

UNDERSTANDING RISK **UNLOCKING OPPORTUNITIES**



KENYA

Kenya is a key growth market for CIEL, with strategic importance in Agro. Through MIWA, we are strengthening sugar operations by investing in mechanisation and efficiency gains. With a dynamic economy and a fast-growing population, Kenya provides a strong base for long-term growth in sustainable agriculture.

AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS

In today's increasingly complex and uncertain environment, risk is no longer confined to isolated events. It is a constant, dynamic force shaping how we operate, compete, and grow. Geopolitical shifts, evolving regulatory landscapes, climate pressures, disruptive technologies, and changing market behaviours are redefining the parameters of doing business. Against this backdrop, our ability to anticipate, understand, and respond to risk is inseparable from our ability to identify and seize opportunities.

At CIEL, our risk management approach goes beyond protecting value; it is about creating value through informed decision-making, resilience, and agility. By viewing risk through both a protective and an opportunity-focused lens, we ensure that our businesses are equipped not only to withstand uncertainty but to thrive within it.

This year, we carried out our Group-wide risk voting exercise, a cornerstone of our Risk Management Policy, conducted on a three-year cycle. This structured process engages leadership teams across all clusters to reassess the Group's top risks in light of the evolving external landscape and our strategic priorities. The outcome is a refreshed Group Risk Register that captures both threats and opportunities, helping guide strategic decision-making, innovation, and sustainable growth. Please refer to page 84 for our updated Risk Profile.

Our priority remains on embedding a risk-aware culture that empowers our people at every level to act decisively, adapt quickly, and remain aligned with our vision. By understanding our risks, we unlock opportunities.

RISK & INTERNAL CONTROLS

Our Risk Management Framework

We adopt a holistic approach to risk management, starting with the identification of key risks and related controls at business unit and cluster levels. These are then consolidated with significant risks identified at the Group level to build a comprehensive, Group-wide risk profile. The Board defines the Group's risk appetite in line with our strategic objectives. This is then communicated across all clusters to guide acceptable levels of risk in pursuing growth.

The Audit and Risk Committee ("ARC"), under the authority delegated by the Board, is responsible for overseeing the effectiveness of the Risk Management Framework. Its mandate includes reviewing the Group's key risks and ensuring that appropriate mitigation measures are in place. To support this oversight, processes are embedded within CIEL's operating model: each cluster maintains primary responsibility for identifying, assessing, and managing its own risks, while Group-level functions, including the Risk Oversight Committee and the Group Head of Risk and Compliance, provide continuous monitoring and tracking of changes in the external and internal environment.

In addition, internal audit provides independent assurance on the adequacy and effectiveness of risk management practices and internal controls, and works with management to ensure that corrective actions are implemented where weaknesses are identified.



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AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

Our Risk Management Framework (cont'd)

CIEL's risk governance is structured around the three lines of defence model, underpinned by its risk management process:



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Our Risk Management Framework (cont'd)

1. Identify

We identify key risks faced by the Group on the following basis:

Systemic Risks

Top risks that repeat across at least three clusters and merit elevation to Group level

Material Risks

Non-systemic in nature but merit elevation to Group level based on the materiality of the concerned cluster or activity within the Group

Other Risks

Not identified at cluster level but are important at Group level. Examples are risks affecting the CIEL brand, emerging risks

Internal and external factors which may influence the achievement of strategic objectives are also taken into consideration in the identification process to establish context.

The risk identification process is iterative and dynamic, with emerging risks and shifts in the landscape captured through ongoing monitoring of operations and regular updates to risk registers. Every three years, a comprehensive Group-wide review is undertaken to ensure the risk profile remains aligned with evolving external conditions and the Group's strategic priorities.

2. Assess

We assess the impact of each identified risk on the business, should it occur, and the likelihood of that occurrence before any compensating controls operate.

Impact and likelihood are rated using predefined scales, which together determine the inherent risk rating.

