



FORGES TARDIEU

INNOVATIVE ENGINEERING

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2018

FORGES TARDIEU LTD (“FTL”) is a Mauritian engineering firm engaged in the promotion and realisation of engineering projects since 1931. **FTL** is a company listed on the Development Enterprise Market of the Stock Exchange of Mauritius and as such is a Public Interest Entity in accordance with the Financial Reporting Act 2004.

FTL is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

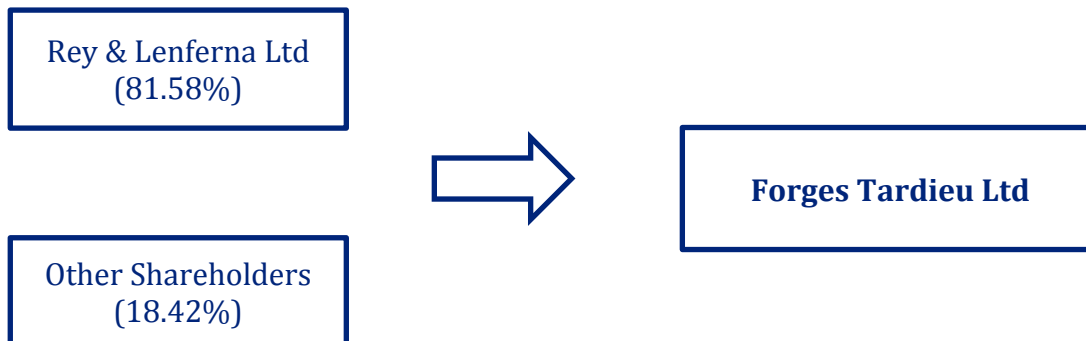
During this financial year ended December 31, 2018, the Board of **FTL** has applied the eight principles of the new Code of Corporate Governance (2016). However, the Board of **FTL** has disclosed only those requirements which it considers relevant and significant to the Group under each principle. The Board shall continue to monitor the requirements requested under each principle which it did not disclose during this current financial year, in the forthcoming financial year. The Board of **FTL** considers that the current application of the principles of the code is likely to work in the particular context of **FTL’s** business and culture, and which promote the following:

- Effective decision-making, risk management and control;
- Keeping the interests of the owners of the business aligned with, and at the front of the mind of, the people charged with managing the business; and
- The ability of the Company to hear the voice of stakeholders other than shareholders who are touched by it; principally these are regulatory and standard bodies, employees, customers, suppliers and the communities in which the Company operates.

GOVERNANCE STRUCTURE

Shareholding structure

The holding structure of the Company is as follows:





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The directors regard Rey & Lenferna Ltd, a Company incorporated in the Republic of Mauritius, as the holding company.

Subsidiaries and associates

The subsidiaries of FTL are as follows:-

- Fotaflex Limited - 100%
- Fortek (Mauritius) Ltd - 100%
- Tardieu Technical Support Ltd - 100%
- Electrical and Control Specialists Ltd - 100%
- Oisel (Maurice) Ltée - 100%
- Oisel Overseas Ltd - indirect 100%
- Oisel Nouvelle Calédonie SARL - indirect 100%
- Multicom International Ltd - 100%
- Watertech Limited - 66% (disposed on 31/12/2018)
- Fortek (Rwanda) Ltd - indirect 100%
- Fortek International Ltd - indirect 100%
- Forges Tardieu (Zambia) Ltd - 100%
- FT Pro-Mecanica Lda - 100%
- Tradelinks Ventures Co Ltd - 75%

The associate of the Company is Poivre Corporate Services Ltd – 25%

BOARD STRUCTURE

The Board's structure of **FTL** is a unitary Board which is collectively accountable and responsible for the long-term success of the Company.

Role of the Board

The Board provides effective leadership and strategic guidance towards the achievement of the Company's strategy within a framework of effective controls and risk management, alongside ensuring adherence of the Company to relevant legislations and policies.

The Board Charter which has been approved by the Board and which will be published on the Company's Website, defines among other items, the composition, role, and duties of directors and the Chairman as well as the responsibilities assigned to the sub-committees of the Board.

During the Financial year 2019, the Board will approve the following documents which will then be displayed on the Company's web site:

- The Company's new Constitution
- The Company's Code of Ethics
- The Organisational Chart
- A Statement of Major Accountabilities within the Company



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The Job Description of the Chairman, the Chief Executive Officer and the Company Secretary has been addressed in the Board Charter.

