

**STATEMENT OF COMPLIANCE**

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

Name of Public Interest Entity: **FREIGHT AND TRANSIT COMPANY LIMITED**

Reporting period: **Year ended June 30, 2020**

We, the Directors of **FREIGHT AND TRANSIT COMPANY LIMITED**, confirm that to the best of our knowledge, that throughout the financial year ended 30 June 2020, the Company has complied with the Corporate Governance Code for Mauritius except for the following:

1. Until end May 2020, the Chief Executive Officer was the only executive director on the Board. Following his resignation as Chief Executive Officer with effect as June 1, 2020, his status is henceforth as a non-executive director. However, the participation of the new General Manager and senior executives to board meetings enhances management presence on the Board and their participation in the deliberations provides the Board with an in-depth appraisal of the Company's operations.
2. Up to 30 June 2020, FTL had only one independent non-executive director on the board. The Board has decided to appoint an additional independent director which is to take effect in the course of the financial year 2020-2021.
3. The remuneration of the Executive Director has not been disclosed due to the commercial sensitivity of such information.
4. Taking in consideration the size of the Company and the composition of the Board, the Directors were of the view that the Audit and Risk Committee met the requisites of the Code and can take on the additional responsibility of overseeing the Company's corporate governance. Hence, the responsibilities of corporate governance have been embedded in the terms of reference of the Audit and Risk Committee cum Corporate Governance Committee.
5. The composition of the Audit and Risk cum Corporate Governance Committee will be addressed in due time. However, the non-board members appointed on the Committee bring in an industry knowledge and expertise that contribute positively to the Committee's effectiveness in monitoring the Company's internal controls and risk management.

Gérard Boullé  
Chairman

Philippe Hardy  
Director

Date: 1 October 2020

**Freight and Transit Company Limited (“FTL”)** is a public interest entity incorporated in Mauritius on 14 November 1994. The address of its registered office and principal place of business is Royal Road, Pointe aux Sables.

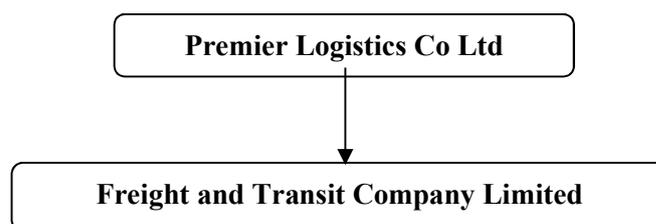
The Company deals with the transport of goods internationally and provides a customized range of logistics solutions including import and export by air and sea, customs clearing, consolidation services, supply chain management, handling of dangerous and perishable goods, warehousing, shipping services and tailor-made logistic solutions for turnkey projects.

The Board of Freight and Transit Company Limited assumes the responsibility for leading and controlling the Company and meeting all legal and regulatory requirements. The Board ensures that the principles of corporate governance are followed and applied throughout the Company. The Corporate Governance Report explains how the principles are applied at FTL.

The Statement of Directors’ Responsibilities and the Statement of Compliance are on pages 1(u) and 1(w) respectively.

The annual report of Freight and Transit Co Ltd is published in full on the Company’s website **www.ftl.mu**.

## **1. SHAREHOLDING STRUCTURE (AT 30 JUNE 2020)**

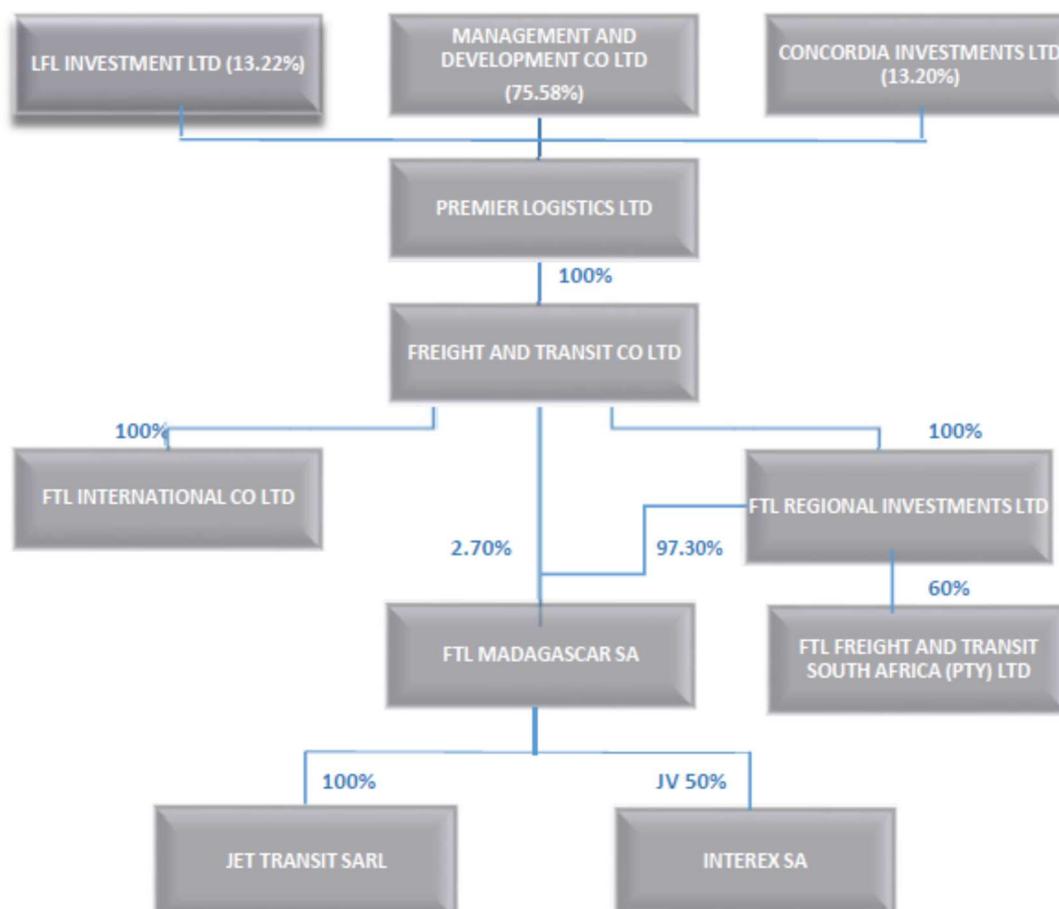


1.1 Premier Logistics Co Ltd is the sole shareholder of the Company.

1.2 The ultimate beneficial owner of the Company is Mr Michel Doger de Spéville.

## 2. GROUP STRUCTURE (AT JUNE 30, 2020)

The Group Structure of FTL at June 30, 2020 was as follows:



## 3. THE COMPANY'S CONSTITUTION

In March 2019, the Company repealed its Memorandum and Articles of Association and adopted a new Constitution, which sets down the rules for the governance of the Company.