We then assess the effectiveness of any compensating controls for each risk and assign a rating to the control(s) using a pre-determined rating scale, which applied to the inherent risk rating, determines the residual risk.

The assessment of risk impact, likelihood and control effectiveness remains dynamic, reflecting changes in the risk and control environment and insights from internal and external audit reviews.

3. Mitigate

We determine the adequate risk response based on our risk appetite:



4. Monitor and Report

We continuously monitor and review our risks, using a risk-based approach to ensure that our risk registers and remediation plans stay relevant in a rapidly changing business environment. Material incidents and any changes to the risk register are reported on a quarterly basis to the CIEL ARC.

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Our Risk Appetite Statements

Our Risk Appetite Statements set the level of risks that we are willing to accept in the pursuit of our strategic objectives.

The Group has adopted Risk Appetite Statements (“RAS”) applicable across all clusters, with each cluster adjusting its own risk appetite and tolerance limits accordingly. CIEL's RAS are structured around key assertions, which are aligned with our strategic pillars and top risks.

[Click here for full version](#)



Strategic Assertions

We invest responsibly and sustainably to create lasting value, achieve outstanding returns, and deliver shared outcomes for our stakeholders.

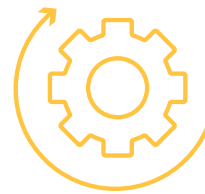
Our focus is on industries where we have proven expertise, with a primary target on Sub-Saharan African and Indian subcontinent markets for international expansion.



Financial Assertions

We invest for reward while minimising the risk of financial loss by effectively managing risks and keeping them at a tolerable level.

We consider value and benefits when allocating resources, ensuring we capitalise on potential opportunities.



Operational Assertions

We embrace a culture of operational excellence driven by innovation, with the goal of sustainably enhancing customer experience, employee engagement, and organisational efficiency.

Our aim is to consistently achieve superior performance in revenue growth, profitability and EBITDA levels.



Compliance Assertions

We have zero tolerance for non-compliance with applicable laws, regulations and ethical standards.

We are committed to maintaining a strong culture of compliance across all our operations through robust compliance programmes, employee awareness to promote ethical behaviour.

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Group Risk Profile

The 2025 Group-wide Risk Identification Exercise resulted in a prioritised portfolio of **12 principal risks**, structured under Strategic, Operational, Financial, and Compliance categories. Compared to 2022, the Group now faces a higher inherent risk profile, driven by geopolitical and macroeconomic volatility, accelerating technological disruption, escalating cyber threats, intensifying competitive pressures and increasing climatic-related challenges.

The Textile cluster, while supported by a diversified production base across Madagascar, Mauritius, India, and Bangladesh, remains exposed to global trade disruptions such as maritime instability in the Middle East, supply chain pressures, and shifting trade policies (e.g. US Reciprocal Tariffs, AGOA). These external factors continue to shape competitiveness and operational resilience. Rising cost pressures from inflation and recessionary trends also weigh on all clusters, reducing demand and compressing margins. Although the Group's diversified revenue base offers resilience against currency fluctuations, exposures remain within the Finance, Healthcare and Agro clusters.

Competitive pressures are intensifying in core clusters such as Textile, Hospitality, and Healthcare, driven by low-cost players and shifting consumer preferences, particularly towards digital and sustainable offerings. Technological disruption has emerged as both a risk and an opportunity: while rapid advances in automation, AI, and digital platforms heighten competition and require investment, they also enable new business models, efficiency gains, and differentiated customer experiences.

Cybersecurity risks remain pervasive across all clusters, reinforcing the need for continued investment in resilience and digital capabilities.

Legal and compliance risks are assessed as materially high, reflecting tighter regulations and cross-border complexity.

Talent acquisition and retention challenges, though slightly alleviated since post-COVID period, continue to affect Healthcare, Hospitality, and Finance segments, where skills shortages and rising recruitment costs pose risks to competitiveness and continuity.

