

# corporate governance report

ENL Commercial Limited ('ENL Commercial') qualifies as a public interest entity under the provisions of the Financial Reporting Act.

Year 2017 has marked an important change in the Corporate Governance regime of Mauritius. The New Code of Corporate Governance ('New Code') is effective since 1 July 2017 and is applicable for reporting by ENL Commercial in respect of its financial year ended 30 June 2018.

The Code comprises of 8 principles and is on an 'Apply and Explain' basis, thus departing from the previous code which was on a 'Comply or Explain' basis. The Corporate Governance report of ENL Commercial describes the main corporate governance framework and application of the principles of the New Code by the company.

This report, along with the Annual Report, is published in its entirety on ENL Group's website: [www.enl.mu/en/investors/listed-companies/enl-commercial](http://www.enl.mu/en/investors/listed-companies/enl-commercial)

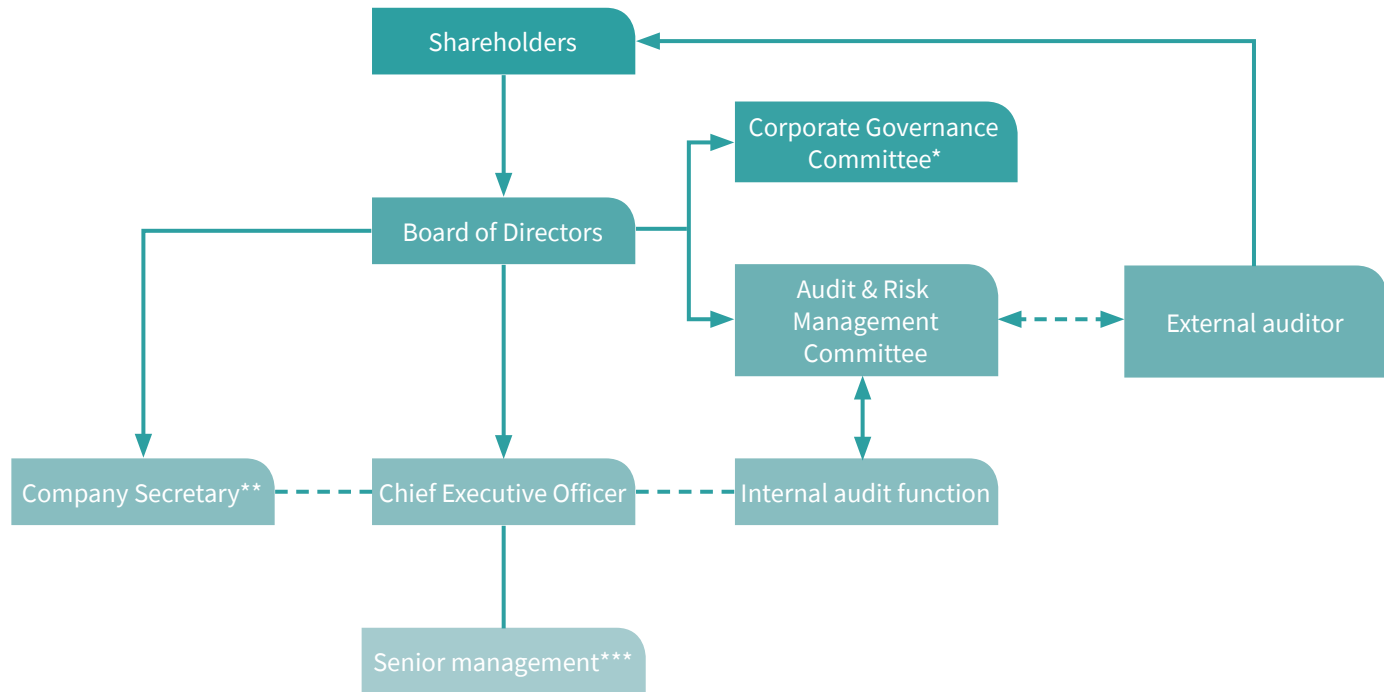
## 1. Governance structure

The Board of ENL Commercial is collectively accountable and responsible for the long-term success of the company, its reputation and governance. The Board also assumes the responsibility for leading and controlling the company and meeting all legal and regulatory requirements.

The group operates within a clearly defined governance framework which provides for delegation of authority and clear lines of responsibility while enabling the Board to retain effective control. As such, the Board is ultimately accountable and responsible for the performance and affairs of the group. While the Board has reserved certain matters for its approval, it has delegated some of its powers and responsibilities to two Committees, namely the Corporate Governance Committee ('CGC') and Audit and Risk Management Committee ('ARMC'). A reporting mechanism is in place to ensure that matters affecting the affairs and reputation of the group are escalated to the Board by the Chairpersons of these Committees and the Boards of subsidiaries.

## 1.1. Organisational and governance structure

The organisational and governance structure of ENL Commercial is illustrated as follows:



\* As per its Terms of Reference, in its capacity, the Corporate Governance Committee also acts as Remuneration and Nomination Committee.

\*\* In accordance with the terms of the management contract, ENL Limited provides corporate secretarial services through the Company Secretary, to ENL Commercial.

\*\*\* The profile of the Senior Management team of ENL Commercial is found on ENL Group's website: [www.enl.mu/en/group/our-businesses/our-companies](http://www.enl.mu/en/group/our-businesses/our-companies)

## 1.2. Board Charter and Position Statements

The Board of Directors' Charter sets out the objectives, roles and responsibilities and composition of the Board of Directors of ENL Commercial.

The Board Charter as well as the Position Statements, which have been approved by the Board, provides for a clear definition of the roles and responsibilities of the Chairperson, Executive and Non-Executive Directors, the Board's Committees, CEO of ENL Commercial as well as the Company Secretary.

The Board Charter is available for consultation on ENL Group's website: [www.enl.mu/en/investors/information/policies](http://www.enl.mu/en/investors/information/policies)

### 1.3. Code of ethics

**ENL Code of ethics** is underpinned by ENL's Values and puts forward 10 Principles which reflect ethical behaviours and attitudes expected from ENL employees and governing bodies of ENL. The principles and rules formulated in the Code do not replace local legislation in the countries where ENL operates.

#### our principles

- ✓ We embody respect and fair treatment
- ✓ We care for our people
- ✓ We behave with integrity
- ✓ We care for our island and our planet
- ✓ We protect and use company information and IT assets properly
- ✓ We deliver to our shareholders
- ✓ We avoid conflict of interests
- ✓ We protect our assets
- ✓ We put our heart in serving our customers
- ✓ We build sustainable partnerships

ENL Commercial is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.

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We believe in commercial success and growth but not at any cost. We wish to succeed while always upholding our values. The ENL Code of ethics, therefore, aims to reiterate our values and to outline the behaviours and conduct which all of us are expected to follow to uphold the group's objectives.

