Regulatory	Legal and regulatory risks include and those surrounding competition laws, food handling regulations, health & safety requirements and compliance with the code of corporate governance.

CORPORATE GOVERNANCE REPORT – YEAR ENDED 30 JUNE 2019

Risk Category	Descriptions
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:



- 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.

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- The Audit & Risk Committee is responsible for monitoring 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 company's 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 has been put in place for the appointment of auditors in the future.

CORPORATE GOVERNANCE REPORT – YEAR ENDED 30 JUNE 2019

- 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.
- Furthermore, an assessment of the work and performance of external auditors is carried out yearly both by management and the Audit and Risk committee. The criteria used for such assessment is as follows :
 - Quality of Services provided
 - Sufficiency of Audit Firm and Network Resources
 - Independence, Objectivity and Professional scepticism.
- There were no significant issues identified by the Audit Committee in relation to the last financial statements of the Company.
- The audit fees of the external auditor for the financial year 2018/2019 were Rs 762,000 compared to Rs 740,000 for the financial year 2017/2018.

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 29 of the accounts and are at arm's length and in the normal course of business.

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15. CONTRACT OF SIGNIFICANCE WITH A SUBSTANTIAL SHAREHOLDER

- The Company has a management contract with Management and Development Company Limited 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 Limitée are made at arm's length and within the normal course of business.

16. CONTRACT OF SIGNIFICANCE WITH A DIRECTOR

- Except for Mr. Cédric Lagesse who has an undetermined service contract with the Company, none of the other directors have any contract of significance with the company.

17. MANAGEMENT AGREEMENTS

- Panagora Marketing Company Limited has a management contract with Management and Development Company Limited (MADCO) in which five directors have an interest.
- The above contract is remunerated in the form of management fees.

18. MAJOR EVENTS

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:

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Charitable donations for the financial year ended 30 June 2019****mainly food products given to requestors**

Details	Rs.
Health	-
Religious organizations	828
Sports & leisure (including employees practicing sports)	5,247
Education	65,900
NGO and other charitable organisations	127,461
Other requests (ex.Causerie Mission Verte, PaperLink)	10,601
Total charitable donations	210,037

- Donations are given through various departments, such as Marketing Non Group, Human Ressources and Corporate administration.
- Charitable donations do not include actions where either Panagora or its brands' logos were displayed as part of a marketing action.
- No donations to political parties were given during the year under review.

20. CORPORATE SOCIAL RESPONSIBILITY

- In compliance with the current legislation, Panagora Marketing Company Limited has earmarked 2% of its chargeable income for its Corporate Social Responsibility. The funds available for CSR in the financial year ended 30 June 2019 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 5 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 8 to 16 years old are given school materials (backpacks, uniforms, etc.) and financial support for education related expenses (private lessons, lunch money, transportation). Additionally, Panagora organizes pedagogical outings during school holidays (such a visits to Aventure du Sucre, Domaine de Gros Cailloux, etc.).
- In addition to its legal obligations, Panagora also sets aside a budget to finance a number of recurring initiatives such as three yearly diners cooked and served to the in-need residents of Abri de Nuit de St Jean, Les Tontons de l'abri de La Tonelle and Lumière d'Esperance.
- As a food distributor, Panagora also provides food donations around Christmas time and Easter for a few families leaving in difficult conditions. The company further collaborates with two structures, Foodwise Ltd (formely known as "Manzer Partazer") and Cuisines Solidaires. Panagora's logistics team provide food-grade transportation for the weekly food sharing initiative of FoodWise, alongside New Mauritius Hotels' Le Paradis and Kolektif Rivier Nwar. Every week, Panagora's lorry

picks up leftover restaurant quality food, perfectly edible but untouched by the hotel's guests, and delivers it to the Case Noyale school, helping feed about +20 children. Likewise every month Panagora donates flour and chicken franks, non perishable food items, to Cuisines Solidaires which cook meals for the in-need population of Curepipe/Plaines Wilhems.

- All the activities outlined above form an integral part of our SUSTAINABILITY pillar, one of the 3 pillars under our "Panagora s'engage" initiative, which seeks to encourage activities that embody our company values and key commitments and to foster, and acknowledge greater employee involvement in these activities.