Climate change further amplifies systemic vulnerabilities, with extreme weather events testing operational resilience in Hospitality, Agro, and Properties sectors, while tightening sustainability requirements add pressure on Textile, Hospitality, and Finance clusters.

At the same time, these market dynamics present **opportunities** for premium positioning, digital transformation, and sustainability-led growth. CIEL's strong footprint in East Africa and India provides a competitive advantage and expansion potential compared to local peers.

In Textile, opportunities lie in the transition to sustainable textiles and circularity, where CIEL is well placed through its ESG-aligned production base. In Hospitality, growth stems from reinforcing premium positioning, supported by high service standards and demand from new source markets such as the Middle East and Asia. In Finance, expansion can be achieved by broadening reach in Madagascar through digital banking solutions, promoting financial inclusion. In Healthcare, CIEL is positioned to expand regional access to quality care while advancing digital health and specialised services. In Properties, the Group can scale up ecotourism initiatives, while in Agro (MIWA), opportunities exist to produce green energy from excess bagasse, supporting both the energy transition and revenue diversification.

Finally, the Group's Sustainable Finance Framework enhances access to green and social financing, aligns capital allocation with ESG priorities, and reinforces CIEL's positioning as a partner of choice for sustainability-focused investors and stakeholders.

AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

Group Risk Profile (cont'd)

