

ANNUAL OPERATIONS REPORT 2021

PetroSeychelles

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Contents

.....	1
Introduction	3
Role and Responsibilities of PetroSeychelles	3
Our vision.....	3
Our Mission	3
Registered Office	3
Organisation Structure	4
Board of Directors	5
Chief Executive Officer's remarks	6
Financial Review	7
Statement of Financial Position.....	7
Statement of Comprehensive Income.....	7
Statement of Cash Flows.....	8
Statement on corporate governance.....	8
Operations Highlights.....	9
Exploration Activities.....	9
Negotiations for new agreement	9
Speculative Seismic Survey , Environment and Social Impact Assessment.....	9
Geophysical Interpretation Projects.....	10
Geological Map Update	10
Data Management Projects.....	10
Collaboration Projects.....	10
Identification of New Quarry site	11
Participation in the Evaluation of Ecosystem Goods and Services for Seychelles' Existing and Proposed Protected Area Systems.	11
Marine Spatial planning.....	11
Assistance to Natural History Museum	11
Assistance to DRDM	11
Coastal Zone Management.....	11

Introduction

PetroSeychelles Ltd was created in 2012, as a parastatal company responsible for regulating the upstream petroleum sector and overseeing all exploration activities in Seychelles. The company currently falls under the portfolio of the Department of Blue Economy and is governed by a Board of Directors. As part of its licensing functions, PetroSeychelles is responsible for the preparation and negotiation of agreements and for maintaining a licenses database. PetroSeychelles is also responsible for maintaining an up- to-date database of potential Petroleum and hydrocarbon deposits in the EEZ, which can be disseminated to interested parties. The company is also the repository for all petroleum related data and documentation.

Role and Responsibilities of PetroSeychelles

PetroSeychelles is responsible for supervising the Petroleum Operations in the EEZ and ensures that a regulatory and management regime is put in place by each Operator that:

- reflects the highest standards of International Oilfield Practice including a zero discharge policy while petroleum operations including drilling, development and production are being carried out
- protects the health and human resources of all affected by the Petroleum Operations
- ensures the public safety
- ensures the preservation of the environment, pristine marine habitats and amenities of Seychelles
- ensures that Seychelles fishermen, tourism operators and others who depend on commercial operations within and without Seychelles waters are not disadvantaged

PetroSeychelles is currently a streamlined company with a core group of qualified professionals and support staff to enable the company to undertake its mandated tasks with minimal overhead. The company has plans to grow as hydrocarbon exploration matures and discoveries are made.

Our vision

“A highly competent team running a thriving oil and gas industry, operating with due respect for the environment, other ocean users and benefiting every Seychellois for this generation and beyond”

Our Mission

“To facilitate, regulate and ultimately participate in the exploitation of oil and gas resources within the Seychelles EEZ while ensuring the proper management of all tangible and non- tangible resources.”

Registered Office

The company has its registered office at 1st Floor, Sepec House, New Port, Victoria, Mahe, Seychelles.

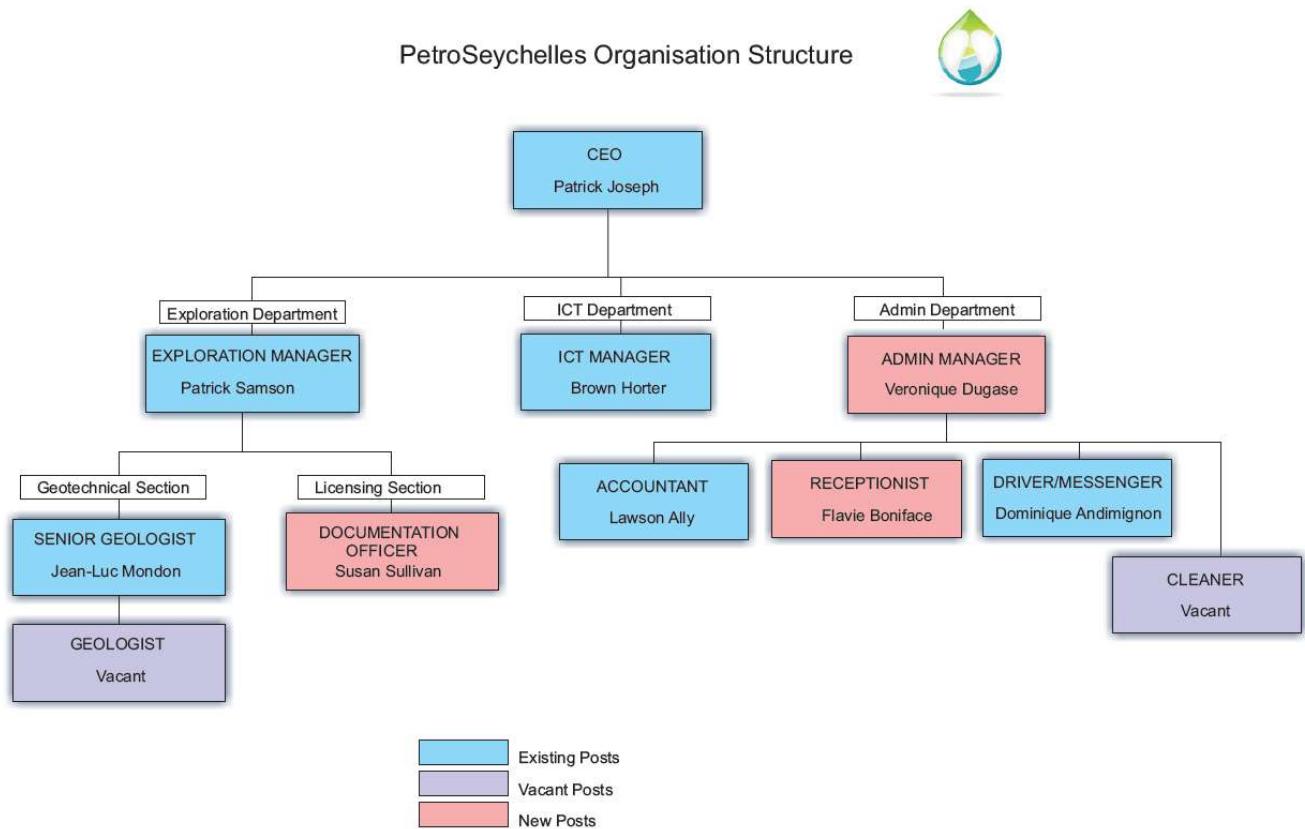
Postal address: P.O Box 1606, 1st Floor, Sepec House, New Port, Victoria, Mahe, Seychelles