The Constitution provides the sole shareholder the following:

- i. Pre-emptive rights on any new issue of shares made by the Company or on the transfer of shares;
- ii. The right to receive a dividend out of the profits of the Company;
- iii. The right to an equal share in the distribution of the surplus assets on its liquidation; and
- iv. The right to one vote for each share held.

## **4. THE GOVERNANCE STRUCTURE**

### **4.1 The Board**

The Board, as the governing body, fully understands its role, responsibility and authority in setting the direction, the management and control of the Company.

The Company has a unitary Board and it is chaired by a non-executive Director.

As from March 1, 2020, Mr Ranjoy Neerohoo was recruited as General Manager of FTL Group following the resignation of Mr Julien Vitry Audibert as Chief Executive Officer on 31 May 2020. Nevertheless, Mr Vitry Audibert remained in office as a board member and his status on the board is now as a Non-Executive Director.

Consequently, the composition of the Board at 30 June 2020 comprised of six directors of which five are non-executive directors and one independent non-executive director. All the directors are residents of Mauritius.

The functions and structure of the Board of Directors are independent of Management.

The Board is of an appropriate size and meets the Company's business requirements. The Directors have the requisite skills, experience and knowledge to contribute effectively to the Company.

Up to 30 June 2020, FTL had only one independent non-executive director on the board. The Board acknowledges that independent directors bring in adequate objectiveness and an external perspective which add value to the board deliberations. Consequently, the Board has decided to appoint an additional independent director which is to take effect in the course of the financial year 2020-2021.

The functions and responsibilities of the Chairperson and the Executive Director were kept separate during the time FTL had an executive director. The Chairperson heads the Board and meets on regular basis the newly appointed General Manager to discuss matters pertaining to the Company. The Chairperson is not involved in the day-to-day management of the Company and he devotes sufficient time to his duties and responsibilities towards the Company.

The participation of the General Manager and senior executives to board meetings enhances management presence on the Board and their participation in the deliberations provides the Board with an in-depth appraisal of the Company's operations.

The Board acknowledges that gender and diversity are recommended by the Code in the board composition nonetheless, expertise and skills are regarded as prerequisites for serving as a Director.

A Board Charter, setting out the Directors' duties and responsibilities with respect to the board governance, has been adopted by the Board and is available for consultation on the Company's website.

### **4.2 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.

## CORPORATE GOVERNANCE REPORT - YEAR ENDED JUNE 30, 2020

**4.2 Board Information (cont'd)**

Where necessary and subject to the formal approval of the Chairperson, Directors may have access to independent professional advice at the Company's expense to enable them to discharge their responsibilities.

A Directors' and Officers' Liability insurance cover is in place for Directors and senior officers of the Company.

**4.3 Board Evaluation**

An evaluation of the Board performance and processes has been carried out during the financial year ended 30 June 2020. The board evaluation will be carried out every two years.

This evaluation was carried out by way of a structured questionnaire wherein Directors rated the processes in place and gave their feedback on the board performance.

**5. PROFILE OF DIRECTORS AND SENIOR MANAGEMENT TEAM AT 30 JUNE 2020**

<b>Directors</b>	
<b>1.</b>	<b>G�rard Boull� (Chairman) - Non-Executive Director</b>
	G�rard Boull� is holder of a "Ma�trise 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 Eclosia Group of Companies. Mr Boull� is a former President of the Association of Mauritian Manufacturers and is a director on the Board of several companies of the Eclosia Group. He was appointed to the Board of Freight and Transit Company Limited in 2005 and is the Chairman of the Company since 2013. Directorship in listed company: Livestock Feed Ltd
<b>2</b>	<b>C�dric de Sp�ville - Non-Executive Director</b>
	Obtained a "Ma�trise en �conomie" from University of Paris I Panth�on Sorbonne in 2001. He also completed an MSc in Accounting and Finance at the London School of Economics in 2003 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 Eclosia Group in 2003. In January 2013, C�dric de Sp�ville was appointed Group Chief Executive Officer. He is Director on various companies of the Eclosia Group, a former President of the Mauritius Chamber of Commerce and Industry and former President of Business Mauritius. He was appointed to the Board of Freight and Transit Company Limited on 29 October 2008. Directorships in listed companies: Livestock Feed Limited, Les Moulins de la Concorde Lt�e, Tropical Paradise Co. Ltd and Mauritius Freeport Development Co Ltd
<b>3.</b>	<b>Philippe De Bragard Hardy - Independent Non-Executive Director</b>
	Born in 1972, founding member and Managing Director of DMH Associates. He has a very diversified exposure to finance having held various roles spanning investment management, business development, corporate planning and transaction advisory.  He is the leading partner of DMH Associates' corporate finance advisory services having coordinated and advised on several capital structuring as well as M&A transactions across many industries in the past 10 years, with a particular expertise in dealing with family held enterprises and owner managed businesses of all sizes.