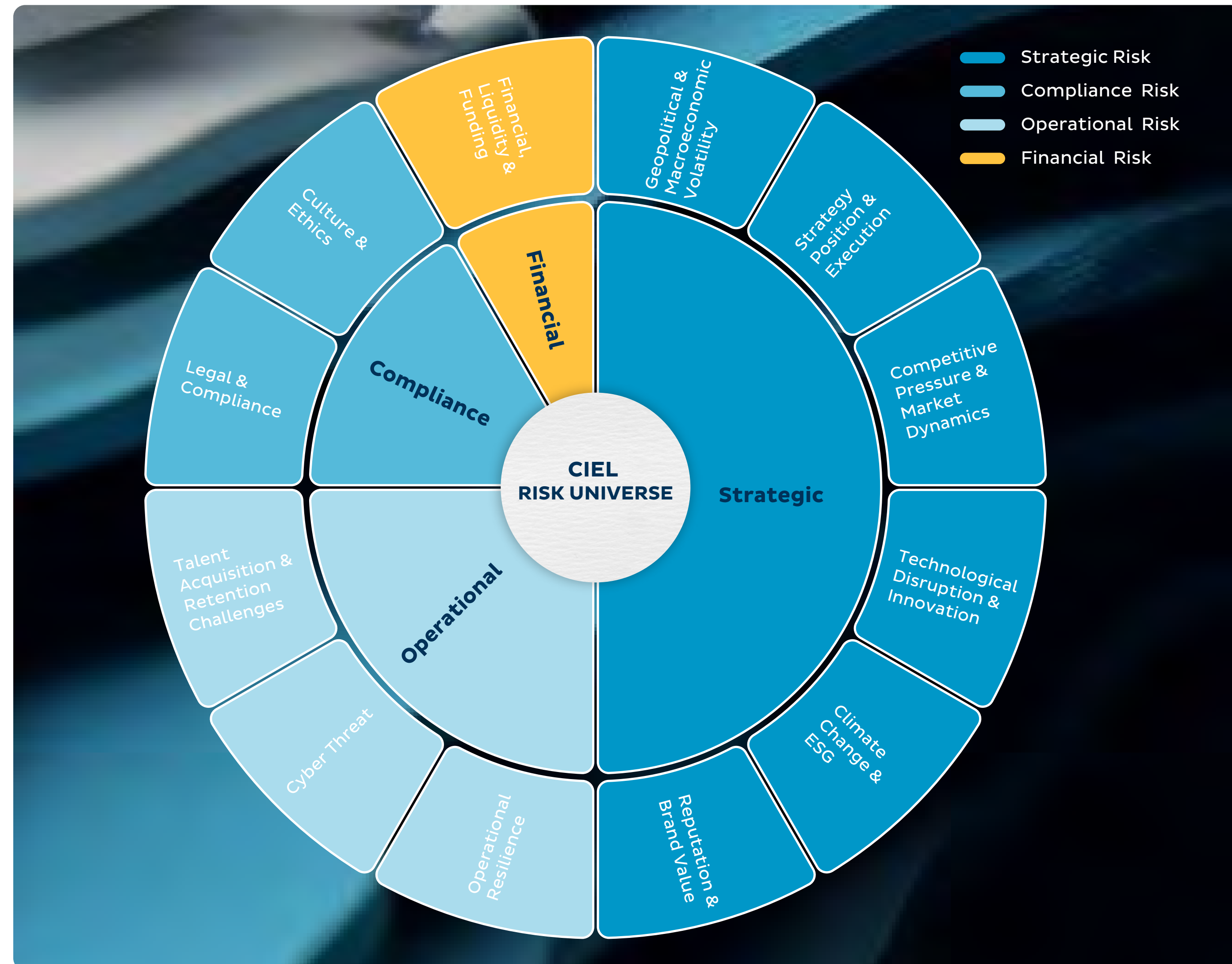
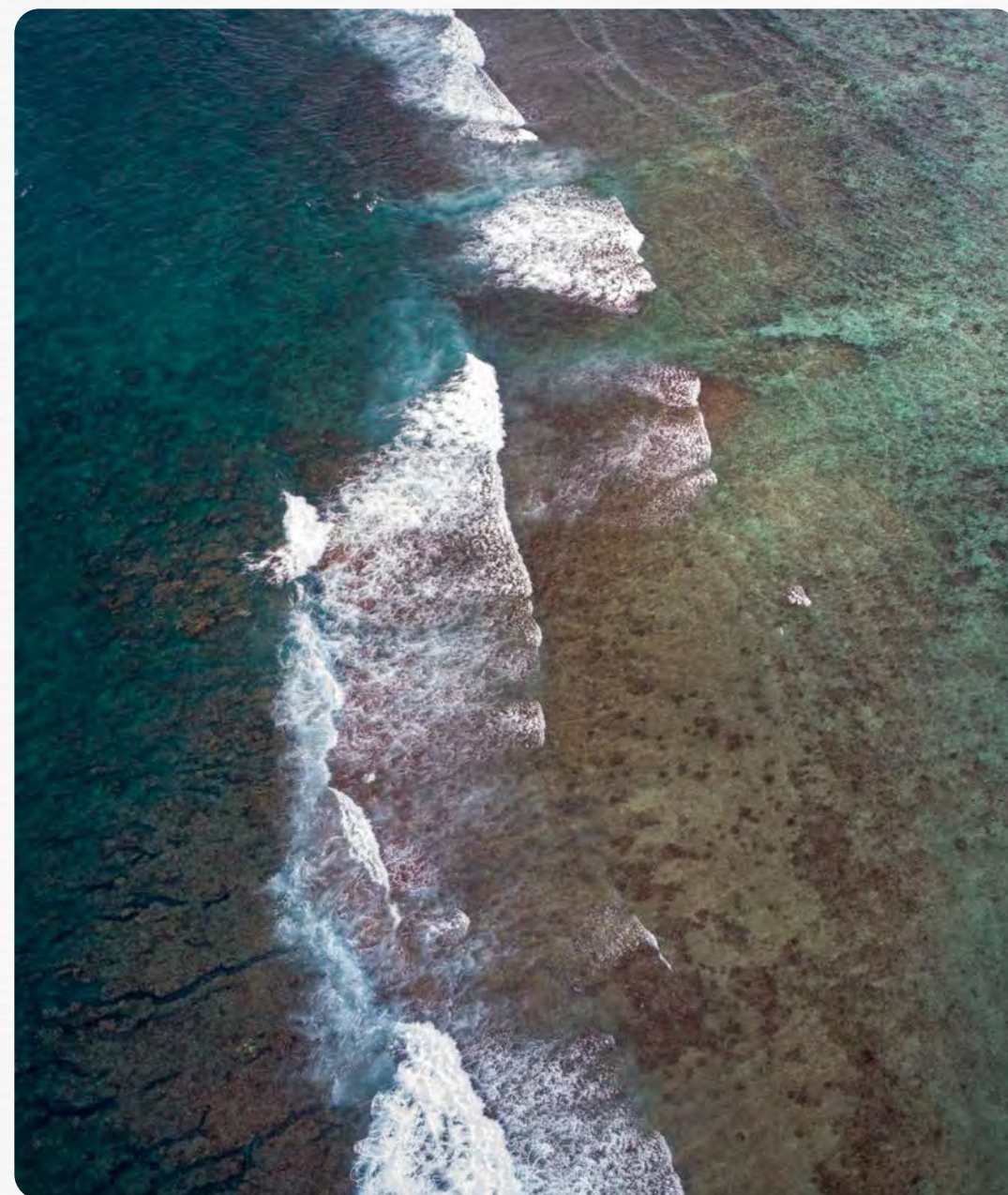
Shifts in the Risk Profile

