

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

Scott Investments Ltd (SIL or the Company’) is classified as a public interest entity under the Financial Reporting Act and is required to adopt corporate governance practices in keeping with the National Code on Corporate Governance for Mauritius 2016 (the “Code”).

SIL through this Corporate Governance Report explains the Corporate Governance Framework in place and application of the new Code of Corporate Governance (2016).

SIL is an investment company and all business operations are carried at the level of its subsidiaries and associates. In turn, the subsidiaries and associates qualifying as Public Interest Entities apply the Principles of the new Code at their level.

1. Performance

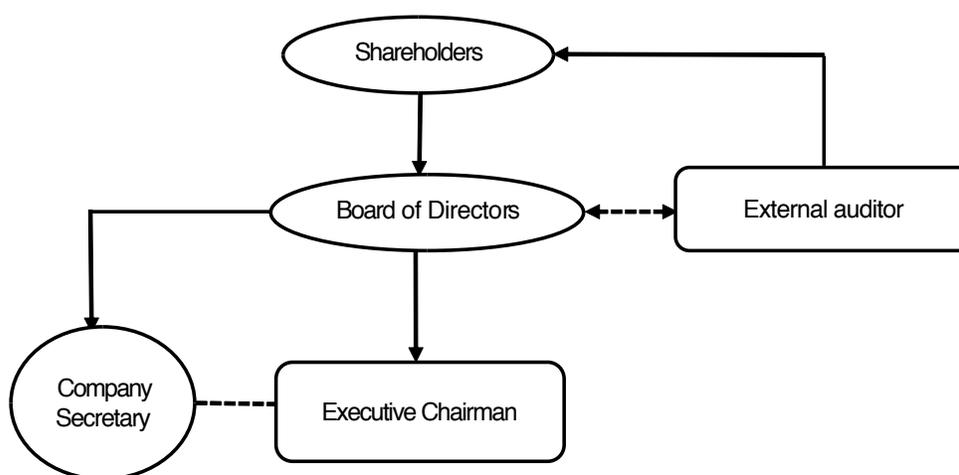
The Company achieved a satisfactory performance in terms of a growth in revenue of 19% compared to last year. Profit After Tax was Rs182,236k as compared to Rs106,769k for the last financial year.

2. Governance Structure

The Company is headed by a unitary Board of Directors who leads and controls the organisation, ensure that it meets legal and regulatory requirements and is responsible for its sustainability.

SIL is held by family members who are well represented on the board .

SIL has in place a lean Organisational Structure with a Board of Directors, Management and External Audit functions with clear lines of responsibilities as illustrated in the table below:



Scott Investments Ltd**Corporate Governance Report – Year ended 30 September 2018**

The Board has adopted a Board Charter and a Code of Ethics as disclosed on the Company's website. Given the Company's lean operational structure, the Board has elected an Executive Chairman and validated his position statement as comprised in the Board Charter. The Board has also validated the position statement of the Company Secretary and the Statement of Accountabilities as illustrated in the graph above.

The constitution of the Company is in line with the Companies Act 2001 and provides restrictions and limitations on the transfer of Shares and for nominated directors.

3. Board and Committees

The Board of Directors comprising of six directors, two executives, two non-executive and two independent, meets:

- to review the overall governance, management & performance of the Company,
- to approve its long term objectives and strategy,
- to look at corporate governance issues.,

The Board is of opinion that its composition is well balanced in terms of expertise, skills, knowledge, independence and gender to properly discharge its duties.

Board attendance and Category in which directors fall are found hereunder:

Name of Director	Category	Board Meeting	Reside in
Mr, Howard John Buttery	Independent	3 of 3	South Africa
Mr. Marc Lagesse (as from 27/04/2018)	Independent	3 of 3	Mauritius
Mr. Timothy Taylor	Executive	3 of 3	Mauritius
Mr. Alexander Matthew Taylor	Non-Executive	3 of 3	Mauritius
Mrs Fiona Melissa Taylor	Non-Executive	3 of 3	Mauritius
Mr Sebastian Taylor (as from 22/02/2018)	Executive	3 of 3	Mauritius

All directors reside in Mauritius save for Mr Buttery who resides in South Africa
Directors profiles are found on pages 2(x) to 2(xi) of the report.

