



OUR APPROACH TO RISK MANAGEMENT

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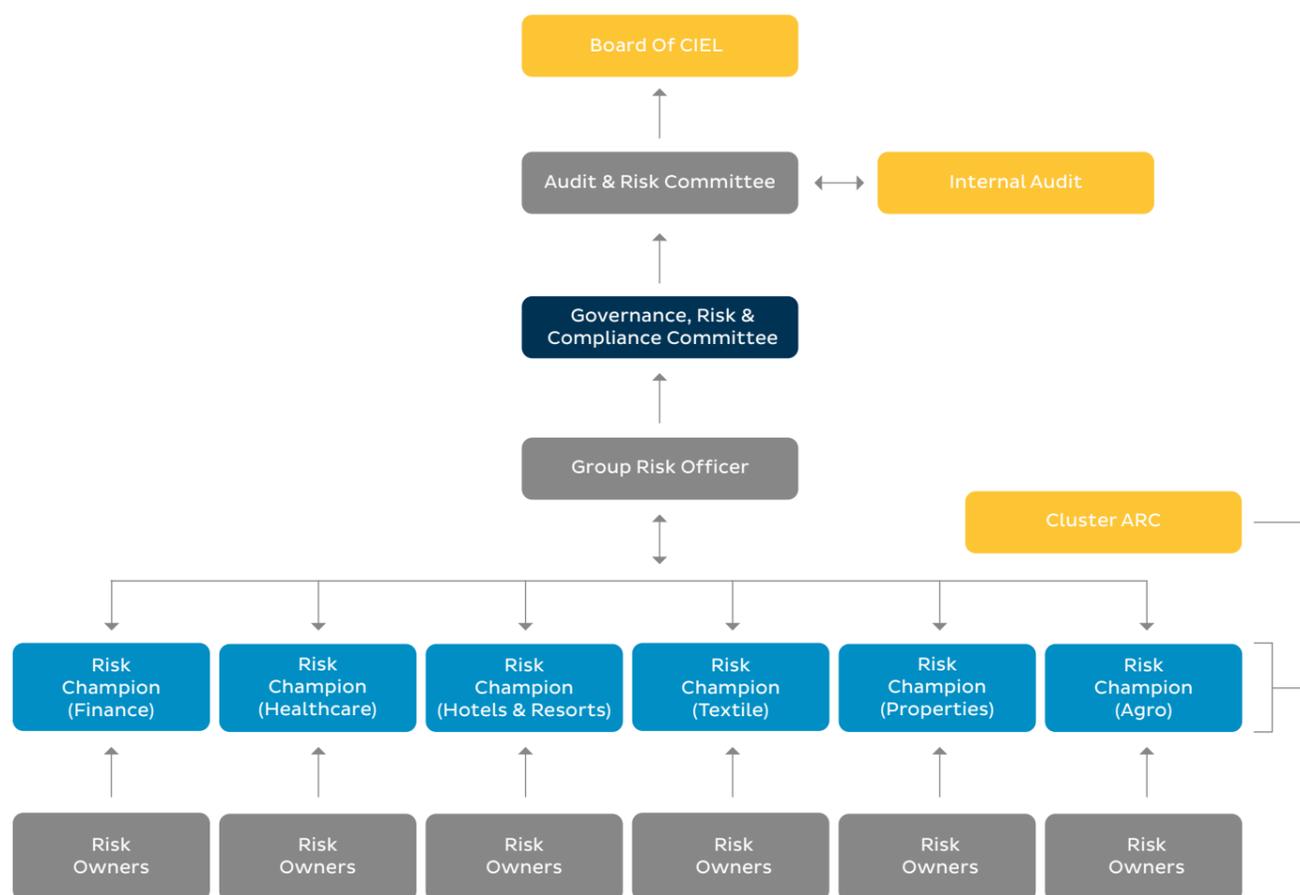
- P. Arnaud Dalais

Managing our Risk

The Group recognises the importance of identifying and managing financial and non-financial risks faced by the business. In response to this, it has developed a rigorous risk management framework designed to identify and assess the likelihood and consequences of risks, and to manage the actions necessary to mitigate their impact. Our risk identification processes seek to identify risks from both a top-down strategic approach and a bottom-up operational perspective. The Board has the overall responsibility for risk management, setting of risk appetite as well as the implementation of the risk management policy. The framework enables the business units to take advantage of attractive opportunities within defined risk limits.