New Risks

- Strategy Position & Execution
- Technological Disruption & Innovation

Updated Risks

- Geopolitical & Macroeconomic Volatility
- Reputation & Brand Value



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Group Risk Profile (cont'd)

Risk Heatmap by Inherent & Residual levels

Top-Ranked Risks

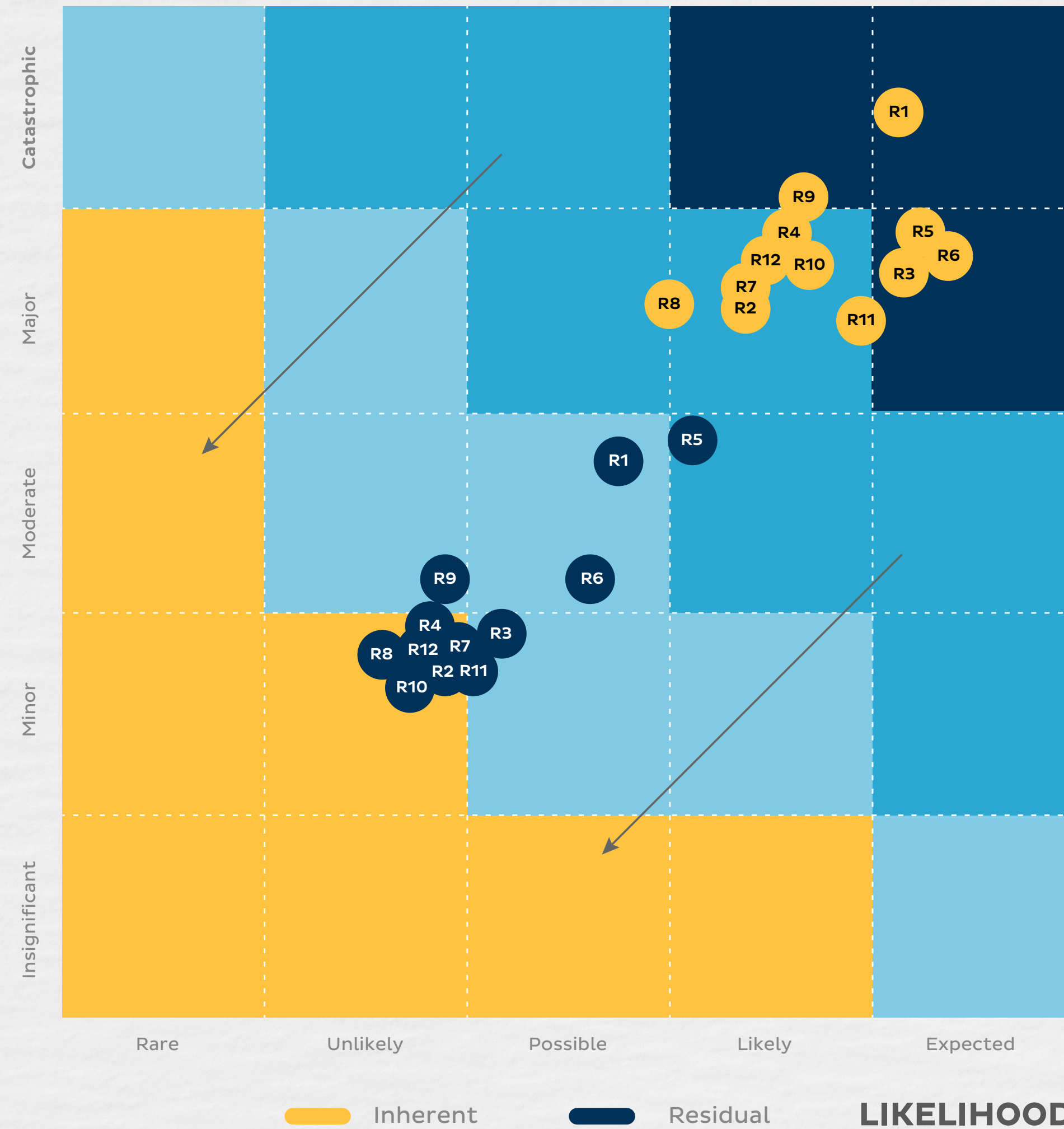
Geopolitical & Macroeconomic Volatility “R1”, Technological Disruption & Innovation “R5” and Cyber Threat “R6” are the top 3 risks, reflecting the combined pressures of global uncertainty, disruptive technologies and persistent cyber threats.