Contact: Phone: (248) 4324422 Email: info@petroseychelles.com

Bankers: Mauritius Commercial Bank (Seyhelles Ltd)

Auditor: ACM & Associates

Organisation Structure



Board of Directors

PetroSeychelles is governed by a Board of Directors comprising five members. The mandate of the Board is to provide policy and strategic directives as well as general oversight of the company. As at end December 2021 the following directors held office:

Ambassador Barry Faure – Chairman

Mr. Patrick Payet - Director

Mr. Denis Matatiken - Director

Mr. Raymond Chang-Tave – Director

Mr. Patrick Joseph – CEO/Executive Director

Chief Executive Officer's remarks

2021 was another challenging year for PetroSeychelles although the international upstream petroleum sector showed some signs of a slow recovery with Western Texas Intermediate (WTI) averaging US\$68 and Brent US\$71 per barrel. This was a result of a faster increase in global demand than supply growth brought about largely by rising Covid vaccination rates, reopening economies and lifting of mass lockdowns.

Investment in the international upstream sector was nevertheless dominated by mergers and acquisitions as companies sought to improve their balance sheets and secure existing and future assets. While upstream exploration and production activity in the rest of the world slowed down in 2021, the African continent saw an acceleration in activity with several major new discoveries being reported throughout the year, such as the discovery of 250 million barrels of oil by ENI in block 15/6 offshore Angola, the 120 billion barrels of oil by Reconnaissance in the Kavango basin in Namibia in July, the announcement of a possible 390 trillion cubic feet of gas in the Karoo Basin of South Africa in May, the discovery in July by ENI of 700 million barrels of oil equivalents in block 4 offshore Ghanna, and several others.

Africa really is the last frontier for oil and gas discoveries and PetroSeychelles is very much encouraged by the renewed interest in the region and is hopeful that 2022 will bring about exiting new venture in the Seychelles upstream sector which will ultimately result in the discovery of petroleum in the Seychelles EEZ.

Due to Covid-imposed travel restrictions PetroSeychelles was unable to participate in annual oil and gas conventions where the company normally promotes the petroleum potential of the Seychelles offshore to international oil and gas companies. Contact with key companies that had indicated an interest in the Seychelles was however maintained via electronic means.

Negotiations with Adamantine Energy for a new petroleum agreement over the Beau Vallon and Junon areas continued via electronic means through 2021 and by year end had reached a very advanced stage. It is expected that the new agreement will be signed as soon as travel restrictions are lifted in the new year.

PetroSeychelles used the down time effectively to continue modernizing the data storage architecture and inventory. By the end of the year 75% of all data tapes had been assigned new barcode labels and entered into the new database. Seismic interpretation projects also continued, to identify new plays and leads that will be used in forthcoming promotional campaigns. Inhouse training of the technical staff also continued throughout the year.

Financial Review

Statement of Financial Position

	2017	2018	2019	2020	2021
	SCR	SCR	SCR	SCR	SCR
ASSETS:					
Property and equipment	537,280	443,346	353,749	328,492	320,680
Intangible asset	35,356	2,396	1,438	480	
Unpaid Share Capital					
Non current financial assets	69,422				
Non Current Assets	642,059	445,742	355,187	328,972	320,680
Trade and other receivables	212,668	95,575	5,042,740	33,056	48,737
Unpaid share capital	-				
Cash and cash equivalents	4,107,960	5,558,687	1,144,922	7,578,167	8,583,367
Other current financial assets	55,922	57,450	59,794	62,240	63,871
Current Assets	4,376,550	5,711,712	6,247,456	7,673,463	8,695,975
Total Assets	5,018,609	6,157,454	6,602,643	8,002,435	9,016,655
EQUITY and LIABILITIES					
Equity					
Share Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retained earnings	(1,782,196)	(8,520,286)	(15,579,596)	(22,721,112)	(29,951,793)
Total Equity	(782,196)	(7,520,286)	(14,579,596)	(21,721,112)	(28,951,793)
LIABILITIES					
Non Current liabilities					
Shareholders loan		5,000,000	10,000,000	15,000,000	20,000,000
Retirement benefit obligations	254,009	315,739	416,308	483,651	530,955
Deferred Income	4,195,182	5,909,291	7,202,719	9,627,741	15,315,774
Total Non Current liabilities	4,449,191	11,225,029	17,619,027	25,111,392	35,846,729
Current liabilities					
Trade and other payables	507,684	475,282	492,542	336,430	457,862
Deferred Income	843,931	1,977,430	3,070,670	4,275,725	1,663,856
Total Current liabilities	1,351,614	2,452,711	3,563,212	4,612,155	2,121,718
Total Liabilities	5,800,805	13,677,740	21,182,239	29,723,547	37,968,447
Total Equity and Liabilities	5,018,609	6,157,454	6,602,643	8,002,435	9,016,655

Statement of Comprehensive Income

	2017	2018	2019	2020	2021
	SCR	SCR	SCR	SCR	SCR
Revenue	315,098	1,744,829	2,262,408	2,876,556	2,945,149
Operating costs	(1,556,481)	(1,540,855)	(1,817,657)	(1,534,327)	(1,386,650)
Gross profit	(1,241,383)	203,974	444,751	1,342,229	1,558,498
Other operating income				7,724,382	(8,862,492)
Administrative expenses	(3,441,441)	(2,698,254)	(2,854,639)	(2,921,466)	(5,866,157)
Allowance for credit impairment	493,030	(4,254,057)	(4,657,146)	(13,293,016)	5,934,142
Operating profit/(Loss)	(4,189,794)	(6,748,337)	(7,067,034)	(7,147,871)	(7,236,009)
Finance income	19,251	10,247	6,325	6,355	5,328
Profit/(Loss) for the year	(4,170,543)	(6,738,090)	(7,060,709)	(7,141,516)	(7,230,681)
Total comprehensive profit/(loss) for the year	(4,170,543)	(6,738,090)	(7,060,709)	(7,141,516)	(7,230,681)