Role of Board Committees

Board Committees facilitate the discharge of Boards responsibilities and provide in depth focus on specific areas. In fulfilling their role of providing oversight and guidance, chairpersons of Board Committees escalate all significant matters impacting the Company to the Board.

Role of Management

Management Executives are responsible for the day to day running of the business, with well-defined accountabilities as endorsed by the Board. They regularly report to the Board on the operational and financial performance of the Company.

There is a defined division of responsibilities between the Non-Executive Chairman and the Managing Director.

Role and Function of the Chairman

The Chairman is responsible for running the operation, leadership and governance of the Board and for ensuring its effectiveness and setting its agenda.

Role and Function of the Managing Director

The Managing Director is mainly responsible for guiding the implementation of the Board Strategy and policy with respect to the company's business, with the assistance of the Senior Management Team.

Role of the Non-Executive director and of the Independent Non-Executive Director

The Non-Executive Director and the Independent Non-Executive Director make a significant contribution to the functioning of the Board, thereby ensuring that no one individual or group dominates the decision making process.

Role and function of the Company Secretary

As Company Secretary, Executive Services Limited, manage the provision of timely, accurate and considered information to the Board and ensure that the Board maintains its awareness of the ever-changing corporate governance environment. Executive Services Limited attends every Board meeting and Board Committees.

COMPOSITION AND MEETINGS

Composition of the Board

The Board comprises of one (1) Executive Director, eight (8) Non-Executive Directors and one (1) Independent Director. Board members have a diverse mix of skills, experience and are distinguished by their professional abilities, integrity and independence of opinion. Taking into account the scope and nature of the Company's operations, the Board considers that the current Board of ten (10) Directors is appropriate for enabling effective decision-making.



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Board meetings

Board meetings are structured in such a way to facilitate open discussions, debates and challenges. The Chairperson and the Company Secretary ensure that directors receive the right information in a timely manner to enable them to make informed business decisions. As for the agenda of Board, it is set according to the process described in the board charter.

The Board met seven (7) times this year. At each meeting, the board receives regular reports, for example covering current operations, treasury and Management Accounts. At certain points in the year, the board reviews budgets, capital expenditure, risks and audited financial statements that have been recommended for the Board approval by the Board Committees. It also reviews other topics such as technical or legal developments, acquisition opportunities and the competitive environment as appropriate.

Attendance at Board Meetings:

NAME OF DIRECTORS	27 MAR 2018	24 JUL 2018	27 AUG 2018	5 SEP 2018	17 SEP 2018	29 OCT 2018	14 DEC 2018
Dominique Galea	✓	✓	✓	✓	✓	✓	✓
Hubert Raffray	✓	✓	✓	✓	✓	✓	✓
Paul Ah Leung	✓	-	✓	✓	✓	✓	✓
Francois de Grivel	✓	✓	✓	✓	✓	✓	✓
Rene Leclizio	✓	✓	✓	✓	✓	-	✓
Bernard Wong Ping Lun	✓	✓	✓	✓	-	✓	✓
Guillaume de Grivel	✓	✓	✓	✓	✓	✓	✓
Jean Michel Colin(resigned on 01/11/2018)	✓	✓	✓	✓	✓	✓	-
Stephanie de La Hogue	✓	✓	✓	✓	✓	✓	✓
Sebastien Mamet	✓	✓	✓	-	✓	-	-
Mushtaq Oosman	-	-	-	-	✓	✓	✓



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DIRECTORS' PROFILE

Dominique Galea - Chairman and Non-Executive Director

Appointment: March 2005

Qualification, Skills and Experience: Mr Galea, born in 1952, holds a HEC (Paris) degree. He started his career in the textile industry in the early 1980's by setting up an agency business, Kasa Textile & Co Ltd. He has since diversified his activities by acquiring stakes in companies in various sectors of the economy.

Board Committee Membership: Member of the Corporate Governance Committee.

Directorship in Public/listed companies: Ascencia Ltd, MUA Ltd, MUA Life Ltd, United Docks Ltd and Rey & Lenferna Ltd.

Paul Ah Leung – Non-Executive Director

Appointment: September 2012

Qualification, Skills and Experience: Mr Ah Leung, born in 1967, is an Associate Member of the Chartered Institute of Marketing (UK) and is currently the Managing Director of Rey & Lenferna Ltd.

Board Committee Membership: None.