**ENL Group CEO**  
**Mr. Hector Espitalier-Noël**

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The ENL Code of ethics has been adopted by the Board of ENL Commercial and is regularly monitored by the latter. The said code is disseminated amongst all the employees and the respective governing bodies. New joiners are remitted a copy of the ENL Code of ethics and are required to adhere formally to its content upon their induction.

The ENL Code of ethics also outlines that ENL Directors and employees shall be required to acknowledge on a yearly basis that they have read, understood and agreed to comply with the principles of the aforesaid code. During the year ended 30 June 2018, the HR functions of ENL facilitated the renewal of adherence to the ENL Code of ethics.

ENL Code of ethics sets out an 'ethics enabling mechanism' that provides guidelines in determining how and whom to contact for reporting of ethical issues or breaches. An ethics hotline and email address have been set-up to that effect. The Ethics Officer of ENL acts as a point of contact to capture concerns or grievances on potential ethical breaches.

The ENL Code of ethics is available for consultation on ENL Group's website: [www.enl.mu/en/investors/information/policies](http://www.enl.mu/en/investors/information/policies)

#### 1.4. Constitution of ENL Commercial Limited

The material clauses of the ENL Commercial's constitution are as follows:

- > Fully paid up shares are freely transferable;
- > The Company may acquire and hold its own shares;
- > A special meeting of shareholders may be called by the Board and shall be so called on the written request of shareholders holding shares carrying together not less than five percent (5%) of the voting rights entitled to be exercised on the issue;
- > Proceedings of shareholders' meetings are governed by the fifth schedule of the Companies Act 2001;
- > A Director is not required to hold shares in the company;
- > A quorum for a meeting of the Board is three Directors.

The Constitution of ENL Commercial is available for consultation on ENL Group's website: [www.enl.mu/en/investors/information/policies](http://www.enl.mu/en/investors/information/policies)

## 2. The Board

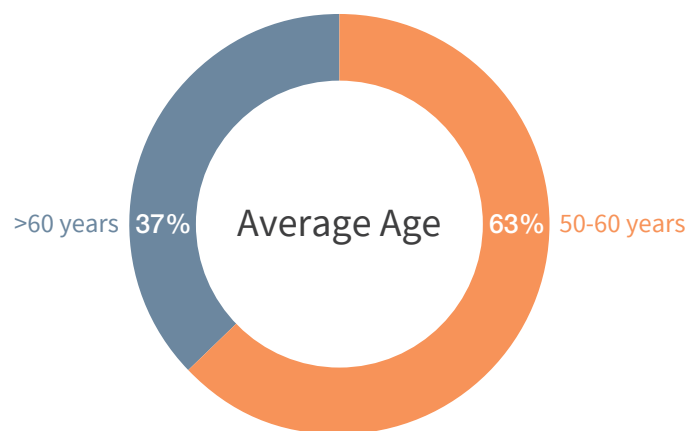
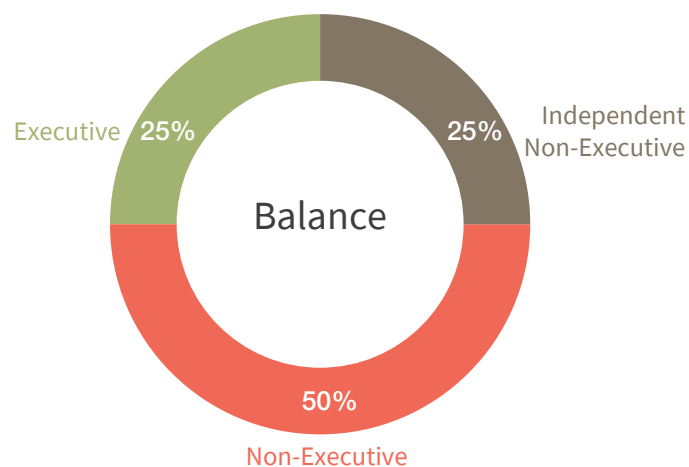
### 2.1. Board profile

The names and profiles of ENL Commercial's Directors are disclosed on pages 54 to 56 of the Annual Report. All the Directors of ENL Commercial ordinarily reside in Mauritius.

### 2.2. Board composition

- > The Board of Directors is the Company's supreme governing body and has full power over the affairs of the Company.
- > As per the Board Charter, the Board has a unitary structure comprising of Executive, Non-Executive and Independent Directors.
- > In accordance with ENL Commercial's constitution, the Board consists of a minimum of 5 and a maximum of 9 members.
- > The members of the Board are elected at the meeting of shareholders.
- > The Board uses its best efforts to ensure that:
  - o its members can act critically and independently of one another;
  - o each Board member can assess the broad outline of the company's overall policy;
  - o each Board member has sufficient expertise to perform his role as a Board member;
  - o the Board matches the Board profile and comprises directors from both genders with at least one male and one female Director;
  - o at least one Board member is a financial expert, meaning he has expertise in financial administration and accounting for companies similar to the company in size and sophistication; and
  - o no less than 2 of the Board members are independent.

- > During the year under review, the Board of ENL Commercial comprised of male Directors only. The Board is in the process of seeking a suitably qualified female candidate to be appointed as additional Independent Director on the Board of ENL Commercial.
- > Independent Directors are first and foremost independently minded and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Board reviews independence of Directors on an annual basis. When considering independence, the Board takes into account the criteria set out in the Code and the Board Charter. Mr Gérard Garrioch meets all those criteria except for having served on the Board for more than 9 years. Mr Gérard Garrioch has continuously shown strong independence of mind and judgement and objectivity during deliberations at Board meetings. Hence, notwithstanding his tenure in office, the Board of ENL Commercial has resolved that Mr Gérard Garrioch will continue to be categorised as an Independent Non-Executive Director of ENL Commercial.
- > As at 30 June 2018, the Board comprised of 8 members. Board members have a diverse mix of skills and experience and are distinguished by their professional ability, integrity and independence of opinion.
- > The Board composition for the year under review is as follows:



## 2.3. Board Committees

### THE BOARD OF DIRECTORS

#### Corporate Governance Committee ('CGC')

Director	Category
Gérard Garrioch	Independent Non-Executive Director, Chairman
Edouard Espitalier Noël	Non-Executive Director
Hector Espitalier-Noël	Non-Executive Director
Eric Espitalier-Noël	Executive Director

In compliance with the Code the CGC was composed of a majority of Non-Executive Directors.  
The Company Secretary acts as Secretary of the Committee.

#### Audit and Risk Management Committee ('ARMC')

##### Members

Director	Category
Simon-Pierre Rey	Independent Non-Executive Director, Chairman
Roger Espitalier Noël	Non-Executive Director
Edouard Espitalier Noël	Non-Executive Director

In compliance with the Code, the Chairperson of the ARMC is an Independent Non-Executive Director.

The Board is aware that the Code recommends that the majority of the members of the ARMC should be independent. The Board is in the process of seeking a suitably qualified Independent Director to sit on the ARMC and the composition of the ARMC will be reviewed accordingly.