Statement of Cash Flows

	2017	2018	2019	2020	2021
	SCR	SCR	SCR	SCR	SCR
Operating activities					
Profit/(Loss for the year	(4,170,543)	(6,738,090)	(7,060,709)	(7,141,516)	(7,230,681)
<i>Adjustment for Cashflows from operating activities:</i>	(138,080)	3,012,448	7,240,128	9,451,312	3,159,162
Cashflows from operating activities	(4,308,623)	(3,725,642)	179,419	2,309,796	(4,071,519)
<i>Changes in working capital</i>	1,453,958	245,618	(9,575,625)	(852,677)	104,122
Net cash generated from operating activities	(2,854,665)	(3,480,024)	(9,396,206)	1,457,119	(3,967,397)
Cash flow from investing activities	(26,373)	(69,658)	(17,558)	(23,874)	(27,403)
Cash provided by/(used in) Financing Activities	-	5,000,409	5,000,000	5,000,000	5,000,000
<i>Movement in cash and cash equivalents</i>					
At Jan 1	6,989,001	4,107,963	5,558,690	1,144,922	7,578,167
Increase/ (Decrease) during the year	(2,881,038)	1,450,727	(4,413,764)	6,433,245	1,005,200
Exchange gains on cash and cash equivalents					
At Dec 31	4,107,963	5,558,690	1,144,926	7,578,167	8,583,367
Fixed and Intangible Asset Statement					
	2017	2018	2019	2020	2021
	SCR	SCR	SCR	SCR	SCR
Cost					
Opening	1,857,957	1,901,407	1,979,784	2,001,324	2,029,107
Additions	43,450	78,377	21,540	27,783	31,100
Disposal					
At 31 December	1,901,407	1,979,784	2,001,324	2,029,107	2,060,207
Accumulated Depreciation and Impairment					
Opening	977,235	1,328,772	1,534,042	1,646,136	1,700,134
Additions	351,537	205,270	112,094	53,998	39,393
Disposal					
At 31 December	1,328,772	1,534,042	1,646,136	1,700,134	1,739,527
Net Carrying amount at 31 December	572,635	445,742	355,188	328,973	320,680

Statement on corporate governance

Corporate governance provides the framework upon which a company can build and attain its objectives. Encompassing practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Good Corporate governance is thus key to ensuring success. The directors of PetroSeychelles understand the importance of good corporate governance and are fully committed to complying with the Code of Corporate Governance for Seychelles. Annex 1 contains the PetroSeychelles Corporate Governance report to PEMC for January to December 2021. It can be seen that the company applies most of the provisions under the reporting check list.

Operations Highlights

Exploration Activities

Negotiations for new agreement

Negotiations for a new petroleum agreement with Adamantine Energy Ltd continued throughout 2021. Travel restrictions due to Covid-19 meant that negotiations had to be undertaken through email exchanges and Zoom meetings. Great progress was made during the year and it is expected that the agreement will be signed in 2022 once all Government reviews have been completed and approvals received.

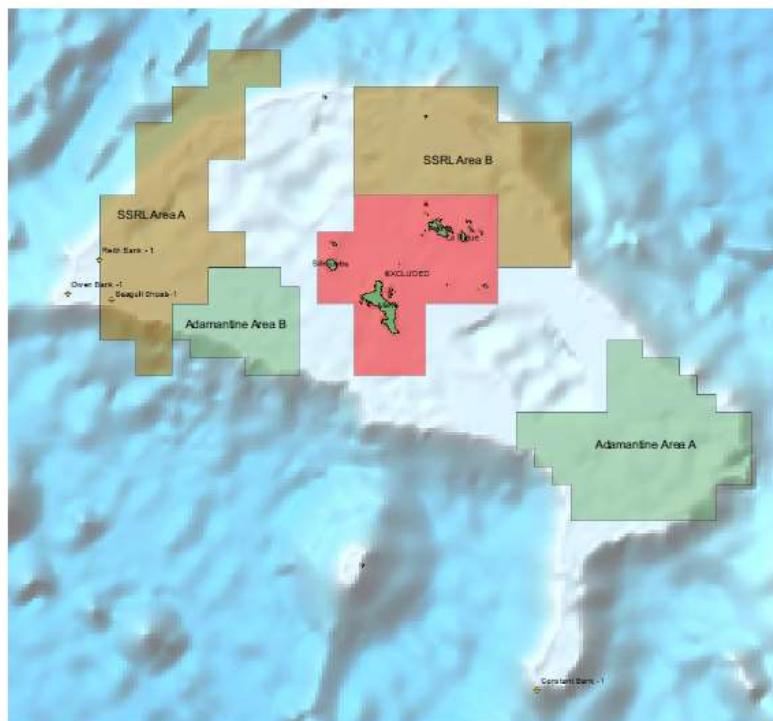


Figure 1. Adamantine Energy Agreement Are (in Green)

Speculative Seismic Survey , Environment and Social Impact Assessment

CGG a reputable seismic company is in the preparation stage of acquiring some regional 2D seismic data to link the geology of East Africa and Madagascar to the Seychelles Plateau. This data will help better understand the break up history and the formation of the Seychelles micro continent. It is also hoped that this will allow better understanding of the formation of the Amirantes Ridge. CGG submitted a scoping report and an environment and social impact assessment report in 2021. The documents have been submitted to the Environment Assessment & Permit Section. Several meetings have been held with the Department and by year end PetroSeychelles had not received the go ahead for the data acquisition. It is hoped that all approvals will be granted in 2022 to allow the project to proceed.