## CORPORATE GOVERNANCE REPORT - YEAR ENDED JUNE 30, 2020

<b>Directors</b>	
	Mr de Bragard Hardy holds an honours degree in Mathematics and Financial Management and is an Associate of the Royal College of Science of London through the Imperial College of Science, Technology & Medicine. He acts as a director on several public and private companies, chairing audit committees in various instances.  Directorship in other listed companies: Plastic Industry (Mtius) Ltd, Evaco Ltd.
<b>4.</b>	<b>Cédric Lagesse - Non Executive Director</b>
	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 Eclasia Group as Projects Director. He was appointed General Manager of Panagora Marketing Co. Ltd in April 2014 and as its Managing Director in August 2014. He was appointed as Director of Freight and Transit Co Ltd in 2013.  Directorship in listed companies: None
<b>5.</b>	<b>Rocky Forget – Non Executive Director</b>
	Joined the Eclasia Group of Companies in 1980 when he held a position in the farming division. Mr Forget was appointed in 1991 as Technical & Commercial Manager of Livestock Feed Limited prior to being nominated General Manager in 1999. He was appointed as its Managing Director on 06 May 2009. Mr Forget is the holder of an MBA from Surrey University. Mr Forget was appointed as Director of Freight and Transit Co Ltd on 17 June 2019.
<b>6.</b>	<b>Julien Vitry-Audibert - Non-Executive Director as from 01.06.2020</b>
	Mr. Julien Vitry-Audibert is holder of a “DUT - Techniques de Commercialisation” obtained from the IUT of Aix en Provence and a Master of Science from “Ecole Supérieure de Commerce (CERAM)” of Sophia Antipolis, France.  Mr. Vitry-Audibert joined Freight and Transit Company Limited in December 2002 as Project Coordinator and has held several key positions within the Company over the years. In 2011, Mr Vitry-Audibert was appointed the Chief Executive Officer of Freight and Transit Company Limited until he resigned in May 2020. He was appointed on the Board as Director on 12 December 2013.
<b>Alternate Director</b>	
<b>1.</b>	<b>Cédric Lagesse - (Alternate to Mr. Cédric Doger de Spéville) - Non-Executive</b>
	The profile of Mr Cédric Lagesse is mentioned above.

**5.1 Common Directors**

The table below shows the Directors who served during the year under review and their directorships common to FTL and Premier Logistics Co Ltd.

At 30 June 2020, none of the Directors has a service contract with the Company and neither do they hold shares in the Company.

## CORPORATE GOVERNANCE REPORT - YEAR ENDED JUNE 30, 2020

## 5.1 Common Directors (cont'd)

		FTL	PLCL
1	BOULLÉ, Gérard Louis (Chairman)	*	*
2	DOGER DE SPEVILLE, Michel Cédric	*	*
3	FORGET, Rocky	*	-
4	HARDY, Charles Philippe DE BRAGARD	*	-
5	LAGESSE, Cédric Jean Octave	*	-
6	VITRY-AUDIBERT, Thierry Louis Julien	*	-
<b>No</b>	<b>Alternate Director</b>		
1	LAGESSE, Cédric Jean Octave (alternate to DOGER DE SPEVILLE, Michel Cédric)	*	-

FTL - Freight and Transit Co Ltd

PLCL - Premier Logistics Co Ltd

## 5.2 Directorship in Subsidiaries of the Company (At June 30, 2020)

NO.	DIRECTORS	FTL	FTL MADA	FTL RI	FTL INT	FTL RSA	INTEREX	JET TRANSIT
1	Gérard <b>Boullé (Chairman)</b>	✓	✓	✓	✓	✓	✓	-
2	Cédric <b>de Spéville</b>	✓	✓	✓	✓	-	-	-
3	Philippe <b>de Bragard Hardy</b>	✓	✓	✓	✓	✓	-	-
4	Christian <b>Desjardins</b>	-	-	-	-	✓	-	-
5	Eric <b>Espitalier-Noel</b>	-	-	-	-	-	✓	-
6	Rocky <b>Forget</b> (as from 17.06.19)	✓	✓	✓	✓	-	-	-
7	Richard <b>Gorlei</b>	-	-	-	-	✓	-	-
8	Cédric <b>Lagesse</b>	✓	✓	✓	✓	✓	-	-
9	Olivier <b>Lagesse</b>	-	-	-	-	-	✓	-
10	Alexandre <b>Malheiro</b>	-	✓	-	-	-	-	✓
11	Jérôme <b>Poutot</b>	-	-	-	-	-	-	✓
12	Julien <b>Vitry-Audibert</b>	✓	✓	✓	✓	✓	✓	-

FTL - Freight and Transit Company Limited

FTL MADA - FTL Madagascar SA

FTL RI - FTL Regional Investments Ltd

FTL INT - FTL International Limited

FTL SA - FTL Freight and Transit South Africa (Pty) Ltd

INTEREX - Interex SA

JET TRANSIT - Jet Transit Sarl

### **5.3 Directors' Appointment Procedures**

Directors are elected at the Annual Meeting of Shareholders. However, should a casual vacancy arise, the Board has the authority to appoint a Director to hold office until the next Annual Meeting.

A procedure for the appointment of Directors has been adopted and serves as a guidance for the appointment of Directors on the Board of the Company. The Corporate Governance Committee leads the process and screens candidates based on the requirements of the position, the skills and expertise needed.

Once a candidate is selected, the Corporate Governance Committee makes its recommendation to the Board, who will propose to the shareholders the appointment of the selected candidate.

A letter of appointment for non-executive Directors has been adopted by the Board and it sets out the terms of their appointment.

### **5.4 Induction**

The induction of newly appointed Directors is under the leadership of the Chairperson who delegates the executive management to accompany newly appointed Directors in their introduction of the Company and its business operations.

The induction pack for newly appointed non-executive Directors comprised among others the Constitution, the Board Charter, Directors' Code of Ethics, minutes of last three board meetings prior to the Director's appointment, the annual report, the mission statement of the Company, and relevant legislations that will enable him to understand his duties and obligations.

### **5.5 Professional Development**

The Company provides the opportunity to its Directors to develop their knowledge and skills through workshops and development programmes delivered mostly by the Mauritius Institute of Directors, of which the Eclasia Group is a founder patron.

In performing their role, the Company secretaries of Eclasia Secretarial Services Ltd, undertake a minimum of 21 hours training and skills development annually as part of their qualifying as Chartered Secretaries of the Institute of Chartered Secretaries and Administrators of United Kingdom. The Company secretaries are also members of the Mauritius Institute of Directors and the ICSA Mauritius Branch.