The ARMC is a cornerstone of the company's system of internal controls and risk management. The Board has delegated its powers on internal control and risk management to the ARMC which reviews the risk philosophy, strategy and policies of the Group. The Head of the Internal Audit function has ready and regular access to the Chairperson and other members of the ARMC.

The Company Secretary acts as Secretary of the Committee.

##### Quorum

The quorum for decisions is two members, at least one of which must be a Non-Executive Director.

The quorum for the transaction of business is two members, at least one must be an Independent Director.

##### Overall Purpose

The Corporate Governance Committee is appointed by the Board:

- > to keep the effectiveness of the corporate governance of ENL Commercial Limited ('the Company') and its subsidiaries.
- > to make recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles.
- > to ensure that the reporting requirements with regard to corporate governance, whether in the Annual Report or on an ongoing basis, are in accordance with the principles of the applicable Code of Corporate Governance.
- > to make recommendations to the Board on all new Board appointments.
- > to ensure a formal process of reviewing the balance and effectiveness of the Board, identifying the skills needed and those individuals who might be seen to be providing such skills in a fair and thorough manner.
- > to establish a policy for fixing the remuneration packages of individual Directors and of Senior Executives.

The Committee, while assisting the Board in fulfilling its oversight responsibilities, will also be responsible for any other functions as may be designated by the Board. The Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, the ethical behaviour of the company and its subsidiaries, its Executives and senior officials, and the company's and the group's process for monitoring compliance with laws and regulations and its own code of business conduct.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the internal and external auditors. The Committee will work and liaise with all other Board committees, as and when necessary.

The Committee will not perform any management functions or assume any management responsibilities. It will provide a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board. The Committee will mainly make recommendations to the Board for its approval or final decision. To perform his or her role effectively, each Committee Member must have an understanding of the detailed responsibilities of Committee membership as well as be provided with a comprehensive overview of the company's business, operations, and risks.

## THE BOARD OF DIRECTORS

### Corporate Governance Committee ('CGC')

### Audit and Risk Management Committee ('ARMC')

#### Main Duties as per Terms of Reference

##### *In its capacity as Corporate Governance Committee:*

- > Determine the company's general policy on corporate governance.
- > Advise the Board on all aspects of corporate governance.
- > Ensure that the company and the group comply with all regulations pertaining to corporate governance.
- > Prepare the Corporate Governance report to be published in the company's Annual Report.
- > Review the results of the Board performance evaluation process.

##### *In its capacity as Remuneration Committee:*

- > Determine a general policy on Executive and Senior Management remuneration.
- > Determine the level of Non-Executive and Independent Non-Executive Directors' fees, including remuneration for specific assignments and recommend same to the Board.
- > Determine remuneration packages for Executive Directors of the company and recommend same to the Board.

##### *In its capacity as Nomination Committee:*

- > Make recommendations to the Board on the appointment of new Executive, Non-Executive Directors and Senior Managers.
- > Ensure that the right balance of skills, expertise and independence is maintained.
- > Ascertain whether potential new Directors are fit and proper and are not disqualified from being Directors prior to proposed appointment.
- > Ensure that new Directors are appropriately guided in their duties and responsibilities.
- > Review the independence of the independent members of the Board(s).

**Financial Statements:** To review the quality and integrity of the financial statements of the group and company including its annual and half-yearly reports, interim reports and any formal announcement relating to the company's financial performance.

**Internal Controls and Risk Management Systems:** To keep under review the adequacy and effectiveness of the group's systems of internal control, including financial controls and business risk management systems.

**Compliance, Whistleblowing and Fraud:** To review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, about possible wrongdoing in financial reporting or other matters.

**Internal Audit:** To review and assess the annual internal audit work plan; To monitor and review the effectiveness of the internal audit function, in the context of the group's overall risk management system.

**External Audit:** To consider and make recommendations to the Board, in relation to the appointment, re-appointment and removal of the company's external auditor.

**Business Conduct and Compliance with Laws and Regulations:** To monitor the implementation of the company's Code of ethics and identify any violations of ethical conduct.

**Reporting Responsibilities:** To report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

## THE BOARD OF DIRECTORS

### Corporate Governance Committee ('CGC')

### Audit and Risk Management Committee ('ARMC')

#### Main deliberations during the year

- > Reviewed and approved the Corporate Governance Report for the year ended 30 June 2017;
- > Recommended the re-election of Mr Patrice Jean Pierre Edouard Espitalier Noël as director of the company, by rotation, in compliance with Section 24.5 of the company's Constitution;
- > Reviewed and recommended to the Board of Directors the implementation of the principles of the new Code of Corporate Governance for ENL Commercial, which included amongst others the adoption of a Board Charter, an Equal Opportunity Policy and a stakeholder map, the establishment of the Senior Governance Positions, the review of the composition of the Board and ARMC and independence of Directors;
- > Reviewed and approved the Board Evaluation exercise for year 2018.

- > Reviewed and recommended to the Board the approval of:
  - o The audited financial statements for the year ended 30 June 2017;
  - o The publication of the audited abridged financial statements for the year ended 30 June 2017;
  - o The publication of the unaudited quarterly consolidated results of the company;
  - o The risk management disclosures of the Annual Report at 30 June 2017;
  - o A new Terms of Reference for the ARMC;
  - o An ENL Gift Guidelines policy.
- > In respect of BDO & Co, the external auditors:
  - o Recommended the re-appointment of BDO & Co. as auditors for the year ending 30 June 2018;
  - o Reviewed the management letter issued by BDO & Co. for the year ended 30 June 2017;
  - o Reviewed and approved the External Audit plan for the year ended 30 June 2018.
- > In respect of the Internal Audit function:
  - o In collaboration with the Internal Audit function, refined the processes for the conduct of Internal Audit assignments;
  - o Examined reports issued by the Internal Audit function following assignments conducted in accordance with the Internal Audit plan and proposed corrective action plans relating to subsidiaries;
  - o Monitored the implementation of action plans by subsidiaries;
  - o Reviewed and approved the Internal Audit plan for the year ended 30 June 2019.
- > In respect of the Governance, Risk and Compliance (GRC) function:
  - o Examined reports issued by the GRC function following assignments conducted in accordance with the GRC plan;
  - o Reviewed and approved the GRC plan for the year ended 30 June 2018;
  - o Reviewed the progress report of the implementation of the ICT governance framework of ENL Commercial Group for the year 2017/2018.
- > Reviewed the reporting processes of the Internal Audit and GRC functions to the ARMC for efficiency purposes;
- > Reviewed the effectiveness of the internal control and risk management systems;
- > Reviewed the request for proposal for external audit services in view of the eventual change of external auditor of ENL Commercial Group.