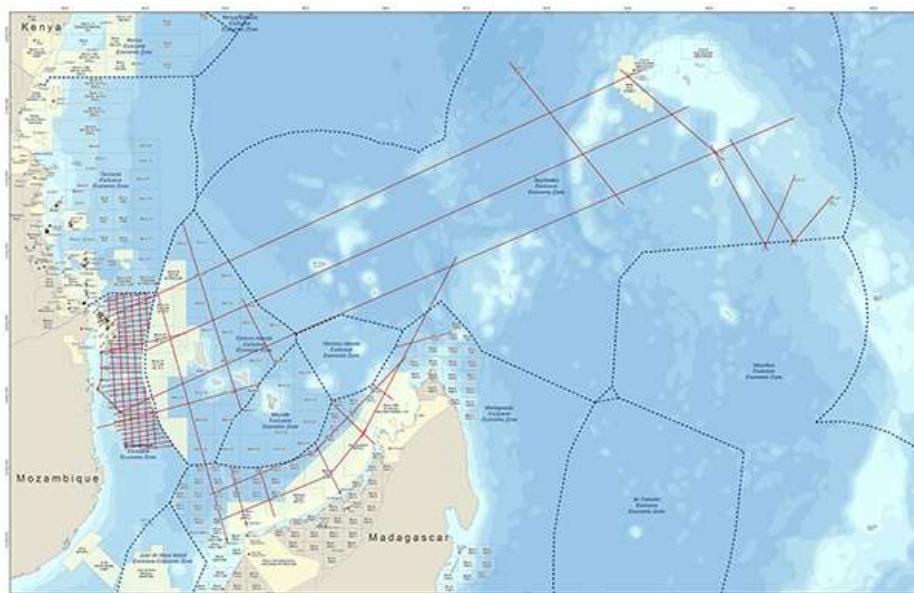


Figure 2. CGG proposed seismic line locations

Geophysical Interpretation Projects

Geophysical interpretation of data allows new play styles to be developed and new leads and prospects mapped. During 2021 two main interpretation projects were worked on around the Terez prospect on the Northern Shelf and deep water turbidite lead on the Southern Shelf. These new leads will be added to the leads database for use in future promotional campaigns.

Geological Map Update

The geological map of the Seychelles islands contain vital information that helps understand the origin and evolution of the microcontinent. Through undertaking field research new discoveries are made and these need to be documented on the geological maps. During 2021 the geological map of Mahe was updated with the latest information obtained through field research. The updates have been added on the GIS map and will later be published for use by the geological community and also be used to update the school Geography textbook which PetroSeychelles is working on.

Data Management Projects

Seismic Data Tapes Cataloguing.

PetroSeychelles is the repository for all seismic data tapes on which data from all the surveys pertaining to petroleum exploration in the Seychelles EEZ are stored. These data are very valuable and need to be properly catalogued and stored. It is also vital that the storage media are kept in climate controlled environment and regularly checked to ensure data integrity. During 2021 the ongoing project to ensure such data integrity saw additions of new barcodes to the tapes and by year end 75% of the tapes had been barcoded and added to the digital inventory.

Collaboration Projects

PetroSeychelles has become the de-facto geological survey of Seychelles since it is the only organization employing qualified geoscientists. The company is regularly called upon to assist other Government organizations with projects where such expertise is required. This section of the report covers the main collaborative projects that were undertaken in 2021.

Identification of New Quarry site

The planning Authority conducted a survey to identify an alternative quarry site to replace the depleting UCPS and UCCL sites. They wanted to carry out an in-depth assessment of each site in terms of Amount of rocks and rock type, biodiversity, cost effectiveness, accessibility, health and safety etc... Geoscientist from Petro Seychelles formed part of a multi sectorial working group undertaking the survey and assessment.

Participation in the Evaluation of Ecosystem Goods and Services for Seychelles' Existing and Proposed Protected Area Systems.

The purpose of this project was to assess the extent to which the marine protected area system developed under the Seychelles' Marine Spatial Plan, in combination with pre-existing protected areas, can be expected to both preserve and enhance ecosystem services provided by the marine and coastal areas. The Nature Conservancy (TNC) worked in partnership with the Ministry of Agriculture, Climate Change and Environment (MACCE) and the Third South West Indian Ocean Fisheries Governance and Shared Growth Project (*SWIOFish3*) to complete this assessment and report. PetroSeychelles has been active in developing the Seychelles Marine spatial Plan and therefore takes an active role on how these marine protected area will develop and manage under the MSP

Marine Spatial planning

This is an ongoing project and Petoseychelles is an active stakeholder. This is an important project and as the plan develops it can have impact on the development of exploration and development of petroleum resources. During 2021 Petroseychelles participated actively to ensure that at every step of the way the Marine Spatial Plan takes into account the needs of the petroleum sector.

Assistance to Natural History Museum

Geoscientist from Petoseychelles assisted the Natural history museum to upgrade the geology section of the museum. Training was given to the museum staff about the geological evolution of the Seychelles archipelago. The Museum is looking to giving a face lift to the whole museum linking the geology to other sections of the natural history. This work is ongoing and expected to accelerate in 2022.

Assistance to DRDM

Following a request from the Department of Risk and Disaster Management (DRDM) in August 2021 to assess the stability, or the possible risk of future boulder fall at upper Belombre to see if they pose a threat to the property of Mr Paul Bistoquet and Sheila Commettan (J2084) and surrounding area. Two geoscientist from PetroSeychelles undertook a brief geological survey of the area. They were accompanied on this trip by two officer from DRDM Mr Daniel Rosette and assistant. The site visit was conducted and the findings were recorded in a report submitted to the department of risk and disaster management.

Coastal Zone Management

Petroseychelles participated in an ongoing study around the main island of Mahe in regards to coastal erosion as a result of changes in the coastlines. The study intends to better understand the dynamics and causative factors, with the aim of determining targeted and better mitigation measures.

Annex 1

Reporting on the Code of Corporate Governance for Public Enterprises



1. The use of the template

The Code of Corporate Governance came into effect in April 2019 and this template is meant as a tool for Public Enterprises to report on their adherence to the Code of Corporate Governance for Public Enterprises (the Code) and to explain deviation from the Code in a standard reporting format.

As per Principle 14 of the Code, it is the Public Enterprise's responsibility to disclose to the shareholder(s) and other stakeholders, as well as wider governance community, how it has exhibited governance leadership. Principle 14 goes further to state that it is the Commission's responsibility to engage with individual Public Enterprises where progress is slow.

The Commission believes that publication of the corporate governance report creates the highest degree of transparency access for other stakeholders. The Commission will further present a report to the President each year, summarising overall progress with the Code. The Report of the application of the Code of Corporate Governance would be published by the Public Enterprise Monitoring Commission (the Commission) as part of the monitoring and reporting of the application of the Code.

2. The reporting and “apply or explain” approach

It is stated in Principle 14 of the Code that the Board of a Public Enterprise is expected to report the progress they are making with the implementation of the Code’s provisions. In order to create the transparency necessary for the shareholder(s) and other stakeholders, the Public Enterprise must respond to each provision and provide meaningful information on whether the Public Enterprise is applying the provision in question.

A Public Enterprise applies (under the *apply* column) a provision providing details of how it has applied the provision in its entirety under the respective Principles. If a Public Enterprise only meets part of the requirements of the provision then it should leave this column empty.