### **5.6 Succession Plan**

A succession plan is under process for senior management positions in the Company to maintain continuity and sustainability of the enterprise.

The identification of new directors, in order to keep a balance of skills and expertise at the level of the Board, is the responsibility of the Corporate Governance Committee, which reviews the composition of the Board on a regular basis.

### **5.7 Directors' Duties**

Upon appointment on the Board of the Company, the duties of a Director are communicated to him through the induction pack and are outlined in his letter of appointment as well as in the Board Charter.

## 5.8 Code of Ethics

The Directors are guided by the Director's Code of Ethics which is published on the Company's website. It guides board members in the conduct of business of the Company and in dealing with stakeholders with integrity and in an ethical manner.

All employees of the Company formally adhere to the Code of Ethics of FTL, which Code upholds the strong moral values, which are an integral part of the FTL Group's spirit.

## 5.9 Conflicts of Interest

The Company's Constitution provides that a Director who has an interest in a transaction shall declare forthwith to the Board the nature and extent of his interest. Accordingly, if the Director has declared his interest in the proposed transaction or any matter related to the transaction, he shall be counted in the quorum and participate in the vote on the transaction other than any decision involving his appointment or arrangement on the terms of his appointment.

The Board Charter guides Directors in situations where they find themselves in a state of conflict or potential conflict or they are a related party in a transaction with the Company

## 6. REMUNERATION OF DIRECTORS

The remuneration of the Directors and Members of the Audit & Risk and Corporate Governance Committee for the financial year ended 30 June 2020 were paid to the Directors and Members' respective employer.

The fees were paid out as follows:

- An annual retainer of Rs 60,000 for the Chairperson and Rs 40,000 to the Directors plus a fee of Rs 10,000 per meeting.
- The Chairperson of the Audit and Risk committee was entitled to an annual retainer of Rs 50,000 and Rs 30,000 for the members plus a fee of Rs 10,000 per meeting.

The remuneration of the Executive Director is not disclosed due to commercial sensitivity of this information.

No fee was paid to the Directors sitting on the subsidiary companies of FTL.

### 6.1 Attendance at Board and Committee Meetings

The attendance of Directors at meetings of the Board and Committee meetings were as follows:

## CORPORATE GOVERNANCE REPORT - YEAR ENDED JUNE 30, 2020

## 6.1 Attendance at Board and Committee Meetings (cont'd)

			<u>Board</u>	<u>Audit &amp; Risk cum Corporate Governance Committee</u>
	<u>BOARD MEMBERS</u>		<u>4 meetings</u>	<u>4 meetings</u>
<u>1</u>	<u>BOULLÉ, Gérard Louis (Chairman)</u>	<u>Non-Executive</u>	<u>4</u>	<u>-</u>
<u>2</u>	<u>DOGER DE SPEVILLE, Michel Cédric</u>	<u>Non-Executive</u>	<u>4</u>	<u>-</u>
<u>3</u>	<u>FORGET, Rocky</u>	<u>Non-Executive</u>	<u>4</u>	<u>-</u>
<u>4</u>	<u>HARDY, Philippe</u>	<u>Independent</u>	<u>3</u>	<u>4</u>
<u>5</u>	<u>LAGESSE, Cédric Jean Octave</u>	<u>Non-Executive</u>	<u>4</u>	<u>-</u>
<u>6</u>	<u>VITRY-AUDIBERT, Julien</u>	<u>Non-Executive (as from 01.06.20)</u>	<u>4</u>	<u>-</u>
	<u>COMMITTEE MEMBER</u>			
<u>1</u>	<u>JOUANA, Audrey</u>	<u>Co-opted</u>	<u>-</u>	<u>3</u>
<u>2</u>	<u>RAE, Sébastien</u>	<u>Co-opted</u>	<u>-</u>	<u>3</u>

## 7. STATEMENT OF REMUNERATION PHILOSOPHY

The Company's philosophy concerning remuneration is to offer a competitive package that will attract, retain and motivate Directors and 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.

The Directors' fees are also benchmarked on market norms and reviewed on a regular basis by the Board upon recommendation of the Corporate Governance Committee.

## CORPORATE GOVERNANCE REPORT - YEAR ENDED JUNE 30, 2020

**8. THE ORGANISATIONAL STRUCTURE**

The members of the senior management team hereunder do not hold shares in the Company and are not entitled nor granted any special right to subscribe to shares of the Company. At 30 June 2020, the organisation structure of the Company was as follows:

**8.1 Profile of Senior Management Team**

<b>1.</b>	<b>Ranjoy Neerohoo (General Manager)</b>
	Ranjoy Neerohoo has over 23 years' experience in freight forwarding, shipping, transport and logistics. He holds an MBA from Aston Business School, Birmingham UK. Ranjoy Neerohoo started his career in 1997 at Transworld Cargo, Rogers Group, before joining FTL in 1998. He held various roles at FTL until 2004 as Sea Freight Operations Manager prior joining Maersk Line as Line and Operations Manager. Ranjoy Neerohoo has then held the roles of Indian Ocean Cluster Sales Marketing Manager and Managing Director before moving to Senegal as Regional Managing Director for Maersk Line in North West Africa. During his tenure at Maersk Line he has chaired various boards and led several projects, namely in lean management, outsourcing and offshoring, customer care and digital innovation. Ranjoy Neerohoo also exercised as consultant in transport and logistics for an FMCG from 2017 to 2018 after leaving Maersk Line. He joined back FTL in March 2020.
<b>2.</b>	<b>Vincent Tulet (Group Finance Manager)</b>
	Mr Vincent Tulet is a Chartered Certified Accountant since November 1999, Mr. Tulet has worked for several renowned audit firms in Mauritius and Réunion before joining Freight and Transit Company Limited in August 2000 as its Group Finance Manager.
<b>3.</b>	<b>Jean Michel Carosin (Head of International &amp; Strategic Development)</b>
	After graduating in Reunion Island in 1993, Mr. Jean Michel Carosin has engaged in various jobs where his skills for Market Development were widely used, from Product Development to Merchandising and Export. He started in 1995 with Versatech Ltd (ENL Group), he has worked for The Coca-Cola Company as Market Developer and later joined Phoenix Beverages as Export Manager. During his career, Mr. Carosin has travelled extensively in the Indian Ocean islands and Eastern Africa in search of new market opportunities. He joined the FTL in September 2015 as Head of International & Strategic Development to support the development of FTL foreign offices.