The Group risk register is maintained by the Group Risk Officer and is the core of the risk management process. It contains an overall assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level. The Group risk register is based on detailed risk registers maintained by each cluster, which are reviewed and monitored through their own Audit and Risk Committee ("ARC") that meets at least quarterly.

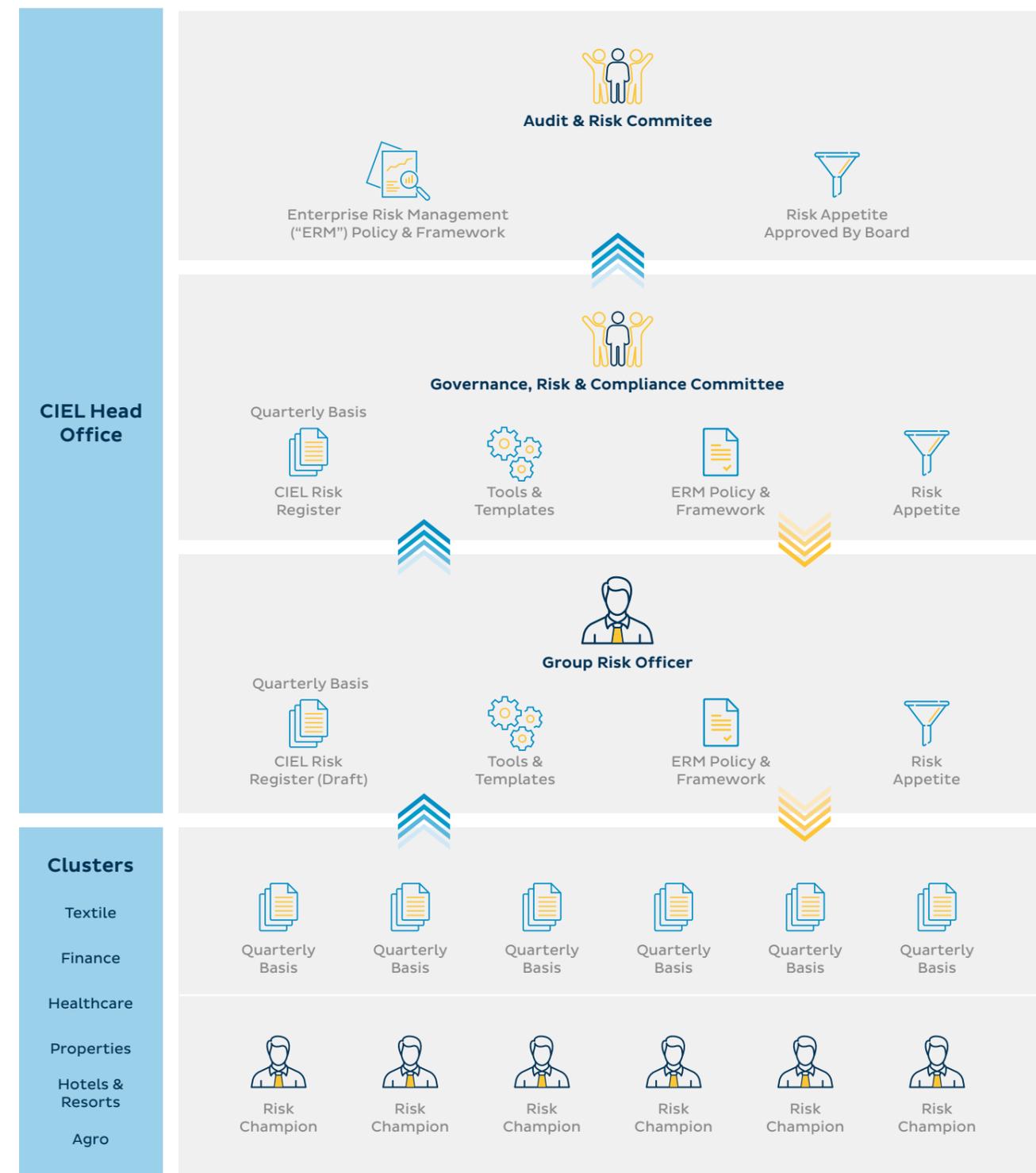
CIEL's ARC meets at least four times a year, with the objective of encouraging best risk management practices across the Group and a culture of regulatory compliance and ethical behaviour. The governance structure and associated lines of communication at CIEL are illustrated below:



Monitoring Risk throughout the Group

At CIEL, each cluster is autonomous. The cluster risk champions may opt to either use the risk management templates, risk ranking protocols and methodology provided by the Group Risk Officer and adjust same to their business context, or alternatively, establish their own methodology.

CIEL selects and consolidates risks identified at cluster level, as well as supplements these with its own specific risks to arrive at the group level risk universe as documented in the Group risk register.



Key Responsibilities of Each Stakeholder

BOARD

The Board has the ultimate responsibility for risk management and is assisted in this task by the ARC, the Governance, Risk and Compliance Committee and the Group Risk Officer.

ARC

1. Approve the ERM policy, framework, and risk appetite statement.
2. Ensure that key risks are reported in line with the established ERM policy and framework.
3. Ensure that the communication between the Board and the risk management function is clearly established.
4. Obtain reasonable assurance that the risk management system is effective, and the risk management department fulfils its duties.
5. Review the overall system of risk management.

1. Review and discuss the CIEL risk register before finalising and submitting to the ARC.
2. Validate the ERM policy and framework, and risk appetite statement before submitting same to the ARC for approval.
3. Ensure that key risks are reported, and risk heat maps are produced.
4. Ensure that risk champions fulfil their duties.

Governance, Risk and Compliance Committee

Group Risk Officer

1. Share guidance and templates with cluster risk champions.
2. Share approved CIEL ERM policy and framework with cluster risk champions.
3. Consolidate risks from the cluster's risk registers and prepare CIEL Group risk register.
4. Present the draft CIEL risk register to the Governance, Risk and Compliance Committee and the final one to the ARC.
5. Assist the Board and ARC in defining the strategy statement which clarifies the risk appetite, risk ownership and strategies to tackle risks.

1. Perform risk assessments of their respective cluster.
2. Continuously monitor the risks of their respective cluster.
3. Ensure that controls are documented in the risk register to mitigate their corresponding risks.
4. Nurture a culture of risk management in their respective cluster.
5. Update and submit their risk registers and risk profile to the Group Risk Officer.

Cluster Risk Champions

Our Current Risk Profile, and Forward-Looking statement

Our robust risk management framework helped us weather the unprecedented challenges experienced as a result of the COVID-19 pandemic. CIEL reported the pandemic as a new principal risk last year, and it remains an elevated risk. The pandemic has had a more profound impact on economies and people than originally expected. Uncertainty remains as to whether the recent lockdowns and vaccination programmes are sufficient to bring the pandemic under control and allow normal life to return and, if so, when. The various impacts of the pandemic are reflected across many of the principal risks and include our mitigation strategies for them.

Climate change and environmental disasters have also become a widely acknowledged global emergency and a key priority for governments, businesses, and citizens around the world. While risks relating to climate change and sustainability have previously been integral parts of several of our principal risks, we have now included environmental disasters and climate change as a separate risk.

The financial sector has also been through a challenging year due to increased macroeconomic uncertainty driven by the pandemic, thereby increasing its risk profile. In Mauritius, the EU and UK Blacklisting has negatively affected global business trade.

As the pandemic evolves, it will continue to threaten many sectors but has also presented opportunities for others, namely the Healthcare sector.

CIEL continues to enforce sanitary protocols and encourages a remote and work from home policy. With this new working arrangement and increased reliance on technology, we have had to increase our security and regulation protocol to fend off cyber security attacks.