The Terms of Reference of the CGC and Charter of the ARMC of ENL Commercial are available for consultation on ENL Group's website: [www.enl.mu/en/investors/information/policies](http://www.enl.mu/en/investors/information/policies)



## 2.4. Attendance at Board & Committee meetings

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

		Board	Audit & Risk Management Committee	Corporate Governance Committee
<b>No. of meetings held</b>		4	5	3
Category	Directors	Attendance		
Executive	Eric Espitalier-Noël	4/4	N/A	3/3
	Antoine d'Unienville	4/4	N/A	N/A
Non-Executive	Edouard Espitalier Noël	4/4	5/5	3/3
	Gilbert Espitalier-Noël	3/4	N/A	N/A
	Hector Espitalier-Noël	3/4	N/A	2/3
	Roger Espitalier Noël	3/4	5/5	N/A
Independent Non-Executive	Gérard Garrioch	4/4	N/A	3/3
	Simon-Pierre Rey	4/4	5/5	N/A

## 2.5. Board Deliberations

- > During the year under review, the deliberations by the Board of Directors included the following:
  - o Approval of Annual Report for the year ended 30 June 2017;
  - o Preparation of the Annual Meeting of the company held in December 2017;
  - o Approval of financial results:
    - Abridged audited financial statements for the year ended 30 June 2017 for publication purposes;
    - The unaudited quarterly consolidated results of the company for publication purposes.
  - o Receiving the reports and recommendations of the Audit and Risk Management Committee ('ARMC') and Corporate Governance Committee ('CGC');
  - o Reviewing the performance of the group against budgets and assessing the group structure regularly;
  - o Declaration of dividends for the year ended 30 June 2018;
  - o Approval of various banking facilities;
  - o The implementation of the principles of the new Code of Corporate Governance for ENL Commercial, which included amongst others the adoption of a Board Charter, an Equal Opportunity Policy and a stakeholder map, the establishment of the Senior Governance Positions, the review of the composition of the Board and ARMC and independence of Directors;

- o Reviewed the request for proposal for external audit services in view of the eventual change of external auditor of ENL Commercial group;
- o Approval for ENL Commercial to act surety in respect of the general security by bond provided by Axess Limited to the Mauritius Revenue Authority for Axess Limited's bonded warehouse situated at Pailles.

## 2.6. Directors appointment procedures

### 2.6.1. Appointment and re-election

- > The Board may appoint any person to be a Director, either to fill a casual vacancy or as an additional Director in so far that the total number of Directors will not at any time exceed the number fixed in accordance with the company's Constitution. The Director so appointed by the Board will hold office only until the next following Annual Meeting and will then be eligible for re-appointment.
- > The appointment process is delegated to the Corporate Governance Committee (in its capacity as Nomination Committee) which recommends to the Board the Directors to be appointed and/or re-elected.
- > Once the candidate has been approved by the Board, the candidate is required to sign a letter of appointment, which states that the candidate shall owe a duty to the Board and to the company as director, that he will act in good faith and that he is willing to allocate sufficient time to the company.
- > A nomination or recommendation to the meeting of shareholders for a candidate for the Board includes a brief of biographical details (namely age, profession, academic qualifications and any other information relevant to assess the suitability as a member of the Board) of the proposed Director.
- > In accordance with the company's Constitution, at each Annual Meeting of the company, one Director, who has been longest in office since his appointment or last re-appointment, retires by rotation and is eligible for re-appointment. In this respect, the Corporate Governance Committee has recommended the re-election of Mr Joseph Alexis Antoine Marrier d'Unienville at the forthcoming

Annual Meeting of ENL Commercial scheduled on 28 November 2018. The Chairman also confirms that, following a formal performance evaluation, Mr Joseph Alexis Antoine Marrier d'Unienville continues to be performing and remains committed to his role as a Director of the company.

### 2.6.2. Board induction

- > On their first appointment, Non-Executive Directors benefit from an induction programme aimed at deepening their understanding of the company and its subsidiaries and the business and the environment and markets in which the group operates.
- > As part of the induction programme, all newly appointed Directors receive a folder of essential board and company information relevant to their role, legal duties and responsibilities.
- > During the year under review, no new Directors have been appointed on the Board of ENL Commercial.

### 2.6.3. Professional development and training

- > The Directors are aware of their legal duties.
- > The Board encourages its members to keep themselves abreast of changes and trends in the business and in the company's environment and markets and of changes and trends in the economic, political, social and legal climate generally.
- > The Board regularly assesses:
  - o the development needs of its Directors and facilitates attendance to appropriate training to continuously update the skills and knowledge of the Directors so that they fulfil their role on the Board and its Committees;
  - o the development needs of the Board as a whole to promote its effectiveness as a team.
- > During the year under review, the Directors have been invited to seminars/workshops organised by the ENL Group, on namely, the New Code of Corporate Governance, Awareness session on Competition Act and Fraud and Corruption Awareness.

#### 2.6.4. Succession planning

- > The Corporate Governance Committee recommends plans for succession of Directors and Senior Management.
- > The Board regularly reviews its composition, structure and succession plans.

## 2.7. Directors' duties, remuneration and performance

### 2.7.1. Directors' interests, dealings in securities and related party transactions

- > The Board abides to the principles of the Model Code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the Listing Rules issued by the Stock Exchange of Mauritius Limited and the Companies Act 2001.
- > The Company Secretary keeps the Directors apprised of closed periods and of their responsibilities in respect to the above code.
- > ENL Commercial's Board Charter also contains policies on conflicts of interests and related party transactions.
- > Directors, after becoming aware of the fact that they are interested in a transaction or proposed transaction with the company, disclose same to the Board and cause same to be entered in the Interests Register.
- > The Company Secretary keeps the Interests Register and ensures that the latter is updated regularly. The register is available for consultation to shareholders upon written request to the Company Secretary.
- > All new Directors are required to notify in writing to the Company Secretary their direct and indirect interests in ENL Commercial.
- > During the year under review, none of the Directors have traded in the shares of ENL Commercial.
- > The following table shows the interests of the Directors in the shares of the company as at 30 June 2018:

Interests in ENL Commercial Limited as at 30 June 2018	DIRECT		INDIRECT	
	No. of Shares	%	No. of Shares	%
Antoine Marrier D'Unienville	-	-	-	-
Edouard Espitalier Noël	6,387	0.02	61,846	0.21
Eric Espitalier-Noël	259,728	0.89	1,604,196	5.50
Gilbert Espitalier-Noël	-	-	1,599,820	5.48
Hector Espitalier-Noël	427,351	1.47	1,736,055	5.95
Roger Espitalier Noël	91	0.00	255,551	0.88
Gérard Garrioch	-	-	160,157	0.55
Simon-Pierre Rey	-	-	-	-

- > Note 32 of the financial statements for the year ended 30 June 2018, set out on pages 147 to 148 of the Annual Report 2018 details all the related party transactions between the company or any of its subsidiaries or associates and a Director, Chief Executive, controlling shareholder or companies owned or controlled by a Director, Chief Executive or controlling shareholder.
- > Shareholders are apprised of related party transactions through the issue of circulars and press releases by the company in compliance with the Listing Rules of the Stock Exchange of Mauritius Limited.