<b>4.</b>	<b>Ajay Bhaugeerothee (Human Resources Manager - FTL Group )</b>
	Holder of a BSc. in Human Resource Management and an MBA with specialisation in HRM, Mr Ajay Bhaugeerothee joined the Eclasia Group in 2016. He is also a Certified Organisational Development Practitioner accredited by MEIRC & SHRM and an Associate Member of CIPD UK. He started his career in Human Resources Management within the IBL Group, where he acquired multi-sector experience, namely in Manufacturing, Distribution and Contracting/Construction. Mr Ajay Bhaugeerothee currently oversees Human Resources Operations at FTL Group.

## 9. THE COMPANY SECRETARY

Eclasia Secretarial Services Ltd is a corporate body, which holds the functions of Company Secretary.

The secretarial work is undertaken by qualified chartered Company secretaries who are members of the Institute of Chartered Secretaries and Administrators (ICSA) of United Kingdom.

Board members have access to the Company secretaries of Eclasia Secretarial Services Ltd who are assigned the task of guiding the Board in the application and implementation of the principles of the Code of Corporate Governance as well as ensuring that the Board is aware of the statutory and regulatory requirements. The Board is satisfied that Eclasia Secretarial Services Ltd, through its representatives, fulfils satisfactorily its responsibilities towards the Board and the Company.

The role and duties of the functions of the Company Secretary are outlined in its terms of reference.

## 10. BOARD COMMITTEES

Taking in consideration the size of the Company and the composition of its Board, the Board was of the view that the Audit and Risk Committee can take on the additional responsibility of overseeing the Company's corporate governance.

The terms of reference of the Audit and Risk Committee includes in its purview the aspects of Corporate Governance. The Committee is known as the Audit and Risk Cum Corporate Governance Committee. During the year, the Committee assumed the additional responsibility of Social and Ethics Committee for its South African subsidiary, FTL Freight and Transit (South Africa) (Pty) Ltd. This is to ensure that the subsidiary fulfils its responsibilities as required under the South African Companies Act.

### 10.1 Audit and Risk Cum Corporate Governance Committee

The Audit and Risk cum Corporate Governance Committee met four times during the year.

#### 10.1.1 Composition

The members of the Committee are:

1	Philippe de Bragard Hardy (Chairman)	Independent
2	Audrey Jouana (as from 17.06.19)	Non-Executive
3	Sébastien Rae (as from 17.06.19)	Non-Executive

CORPORATE GOVERNANCE REPORT - YEAR ENDED JUNE 30, 2020

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**10.1.1 Composition (cont'd)**

The Directors have co-opted Mrs Audrey Jouana and Mr Sébastien Rae on the Committee on account of their financial knowledge and expertise. The non-board members appointed on the Committee bring in an industry knowledge and expertise that contributes positively to the Committee's effectiveness in monitoring the Company's internal controls and risk management and they contribute fully towards ensuring that the Committee fulfils its functions

The Board is aware that, up to 30 June 2020, only one independent board member is sitting on this Committee and has decided to consider in the course of the financial year 2020-2021, the appointment of an independent non-executive director as an additional member of this Committee. In the meantime, the Audit & Risk cum Corporate Governance Committee will continue to oversee the controls and risk management within the Company.

Messrs Julien Vitry-Audibert (ex-CEO), Ranjoy Neerohoo (General Manager), Vincent Tulet (Group Finance Manager) and Vikash Ramlowat (Finance Manager) attended the meetings of the Committee during the year, whenever required.

**10.1.2 Terms of reference**

The main responsibilities of the Audit and Risk cum Corporate Governance Committee are:

- (i) Set up and oversee the financial reporting and internal controls of the Company;
- (ii) Take cognizance of the audit report of the internal and the external auditors;
- (iii) Make recommendations regarding appointment of external auditors;
- (iv) Discuss with external and internal auditors of the quality and acceptability of existing control and reporting structures;
- (v) Ensure that the best financial practices are being adhered to;
- (vi) Determine the different risks that the Company may face and how to tackle them;
- (vii) Review and approve credit exposure to related parties; and
- (viii) Monitor the implementation of CSR programme.

Corporate Governance matters

- (i) Responsible for the application of the good governance and appropriate reporting in the annual financial statement;
- (ii) Establish policies and procedures in relation to related party transactions;
- (iii) Review governance structure and processes of the Company.

Social and Ethics Committee

- To monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
  - a) Social and economic development;
  - b) Good corporate citizenship;
  - c) Environment, health and public safety;
  - d) Consumer relationships;
  - e) Labour and empowerment.

The Committee confirmed that it has discharged its responsibilities for the year under review in compliance with the above terms of reference. The terms of reference, which were approved by the Board on 01 October 2020, will be reviewed every five years.

## **11. INFORMATION, INFORMATION TECHNOLOGY AND INFORMATION SECURITY GOVERNANCE**

The Eclasia Group IT Committee (GIT) has been mandated to provide the necessary directions on strategy, infrastructure, security and operations management in relation to information, communication, and technology systems within the Eclasia Group and its associate companies. The GIT directs and supports the Eclasia Group companies in the aspects of Digital Innovation and Technical Management, Enterprise Architecture and Standards and IT Security and Solution Endorsement.

Resilience of the IT infrastructure has been tested via a Vulnerability and Penetration Tests assignment and recommendations highlighted by the Service Provider have been implemented.

An IT policies and Procedure (ITPP) manual, which comprises of 32 policies and 200 control points, has been implemented at FTL and is audited by the Eclasia Group IT Audit Department on a 2-year roll over program. The findings of the audit are reported to the Audit and Risk cum Corporate Governance Committee.

An End User IT Security Policy is remitted to all new recruits and must be adhered to by the all employees. To maintain a reliable and secured IT environment, FTL with the support of Eclasia Group, has taken initiatives to strengthen its IT Governance Framework, which covers Information Management, Information Technology and Information Security.