Turning Crisis into Opportunity: COVID-19 as Accelerator to our Digital Transformation Journey

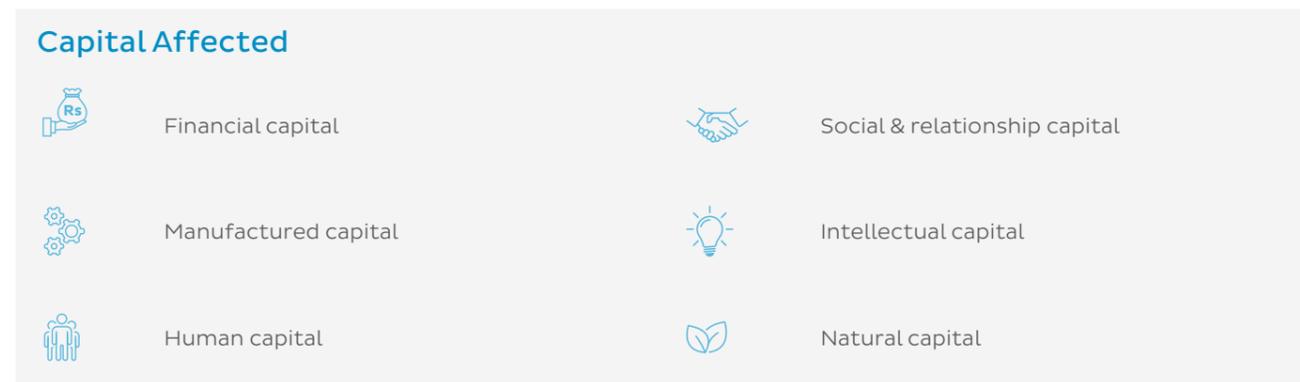


The need to digitally transform has been on the agenda for years. But COVID-19 has certainly been the catalyst to finally push businesses to wholly embrace new digital technologies. CIEL as a group is embracing this digital journey throughout its clusters. The key steps identified to implement the digital journey are as follows:

- i) Prioritise investment in digital technologies – The Group believes having the right technology will build the foundation for digital transformation and are currently undertaking strategies to accelerate this process.
- ii) Build and train skilled resources – Technologies are only one piece of the equation, and the group considers that having the right skills and resources in place will successfully drive this transformation through a focussed talent management framework.
- iii) Consolidate data – Data drives the Group's decision-making process and to support informed and timeous decisions, it is necessary to have a good quality data warehouse. CIEL as a group is working toward having an integrated data warehouse.
- iv) Remaining agile – To manage through recovery and to seize opportunities, the Group needs to be lean and agile. These principles underpin all our endeavours from building the right skills to choosing the right technologies, and most importantly, enabling the right culture and leadership to drive digital transformation initiatives from the white board to the real world.

Principal Risks Explained

Our principal risks profile evolves as we move through the economic cycle, and commentary on how the main risks have changed are shown below.



Key

- ↑ Risk increasing
- ↓ Risk Decreasing
- ↔ No Risk Movement

Principal Risk	Clusters Affected	Risk Appetite and Risk Score	Capitals Affected
1. Environmental Disasters and Climate Change 	Ciel Textile Ciel Finance Ciel Healthcare Ciel Properties Ciel Hotels & Resorts Ciel Agro	4.2 Low	
2. Global Recession 	Ciel Textile Ciel Finance Ciel Healthcare Ciel Properties Ciel Hotels & Resorts Ciel Agro	4 Medium	