If a Public Enterprise deviates from parts or the entire provision, the Public Enterprise has to explain (under the *explain* column) the reasons for the deviations or the reasons why it has chosen not to apply the provision. The Public Enterprise will also state how (under the *how* column) it has applied this provision in an alternate manner and why (under the *why* column) it has chosen to do so instead. Both the “why” and “how” columns have to be completed under the “explain” approach. A Public Enterprise thus becomes compliant if instead of applying a provision, explains an alternate approach.

In the rare circumstances whereby a provision does not apply to the Public Enterprise, then the provision may be deemed “**Not Applicable**”. For example, existing statutes or legislations overriding the provisions of the Code. If the Public Enterprise does not have such legislations in place and have not applied the provision in part or in full then the provision will be deemed “**Not Applied**”.

Note that the reporting must reflect the Public Enterprise’s position at the time of publication of the annual report. However, any significant changes that occurred after the completion of the Public Enterprise’s accounts, but before the publication of the annual report, should be included in the corporate governance report.

3. Methodology

The Board's report on the implementation of the Code shall be contained as a summary within the Annual Report. The summary shall be supported by the completed Checklist inserted as Appendix. The completed Checklist must be submitted to the Commission within three months after each Public Enterprise's financial year end.

The Checklist may be prepared by the Board Secretary however it must be endorsed by the Chairperson and Chief Executive Officer. The Board Secretary must ensure that adequate and appropriate documentation supporting the disclosures of the Checklist is kept. These documents shall be forwarded to the Commission to support the disclosures made by the Public Enterprise.

The Commission has the powers under Section 12 (c) to request a Public Enterprise to submit further documents in support to the disclosures made in this report¹. The Commission is also empowered by Section 11(g) to arrange investigation or inspection into the affairs of a Public Enterprise and audit the disclosures made in this report.

¹ See List of Documents to support the Code of Corporate Governance for Public Enterprises

Reporting on the provisions of the Code of Corporate Governance

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>		
		why	how	
BOARD LEADERSHIP AND EFFECTIVENESS				
Principle 1. – The board is collectively responsible for leading and directing the Public Enterprise’s activities and to works closely with management to deliver the long-term success of the company.				
1. The Code provides that board directors carry the legal duties, responsibilities, and liability for leading the organisation successfully. Board directors operate on a collegial basis and are jointly and severally liable for their decisions and their actions.	Board of Directors are appointed as per the PEMC Act and comprises of a majority of non-executive Directors. Directors are well conversant with the duties and responsibilities. as per Schedule 5 of the Act.			
2. The Code provides that the board should meet regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision.		Since the resignation of two Directors, the biggest challenge is obtaining a quorum as all remaining five members need be present at the Meeting.	Since the Covid 19 pandemic meetings have been conducted virtually.	
3. The Code provides that the board should establish the organisation’s purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, avoid conflicts of interest, lead by example and promote the desired culture.	The Mission and Vision strategies of PetroSeychelles were established in conjunction with the Board.			

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
4. The Code provides that the Board should ensure that the Public Enterprise is compliant with relevant laws and regulations, including statutes pertaining to procurement and public finance.		PetroSeychelles being a relatively small company finds it not practical to abide to all the statutes but the company endeavours to be guided by relevant laws, regulations, including statutes pertaining to procurement and public finance.	<p>Government policies and Guidelines that PetroSeychelles abides with are as follows</p> <p>Guidelines for the preparation of the Statement of Corporate Intent</p> <p>Good Governance Guidelines for Public Organisations (2009)</p> <p>Investment Surplus Fund (2009)</p> <p>Public Debts Management Act (2009)</p> <p>Public Finances Management Act (2009)</p> <p>CSA Policy (2009)</p> <p>Dividend Policy (2013)</p> <p>Health and Safety</p>
5. The Code provides that the board should work closely with the CEO and the management team, which is responsible for the running of the organisation, to ensure the organisation achieves its objectives. A	A healthy relationship exist between the Board and the Management team. All		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
healthy relationship between the board and management is an essential feature of a well-governed organisation.	important decisions relating to the Company achieving its objectives are taken at Board Level. The Board ensure that PetroSeychelles attains its objectives and discharges its functions in line with its mandate.		
6. The Code provides that one of the board's principal roles is to exercise effective oversight over the management team and its activities. This requires the board to maintain a reasonable arms-length distance from management, and to ensure that – supported by the management team – it satisfies its fiduciary duty to place the interests of the entity, or organisation, first.	The Board has oversight over the Management team. Also the Management team has to present progress reports both operational and financial at every Board meeting.		.
7. The Code provides that there should be a clear division of responsibilities at the head of the organisation between the running of the board and the executive responsibility for the running of the organisation's business. No one individual should have unfettered powers of decision.	There is a clear division. The management team is allowed to run the company's day to day business activities and the Board ensures implementation of strategic plan and retains the oversight role.		
8. The Code provides that the division of responsibilities between the Chair and the CEO should be clearly established, set out in writing and agreed by the board.		There is currently no written document.	The division of responsibilities is very well understood and respected.

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
9. The Code provides that the management of a Public Enterprise has a duty to provide its Board with all necessary information to enable the Board to perform their duties to a high standard. The Board should take all necessary steps to make themselves aware of any relevant information and access all information as necessary.	The Board is provided with appropriate information in the form of Board papers prior to the Board meetings or whenever requested.		
10. The Code provides that there should be clear escalation procedures so that contentious issues are brought to the board for its consideration.	Applies		
11. The Code provides that board discussions should be properly recorded in minutes to provide a thorough record of board discussion and the rationale behind decisions taken.	Applies		
12. The Code provides that board meetings should be conducted in private, and all board business should be considered confidential, and not for discussion outside the boardroom.	All Board meetings are held in private and all Directors understand the confidential nature of matters discussed.		
13. The Code provides that the organisation should, if appropriate, arrange appropriate insurance cover in respect of legal action against its directors.	Research has started into the best way to implement this.		
Principle 2 In conducting its business, the board should reassure itself that it has sought assurance of the operations of the organisation, focusing particularly on those activities which create, sustain, and protect value.			