The Board has three scheduled meetings each year during which it:

- examines all statutory matters;
- reviews the Company's performance;
- approves the Company's budget;
- monitors revised forecasts;
- approves the audited financial statements;

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

- oversees governance issues relating to the Company and its subsidiaries
- considers the declaration of interim and final dividends; and
- examines any proposed changes to capital structure and significant acquisitions, mergers, disposals and capital expenditure.

In addition, the Board meets whenever necessary between scheduled meetings to discuss urgent business. Certain decisions are taken by way of written resolutions.

Board Committees

The board of SIL considered that the setting up of board committees was not warranted as board committees were functioning at the subsidiaries level that is by Scott & Co Ltd and The Brand House Ltd which were carrying out the Group's main activities. All other corporate governance issues are taken by the board of SIL and by the board of The Brand House Ltd as far as this subsidiary is concerned.

4. Directors Appointment Procedures

The shareholding structure of the Company is composed only of family members and all of whom are represented on the board of Company. The Board is responsible for the process of identifying suitable candidates to be proposed to the approval of the Shareholders according to set criteria.

Given the family ownership structure, non-executive and executive directors are appointed for an indefinite period and until otherwise resolved by the shareholders. Independent non-executive directors are appointed for an indefinite period but could be considered no longer independent if his/her tenure exceeds nine years.

The Board would ensure that any newly appointed director would follow an induction programme to get acquainted with the organisation and be able to fulfil his duties promptly.

Moreover the Board review now and then the needs for professional development of directors and senior management, and identify training programmes of interest to them.

The Board is aware of its responsibility in respect of succession planning of key governance positions.

Company Secretary

ECS Secretaries Ltd, providing secretarial services to domestic companies for more than two decades and employing secretaries qualified as per the Companies Act 2001, is the corporate secretary of the Company. Board had validated the position statement of the Company Secretary embodied in the Board Charter.

Scott Investments Ltd**Corporate Governance Report – Year ended 30 September 2018****5. Directors Duties, Remuneration and Performance**

Directors are aware of their legal duties including disclosure of any potential source of conflicts of interest and have adopted a Conflicts of Interest and Related Party Transaction Policy. Declaration of directors as regards the latter are recorded on a Register of Interest kept by the Company Secretary. For disclosure of related-party transactions, please refer to Note 33 of the Financial Statements.

Moreover a Code of Ethics had been adopted at the Company's level.

Information

Directors receive relevant and accurate information to be able to take informed decisions during board meetings.

The Board also has the authority to secure the attendance at meetings of third parties with relevant experience and expertise as and when required.

Information Technology and Information Security Governance

SIL has adopted the Information Security Policy implemented by its subsidiary The BrandHouse Ltd.

A summary of the Company is available on the website www.thebrandhouse.mu.

Remuneration policy

The remuneration package of the executive director is paid in accordance with market rates whilst non-executive directors are paid a monthly fee.

Remuneration and benefits received and receivable from the Company and other related corporation were as follows:

	2018 Rs			2017 Rs		
	Executive	Non-Executive	Independent	Executive	Non-Executive	Independent
The Company	1,320,000	2,326,000	360,000	600,000	3,750,000	240,000
The subsidiaries	923,000	4,455,000	540,000	1,133,884	4,609,134	419,079
TOTAL	2,243,000	6,781,000	900,000	1,733,884	8,359,134	659,079

The detailed remuneration per director has not been disclosed as such figures are commercially sensitive.

There are no share option schemes for directors at the level of the Company.

Scott Investments Ltd**Corporate Governance Report – Year ended 30 September 2018**

The Executive Chairman reviews on an annual basis the adequacy of directors' and senior executives' remuneration so that it reflects the market.