Directorship in Public/listed companies: Rey and Lenferna Limited and RHT Holdings Ltd.

Jean Michel Colin – Executive Director (resigned on 01/11/2018)

Appointment: December 2014

Qualification, Skills and Experience: Mr Colin, born in 1981, is a Fellow member of the Association of Chartered Certified Accountants. He started his career in the real estate sector in UK and upon his return to Mauritius joined BDO & CO, initially in the audit & Assurance division and then moved to the Corporate Finance section of the Firm. He joined Forges Tardieu Limited in 2012 as Chief Finance Officer and was in 2015, the Chief Operating Officer until his resignation on 01/11/2018.

Board Committee Membership: None.

Directorship in Public/listed companies: None.



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Francois de Grivel – Non-Executive Director

Appointment: March 2005.

Qualification, Skills and Experience: Mr F de Grivel, born in 1944, holds an engineering diploma from 'Ecole Polytechnique Federal de Zurich/Switzerland'. He started his career in 1971 in Mauritius, in Compagnie Sucriere de St Antoine until 1990 as COO and Chairman and set up several manufacturing export companies situated at St Antoine with foreign shareholders.

Board Committee Membership: Member of the Audit & Risk Committee and Chairman of the Corporate Governance Committee.

Directorship in Public/listed companies: Rey and Lenferna Limited and Mauritius Cargo Community Services Ltd.

Guillaume de Grivel – Non-Executive Director.

Appointment: December 2014.

Qualification, Skills and Experience: Mr G de Grivel, born in 1972, holds a business school diploma from "Institut Supérieur de Gestion", ISC Paris. He started his career as Development Officer at Lafarge, India and thereafter joined Rank Xerox, France, as Sales Engineer. In 2003, he set up Jardin Pamplémousses, a Company involved in design and manufacturing of furniture and is currently the Managing Director of the de Grivel Group of Companies.

Board Committee Membership: None.

Directorship in Public/listed companies: Rey and Lenferna Limited.

Stephanie de La Hogue – Non-Executive Director

Appointment: June 2015.

Qualification, Skills and Experience: Mrs de La Hogue, born in 1982, holds a bachelor's in marketing from the Institut de Management International of Paris. She started her career as Marketing Executive before taking up new challenges in the sales field in Berque Ltee and Linux Solutions Ltd since 2011. She is in charge of Poivre Corporate Services Ltd, a family group of companies' corporate office.

Board Committee Membership: Member of Audit & Risk Committee.

Directorship in Public/listed companies: Rey and Lenferna Limited, Promotion and Development Ltd and Caudan Development Limited.



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Rene Leclezio – Non-Executive Director

Appointment: March 2005.

Qualification, Skills and Experience: Mr Leclezio, born in 1956, holds a BSc (Chemical Engineer) from Imperial College, London and an MBA from the London Business School. Before being appointed CEO of Promotion and Development Ltd in 1987, he worked in London as consultant engineer in the oil and gas industry and with Lloyds Merchant Bank as Assistant Manager in Project Finance.

Board Committee Membership: None.

Directorship in Public/listed companies: Swan Life Ltd, Caudan Development Ltd, Excelsior United Development Co Ltd, Mauritius Freeport Development Co Ltd, Medine Limited, Promotion and Development Limited, Swan General Ltd, Tropical Paradise Co Ltd and Rey and Lenferna Limited.

Sebastien Mamet – Non-Executive Director

Appointment: December 2016.

Qualification, Skills and Experience: Mr Mamet, born in 1975, is the holder of a Bachelor of Art in Managerial Statistics, graduated with a 1st class (with Honours), from the University of Exeter, England. He is an associate of the Institute of Chartered Accountants in England and Wales. He is currently General Manager of Terragri Ltd (Agriculture).

Board Committee Membership: None.

Directorship in Public/listed companies: Swan General Ltd, Swan Life Ltd, Terragen Ltd, Terragen Management Ltd and Terra Milling Ltd.

Mushtaq Oosman – Independent Director

Appointment: October 2017

Qualification, Skills and Experience: Mr Oosman, born in 1954, was a former Partner of PwC Mauritius. He was primarily an Assurance Partner as well as the Chief Operating Partner for Mauritius. He has served on the Africa Central Governance Board and is well versed with the working and responsibilities of a Governance Board. He has over 25 years professional experience in audit and financial advice, with a diversified portfolio of clients in sectors such as banking, insurance, manufacturing, sugar companies, the hospitality industry, betting operator, textiles and trading. He trained and qualified as a Chartered Accountant with Sinclairs in the UK, joined Roger de Chazal & Partners (founders of Price Waterhouse in 1988 in Mauritius). He is a fellow of the Institute of Chartered Accountants in England and Wales.