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
1. The board's relationship with the CEO and management team			
1.1. The Code provides that the board should prioritise strategy formulation to maximise value creation; agreeing with management the board's role in terms of involvement with, and oversight of: i) the strategic vision; ii) development of the strategy; and iii) crafting of the business model.	The strategy document and statement of corporate intent are prepared by the Management and the Board		
1.2. The Code provides that the board should understand where value lies in the business model, and the Public Enterprise's strengths and points of differentiation; provide direction, and monitoring, and hold management to account, for execution of the business plan, using appropriate non-financial and financial KPIs; and compensate management through a system which clearly links rewards to outcomes.		By the nature of the Company's business no meaningful KPI's can be drawn up.	The regular board meetings ensure that the Management team is held accountable.
1.3. The Code provides that the board should have a clear view of the opportunities and risks associated with the Public Enterprise's activities, and how much risk it is prepared to take (its risk appetite) for the Public Enterprise to achieve its objectives; and achieve effective oversight of the system for managing risks to the delivery of the strategy.	The Management Team undertakes SWOT analysis and the Board is kept aware of the outcomes.		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
1.4. The Code provides that the board should ensure, through oversight of the budget, that management has sufficient resources in place to 'do the job'; champion the fact that the Public Enterprise's people, its human capital, is a differentiator; and ensure that there is a solid succession plan for developing the executive pipeline, and for managing talent.	The Company's budget is approved by the Board. The Board places great emphasis on personnel development and succession planning.		
2. The board's relationship with the wider environment			
2.1. The Code provides that the board should understand the legal and regulatory context within which the board operates, and the compliance obligations which need to be met; create a culture which supports management in meeting the Public Enterprise's obligations; and view a positive attitude to compliance as a means of offering reassurance to the Public Enterprise's key stakeholders, therefore constituting a source of strength and, where appropriate, competitive advantage.	The Board is familiar with the regulatory context within which it operates.		
2.2. The Code provides that the board should ensure the controls framework is healthy and fit for purpose; acknowledge that weak controls pose a major risk for fraud to occur within the Public Enterprise; seek reassurance from management that the controls framework is being implemented in a way that achieves its purpose without restricting the Public Enterprise's ability to create value.	The SOP's are discussed and approved by the Board. Yearly audits also test the SOP's.		.
2.3. The Code provides that the board should be accountable to its business partners, particularly those that provide the organisation's funding; accept that accountability generates positive sentiment	The Board is accountable to its business partners and ensures		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
among stakeholders; promote strong communications with, and disclosure, to those stakeholders; ensure the integrity of the Public Enterprise's non-financial and financial reporting to those stakeholders.	accurate and timely reporting to its stakeholders.		
2.4. The Code provides that the board has a leadership role; that management looks to the board for signals of intention, and therefore consciously and explicitly seeks to encourage a strong performance culture, which will drive a process of value creation without exposing the Public Enterprise to unacceptable levels of risk of value destruction.	The Board takes its leadership roles seriously to ensure value creation		
3. The Board's relationship with itself			
3.1. The Code provides that the board ensure that it possesses the right mix of skills, experience, knowledge, 'independence', diversity and displays the appropriate behaviours to address the challenges facing the organisation; has a solid succession plan in place.	The Board possesses the right mix of skills, experience and competencies.		
3.2. The Code provides that the board demonstrates ethical leadership, displaying and promoting behaviours consistent with the organisation's purpose, direction, culture, vision, and values.	All Board members are ethical leaders. The Board members act and deliver their responsibilities in a professional manner.		
3.3. The Code provides that the board create a decision-making process which generates well-informed, high-quality, strategic decisions, based on a clear line of sight into the business, and achieve clarity in decision processes and authorities.		No specific decision making process has been formulated.	The Board encourages open discussions and research to ensure they are well informed so as to come up with high quality decisions

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
3.4. The Code provides that the board think carefully about its governance arrangements, and embrace evaluation of their effectiveness periodically, while reviewing its own performance regularly; conduct an annual board evaluation of its own effectiveness.		The Board does reflects on its performance during the last meeting every year. An evaluation form is being developed for the annual evaluation of the Board's performance.	
Principle 3. The Chairperson is responsible for the board's overall effectiveness in directing and controlling the activities of the organisation.			
1. The Code provides that the Chairperson should display high standards of integrity and probity and set expectations regarding culture, values, and behaviours for the Public Enterprise and for the tone of discussions at Board level.	The Chairman does display high standards of integrity and does set high expectations regarding, culture values and behaviour.		
2. The Code provides that a competent and performing board Chair is the single most significant driver of an effective board.	Applies		
3. The Code provides that the Chair leads the board, while the CEO leads the organisation. The most important relationship in the boardroom is that between the Chair and the CEO, with efforts made to ensure a constructive relationship	This division of leadership roles is well understood and there is great relationship and mutual respect between the Chair and the CEO.		
4. The Code provides that the Chairperson should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate.	The Chair does facilitate constructive debate and		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
	encourages contribution from all directors.		
5. The Code provides that the Chair facilitates constructive board relations and the effective contribution of all directors.			
6. The Code provides that the Chairperson sets the board agenda, ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues, and ensures that directors receive accurate, timely and clear information.			The Board Agenda is prepared by the Board Secretary and approved by the Chairman.
7. The Code provides that the Chair manages the interface between board and management and, externally, ensures appropriate steps are taken to provide effective communication with stakeholders, and that their views are communicated to the board as a whole.	Applies		
8. The Code provides that the positions of Chair and CEO should be held by different individuals.	Applies		
9. The Code provides that a CEO should not go on to be Chair of the same organisation.	Applies		
Principle 4. The board should include an appropriate combination of executive and non-executive directors, such that no one individual or small group of individuals dominates the board's decision-making.			
1. The Code provides that a majority of the board should comprise non-executive directors.	Only the CEO who is and ex-officio director is an executive director.		