Non-Executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

Directors and Senior management are covered by Directors and Officers Indemnity insurance.

Evaluation of board and members will be undertaken every 3 years.

Directors' Interests and Dealings in Shares

The Company is not listed on the Stock Exchange of Mauritius. There were no dealings in share of the Company during the year under review.

Directors' Interests as at 30 September 2018

	<u>% Direct holding</u>	<u>% Indirect holding</u>
Timothy Taylor	-	32%
Alexander Matthew Taylor	-	4%
Fiona Melissa Taylor	-	4%
Howard John Buttery	-	-
Marc Lagesse	-	-
Sebastian Taylor	-	4%

6. Risk Governance, Control and Audit**Preparation of financial statements & internal control**

The directors are responsible for ensuring that the financial statements are prepared in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

Internal Control, Internal Audit and Risk Management

The Board is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The Board has appointed SmarTree Consulting Ltd to undertake a review of the internal control system and make recommendations as to any improvements that it deems necessary to safeguard shareholders' investments and the Company's assets, to identify, evaluate and manage risks that may impede the achievement of the Company's business objectives and can therefore provide reasonable assurance against material misstatement or loss.

Moreover, at the level of its subsidiaries, SmarTree Consulting Ltd has been retained to provide internal control services to Scott & Co Ltd and The Brandhouse Ltd. Please refer to the annual report of these entities for more details on their internal control and risk management framework.

External auditors

Cays Associates have expressed their willingness to continue as the Company's external auditors and, in accordance with the provisions of the Companies Act 2001, will be automatically reappointed in Annual Meeting of Shareholders.

Directors and Senior Management are aware of the importance of Ethics and Environment in managing and governing the Company and such matters are taken up by the Board as applicable.

Corporate social responsibility, ethics and health & safety

The Group is an equal opportunities employer and complies with health and safety laws and regulations.

The Company is committed to the highest standards of compliance with laws and regulations, integrity and ethics in dealing with all of its stakeholders.

The CSR activities of the Group are channelled through the Scott Smile Foundation.

Please refer to the annual reports of the operating subsidiaries for more information on this matter.

8. Relations with shareholders and key stakeholders

There is no shareholder's agreement in respect of the Company which affects its governance. .

The external stakeholders of the Company and the Group namely its customers, suppliers, the Government/Regulators and the public are reached via social media platforms such as Facebook and LinkedIn as well as via advertisements.. Regular channels of communication are also maintained with the regulators and the Government.

Scott Investments Ltd**Corporate Governance Report – Year ended 30 September 2018**

The next Annual Meeting of Shareholders ('AMS') of the Company is scheduled in March 2019 and the shareholders will receive the notice of the AMS at least 14 days prior to the meeting in accordance with law.

The Annual Report of the Company is available at the offices of Registrar of Companies.