Board Committee Membership: Chairman of the Audit & Risk Committee.

Directorship in Public/listed companies: ENL Land Ltd, Automatic Systems Ltd, Rey and Lenferna Limited, MUA Ltd and United Docks Ltd.



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Hubert Raffray – Managing Director and Executive Director

Appointment: January 2007

Qualification, Skills and Experience: Mr Raffray, born in 1962, is the holder of Master's degree in Automation and Process Engineering from Institut Supérieur d'Automation et d'Informatique Industrielle (ISAI). He has a broad experience as field engineer at Measurex S.A., South Africa. He was the General Manager of Rey and Lenferna limited from February 2005 to January 2007. He is currently the Group Chief Executive Officer of Forges Tardieu Ltd.

Board Committee Membership: Member of the Corporate Governance Committee.

Directorship in Public/listed companies: Rey and Lenferna Limited.

Bernard Wong Ping Lun – Non-Executive Director

Appointment: March 2005.

Qualification, Skills and Experience: Mr Wong Ping Lun, born in 1955, holds a Bachelor in Science degree in Economics and is a Certified Chartered Accountant. He is currently the Finance Director of a number of private companies.

Board Committee Membership: Member of the Audit & Risk Committee.

Directorship in Public/listed companies: Rey and Lenferna Limited and United Docks Ltd.

Company Secretary:

The Company Secretary is Executive Services Limited, and its registered office address is found at 2nd Floor, Les Jamalacs Building, Vieux Conseil Street, Port Louis.

Executive Services Limited is a leading company with over 25 years of experience in the field of corporate secretarial services in Mauritius. Its core businesses are incorporation of companies, business registration, full corporate secretarial and administrative services including accounting and tax services. More information may be obtained on the latter on its website at www.executiveservices.mu. The staff of Executive Services Ltd regularly receives CPD courses.



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Senior Management Team:

Kreshan Bucktowar – Head of Projects

Mr. Kreshan Bucktowar, born in 1966, is the holder of BTech degree in Mechanical Engineering (1993) and a Post graduate Diploma in Project management (2002). After graduation, he has worked for Gumboots Manufactures Ltd (1993) as Maintenance Manager for one year and then join Forges Tardieu Ltd in January 1994 as Workshop Technician. He later occupied the positions of Site supervisor and Project Administrator. In 2006, Kreshan was promoted as Senior Project Manager. Kreshan currently holds the position of Head of Projects and manages a team of Project Administrators and Managers for all local and foreign projects.

Jean-Jacques Jullienne – Chief Operations Officer – Oil & Gas

Mr. Jean-Jacques Jullienne, born in July 1966, is the holder of an MBA International Paris from the University of Paris-Dauphine & IAE Paris, and a National Diploma in Mechanical Engineering from the Technical College of Durban in South Africa. He started his career in 1992 at the MTMD Sugar Estate as Assistant Garage Manager. He then joined Bell Equipment Ltd where he last held the position of Production & After-Sales Manager. After five successful years, Jean-Jacques moved to Madagascar as Managing Director of the Bell Equipment Pty dealer, Triumph International SARL. In 2005, he joined the Malagasy subsidiary of Forges Tardieu Ltd., namely Systec Sarl, still as Managing Director. Upon his return to Mauritius in 2007, he became Deputy Managing Director of Forges Tardieu Ltd. Jean-Jacques currently holds the position of Chief Operations Officer - Oil & Gas.

Guillaume Chateau de Balyon - Managing Director of Fortek (Mauritius) Ltd

Mr. Guillaume Chateau de Balyon, born in 1972, followed a Marketing & Management Course from 1992 to 1994 at the Institute of Marketing Management School in RSA (Damelin College). He followed a General Management Program through ESSEC Business School in 2014 / 2015. He worked as Sales Manager at Desbro International Ltd from 1995 to 2000, then joined Sotracom Ltd as Managing Director. In 2009, he joined Forges Tardieu Ltd as Sales Manager of the Commercial Department. Guillaume is now Managing Director of Fortek (Mauritius) Ltd.