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
2. The Code provides that at least three of the non-executive directors should be independent in nature.			This will be ensured when the new Board is appointed.
3. The Code provides that Non-executive directors should have sufficient time to meet their board responsibilities and should, to achieve this, be prepared to limit the number of boards on which they sit	Applies		
4. The Code provides that Non-executive directors should provide constructive challenge, strategic guidance, offer specialist advice and, collectively, hold management to account.	Applies		
5. The Code provides that all directors should always objectively discharge their duties and responsibilities as fiduciaries in the interests of the organisation and keep abreast of their responsibilities as a director and of the conduct and development of the organisation.		Some directors have very demanding roles in other organisations and sometimes delays occur.	Whatsapp group discussions have been set up to mitigate this.
6. The Code provides that Directors are expected to attend each board meeting and each meeting of any committee on which they sit. They should notify the Chair and the board secretary of any absence, and the board should consider whether any such absence is acceptable.	Applies		
7. The Code provides that a record should be kept of individual director's attendance and (where relevant) voting record	Applies		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
8. The Code provides that it is established good practice for the Chair to hold meetings with the non-executive directors without the executives present.		So far all meetings have included the Executive Director.	
9. The Code provides that where directors have concerns which cannot be resolved about the running of the organisation, or a proposed action, they should ensure that their concerns are recorded in the board minutes.	All such concerns are recorded in the Minutes.		
10. The Code provides that On resignation, a non-executive director should provide a written statement to the Chair, for circulation to the board, if they have any such concerns.	Applies		
11. The Code provides that existing directors will be expected to enhance their continuous professional development by attending training in the field of Corporate Governance and finance, with the objective of developing their board-craft skills – unless they can provide evidence of previous knowledge of, or experience gained in, this discipline			Directors are encouraged to attend such training.
12. The Code provides that new directors will be expected to take the training in Corporate Governance, to develop their board-craft skills, either in advance, or within the first year, of serving on a board – unless they can provide evidence of previous knowledge of, or experience gained in, this discipline			New Directors will be encouraged to attend the Corporate Governance training.

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
13. The Code provides that all directors will be expected to devote some time to their continuing professional development, and to gaining a greater understanding of the organisation's business	Applies		
14. The Code provides that each director should receive a letter of appointment which clearly sets out the expectations of the role including time commitment and, if appropriate, level of remuneration. Attached to the letter will be key documents, including the Code, the Board Charter and the Code of Conduct and Ethics.	Directors are appointed by letters of appointment from the President.		
Principle 5. The board should be supported by a suitably and competent board secretary who will, through the Chair, promote good governance			
1. The Code provides that the board secretary should be recognised as an important member of the board community and the organisation's head of governance.	The Board Secretary is recognised as such.		
2. The Code provides that the board secretary will ensure that the board has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Applies		
3. The Code provides that the board secretary will help the board and its committees function effectively, manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings, and facilitate board communications.	Applies		

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
4. The Code provides that the board secretary will ensure the timely distribution of meeting papers; advise the board on its roles and responsibilities; facilitate the orientation of new directors and assist in director training and development; monitor governance developments; and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations.			The Board Secretary ensures that all documents are distributed in a timely manner.
5. The Code provides that the board secretary will not simply carry out his or her technical duties but will also act as governance adviser to the board, helping the directors individually, and the board collectively, achieve high levels of governance performance.			The Board Secretary has undergone Governance training and shares good practices with the Board Directors.
6. The Code provides that all members of the board should have access to the services and advice of the board secretary, particularly on matters relating to governance.	Applies		
7. The Code provides that the board secretary will be expected to take the Advanced training in Corporate Governance either in advance, or within the first year, of taking up the role.	Training has been undertaken.		
8. The Code provides that the board secretary will also be expected to consider studying for the internationally-recognised qualification provided by the Institute of Chartered Secretaries and Administrators: The Governance Institute.			This will be considered.

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
Principle 6. An effective board possesses the right mix of skills, experience, knowledge, independence and diversity, and displays the appropriate behaviours, to address the challenges facing the organisation.			
1. The Code provides that appointments to the board should be subject to a formal, rigorous and transparent procedure.			To be ensured for appointment of new Board.
2. The Code provides that an effective succession plan should be maintained for board (as well as senior management).			It is in the process.
3. The Code provides that both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social background, and cognitive and personal strengths.	Applies		
4. The Code provides that the board should have independent directors. Such directors will no longer be considered independent after a cumulative term limit of nine years.			Currently one of the Directors is a retired public servant.
5. The Code provides that a Nomination Committee should be established to help with the task of succession planning and the appointment of board members, including the future Chair (and CEO).	Applies		
6. The Code provides that a board skills matrix should be used to identify gaps on the board as the basis for appointing appropriate board members, based on their fit.		No matrix exists so far	

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
7. The Code provides that in identifying candidates for appointment as directors, the board should not rely solely on recommendations from existing board members, or management, but should use an independent mechanism – such as a directors' register, or open advertisements – to identify suitably-qualified candidates.			Will be done when a new Board is appointed.
8. The Code provides that the organisation should disclose how candidates for (independent) non-executive director positions were sourced.		Does not apply yet	Board evaluation procedure
9. The Code provides that a director should, when joining a board for the first time, receive a comprehensive induction about the organisation.	Applies		
10. The Code provides that all directors should have access to a programme of ongoing professional development to help them strengthen their skill and knowledge base.		Directors are informed of available training programme and encouraged to attend at company cost.	
Principle 7. The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director			
1. The Code provides that board evaluation should consider the board's composition, diversity achieved and how effectively members work together to achieve objectives.		Does not apply yet	Working on the framework for the Board Evaluation.

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
2. The Code provides that individual evaluation should demonstrate whether each director continues to contribute effectively.			In the process
3. The Code provides that the results should feed through to work of the board (or Nomination Committee) in terms of board composition and succession planning.			
4. The Code provides that the board should disclose how the assessment was carried out and, in general terms, its outcome.			In the process
5. The Code provides that every third year, the evaluation should be conducted by an independent, external professional evaluator.		Does not yet apply	In the process
Principle 8. The board should have a charter which is periodically reviewed and published on the organisation's website			
1. The Code provides that the board charter should clearly identify the governance structure, authority and terms of reference of the board, its committees and management.			In the process
2. The Code provides that the board charter should include respective roles and responsibilities, and issues and decisions reserved for the board.			In the process
3. The Code provides that the board charter should identify, for directors, what is expected from them in terms of their commitment as board members.			In the process