## **12. RISK GOVERNANCE AND INTERNAL CONTROL**

### **12.1 Risk Governance**

The Board is responsible for the governance of risks and for determining the nature and extent of the main risks, it is willing to take in achieving its strategic objectives. The Board has entrusted to the Audit and Risk cum Corporate Governance Committee the responsibility to ensure that Management identifies and manages all inherent risks on a regular basis and amongst other initiatives, by keeping a Risk Register.

A comprehensive review of the Company's Risk Register was effected by Management during the year.

The domains of IT, Cyber risk, operations, human resources, legal and regulatory, security and communication risks were addressed. The Risk Register will consequently be updated with actions being taken to eliminate or mitigate risks. The risk appetite fixed by the Board was maintained at the level of Rs.4.5 Million.

### **12.2 Key Risks facing FTL**

Risks are identified by Management in the domains of IT, finance, market, operations, human resources, legal and regulatory risks and information technology amongst others. A description of the risks together with the risk management policies adopted are further detailed in note 3 of the financial statements.

## 12.2 Key Risks facing FTL (cont'd)

For the current period, Management has identified the following key risks:

- Hacking and Ransomware;
- Dangerous cargo;
- Risk of Pandemic outbreak Covid 19
- Creditors: risk of claim;
- Loss of business due to Covid 19 and client going bankruptcy
- Specific risks from subsidiaries (credit risk for all FTL offices a, loss of key employees, political instability and tax audit in Madagascar, exchange rate for FTL Madagascar, disbursement not recovered, competition risk / loss of main client and cash flow shortfall for FTL RSA)

Risks are compiled in a risk register and scored according to their likely incidence and impact on the business of the Company. The group is working on a software that will a useful tool to administer the risk register and help to address and better monitor the various risks and their likelihood.

Action plans and measures were implemented to effectively mitigate, or counter risks identified.

Management has a standing committee, which continually re-assesses risks and all measures in place for their mitigation.

The major risks for the Company are credit risks, fire, errors in customs clearing, and communication breakdown hacking and ransomware. These risks are managed by maintaining and strengthening the internal control procedures and infrastructure. One additional major risk identified is the outbreak of pandemics such as Covid-19.

The Audit and Risk cum Corporate Governance Committee is apprised of all changes to the Risk Register every year to provide assurance that risk management processes are in place and effective.

### (a) Strategic and Business Risks

More than 100 freight-forwarding companies are operating in Mauritius. The market is quite saturated and new entrants disrupt the market. We gather information in order to build a competitive intelligence and offer better service to our clients.

### (b) Legal & Commercial Risks

Regular changes in legislations and regulations affect the entire logistics industry. A specific team follow up the legal framework to make sure FTL keeps abreast on these changes.

### (c) Information Technology Risks

We are today more and more dependent on information technology and most of our stakeholders are now web-based operated. This create certain vulnerabilities. With service level agreements in place with our service providers, we try to mitigate the risks.

### (d) Human Resource Risks

Being in a service industry, our employees are an important asset. We have accordingly put in place a succession plan and talent management processes, we have also set up training plans and organise staff rotation in order to mitigate any risks.

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(e) Health, Safety and Environmental Risks

With the help of Eclasia Health & Safety Officer, we implement all the best practices and ensure that all of our employees work in a safe environment especially for our new warehousing activity where regular checks are carried out

With the break out of Covid-19, appropriate measures have been taken to ensure social distancing in the office, recording of contact details of all visitors and temperatures checks at the entrance for every person entering the premises. Work from Home was also implemented.

(f) Financial Risks

The fluctuations in the foreign currency exchange rates can create effects in the figures reflected in the financial statements of the Group, due to time-lapse differences. A proper monitoring is in place a specifics spots deal are made via the Eclasia group structure to allow a better control on same.

(g) Credit Risks

In this competitive environment, it will be very difficult to operate without providing necessary credit facilities to clients. In order to manage this risk, FTL and its companies have subscribed to a credit insurance with COFACE for the coverage of most of its clients. Also, during the Covid-19 period FTL has tightened controls on recoveries and advance of disbursement.

**12.3 Risk Management at FTL**

The Audit and Risk cum Corporate Governance Committee was satisfied that the measures to effectively mitigate or counter risks have been identified and appropriate action plans were in place.

The Business Continuity Plan (BCP) is a stepwise and planned approach to recovering business operations in the aftermath of a materialized risk and gives comfort for the sustainability of operations. The Risk Register provides the scenarios that could affect operations of the enterprise. A disaster simulation was conducted to test the effectiveness of the BCP and it was audited by an external consultant. The result of the test was satisfactory.

**- Insurance cover**

The company evaluated its insurance needs through a broker with many years of experience and satisfactory cover was maintained for the year.

**- Fraud Policy**

Clear guidelines on financial policies and procedures are in place to minimise the risk of fraud. These procedures are closely monitored by the internal auditor.

**- Whistleblowing**

All employees are encouraged to whistle blow through clear and confidential contact system. The whistleblowing procedure is well entrenched, including the use of suggestion/complaint boxes for anonymous comments or suggestions. Employees are empowered to whistle-blow in case of need and an environment where honesty and transparency are valued, is a great assistance in this.

The whistleblowing procedure put in place at the Company is embodied in the anti-fraud policy.

**12.4 Internal Control**

In addition to the review of the Company's risks by the Audit and Risk cum Corporate Governance Committee, a sound internal control system is in place at the Company.

## 12.4 Internal Control (cont'd)

The Board has entrusted to the Audit and Risk cum Corporate Governance Committee the responsibility to report on the effectiveness of internal control at the Company.

Management of the Company follows a formalised set of policies and procedures. These are laid out in manuals in the fields of Human Resources, Finance, IT and all aspects of business operations. Compliance is ensured through a comprehensive series of audits performed by auditors external to the Company. The principle of continual improvement is at the base of all procedures.