Holding structure

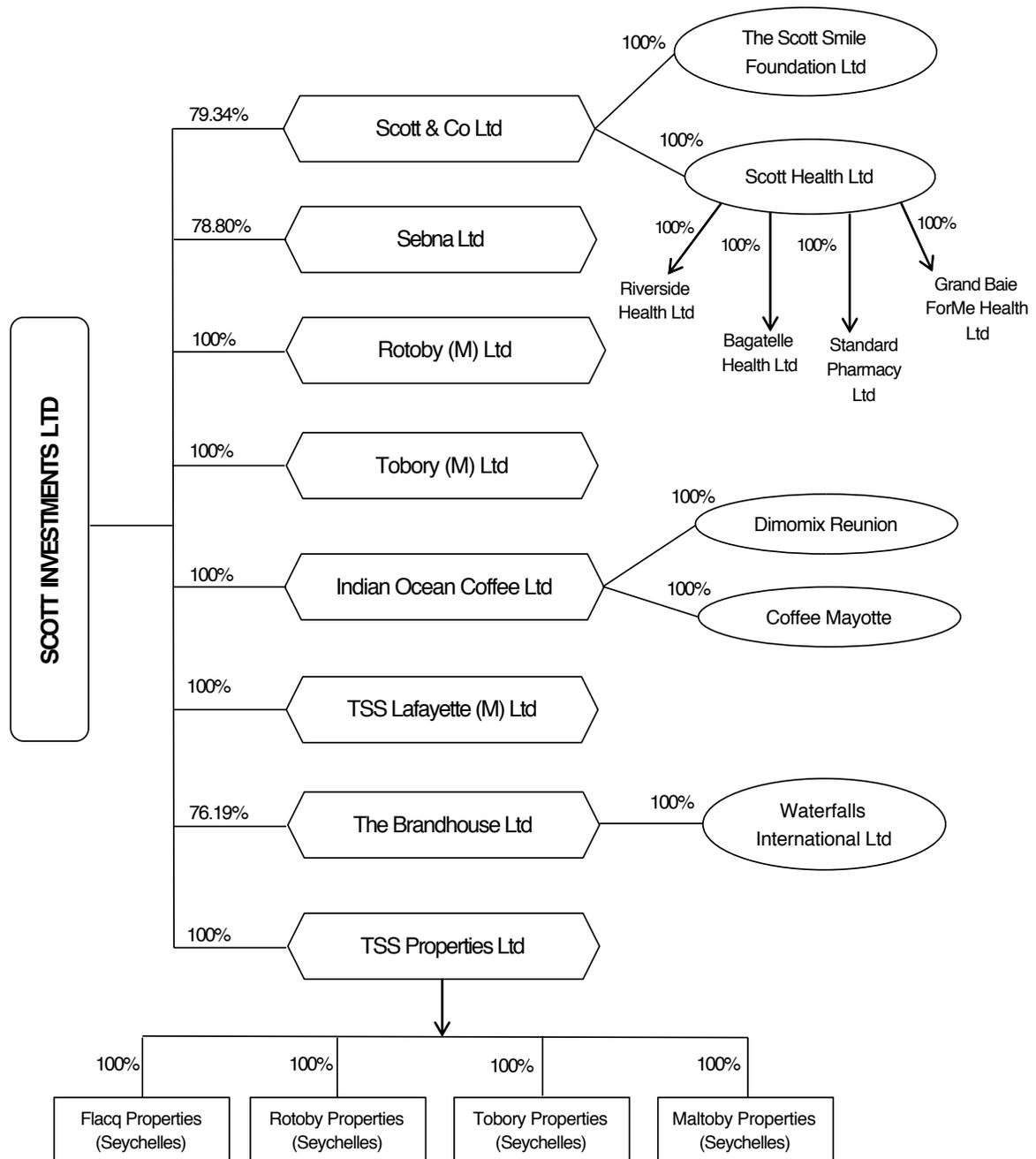
The Company is a public company limited by shares. The shareholders holding more than 5% as at 30 September 2018 are:

Name	%
Societe Rotoby	35.79%
TAYLOR, Estate Alexander Dennis	32.03%
Sylvia Scott Taylor, Jean Margaret Taylor, Dorothy Crocker, Emma Louise Farrar as Trustees of <i>The Donald Alastair Taylor No 1 Discretionary Settlement</i>	7.87%
TAYLOR, Sarah Anne	5.96%
Vorster, Danton I. Vorster, Peter D. Vorster and Irene M.	5.65%
VORSTER, Mrs Dorothy	5.65%

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

Cascade holding structure is as follows:



Management Services Agreement

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

The Company has a Management Services contract with its subsidiary The Brand House Ltd for its day to day operations.

Shareholders' Agreement

The Company is not aware of any Shareholders' Agreement.