### 2.7.2. Information, information technology and information security governance

Data and information are at the center of ENL's business strategy and with the rapid advancements in technology, the group and its subsidiaries are increasingly relying on their IT systems to deliver customer satisfaction and gain market shares. Data is considered as an invaluable asset and safeguarding its integrity, ensuring its accessibility and guaranteeing its confidentiality are key priorities addressed by the group's IT strategy.

The creation and management of information systems within the group are guided by ENL's ICT Governance Framework. Introduced in 2015, this multi-faceted structure aims to:

- > ensure alignment of IT Strategy with business strategy,
- > introduce an Information Security Policy that provides a set of guiding principles and processes to strengthen internal controls and to provide the necessary assurance for the effective management of the group's data assets, and
- > ensure that IT systems at operational level are efficient and reliable, positively contributing to the value creation process.

The ICT Governance Framework lays great emphasis on Information Security and no less than 6 sets of policies and procedures have been introduced to ensure that the group's Information Asset is available as and when needed to those

authorized to access it. The Framework ensures that the necessary safeguards are in place to ensure that data is not compromised. The relevant policies and procedures are:

- > Backup & restore
- > Malicious software protection
- > Logical access
- > Physical access and environment
- > Internet & intranet security
- > Bring Your Own Device (BYOD)

The above list would not be complete without a dedicated policy on End User Security and Awareness. Uninformed users may be a real threat to the organisation's IT Security and can be a channel for attacks to ENL's IT environment. The End User IT security Policy gives users the necessary guidelines, complete with a list of Do's and Don'ts pertaining to the usage of IT facilities that are made available to them. It also raises awareness among them with regards to existing security threats within the company.

The ICT Governance Framework also includes a set of policies and procedures that support an efficient management of IT and associated risks. These include:

- > a Procurement and Vendor Policy which:
  - o promotes a standardised approach to procurement of IT hardware and software within the group,
  - o supports procurement decision based on requirement fit and value for money, and
  - o ensures that products and services purchased are secured by appropriate Service Level Agreements and Warranties.
- > a Change Management Policy which:
  - o ensures that requests for changes in information systems are supported by valid business and/or technical requirements,

- o evaluates the cost-effectiveness of the requested change(s), and
- o implements changes with low or zero disruptions to Production IT Systems.
- > an IT Incident and Problem Management Policy that manages incidents and identifies the root causes thereof where applicable in order to deal with them effectively and on time while proactively preventing re-occurrence. The objectives of this policy are to:
  - o intervene on incidents as quickly as possible, thus lowering the disruption of users to a minimum, and to
  - o ensure that all incidents are documented and followed on accordingly.

Given ICT's high importance and criticality, ENL's ICT Governance Framework also provides for Business Continuity Policy and Procedures. This policy ensures business continuity in case of disruptions in IT systems and guides subsidiaries into building their Business Continuity solutions based on their operations and risks associated to their IT system.

#### ***Board monitoring & reporting***

The effectiveness of the ICT Governance Framework is monitored by the Audit and Risk Management Committee which examines progress reports pertaining to the implementation of the Framework within the group twice yearly. Feedback and comments from Committee members are noted and translated into actions.

The ICT Governance framework is available for consultation on the ENL Group's website: [www.enl.mu](http://www.enl.mu).

#### **2.7.3. Access to information**

- > The Chairman, the Company Secretary and the CEO ensure that the Management provides the Board and its committees, in a timely manner, with the information they need to properly function.
- > Directors of the company are entitled to have access, at all reasonable times, to all relevant company information and to the Management, if useful, to perform their duties.
- > During the discharge of their duties, the Directors are entitled to seek independent professional advice at the Company's expense and have access to the records of the Company.
- > A Directors' and Officers' Liability Insurance policy has been subscribed to by the holding company of ENL Commercial. The said policy provides cover for the risks arising out of acts or omissions of the Directors and Officers of the Company. The cover does not provide insurance against fraudulent, malicious or willful acts or omissions.

#### **2.7.4. Remuneration**

- > Pursuant to the Constitution, unless otherwise determined by the shareholders, the company pays to the Directors such amount of aggregate fees as the Board decides.
- > The underlying philosophy is to set remuneration at appropriate level to attract, retain and motivate high calibre personnel and reward in alignment with their individual as well as joint contribution towards the achievement of the company's objective and performance, whilst taking into account the current market conditions and company's financial position. The Directors are remunerated for their knowledge, experience and insight given to the Board and Committees.
- > Non-Executive Directors are paid a basic fee and attendance fees. They are paid an extra fee as members of Board Committees and as chair of Board Committees.
- > The chairperson of the Board is paid a special level of fees appropriate to his office.
- > The Board ensures that, forthwith after authorising any such payment, particulars of such payment are entered in the Interests Register.
- > Any Director who is in full time employment of ENL Commercial does not receive any additional remuneration for sitting on the Board of Directors.
- > Any remuneration perceived by an employee of ENL Commercial Group in respect of his sitting on the Board of Directors of any company is deducted from his yearly remuneration.

- > None of the Non-Executive Directors are entitled to remuneration in the form of share options or bonuses associated with the company's performance.
- > The table hereunder lays out the present fee structure, as decided by the Board, following recommendations of the Corporate Governance Committee, for the chairpersons and members of the Board and of its Committees:

Category of member	Yearly fixed fee	Yearly attendance fee
Company Chairman	Rs 90,000	Rs 20,000 per meeting ( <i>Maximum Rs 100,000 per year</i> )
Board member	Rs 45,000	Rs 10,000 per meeting ( <i>Maximum Rs 50,000 per year</i> )
Committee Chairman	Rs 60,000	Rs 15,000 per meeting ( <i>Maximum Rs 60,000 per year</i> )
Committee member	Rs 30,000	Rs 7,500 per meeting ( <i>Maximum Rs 30,000 per year</i> )

For the year under review, the actual remuneration and benefits perceived by the Directors are as per below:

Directors	Remuneration from the company (Rs)	Remuneration from subsidiaries (Rs)
Antoine Marrier D'Unienville	85,000	10,340,376
Edouard Espitalier Noël	197,500	-
Eric Espitalier-Noël	12,191,084	-
Gilbert Espitalier-Noël	75,000	-
Hector Espitalier-Noël	120,000	-
Roger Espitalier Noël	135,000	-
Gérard Garrioch	275,000	-
Simon-Pierre Rey	205,000	-

### 2.7.5. Board appraisal

- > Every two years the Board critically evaluates the performance of the Board and of the Committees, and their respective processes and procedures to ensure that they are designed to assist the Board in effectively fulfilling its role.
- > The performance of each Director is individually evaluated by a process involving self-evaluation, peer review as well as a discussion with the Chairman.
- > During the year under review, a Board appraisal was carried out and aimed at focussing on specific areas of improvement, namely:
  - o Conduct of Board meetings;
  - o Risk Management;

- o Board Committees;
- o The leadership of the Board: The Chairman; and
- o Self-evaluation.
- > Interviews were conducted with each Director by the Chairman and/or the Company Secretary.
- > Effort was laid on the collection of qualitative data from the Directors.
- > The findings of the aforesaid Board appraisal have been considered by the Corporate Governance Committee and by the Board.