Description & Risk Movement	Key Controls and Mitigating Factors
Climate change has the potential to change the world in which we live and operate, dramatically. Tackling climate change, by taking measures to limit its impact to manageable levels, has become a key priority for governments, businesses, and citizens around the world. Even if manageable, the effect of climate change will be quite profound, and these measures will themselves have a significant impact on economies and the choices people make. Climate change has, therefore, moved from an emerging risk to a principal risk for the business. Ecosystem management not only offers an opportunity to strengthen natural infrastructure and human resilience against hazard impacts, but also generates a range of other social, economic, and environmental benefits for multiple stakeholders, which in turn feed back into reduced risk.	Like any other business, climate change has the potential to impact ours greatly. For example, adverse weather events or natural disasters could negatively affect economies and disrupt our business day-to-day. Our commitment to improving energy performance and reducing carbon emissions in our Textile segment is intended to reduce our impact on the environment and should also deliver significant long-term cost savings. Our property cluster is also embarking in eco-friendly development projects with the successful launch of the Agri-Hub project.
The global economic crisis brought about by the COVID-19 pandemic through lockdowns, border closures, the collapse of trade, travel bans, and financial market volatility, was common across countries and regions. The projected recovery will be marked by the divergent circumstances of each country and the idiosyncrasies of its policy response. Success in the post-pandemic era will reflect a constellation of policies and capacities peculiar to each country, including national vaccination rates, integration into major economic blocks, the ability to provide fiscal and monetary stimulus, and the restoration of confidence in the private sector.	Despite the ongoing impact of the pandemic, the Group returned to profitability supported by certain sectors managing the effects of the pandemic well. The vaccine roll-out programmes in our major markets and government support mean that we expect the economy to be supportive in our business growth and as such have reduced the likelihood of an adverse global economic event to 'medium'. Nevertheless, we remain cognisant of market dynamics and uncertainties to ensure that the Group is positioned to respond to changes in these ever-changing global economic conditions.

Principal Risks Explained

Principal Risk	Clusters Affected	Risk Appetite and Risk Score	Capitals Affected
3. COVID-19  	Ciel Textile Ciel Finance Ciel Healthcare Ciel Properties Ciel Hotels & Resorts Ciel Agro	3.8 High	     
4. Cyber Security 	Ciel Textile Ciel Finance Ciel Healthcare Ciel Properties Ciel Hotels & Resorts Ciel Agro	3.6 Low	    
5. Data Security and Data Privacy  	Ciel Textile Ciel Finance Ciel Healthcare Ciel Properties Ciel Hotels & Resorts Ciel Agro	3.6 Low	    

Description & Risk Movement	Key Controls and Mitigating Factors
<p>The continuing global COVID-19 pandemic may have a significant and prolonged impact on global economic conditions. The ongoing disruptions can impact our supply chains and supplier base, specifically in respect of business closures, labour shortage, raw material supply and cost inflation. An increase in employee absences can further adversely impact our operations. Failure to adapt to changes brought about by this, and any future pandemics in our markets and the environment in which we operate, may adversely affect our competitiveness and financial results.</p> <p>During the year, governments around the world introduced emergency public measures, including travel bans, quarantines, and public lockdowns. These measures have, to varying degrees, been relaxed then reintroduced as 'waves' of COVID-19 continued, with new variants adding to the speed of transmission. Vaccines have been rolled out with significant coverage in our core markets, however uncertainty remains as to whether recent lockdowns and the vaccination programmes are sufficient to bring the pandemic under control and allow normal life to return and, if so, when. It is also unclear how the pandemic will have changed the environment in which we operate.</p>	<p>The safety and wellbeing of our employees and customers has been and continues to be our overriding priority. Our Executive Committee is monitoring events closely with regular Board oversight, evaluating the impacts and designing appropriate response strategies. Our teams continue to work tirelessly to implement specific actions to minimise disruption faced by our customers in these challenging times. We have developed practices within our factories, business units, as well as our head offices. They vary between sanitary protocols and working from home, and tactics to help people adapt to the new ways of working, all the while ensuring we comply with local government regulations.</p> <p>↔</p>
<p>A cyber-attack or serious uncured failure in our systems could result in us being unable to deliver services to our customers and/or the loss of data. We are heavily dependent on technology for the smooth running of our business. As a result, we could suffer reputational loss, revenue loss and financial penalties. This is the most significant factor in our business continuity planning.</p>	<p>Stringent policies surrounding security, user access, change control and the ability to download and install software have been put in place. Testing of cyber security, including system penetration testing and internal phishing training exercises, were undertaken. Use of antivirus and malware software, firewalls, email scanning and internet monitoring is an integral part of our security plan. Deliberate focus on development of the IT strategy in respect of the Group's cloud technology strategy is ongoing. Good progress has been made in enhancing the Group's cyber security profile, with a significant and ongoing investment in resources and tooling. Nevertheless, cyber security remains a continually evolving area and a priority for the Group. In relation to business continuity, our plans have been subject to continued review and update during the year and our disaster recovery plans are tested regularly. We will review these plans over the coming year to ensure that we are up to date with new emerging cyber risks.</p> <p>↔</p>
<p>Failure to comply with legal or regulatory requirements relating to data security and data privacy in our business activities results in reputational damage, fines, or other adverse consequences. This includes criminal penalties and consequential litigation which may result in an adverse impact on our financial performance or unfavourable effects on our ability to do business. As an organisation we hold a large amount of personal data on customers and employees. In preparation of an increase in potential threats, we continue to invest in our security and privacy programmes. The move to working from home during the pandemic has presented its own security challenges and response requirements.</p>	<p>We put our customers' and employees' personal data at the heart of all decisions we make in relation to data security. Our data privacy and protection policies clearly set out how we can protect and appropriately restrict customer, supplier and employee data. There is regular reporting on progress and results of the security and privacy programmes to the appropriate committees. We recognise the importance of training and communication to help prevent data security and privacy-related incidents and have regular induction, awareness and refresher courses for our employees.</p> <p>↔</p>