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
4. The Code provides that the board charter should also outline the vision, mission, values, expected behaviours and desired culture of the organisation.			In the process
Principle 9. The board will establish a Code of Conduct and Ethics for the organisation and monitor its implementation by management.			
1. The Code provides that the organisation has an obligation to behave ethically, that is to treat its stakeholders (strategic business partners) fairly, and to meet the legitimate expectations of those stakeholders in terms of the organisation's behaviours and the resulting outcomes.		The Company follows the Government Code of Conduct for Public entities.	The Organisation behaves ethically.
2. The Code provides that the responsibility for setting the tone and culture of the organisation, and for driving ethical behaviour, lies with the board working closely with the CEO.	Applies		
3. The Code provides that in articulating acceptable practices, the Code of Conduct and Ethics should guide the behaviour of directors, management, and employees.	Applies		
4. The Code provides that the policies of the Code of Conduct and Ethics should be integrated into organisation-wide management practices and be periodically reviewed.	Applies		
5. The Code provides that the policies of the Code of Conduct and Ethics should be published on the organisation's website.		Not yet published but underway	
6. The Code provides that the Code of Conduct and Ethics should describe measures put in place to handle actual or potential conflicts of	Applies		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
interest, prevent corrupt practices which include the offering and acceptance of gifts and other form of benefits, prevent the abuse of power, protect, and ensure the proper use of the organisation's assets, and ensure compliance with laws, rules and regulations.			
7. The Code provides that in encouraging the reporting of unlawful or unethical behaviour, the policies of the Code of Conduct and Ethics should ensure that whistleblowing policies provide for legitimate concerns to be objectively investigated and addressed, and for individuals to be able to raise concerns in confidence, and without the risk of reprisal.	Applies		
8. The Code provides that the existence of a Code of Conduct and Ethics does not, in itself, deliver an organisation which is ethical in its behaviour. As important is the commitment of the board and CEO (and wider management team) to 'walk the talk'.			The Board and the CEO are committed to ensuring ethical conduct.
BUSINESS AND FINANCIAL REPORTING			
Principle 10. The board should ensure that a balanced, true and fair view of the State body's financial performance and financial position is made when preparing the annual report and financial statements of the Public Enterprise.			
1. The Code provides that the Board is required to arrange for the preparation of the financial statements in respect of each financial year. The annual financial statements are prepared from the information contained in the Public Enterprise accounting records and	Applies		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
other relevant information and in accordance with the accounting standards.			
2. The Code provides that the Board must present financial statements of a Public Enterprise that give a true and fair view of the income, expenditure (financial performance), assets, liabilities and capital (financial position) of the Public Enterprise as at the financial year end.	Applies		
3. The Code provides that the Board is required to arrange for the financial statements to be audited by an independent auditor/AG.	Applies		
4. The Code provides that the annual report, comprising the financial statements and commentary thereon, is a comprehensive report of the Public Enterprise's activities throughout the preceding year. Annual reports are intended to give stakeholders information regarding the State body's activities and financial performance.	Applies		
AUDIT, RISK AND INTERNAL CONTROL			
Principle 11. The board should establish formal and transparent procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements			
1. The Code provides that the board should ensure that it has members who are financially literate.	Applies		

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
2. The Code provides that directors should be willing to undertake continuous professional development to develop their knowledge of financial matters.			Directors are encouraged to develop their knowledge of finance.
3. The Code provides that they should have sufficient understanding of the organisation's business to be able to offer constructive challenge to management on issues relating to financial matters.	Applies		
4. The Code provides that the board should demonstrate an appropriate level of vigilance concerning the detection of any financial anomalies or irregularities in the organisation's finances and ask probing questions to ascertain whether the financial statements are consistent with operational and other information known.	Applies		
5. The Code provides that the board should consider whether the financial statements, taken as a whole, provide a true and fair view of the organisation's financial position and performance, on the basis of which it should be able to present a fair, balanced and understandable assessment of the organisation's position and prospects.	Applies		
6. The Code provides that the board should have policies and procedures to assess the suitability, objectivity and independence of any external audit advice received.		No policy or procedures in place	
7. The Code provides that the board should set up an Audit Committee to assist it in its work.	Applies		

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
Principle 12. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the opportunities it wishes the organisation to explore, and the principal risk the organisation is willing to take, in order to achieve its long-term strategic objectives			
1. The Code provides that well-governed organisations integrate performance-focused risk management and internal control at every level of the organisation and across all operations.			SOP's exist for all operations
2. The Code provides that the board should, with the assistance of management, carry out a robust assessment of the company's emerging and principal risks.			Regular SWOT analysis is performed.
3. The Code provides that the board should confirm that it has completed this assessment, and include a description of its principal risks, an explanation of how these are being managed or mitigated, and what procedures are in place to identify emerging risks.		The Board continually monitors risk and update the company's response framework as necessary.	
4. The Code provides that it should state if the risk management framework adopted by the organisation is based on an internationally-recognised risk management framework.			Not internationally recognised but fit for purpose.
5. The Code provides that the board should set appropriate policies on internal control and seek assurance from management that the systems are functioning effectively.			SOP's are in place.
6. The Code provides that the board should ensure that any internal audit function is effective and able to function independently.	Applies		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
7. The Code provides that the board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review.	Applies		
8. The Code provides that the monitoring and review should cover all material controls, including financial, operational and compliance controls.	Applies		
9. The Code provides that the board should set up a Risk Committee (if deemed necessary) to assist it in its work.	Applies		
REMUNERATION			
Principle 13. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.			
1. The Code provides that it is important for the organisation's stakeholders that the remuneration of executive directors, and senior management team, is perceived to be subject to the same approach as the other issues set out in this Code, namely transparent, accountable, responsible, and fair.	Applies		
2. The Code provides that CEO and senior management remuneration should be aligned to organisational purpose and values and be clearly linked to the successful delivery of the organisation's long-term strategy.	Applies		

The Provisions	The Public Enterprise applies	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
3. The Code provides that a formal and transparent procedure for developing policy on management remuneration and determining director and senior management remuneration should be established. No executive director should be involved in deciding their own remuneration outcome.	Applies		
4. The Code provides that Non-Executive directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of organisational and individual performance, and wider circumstances, including whether proposed remuneration levels are considered acceptable to wider Seychellois society.	Applies		
5. The Code provides that the board will set up a Remuneration Committee to assist it in its work.	Applies		
MONITORING CODE PERFORMANCE			
Principle 14. Boards will be expected to report on the progress they are making with implementation of the Code's provisions.			
1. The Code provides that it is the organisation's responsibility to disclose – to its stakeholders, as well as the wider governance community – how it has exhibited governance leadership.	Applies		

The Provisions	The Public Enterprise <u>applies</u>	The Public Enterprise <u>explains</u>	
		<i>why</i>	<i>how</i>
2. The Code provides that the board's report on its implementation of the Code will be contained within the Annual Report.		Not included yet.	
3. The Code provides that the report will also be submitted to the Public Enterprise Monitoring Commission, whose responsibility will be to engage with individual companies where progress is slow.	Applies		