Ghunshyam Parsan – Chief Operations Officer – Sugar and Other Industries

Mr. Ghunshyam Parsan, born in 1976, is a member of the Institution of Civil Engineers (UK & MRU) and of the Institution of Structural Engineers (UK & MRU). He holds a degree in Mechanical Engineering from the University of Mauritius, a Master's degree in Steel Construction from the University Sheffield, UK, as well as an MBA from Sorbonne Business School and Université Paris-Dauphine. Ghunshyam started his career in 1999 as Project Leader with Forges Tardieu Ltd, working both in the design office and on site. In 2002, he took employment as Structural Engineer with Caunton Engineering Ltd in the UK, working as lead engineer for clients such as Rolls Royce, Honda and the Royal Air Force. After a short spell in consultancy as Managing Director of Global Steel Professionals, he returned to Forges Tardieu Ltd in November 2009 as Design & Proposals Manager. Ghunshyam currently holds the position of Chief Operations Officer – Sugar and Other Industries.



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Sandrine Rouget - Chief Human Resource Officer

Ms. Sandrine Rouget, born in 1984, holds a Master degree in Information & Communication Applied to the Corporate World from Sorbonne Nouvelle University and a Post Master's degree in Human Resources and Communication from CELSA – La Sorbonne University. Sandrine started her career, in 2009, as Human Resources Manager for Pre-Mixed Concrete Ltd., Dry Mixed Products Ltd. and later Lafarge (Mauritius) Cement. In 2012, she was appointed Human Resources Manager of the group MSM Ltd. which consisted in a Printing Factory, a Carton Factory, a Finishing House and an Editing Company. In 2014, she became Human Resources Manager of Hilton Mauritius Resort & Spa for nearly 3 years. In October 2016, she joined the Forges Tardieu Group as Chief Human Resources Officer.

Anil Appayya - Chief Finance Officer

Mr. Anil Appayya, born in 1980, is a Fellow of the Chartered Association of Certified Accountant, UK (2004) (FCCA). He worked in the Audit Division of Ernst & Young from 2001 to 2005 before joining Lafarge (Mauritius) Cement Ltd in November 2005. He was the Head of Finance of the Lafarge Group in Mauritius before he took the expatriate route in 2012 with placement at Cementia Trading AG, the Trading and Shipping arm of Lafarge SA in Zurich, Switzerland. In February 2016, he was appointed as Regional Financial Controller of Lafarge Holcim Indian Ocean Cluster. He joined Sotravic Group in May 2016 as Chief Finance Officer and worked mainly on the restructuring of the Group. He joined the Forges Tardieu Group in March 2017 as Chief Finance Officer.

Oswaldo Beguinot – General Manager – Manufacturing Unit

Mr. Oswaldo Beguinot, born in 1978, is a member of the Institution of Mechanical Engineers (UK). He holds a degree in Manufacturing Engineering from the University of Mauritius as well as a Master's degree in Engineering Business Management from WMG - the University of Warwick, UK. He started his career in 2001 as Assistant Project Leader, then as Project Engineer with Forges Tardieu Ltd, working both in the design office and on major sites. In 2007, he took employment as Senior Project Engineer with Emineo Ltd, working on large sugar factory expansion projects both in Mauritius and Africa. He returned to Forges Tardieu Ltd in April 2010 as Assistant Design Manager and was appointed Design Manager in 2015. He currently holds the position of General Manager – Manufacturing Unit, since March 2018.



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REMUNERATION OF DIRECTORS

The Board decided to disclose an aggregate amount of Rs10,055,435/- (2017: Rs11,969,289/-) as remuneration and benefits from the Company. The Board agrees on that policy to protect the personal privacy of individuals which is in line with the current market practice.

Conflicts of interests

Each Director ensures that no decision or action is taken that places his interests in front of the interests of the business. At each Board meeting a Director will be requested to disclose any actual or potential conflicts of interests.

BOARD EFFECTIVENESS

Nomination Process

The Board recognises the importance of having a formal and transparent process for the nomination and appointment of directors.

The nomination and appointment process of directors which is owned by the Corporate and Governance Committee for the Company is as follows:

- 1 Identification of Candidates;
- 2 Interviews conducted by members of the Corporate Governance Committee;
- 3 Board approval of candidate;
- 4 Regulatory approval;
- 5 Election at Annual/Special Meeting;
- 6 Letter of appointment;
- 7 Regulatory filing.