21. ENVIRONMENT

- Panagora is part of Eclasia Group, which views taking care of our planet as part of its core performance drivers. The focus of this year has been on sensitizing employees to sustainable development, particularly on waste management issues. Of note this year, the installation of paper recycling bins from PaperLink since September 2018 and a site-wide recycling bin as from April 2019. Employees also benefitted from a meeting with Mission Verte on the importance and techniques to recycle daily waste, in an effort to encourage a more sustainable attitude. The Water Harvesting system remains in place and helps us make use of climatic conditions to the company's advantage. Finally, this year also saw the completion of our first Bilan Carbone, which yielded timely insights on the ecological impact of our activities. Greater efficiency in our core delivery business remains key to lower our impact.
- All activities linked to the environment form an integral part of our SUSTAINABILITY pillar, one of the 3 pillars under our "Panagora s'engage" initiative, which seeks to encourage activities that embody our company values and key commitments, foster, and acknowledge greater employee involvement in these activities.

22. HUMAN RESOURCES

- In Financial Year 2018, Panagora created the Welfare Officer position within the HR Department, tasked with organising extra-curricular activities for our employees. Aside from the planning and logistics aspect of these activities, and a motivational role, in that she coaxes participation through regular communications and personal example. The Welfare Officer chairs the ACS committee, composed of 20 volunteers who help set up events.
- For the eleventh year running in FY2019, through our athletes continuous efforts and results in events organised by Eclasia Group on top of national competitions such as the FMSC, Panagora has once again won the Group trophy. The company also encourages its employees to engage in regular physical activities. As was the case last year, a special membership price at a local gym was negotiated for our employees by the Health & Safety Officer this year, in this respect.

- All in All, around 30 activities were organized this year by the ACS team, including tournaments of Billard, Petanque and Beach Volley. Of note, the activities for Music Day and surrounding the last World Cup were particularly popular among Panagora employees and helped to foster team spirit and friendly competition in our company.
- All activities linked to sports and culture form an integral part of our BETTER LIVES pillar, one of the 3 pillars under our “Panagora s’engage” initiative, which seeks to encourage activities that embody our company values and key commitments and foster and acknowledge greater employee involvement in these activities. The BETTER LIVES pillar in particular strives to encourage balance, both between work and extra-curricular activities and in the workplace through health & wellness initiatives.

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 warehouse safety, machine safety trainings, fire warden, first aid, working at heights, electrical safety procedures and ammonia safety procedures. A Fire Drill was also organised in order to sensitize employees. Of note, we have seen a decrease in the accident rate this year.
- This year has seen the arrival of a new occupational doctor at Panagora as well as the launch of a new Health & Safety Committee, with representatives from every department. Furthermore, the company also pursued the Weigh-Less program and organised a cancer screening and blood test drive at the beginning of the financial year.
- The Health & Safety activities form part of the BETTER LIVES pillar, one of the 3 pillars under our “Panagora s’engage” initiative, which seeks to encourage activities that embody our company values and key commitments, and foster and acknowledge greater employee involvement in these activities. The BETTER LIVES pillar in particular strives to encourage balance, both between work and extra-curricular activities and in the workplace through health & wellness initiatives

SANDRINE MOUSSA
ECLOSIA SECRETARIAL SERVICES LTD
SECRETARY

Date: [] 2019

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), International Accounting Standards (IAS) 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 page 4.

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 consistently used;
- (iii) International Financial Reporting and Accounting standards have been adhered to. Any departure from fair presentation has been disclosed, explained and quantified;
- (iv) All the principles of the Code of Corporate Governance for Mauritius (2016) have been complied with and explanations provided as to how they have been applied;
- (v) They consider that the annual report and accounts, which are published in full on the company's website, taken as a whole are faire, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the company's position, performance and outlook.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's systems of control. The systems have been designed to provide the directors with reasonable assurance that assets are safeguarded, that transactions are authorized and properly recorded and that there are no material errors and irregularities.

An internal audit system is in place to assist management in the effective discharge of its responsibilities, and it is independent of management and reports to the Audit and Risk Committee.

RISK MANAGEMENT

The Directors acknowledge their overall responsibility for maintaining a sound and effective system of internal controls to safeguard the Company's assets and shareholders' interests.

The Board accepts overall responsibility for risk management. Through the Audit and Risk Committee, the Directors are made aware of the risks areas which affect the Company and ensure that Management has taken appropriate measures to mitigate these risks.

Michel de Spéville
Chairperson

Director

Date: [] 2019