Shareholder events and publications

The key shareholder events and publications are as follows:

Report	Month
Publication of Annual Report	March

Event	
Annual Meeting of Shareholders	March

Dividend Declaration

Interim	April
Final	September

Dividend Payment

Interim	May
Final	September

Dividend Policy

The Company has no formal dividend policy. Payment of dividends is subject to a solvency test under Companies Act 2001 and to the profitability of the Company, cash flow, working capital, foreseeable investments and capital expenditure requirements.

	<u>2018</u>	<u>2017</u>
Dividend paid	Rs	Rs

Scott Investments Ltd**Corporate Governance Report – Year ended 30 September 2018**

Interim	17,000,000	17,000,000
Final	25,000,000	23,000,000

Share price information

As the Company is not listed on any stock exchange, share price information is not available.

Timothy TAYLOR*Executive Director and Chairperson*

Tim Taylor holds a BA (Hons) in Industrial Economics from Nottingham University in the United Kingdom. He worked in United Kingdom until 1972 when he returned to Mauritius and joined Rogers, a leading Mauritian Commercial and Services Group. He became Chief Executive of Rogers in 1999 and retired in December 2006. He became Chairman (non-executive) of Rogers in 2007, retiring in October 2012. He is currently Chairman (non-executive) of Scott & Co Ltd and a Director of Cim Financial Services Ltd. Mr Taylor is the Honorary Consul of Norway in Mauritius and a past Chairman of the Mauritius Chamber of Commerce and Industry. He is a past Chairman of the National Committee on Corporate Governance. He has always had an interest in environmental and conservation issues. He has been a member of the Council of the Mauritian Wildlife Foundation since 2006 and President since 2009.

*Directorships in listed companies: Cim Financial Services
Vivo Energy Mauritius Ltd*

Matthew TAYLOR*Non-Executive Director*

Matthew Taylor, born in 1974, holds a BSc (Hons) in Retail Management from the University of Surrey. He joined Rogers in 2000 as Project Manager in the Planning and Development Department. He is currently the Chief Executive Officer of Scott and Company Limited.

Directorships in listed companies: Cim Financial Services Ltd

Howard John BUTTERY*Independent Director*

Howard Buttery was born in Durban, South Africa in 1946. After completing his studies and accounting articles he started his career with Bell Equipment Limited in March 1973 as Group Financial Director and was appointed as the Executive Chairman in 1977 a position he held until his retirement on the 30 June 2010. Howard also held the post as Chairman of Bank ABC where he served as a Director from 1st December 2004 to 31st December 2014. He has over 40 years of hands on experience in the forestry, mining, construction and sugar industries around the world. His particular interest is the development of trade between South Africa and the Sub Sahara African states. During his career he worked extensively in the West, Central and East African economies and served on a number of boards throughout this region. He is today the Executive Chairman of I.A. Bell & Company (Pty) Limited which holds the Bell family's investment in Bell Equipment Limited and a number of financial services companies. Howard continues to sit on the board of a number of private companies throughout the world and continues to make African inter-regional trade the centre of his interests.

Directorships in listed companies: none

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

Mrs Fiona Melissa Taylor

Non-Executive Director

Fiona Taylor, born in 1982, holds a BA (Hons) in Sociology from the University of York, UK and a Masters in Advertising and Marketing from Leeds Business School, UK. She started her career with Beachcomber Hotels in London as Sales Executive and later became Sales Manager for the UK and Ireland. She moved to Mauritius in 2009 and worked for Scott & Co. Ltd then Northfields International High School. Today she runs a fishing fly business, Victoria Tackle Ltd, with her husband supplying to the European and American market.

Directorships in listed companies: None

Marc Lagesse

Independent Director

Marc Lagesse currently holds directorship in several companies operating in different sectors of the Mauritian economy. He was until recently the Chief Executive Officer of the Hertshten Group, a Mauritian based holding company with operations in 7 countries across the globe involved in international derivatives markets and property. Marc Lagesse was previously the CEO of MCB Capital Markets, part of the MCB Group where he spent 15 years. Marc Lagesse has a BSc in Statistics and Economics from University College London and an MBA from the London Business School.