Board Induction and Professional Development.

All new Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and visits to the Company's operational locations. The Board recognises that its Directors have a diverse range of experience, and so it encourages them to attend external seminars and briefings that will assist them individually.



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Board Evaluation

The Board recognises that a continuous and constructively critical evaluation of their performance is a powerful feedback for improving board effectiveness, maximising strengths and highlighting areas for further development. An outline of the evaluation process methodology which will be considered by the Board of **FTL** is described as follows:

- 1 Completion of a questionnaire by each Director;
- 2 Consolidation of findings and report submitted to the Corporate Governance Committee;
- 3 Presentation of findings and discussion with Board members;
- 4 Action Plan agreed to address gaps;
- 5 Implementation and monitoring of action plan.

BOARD COMMITTEES

The Board has a standing Audit and Risk Committee and Corporate Governance Committee.

Each Committee reports to, and has its terms of reference approved by the Board on the 27 March 2018. The minutes of the Committee Meetings are reviewed at Board meeting.

Audit and Risk Committee

The main duties and responsibilities of the Audit and Risk Committee are:

The basic responsibility of the members of the Audit and Risk Committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the company senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

1.1 The board authorises the Audit and Risk Committee, within the scope of its responsibilities to:

- (a) Perform activities within the scope of this charter;
- (b) Investigate any activity it deems appropriate;
- (c) Appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties;
- (d) Instruct any officer or employee of the company to attend any meetings and provide pertinent information as necessary and appropriate;
- (e) Have unrestricted access to members of management, employees and relevant information;
- (f) Establish procedures for dealing with concern of employees regarding accounting, internal controls and auditing matters;
- (g) Establish procedures for the receipt and treatment of complaints received by the company regarding accounting controls and auditing matters;
- (h) Make recommendations to the board in relation to the appointment, termination and remuneration of external auditors and evaluate the work of the latter;



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- (i) Review the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors;
- (j) Pre-approve all audit services fees and terms as well as review policies for the provision of non-audit services by the external auditors.

Membership of the Committee

The members of the Committee during the year were: Mushtaq Oosman (Committee Chairman), Bernard Wong Ping Lun, Francois de Grivel and Stephanie de La Hogue.

Attendance at Committee:

	9 FEB 2018	22 MAR 2018	10 OCT 2018	9 AUG 2018	9 NOV 2018
Mushtaq Oosman	✓	✓	✓	✓	✓
Bernard Wong Ping Lun	✓	✓	✓	✓	✓
Francois de Grivel	✓	✓	✓	-	✓
Stephanie de la Hogue	✓	-	-	✓	-

The Chief Financial Officer, the internal auditor and the external auditor attend meetings by invitation when appropriate.

Corporate Governance Committee

The responsibilities of the Committee which include the key areas covered by the Nomination Committee and Remuneration Committee are as follows:

- a. Determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- b. Prepare the corporate governance report to be published in the Company's Annual Report;
- c. Ensure that disclosures are made in the Annual Report in compliance with the disclosure in the Code of Corporate Governance;
- d. Determine, agree and develop the company's general policy on executive and senior management remuneration;
- e. Determine specific remuneration packages for executive directors of the company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pensions and other benefits;
- f. Determining any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;
- g. Determine the level of non-executive directors and independent non-executive directors fees to be recommended to the shareholders at the Meeting of Shareholders;



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- h. Ascertain whether potential new directors are fit and proper and are not disqualified from being directors. Prior to their appointment, their backgrounds should be investigated thoroughly;
- i. Ensure that the potential new director is fully cognisant of what is expected from a director, in general, and from him or her in particular;
- j. Ensure that the right balance of skills, expertise and independence is maintained;
- k. Ensure that there is a clearly defined and transparent procedure for shareholders to recommend potential candidates;
- l. Ensure that potential candidates are free from material conflicts of interest and are not likely to simply act in the interest of a major shareholder, substantial creditor or significant supplier of the company. This is of particular importance when a candidate has been nominated by virtue of a shareholder's agreement, or other such agreement;
- m. Ensure that those directors who, in the opinion of the board, have either acted in accordance with the instructions of a third party or have not discharged their duties as directors to the satisfaction of the board, not be nominated for re-election.

Membership of the Committee

The Composition of the Corporate Governance Committee during the year were Francois de Grivel (Committee Chairman), Dominique Galea and Hubert Raffray.