### 3. RISK GOVERNANCE

The activities of the risk management processes of ENL Commercial are explained on pages 39 to 51 of the Annual Report.

### 4. INTERNAL CONTROL

The Board is responsible for the system of internal control and risk management of ENL Commercial and its subsidiaries. The Board is committed to continuously maintain adequate control procedures with a view to safeguard the assets and reputation of ENL Commercial. Areas with high residual risks are continuously assessed and reviewed with the assistance of the Internal Audit department.

Management is accountable to the Board for the design, implementation and enforcement of internal controls, ensuring that the associated processes and systems are operating satisfactorily. The Board derives assurance that the internal control systems are effective through the lines of defence: (i) The management of performance of each subsidiary, (ii) the processes and framework for risk management and (iii) the Internal Audit function in accordance with their risk-based Internal Audit plan.

The Audit and Risk Committee monitors the effectiveness of our risk management and internal control systems and reports back to the Board. This includes:

- > a clear system of delegated authorities from the Board to management with certain important matters remaining with the Board;
- > regular review of results against budgets with executive Directors and management, including important areas of business risk;
- > review of the strategic plans of each subsidiary and of ENL Commercial as a whole to identify risks to the achievement of objectives and, where appropriate, any relevant mitigating actions;
- > risk management expectations which are embedded throughout ENL Commercial;
- > reviews by the Internal Audit function of critical business processes and controls and specific reviews in areas of perceived high business risk;
- > regular reporting, monitoring and review of the effectiveness of health, safety, environment and sustainability processes;
- > legal and regulatory compliance risks which are addressed through specific policies and training including ethics and data protection laws;
- > promotion of a culture of compliance to help manage legal and reputational risks across ENL Commercial. A helpline encourages staff to raise concerns, in confidence, about possible breaches of the Code of Conduct.

In the design of the internal control system, entities are encouraged to have the right level of internal controls whereby the costs and time involved in operating these controls is balanced against the nature and significance of the risks they mitigate.

The Board also recognises that any system of internal control is designed to understand and manage rather than eliminate the risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

## 5. INTERNAL AUDIT

### 5.1. Internal Audit

The company's Internal Audit function, which operates under a co-sourcing agreement with PricewaterhouseCoopers Ltd (PwC), reports directly to the Audit and Risk Committee, which reviews and approves the Internal Audit plan for each year.

One of the responsibilities of the Internal Audit function is to confirm to the Audit and Risk Committee the effective operation of the ENL Commercial Group's internal control system. For this purpose, the Head of Internal Audit makes quarterly presentations to the Audit and Risk Committee and meets regularly with the Chairman of the Audit and Risk Committee without the presence of management.

The Internal Audit function focuses its work on the areas of greatest risk to the ENL Commercial group, as determined by a risk-based approach to audit planning and close collaboration with the group risk management function. As part of the group's commitment to maintaining and strengthening best practice in corporate governance matters, the group also consistently seek to enhance its internal control environment and risk management capability.

The Internal Audit function prepares audit reports and recommendations following each audit and appropriate measures are then taken to ensure that all recommendations are implemented. Status reports on management's implementation of internal audit recommendations are provided to the Audit and Risk Committee on a quarterly basis. Significant issues, if any, are however raised at once.

Areas covered by the Internal Audit function in the financial year were:

Entity	Area of review
ENL Commercial	Contracts of significance
Axess	Debtors management (every quarter)
Axess	Stock management (every quarter)
Axess	Inventory process
Nabridas	Production process
Grewals	Stock management (timber)
JMD International	Purchasing to payment
JMD International	Stock management
Indoor and Outdoor Living	Purchasing to payment
Indoor and Outdoor Living	Stock management
Box Manufacturing	Production process
Box Manufacturing	Stock management

### 5.2. Internal Auditor effectiveness and independence

The Audit and Risk Committee reviews the effectiveness of the Internal Audit function on an ongoing basis. This is achieved, in part, by reviewing and discussing the reports presented to it at each meeting and setting out the function's work and findings.

The Audit and Risk Committee assesses the independence of the Internal Audit function and is satisfied of its independence.

There have been no restrictions placed over the right of access by Internal Audit to the records, management or employees of ENL Commercial.

All members of the Internal Audit team are qualified accountants and are, or in the process of becoming, Certified Internal Auditors.



## 6. SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

### 6.1. Holding structure

- > ENL Commercial forms part of the ENL Group and the holding structure through which control of the company is exercised is shown below.
- > The ultimate holding company of ENL Commercial is L'Accord Limited, a limited-liability public company incorporated in Mauritius.
- > The ultimate control of the company remains with Société Caredas, a société civile.
- > The company's holding structure as at 30 June 2018 was as follows:

<b>Société Caredas</b>
✓ 59.6%
<b>L'Accord Limited</b>
✓ 77.9%
<b>La Sablonnière Limited</b>
✓ 71.8%
<b>ENL Limited</b>
✓ 61.3%*
<b>ENL Commercial Limited</b>

\*Effective holding

(The % disclosed relates to voting rights)

### 6.2. Shareholding profile

The company's shares are listed on the Official List of the Stock Exchange of Mauritius Limited ("SEM") and accordingly, the company is governed by the Listing Rules of the SEM.

The stated capital of the company is made up of 29,172,500 ordinary shares of no par value.

As at 30 June 2018, the shareholders holding more than 5% of the issued share capital of the company and qualifying as substantial shareholders were as follows:

	%
ENL Limited	51.69
ENL Finance Limited	9.63

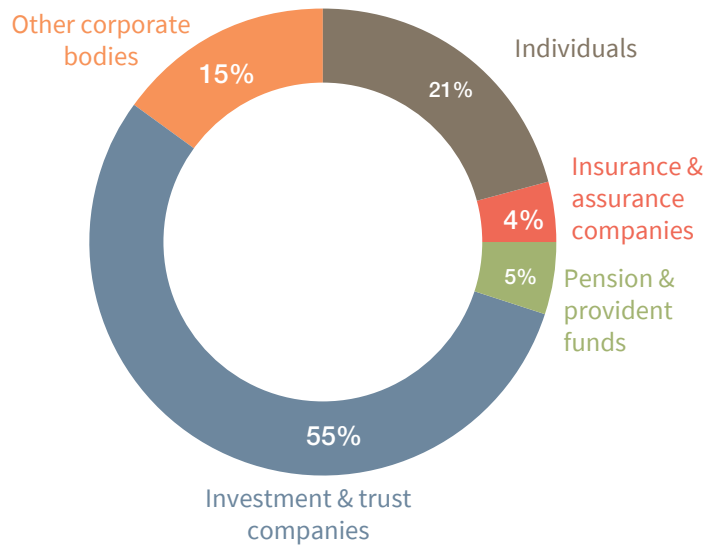
### Distribution of shareholders at 30 June 2018

Range of shareholding	Shareholder count	Quantity of shares owned	% of shares owned
1 - 500	598	113,631	0.39
501 - 1,000	276	222,250	0.76
1,001 - 5,000	447	1,190,073	4.08
5,001 - 10,000	124	912,971	3.13
10,001 - 50,000	132	2,813,036	9.64
50,001 - 100,000	15	930,595	3.19
100,001 - 250,000	14	1,982,473	6.80
250,001 - 500,000	4	1,366,788	4.69
Over 500,000	4	19,640,683	67.33
<b>Total</b>	<b>1,614</b>	<b>29,172,500</b>	<b>100</b>

N.B: The above number of shareholders is indicative, due to consolidation of multi portfolios for reporting purposes. The total number of active shareholders as at 30 June 2018 was 1,619.