The internal functioning of the enterprise is constantly monitored through a series of audits and monitoring systems, which include:

- Internal audits of all operations,
- External audits of operational and financial aspects,
- Information technology audits,
- Client audits from a limited number of long-standing clients to assure them of process and quality of service.
- Environmental impact, management systems and health and safety systems (as detailed below),

The “Eclasia Way” series of audits, that compare the Company management to the norms established by the Eclasia Group, has been implemented. FTL has been awarded the “Chairman’s Award”.

FTL is certified ISO 9001:2015, an international quality management standard that has been adopted by FTL. Regular audits of the quality systems in place are carried out by external consultants. The surveillance audit which was scheduled during 2019-2020 has been postponed to September 2020 due to Covid-19 and will be done remotely. The surveillance will be done by AFNOR.

During the year, all control systems and accreditation systems were again satisfactorily monitored.

## 13. AUDIT

### 13.1 Internal Auditors

The internal audit service is contracted 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 Internal Audit team has an independent appraisal function that 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.

The Internal Audit Manager reports to the Chairman of the Audit and Risk cum Corporate Governance Committee who in turn brings to the Board any material issues requiring special attention of the Directors.

The Board, with the assistance of the Audit and Risk cum Corporate Governance Committee and the Internal Auditor, monitors the effectiveness of internal controls. Regular and surprise audits were performed by the Internal Auditors and the findings and recommendations and Management responses, are reported to the Committee.

### 13. AUDIT (CONT'D)

#### 13.1 Internal Auditors (cont'd)

Weaknesses identified by the Internal Auditors during their reviews were brought to the attention of Management and the Audit & Risk cum Corporate Governance Committee formally by way of risk rated structured reports. These comprise the results of the current review together with updates on the corrective actions taken by Management to improve control systems and procedures. 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.

According to the policy in place, the internal audit covers all relevant areas within a period of 3 years and the last review was at the end of 2018.

During the financial year under review, the function has been reporting on the following cycles and their sub processes: provisions cost of sales /work in progress / Creditors/ Overseas travelling and credit Cards/ /Forex/Value Added Tax/Fraud Risk Profile and notwithstanding a complete follow-up on the status of recommendations made following previous interventions on all other aspects and sectors of internal controls and risks within the enterprise.

The Group Internal Audit Manager and the Group IT Auditor meet with the Chairperson of the Audit and Risk cum Corporate Governance Committee once a year without the presence of management.

#### 13.2 External Auditors

BDO & Co is the external auditor of Freight and Transit Co Ltd and did not carry out any non-audit services during the year under review.

The fees paid to BDO & Co for their audit services were for the company Rs 304,000 (2019: Rs 309,000).

BDO & Co was contracted for the annual financial audit, which was conducted in a serious and stringent manner. All internal audit reports were taken into consideration and the legal requirements on Company practices were closely evaluated.

The external auditor, who has been in function since 1995, will be reconducted to its function at the annual meeting upon recommendation from the Audit and Risk cum Corporate Governance Committee.

A process has been put in place at the level of Eclosia Group for the appointment of auditors in the future.

The Audit and Risk cum Corporate Governance Committee reviews the audit plan and fees of the external auditor prior to the yearly audits.

**13.2 External Auditors (cont'd)**

The Audit and Risk cum Corporate Governance Committee meets once a year with the external auditors to review the Company's financial statements, management and representation letters and to assess the effectiveness of the external audit process. The external auditor also has the opportunity to meet the members of the Committee without management presence.

**14. RELATED PARTY TRANSACTIONS**

Related party transactions are made at arm's length and in the normal course of business.

Related party transactions between the Company or any of its subsidiaries or associates and a Director, controlling shareholder or companies owned or controlled by a Director or controlling shareholder are disclosed in the note 32 to the financial statements.

**15. DIVIDEND POLICY**

The Company's policy is to pay a dividend based on the Company's performance so as to ensure, as far as possible, a relatively consistent return to its shareholder.

The Company declared a dividend of Rs 15,000,000 (2019: Rs 20,000,000) for the year under review.

**16. MANAGEMENT AGREEMENT**

The Company has a management contract with Management and Development Co Ltd, which covers interalia, strategy, human resources, governance, risk, and compliance issues monitored at Group level. The above contract is remunerated in the form of management fees.

**17. SHAREHOLDERS' AGREEMENT**

There are no shareholders' agreements that affect the governance of the Company during the year under review.

**18. CALENDAR OF IMPORTANT EVENTS**

The calendar of major events of the Company is as follows:

	<b>Events</b>	<b>Month</b>
1.	Approval of Final Accounts	October
2.	Annual Meeting of Shareholders	December
3.	Dividend Declaration - Final	June
4.	Dividend Payment - Final	June

## 19. RELATIONS WITH KEY STAKEHOLDERS

FTL employees are given the opportunity to express themselves and interact with the management on a daily basis. As part of the Communication Structure, employees are briefed, through regular management and departmental meetings as well as through the “Conseil d’Entreprise”. The monthly company briefing is an opportunity for employees to interact with management and participate in the development of the Company.

Moreover, the important 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:

### 19.1 Suppliers

The company keeps a register of suppliers for all procured products and services. The suppliers are evaluated regularly on the quality of product delivered and the services supplied. The evaluation exercise allows the company to determine its preferred supplier.

The company adopts a policy of competitive bidding between the preferred suppliers of all products costing more than Rs 1 million annually, to ensure that it gets the best quality/price product. Potential suppliers who are not on the preferred suppliers list are invited to quote during all sourcing exercises.

### 19.2 Employees

The satisfaction level of employees is evaluated every two years through an engagement survey. The result of this survey is analysed in focus groups consisting of representatives of employees and thereafter an improvement plan is put in action. The result for this year was 79% of engagement.

### 19.3 Clients

A schedule of meetings during the year is planned with all major clients, both in Mauritius and overseas. These clients-supplier meetings review decisions on all issues of concern, including quality of service and price. They are a source of building strong and positive relations. In addition, the Company has a comprehensive programme of visits, which allows in-depth knowledge of consumer needs to be addressed.

### 19.4 Customer Care Department

A customer care department provide relevant and timely information to FTL customers. A total of five persons are responsible to provide outstanding customer experience.