Attendance at Committee:

	30 JAN 2018	5 MAR 2018	19 DEC 2018
Francois de Grivel	✓	✓	✓
Dominique Galea	✓	✓	✓
Hubert Raffray	✓	✓	✓

Other members of the Management attend meetings by invitation when appropriate.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

Internal Control and Internal Audit

Senior Management has a direct responsibility to ensure that systems and processes are working satisfactorily and to report on any major issues to the Board. During the year under review, Management continued exercising a close monitoring over the system of internal controls.



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Internal Audit

According to the Code of Governance, organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. Internal Audit Services are provided by the Audit & Risk Department of Poivre Corporate Services (PCS) Ltd. The mission of the internal audit is to assist the board of directors accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Audit & Risk Department of PCS Ltd governs itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Audit & Risk activity's performance.

The Audit & Risk Department of PCS Ltd remains free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. The Manager Audit & Risk is authorized to:

- a) Have unrestricted access to all functions, records, property, and personnel.
- b) Have full, free and unrestricted access to the Audit & Risk Committee.
- c) Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.

During the year 2018, the Internal Audit team carried out audits at Forges Tardieu Ltd and within its subsidiaries and the findings were subsequently reviewed by the Audit & Risk Committee. Based on the audit team's risk assessment, there has been an improvement in the overall system of internal control.

For the year 2019, the Internal Audit Team intends to carry out more regular audit reviews across all companies within the Forges Tardieu Group as detailed in the Annual Internal Audit Plan.

Internal Control

Internal control is a process designed to provide reasonable assurance regarding the achievement of organizational objectives with respect to:

- Effectiveness and efficiency of operations;
- Safeguarding of assets and data of the organization;
- Reliability of financial and other reporting;
- Prevention of fraud and irregularities;
- Acceptance and management risk;
- Conformity with the codes of practice and ethics adopted by the organization;
- Compliance with applicable laws and regulations;
- Supporting business sustainability under normal as well as adverse operating conditions.



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Internal control is applicable to and is built into various business processes so as to cover all significant enterprise areas.

The Board recognises that it is responsible for the Company's system of internal control and has set appropriate policies to ensure that the above control measures are implemented.

Risk Management

The Board of directors has overall responsibility for the company's risk management and the process in place in relation to the identification, evaluation and management of the significant risks faced by the company in compliance with the Corporate Governance Code.

The company's approved Risk Management Policy sets out responsibilities for risk management throughout the organisation, i.e., those involved in taking and managing risk, those who establish risk policy, processes, methodologies and rules and those who provide assurance that all significant risks are identified, assessed, mitigated and appropriately monitored and reported.

During the year 2018, a risk management function has been created at PCS Ltd. The Risk Management Officer (RMO) has a direct responsibility of supporting businesses across the group in implementing appropriate risk management strategies. The RMO works closely with the senior executives as well as with operational teams to identify risks and appropriate risk mitigation strategies.

In 2018, the RMO has completed the implementation of departmental risk registers across all subsidiaries of FT Group. The outstanding measures to improve on the effectiveness of internal controls are being regularly followed up by the RMO. The latter is currently assisting Management in the process of drafting a strategic risk register, which shall be circulated to the Audit & Risk Committee for review and approval.



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INFORMATION GOVERNANCE

The Company lays emphasis on the confidentiality, integrity, availability and protection of information backed by adopted information and Information Technology (IT) systems. For fulfilling its obligations, the Board is supported by the Audit and Risk Committee.

ACCOUNTING AND AUDITING

Audit

The auditors' remuneration has been disclosed in the Annual Report on Page 1(b).

INTEGRATED SUSTAINABILITY REPORT

Ethics and business conduct

The Company's code of ethics is the cornerstone that guides its behavior, its decisions and its relationships. Both its values and ethics will help FTL to build a strong and sustainable company.

Environment Policy

FTL recognizes its responsibility as a corporate citizen in the protection and improvement of the environment. The Company vows to mainstream environmental consideration in all its undertakings and to continually strive to reduce the environmental impact of all its operations.

In line with its corporate values **FTL** is committed to:

- Meet or exceed all the environmental legislation that relates to the Company;
- Promote a product range to minimize the environmental impact of both production and distribution;
- Monitor periodically the impact on the environment and set targets for ongoing improvement;
- Implement training program for staff to raise awareness of environmental issues and enlist their support in improving the Company's performance;
- Consult and inform the public on key environmental issues;
- Put in place contingency plan to address environmental emergencies;
- Encourage the adoption of similar principles from our suppliers and other stakeholders.