### Spread of shareholders

To the best knowledge of the Directors, the spread of shareholders at 30 June 2018 was as follows:



### 6.3. Contract between the company and its substantial shareholder

- > The company has a contractual agreement with ENL Limited, its holding company, for the provision of corporate services namely strategic planning, general management of the financial affairs, human resource, information & communication technology, legal and secretarial, internal audit, communication and business process reengineering services.
- > The management fees payable to ENL Limited amounted to Rs 7 million (exclusive of Value Added Tax) for the financial year ended 30 June 2018.

### 6.4. Engagement with shareholders

#### 6.4.1. Shareholders' relations and communication

- > The Board of Directors places great importance on open and transparent communication with its shareholders.
- > The company communicates to its shareholders through its Annual Report, circulars issued in compliance with the Listing Rules of the Stock Exchange of Mauritius Limited, press announcements, publication of unaudited quarterly and audited abridged financial statements of the company, dividend declaration and the Annual Meeting of shareholders.
- > The website ([www.enl.mu/investors/enl-commercial](http://www.enl.mu/investors/enl-commercial)), which includes an investors' corner, provides timely information to stakeholders. Interim, audited financial statements, press releases and so forth are readily accessible there from.
- > Analysts meetings are also organised after the publication of audited abridged financial statements and analysts are invited to interact with management.
- > In compliance with the Companies Act 2001, shareholders are invited to the Annual Meeting of ENL Commercial at which the Board of Directors is also present. The company's Annual Meeting provides an opportunity to shareholders to raise and discuss matters relating to the company with the Board.
- > The company's share price movement from 1 July 2017 to 1 July 2018 is available for consultation on our website: [www.enl.mu/investors/enl-commercial](http://www.enl.mu/investors/enl-commercial).

#### 6.4.2. Shareholders' calendar

<b>September 2018</b>	Publication of abridged audited financial statements for the year ended 30 June 2018
<b>November 2018</b>	Issue of Annual Report 2018
	Eventual declaration of interim dividend
	Publication of 1st Quarter results to 30 September 2018
<b>February 2019</b>	Annual Meeting of Shareholders
	Publication of half-year results to 31 December 2018
<b>May 2019</b>	Publication of 3rd Quarter results to 31 March 2019
	Eventual declaration of final dividend

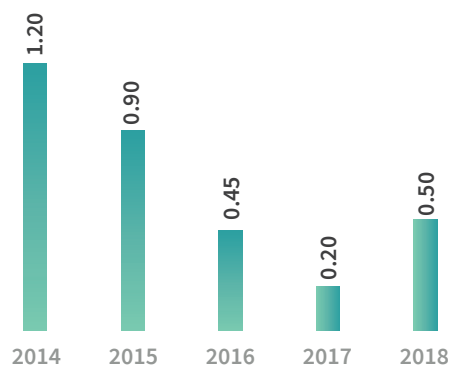
#### 6.4.3. Shareholders' agreement affecting the governance of the company by the Board

The Directors confirm that, to the best of their knowledge, they are not aware of the existence of any such agreement during the year under review.

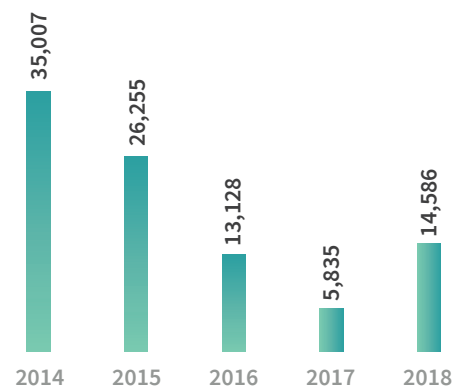
#### 6.4.4. Dividend

The company has no formal dividend policy. Payment of dividends is subject to the profitability of the company, cash flow, working capital and capital-expenditure requirements.

#### Dividend per share (Rs)



#### Total dividend value (Rs'000)



## 7. Third party management agreements

The company has a management contract with Superdist Limited for the provision of management services and is remunerated at a fixed monthly fee of Rs 90,000 (exclusive of Value Added Tax).

## 8. Company Secretary

- > ENL Limited provides corporate secretarial services to ENL Commercial in accordance with the terms of a corporate services agreement binding the two companies.
- > All Directors, particularly the Chairman, have access to the advice and services of the Company Secretary, delegated by ENL Limited, for the purposes of the Board's affairs and the business.
- > The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

## 9. External audit

The Financial Reporting Act 2004 provides that where an audit firm has audited the accounts of a listed company for a continuous period of 7 years or more and is, as at 7 September 2016, auditing the accounts of that company, it may continue to audit the accounts of that company subject to such conditions and for such time as may be prescribed. Further to a Government Notice No. 64 of 2017, a listed company may allow an audit firm, appointed by it, after the audit firm has served a continuous period of 7 years or more, to carry out its audit for a further period of 3 years.

BDO & Co., the current auditors of ENL Commercial, have served the company for more than 7 years. The Board of Directors of ENL Commercial has resolved to retain the services of BDO & Co. for an additional year and has thus recommended to the shareholders the re-appointment of BDO & Co. as auditors of ENL Commercial for the year ending 30 June 2019.

A tender exercise has also been launched in view of the change of the external auditor of ENL Commercial Group for the year ending 30 June 2020.



Preety Gopaul, ACIS  
For ENL Limited  
Company Secretary

7 September 2018

# board of **directors'** statements

## Other statutory disclosures

(Pursuant to Section 221 of The Companies Act 2001 and Section 88 of The Securities Act 2005)

30 June 2018

### Activities

The activities of the ENL Commercial Group are disclosed on pages 20 to 29 of the Annual Report 2018.

### Directors

The Directors of the company are listed on pages 54 to 56 of the Annual Report 2018.