The customer satisfaction has been monitored through surveys in 2018 and 2019

## 20. POLICIES

Being a responsible corporate company, FTL is fully aware of its responsibility towards its employees, stakeholders, government and the country at large. FTL believes in the importance of operating its business in an ethical and responsible manner and as a caring organisation, it aims to achieve sustainable development by contributing towards the wider community.

### 20.1 Employee Welfare and recognition

In the past year, employees participated in sports and social activities organised by FTL and the companies of the Eclasia group, namely the Eclasia Group Athletics day, badminton and football tournament, 'Rallye Dodo', domino and 'chiffres et des lettres'.

Annual kids day was organised at FTL to provide an opportunity for employees' children to know more about their parents' workplace and as usual children got the chance to explore the work life, colleagues of their parents and bond as one FTL family.

Celebrating our cultural diversity was also a main highlight of the year 2019-2020 where festivals like Divali, Eid and Spring was celebrated with all employees.

Following successful implementation of flexi-time project, work from home ("WFH") was launched on a pilot basis at FTL in December 2019. In line with promoting a better work-life balance, WFH came at the right moment for FTL, that is, just before the pandemic broke out in Mauritius. The pandemic proved that WFH can be adopted within the right framework. FTL went on to officialise WFH and it has become part of working life.

The third edition of Going the Extra Mile Award (GEM) was also organised and employees participated actively to designate their colleagues who were 'gems' at work. Prized employees were rewarded for their achievements.

### 20.2 Ethics

Discussions about specific topics of the Code of Ethics were held throughout the year.

Management encourages continuous discussions during meetings on a theme taken from the Code of Ethics and the Credo.

The Code of Ethics is at the centre of FTL's actions and the Company has adequate internal procedures in place to ensure fairness in recruitment and promotion of its employees.

### 20.3 Health & Safety

With the support of the Health & Safety officer, FTL has been able to define a proper health & safety plan.

Fire drills have been performed at per schedules and fire warden trainings have also been carried out with designated employees.

With the collaboration of the Group Security Officer and the Special Mobile Force of Mauritius Police Force, a talk on Bomb Alerts was organised at offices of PAS. Employees got the opportunity to know on implications of bomb alerts, precautions to be taken and how to react promptly in these situations at work.

### 20.4 Environmental Issues

FTL reaffirms its commitment to the protection of our environment and ensures that resources are effectively managed, protected, monitored and used in a sustainable manner through the following actions:

## 20.4 Environmental Issues (cont'd)

### **Our commitment to a paperless environment through:**

- Raising awareness about environmental issues which are related to our business activities, namely paper reduction, recycling of organic wastes and proper management of e-mails in order to reduce pollution.
- Our paper waste is being collected by “WeRecycle Ltd” for recycling, our pallet are collected and reused by “Woodpro Ltd” where as our warehouse wastes such as cardboard and plastic and shrink wrap are handled by “Green Ltd”.

### **Monitor the use of non-renewable energy at our premises through:**

- Use of energy-efficient led lighting within the premises Pointe-aux-Sables and Plaine Magnien offices as well as at our new warehouse in Trou Fanfaron;
- Air-conditioning energy-efficient system installation inside office building.

### **Awareness**

- All activities which were mostly scheduled towards the end of June 2020 have been rescheduled for financial year 2020-2021.

## 20.5 Charitable Contributions

FTL contributed Rs 390,631 as part of its CSR fund to Fondation Solidarité of the Eclasia Group, which offers support to several NGOs through projects focused on children’s education and well-being, social housing and sustainable actions mainly in agriculture.

In addition, FTL donated Rs 54,900 to charitable organisations and to the Covid-19 Solidarity fund set up by the Government

Moreover, FTL CSR team has been involved in several projects to support the following NGO’s: La Fondation Georges Charles and Le Centre d’Eveil de Cassis.

In November 2019, FTL employees visited the elderly patients at Jeetoo Hospital and fruits were shared among them. Still at Jeetoo Hospital, in December 2019, FTL employees decorated the maternity ward a few days before Christmas

Our company magazine Kozé CSR aims to improve communication and to inform the employees on the activities organised by the CSR team.

## 20.6 Sponsorship

FTL is active in the promotion of sports among its employees for Group football competitions ‘Foot Five’ and its cycling team participating in sponsored cycling events, namely the Colin Mayer Tour which took place from 11<sup>th</sup> to 13<sup>th</sup> October 2019. Due to Covid-19 many activities have been rescheduled for the next financial year.

**21. FUNDING****21.1 Political Contributions**

The Company has made a contribution of Mur 200,000 as political donations during the year.

**22. SUMMARY OF RESULTS AT 30 JUNE 2020**

	<b>GROUP</b>	
	<b>2020</b>	2019
	<b>Rs.000's</b>	Rs.000's
Results -Net profit after Tax	<b>24,337</b>	<b>37,136</b>
Current assets	<b>277,722</b>	<b>285,618</b>
Non-current assets	<b>117,919</b>	<b>57,731</b>
Assets classified as held for sale	<b>-</b>	<b>154</b>
Total assets	<b>395,641</b>	<b>343,503</b>
Capital and reserves	<b>134,765</b>	<b>137,585</b>
Current liabilities	<b>170,354</b>	<b>181,865</b>
Non-current liabilities	<b>90,522</b>	<b>24,053</b>
Total equity and liabilities	<b>395,641</b>	<b>343,503</b>

Date: 1 October 2020

Eclosia Secretarial Services Ltd  
Company Secretary

## **STATEMENT OF DIRECTORS RESPONSIBILITIES**

### **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);
- (iii) The selection of appropriate accounting policies supported by reasonable and prudent judgments.

The report of the external auditors confirming that the financial statements is fairly presented is on pages 4 and 5.

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;
- (iv) The Code of Corporate Governance has been complied with and explanations have been provided on how the principles of the Code were applied.

### **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 Risks Cum Corporate Governance 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 Risks Cum Corporate Governance Committee, the Directors are made aware of the risk areas that affect the Company and ensure that Management has responded appropriately to mitigate these risks.

**RISK MANAGEMENT (CONT'D)**

The Board considers that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the organisations' position, performance and outlook.

Gérard Boullé  
Chairman

Philippe Hardy  
Director

Date: October 1, 2020