Health and Safety Policy

FTL is committed to ensure a risk-free and healthy working environment through the provision and maintenance of a safe workplace and system of work through appropriate information, instruction, training and supervision and effective communication.

FTL undertakes to comply with the provisions of the Occupational Safe and Health Act of 2005 and the relevant Regulations.



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FTL will ensure that health and safety standards are a key issue in its organization.

Communication and consultation at all levels in the organization take place to ensure that health and safety are maintained and improved where necessary.

The Health and Safety Committee will ensure that this policy statement is regularly reviewed and amended and necessary action taken to fully satisfy emerging challenges and legislations.

Training and Development Policy

FTL shall ensure that the Group's employees are trained and become sufficiently experienced to the extent necessary to competently and effectively undertake their assigned activities and responsibilities. It is also the aim of **FTL** to encourage Group employees to make the most of learning opportunities to realise their own personal potential and enjoyment of their job.

FTL shall attempt to create a learning environment where employees will be prepared to accept change, develop new skills and take responsibility for their own continuous learning, in partnership with their head of department and the Executive Directors, to ensure their effective contribution to the successful achievement of both and personal goals.

Equal Employment Opportunity Policy

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at **FTL** are based on merit, qualifications and abilities. **FTL** do not discriminate in employment opportunities or practices based on race, colour, religion, sex, national origin, age or any other characteristic protected by law.

This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination and access to benefits and training.

Any employee of **FTL** with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their head of department or their Manager. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination is subject to disciplinary action, up to and including termination of employment.

Corporate Social Responsibility (CSR)

The Company recognizes that it has a responsibility to be involved in social issues which do not necessarily relate to the welfare of its own employees.



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Relations with Shareholders and other Key Stakeholders

Shareholding

At December 31, 2018, the Company's share capital was Rs96,000,000/- (1,920,000 ordinary shares) present on the registry.

Shareholder Rights

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that the Company's shareholders are treated fairly and equitably and that their rights are protected.

All shareholders of the Company are entitled to attend and vote at general meetings in person or by proxy. Shareholders also receive the annual reports of the Company and the notice of annual general meetings.

Conduct of shareholder meeting

During the annual meeting, which is held in Mauritius, shareholders are given the opportunity to communicate their views and to engage with the Board and Management with regard to the Company's business activities and financial performance.

Directors are encouraged to attend the shareholder's meetings. The members of the Audit & Risk Committee and external auditors are asked to be present at such meetings.

At the shareholder's meeting, each item is proposed in a separate resolution:

- The approval of the audited financial statements.
- The annual report.
- The ratification of dividend (if applicable).
- The election or re-election of directors of the board.
- The appointment or re-appointment of auditors under section 200 of the Companies Act 2001.
- The ratification of the remuneration paid to the auditors.
- Any other matter which may require the Shareholder's approval.



FORGES TARDIEU

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CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2018

Related Party Transaction

Related party transactions are disclosed in note 33 of the audited financial statements.

Constitution

The Company is currently governed by its Memorandum and Articles of Association and the Companies Act 2001. There are no material clauses to be highlighted.

Dividend Policy

The payment of dividends is subject to the performance of the Company, its cash flows, its investments requirements and its solvency ratio.



FORGES TARDIEU

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CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS.

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 Company as at the end of the financial year and the cash flows for that period and which comply with International Financial Reporting Standard (IFRS);
- (iii) the use of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

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

The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to and comply with the Companies Act 2001 and the Financial Reporting Act 2004. Any departure has been disclosed, explained and quantified;
- (iv) The financial statements have been prepared on the going concern basis.

ON BEHALF OF THE BOARD

Mr. Dominique GALEA
(Chairman)

Mr. Hubert RAFFRAY
(Director)

20th June 2019



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CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2018

STATEMENT OF COMPLIANCE

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

Name of PIE: FORGES TARDIEU LIMITED

Reporting Period: January 1, 2018 to December 31, 2018

We, the Directors of **FORGES TARDIEU LIMITED** confirm that to the best of our knowledge the Company has complied with all of its obligations and requirements under the Code of Corporate Governance (2016).

ON BEHALF OF THE BOARD

Mr. Dominique GALEA
(Chairman)

Mr. Hubert RAFFRAY
(Director)

20th June 2019