Directorships in listed companies: Medine Ltd, United Investments Limited and Excelsior United Development Companies Limited

Sebastian Taylor

Executive Director

Sebastian Taylor graduated from the University of Western Australia with a Bachelor's degree in Arts majoring in Economics and Politics. He then went onto complete a Master's in Business degree at Bond University. He started his career at Quilter Cheviot Investment Management in London where he assisted with the management of investment portfolios for private clients, trusts and charities. In 2018, he returned to Mauritius and became Investment Manager for Scott Investments

Directorships in listed companies: none

Other Statutory Requirements (section 221 of the Companies Act 2001)

Directors' Service Contracts

Two directors have employment contracts with the Company.

Donations

Donations (excluding CSR) amounting to Rs 220k were made during the year by the Company. The Company made no political donations for the year under review.

Directors of Subsidiaries of the Company as at 30 September 2018 are:

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

	Mr Timothy Taylor	Mr Matthew Alexander Taylor	Mrs Fiona Melissa Taylor	Mr Howard John Buttery	Mr Pierre Arnaud Marc De Marigny Lagesse	Mr Charles Clovis Sui Fung Wong Yin Sang	Mr Luigi Peccini	Mr Sebastian Callum Taylor	Mr Jean Philippe Couve De Murville	Mr Richard Albert Hirsch
Bagatelle Health Ltd	√	√		√		√				
Grand Baie ForMe Health Ltd	√	√		√		√				
Riverside Health Ltd	√	√		√		√				
Scott and Co Ltd	√	√		√	√	√	√	√		
Scott Health Ltd	√	√		√	√	√	√	√		
Sebna Ltd	√	√							√	
The Brandhouse Ltd	√	√		√		√				√
The Scott Smile Foundation Ltd	√	√								
Waterfalls International Ltd		√				√				
Indian Ocean Coffee Ltd	√	√	√							
Rotoby (M) Ltd	√	√	√	√						
Tobory (M) Ltd	√	√	√	√						
TSS Lafayette (M) Ltd	√	√	√	√						
TSS Properties Ltd	√	√	√	√						

Auditors' Fees

The fees paid to the auditors were:

	<u>Group</u>		<u>Company</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>Rs'000</u>	<u>Rs'000</u>	<u>Rs'000</u>	<u>Rs'000</u>
Cays Associates				
- External audit	1,839	1,720	250	250
- Internal audit of subsidiaries	932	706	932	706
- Financial due diligence	-	400	-	400
- Share valuation	75	70	75	70

Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

Contracts of Significance

During the year under review there was no contract of significance to which the Company or its subsidiaries were a party and in which a director of the Company was materially interested either directly or indirectly.

ECS SECRETARIES LTD
Company Secretary

Date

Scott Investments Ltd**Corporate Governance Report – Year ended 30 September 2018**

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity: Scott Investments Ltd

Reporting Period: Year ended 30 September 2018

Throughout the year ended 30 September 2018 to the best of the Board's knowledge Scott Investments Ltd has complied partially with the Corporate Governance Code for Mauritius (2016).

The areas of non-compliance are:

Principle	Areas of non-compliance	Explanation
Principle 2	No Board Committees have been formed.	Refer to paragraph 3 of the Corporate Governance report
Principle 3	Executive and Non-Executive directors are appointed until otherwise resolved by the shareholders.	Board and Shareholders considered this as appropriate given the family shareholding structure
Principle 4	Remuneration of Directors on an individual basis	Please refer to Paragraph 5 of the Corporate Governance Report
Principle 5	Whistle blowing procedures	Procedures are in place at the level of the subsidiaries where operations are conducted.
Principle 7	Internal Audit function	Internal Audit Function is in place at level of subsidiaries given the lean operational structure of the Company.
Website	Publication of a website	Due to the small scale of the organisational structure and the family ownership structure, a reduced list of documents has been published on the website

Date

Director

Director