Principal Risks Explained

Principal Risk	Clusters Affected	Risk Appetite and Risk Score	Capitals Affected
6. People  	     		    
7. Competition and Markets 	     		    

Description & Risk Movement	Key Controls and Mitigating Factors
<p>Failure to attract, retain and develop the required capability and to embed our values in our culture results in an impact on the delivery of our purpose and business performance. Market competition for key leadership and specialist talent remains strong. The year has also presented significant people challenges in supporting vulnerable colleagues, recruiting, and training huge numbers of new permanent and temporary colleagues, supporting the shift to homeworking for most office-based employees, reinforcing our culture and driving our diversity and inclusion programmes harder. At a leadership level, succession planning is required to ensure the Group can continue to inspire the right culture, leadership and behaviours and meet its strategic objectives.</p>	<p>Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need. Our talent planning and people development processes are established across the Group. We have clear potential and performance criteria and talent principles, underpinned by our employer value proposition and strategy. Our established Group Diversity and Inclusion strategy ensures that everyone is welcome and that we provide all our colleagues with equal opportunities for growth and development. This is embedded in our values, and we are committed to building an inclusive workplace.</p> 
<p>The already competitive market could become even more competitive with new entrants, and we could suffer increased competition both locally and internationally impacting our market share. Failure to deliver an effective, coherent, and consistent strategy in response to our competitors and changes in market conditions could result in a loss of market share and profitability. We continue to face the challenges of a changing competitive landscape and price pressures across our markets. Our strategies are well-developed, and we review them regularly to remain competitive and are informed by competitor and market activity data.</p>	<p>Our competitive position continues to improve, and we have taken advantages of our position to grow and consolidate our position. Our Board develops and regularly challenges the strategic direction of our business to enhance our ability to remain competitive on price, range and service. This includes developing our online channels and multiple formats to allow us to compete in different markets. Our Executive Committee and operational management regularly review markets, trading opportunities, competitor strategy and activity. We carry out market scanning and competitor analysis to refine our customer proposition.</p> 

Internal control

The key elements of the Group's internal control framework are monitored throughout the year and the ARC has conducted a review of the effectiveness of the Group's risk management and internal control systems on behalf of the Board. To support the Board's annual assessment, the Group Risk Officer prepared a report on the Group's principal risks and internal controls. This describes the risk management systems and key internal controls, as well as the work conducted in the year to improve the risk and control environment, including the level of assurance undertaken. The internal control framework is intended to effectively manage rather than eliminate the risk of failure to achieve our business objectives. It can only provide reasonable, but not absolute, assurance against the risk of material misstatement or financial loss.