A list of the Directors of the subsidiaries of the company is given below:

Directors	Axess Limited	Box Manufacturing Company Limited	Commercial Investment Property Fund Limited	Freight Link Limited	Grewals (Mauritius) Limited	Grewals Rodrigues Ltd <i>(Wound up effective 5 July 2017)</i>	Indoor & Outdoor Living Ltd <i>(Formerly known as L'Epongerie Limitée)</i>	Nabridas International Limited	Nabridas Ltd	Packestate Limited	Plaine des Papayes Properties Limited	Plastinax Austral Limited	Rennel Limited
Fabrice Francois Boullé					✓								
Virginie Anne Corneillet			✓			✓							
Cedric Robert Andre Deweer													✓
Marie Jacques Desiré Dominic Dupont	✓												
Antoine M. D'Unienville	✓												
Marie André Eric Espitalier-Noël	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marie Maxime Hector Espitalier-Noël	✓					✓				✓		✓	
Marie Patrick Roger Espitalier Noël					✓	✓						✓	

Directors	Axess Limited	Box Manufacturing Company Limited	Commercial Investment Property Fund Limited	Freight Link Limited	Grewals (Mauritius) Limited	Grewals Rodrigues Ltd (Wound up effective 5 July 2017)	Indoor & Outdoor Living Ltd (Formerly known as L'Épongeur Limitée)	Nabridas International Limited	Nabridas Ltd	Packestate Limited	Plaine des Papayes Properties Limited	Plastinax Austral Limited	Rennel Limited
Marc Gaetan Denis Gallet									✓				
Jean-Marie Benoit Doger de Speville Hardy					✓								
Hubert Joseph Desire Roger Koenig		✓											
Jean Olivier Lagesse	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Georges Didier Nicholas Park		✓											✓
Paul Tsang Min Ching			✓										
Frédéric Gérard Tyack												✓	

✓ - In office as director

A - Appointed as director

R - Resigned as director

### Directors' service contracts

None of the Directors of the company and of the subsidiaries have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

### Directors' interests in shares

- (i) The interests of the Directors in the securities of ENL Commercial Limited at 30 June 2018 are found on page 67 of the Annual Report.
- (ii) None of the Directors of the company has a direct interest in the equity of the subsidiaries of the Group, except for Messrs Hector Espitalier-Noël and Eric Espitalier-Noël who each hold one ordinary share in the share capital of Plastinax Austral Limited and Indoor & Outdoor Living Ltd, respectively.

## Senior officers' interests in shares

- (i) As at 30 June 2018, none of the senior officers (excluding Directors), except for those detailed below, held any direct or indirect interests in the equity of the company:

	ORDINARY SHARES			
	Direct		Indirect	
	Number of shares	(%)	Number of shares	(%)
Ludovic Desvaux	40	0.0001	-	-

- (ii) None of the senior officers (excluding Directors) held any direct interest in the equity of the subsidiaries of the company.

## Directors' remuneration and benefits

Remuneration and benefits (including bonuses and commissions) received and receivable from the company and its subsidiaries were as follows:

### Directors of ENL Commercial Limited

	From the company		From the subsidiaries	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
<b>Executive</b>				
Full-time	10,252	9,131	9,567	7,819
Part-time	120	130	-	-
<b>Non-Executive</b>	887	940	-	-
Post employment benefits – Executive Directors	1,765	1,765	773	690
	<b>13,024</b>	11,966	<b>10,340</b>	8,509

### Directors of subsidiary companies who are not directors of the company

	2018 Rs'000	2017 Rs'000
<b>Executive (2018: Nil; 2017: Nil)</b>		
Full-time	-	-
Part-time	-	-
<b>Non-executive (2018: Nil; 2017: Nil)</b>	-	-
Post employment benefits – Executive Directors	-	-
	-	-

## Contracts of significance

During the year under review, the following transactions have been undertaken:

- > The company has purchased a portion of land from Moka City Limited, a subsidiary of ENL Limited, for a consideration of Rs 42,729,000.
- > Commercial Investment Property Fund Limited, a subsidiary of the company, has sold an Immoveable Property to The Old Factory Limited, a subsidiary of ENL Limited, for a consideration of Rs 88,000,000.

## Shareholders

At 7 August 2018, the following shareholders are directly or indirectly interested in more than 5% of the ordinary share capital of the company:

	Interest (%)
ENL Limited	51.69
ENL Finance Limited	9.63

## Donations

Donations made during the year:

### • Political (Rs'000)

	Group		Company	
	2018	2017	2018	2017
• Political (Rs'000)	-	-	-	-

### • Corporate Social Responsibility (Rs'000)

Statutory

**1,238**      473      -      -

Voluntary

**762**      1,527      **1,238**      1,527

Number of recipients (charitable and CSR) (no.)

**210**      115      **210**      115

## Auditors' Remuneration

### Audit fees paid to:

BDO & Co

	Group		Company	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
BDO & Co	<b>3,282</b>	2,933	<b>650</b>	625
Other firms	-	-	-	-

Other firms

### Fees paid for the other services provided by:

BDO & Co

-      -      -      -

Other firms

**110**      -      **110**      2,625



## Statement of Directors' responsibilities

### In respect of financial statements

Company law requires the Directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flow of the company. In preparing those financial statements, the Directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgments and estimates that are reasonable and prudent;
- > state whether international financial reporting standards have been followed and complied with;
- > prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the company will continue in business; and
- > ensure that the Code of Corporate Governance (the "Code") has been adhered to and where any material deviation from any guidance contained within the Code has occurred, explanations have been provided accordingly.

The Directors confirm that they have complied with the above requirements in preparing the company's financial statements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the company at any time and enable them to ensure that the financial statements comply with The Companies Act

2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Board is responsible for the system of internal control and risk management for the company and its subsidiaries. The Board is committed to continuously maintain a sound system of risk management and adequate control procedures with a view to safeguarding the assets of the group. The Board, through the Audit and Risk Management Committee, affirms that it has monitored the key strategic, financial, operational, people, systems risks and control in line with the current business environment.

The Board believes that the group's systems of Internal control and risk management provide reasonable assurance that control and risk issues are identified, reported on and dealt with appropriately.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting policies supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the group and the company.

## Statement of compliance to Code

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

**Name of Public Interest Entity ('PIE'):** ENL Commercial Limited

**Reporting Period:** 1 July 2017 to 30 June 2018

We, the Directors of ENL Commercial Limited, confirm to the best of our knowledge that the PIE has not fully complied with the principles of the Code of Corporate Governance for the reasons stated below:

Principles	Areas of non-application of the Code	Explanation for non-application
Principle 2	The Board of ENL Commercial Limited was composed of male Directors only.	The Board is in the process of seeking a suitably qualified female candidate to be appointed as additional Independent Director on the Board of ENL Commercial.
Principle 2	The Audit and Risk Management Committee was composed of two Non-Executive Directors and one Independent Non-Executive Director.	The Board is in the process of seeking a suitably qualified Independent Director to sit on the ARMC and the composition of the ARMC will be reviewed accordingly.



Gérard Garrioch  
Chairman



Eric Espitalier-Noël  
Director

7 September 2018

## Company Secretary's Certificate

(Pursuant to Section 166(d) of The Companies Act 2001)

We certify that, to the best of our knowledge and belief, the company has filed with the Registrar of Companies all such returns as are required of the company under The Companies Act 2001.



Preety Gopaul, ACIS  
For ENL Limited  
Company Secretary

7 September 2018