Residual Movement

Risk mitigation levels generally range between medium to high, with most risks being reduced to a medium or low level after application of controls.



IMPACT



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Risk Ref.	Risk Name	Inherent Level	Residual Level	2025 vs 2022	
R1	Geopolitical & Macroeconomic Volatility	1 st	2 nd	↗	
R5	Technological Disruption & Innovation	2 nd	1 st	n/a	
R6	Cyber Threat	3 rd	3 rd	↔	
R3	Competitive Pressure & Market Dynamics	4 th	5 th	↗	
R9	Legal & Compliance	5 th	4 th	↗	
R10	Financial, Liquidity & Funding	6 th	12 th	↗	
R4	Talent Acquisition & Retention Challenges	7 th	9 th	↘	
R11	Climate Change & ESG	8 th	6 th	↗	
R12	Reputation & Brand Value	9 th	10 th	n/a	
R7	Operational Resilience	10 th	7 th	↗	
R2	Strategy Position & Execution	11 th	8 th	n/a	
R8	Culture & Ethics	12 th	11 th	↘	

Extreme

High

Medium

Low

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Our Principal Risks Explained

R1: Geopolitical & Macroeconomic Volatility

Risk Category: Strategic

Risk Type: Systemic

The risk that the Group does not adequately anticipate, mitigate, or capitalise on threats and opportunities arising from geopolitical instability, political unpredictability, and macroeconomic volatility in its countries of operation or sourcing, leading to reduced revenues, cost pressures, funding constraints, weakened investor confidence, and missed strategic objectives

Contributing Factors

- Geopolitical environment
- Macroeconomic and market dynamics
- Political and social unrest in operating countries
- Policy change unpredictability
- Trade and tax policy shifts
- Sector-specific vulnerabilities
- Supply chain disruptions

Our Risk Mitigation Strategies

- Continuous monitoring of global and local political developments in operating and sourcing geographies to identify emerging risks
- Scenario mapping to identify potential disruption scenarios with impact pathways
- Stakeholder engagement for early-warning intelligence
- Currency rate hedging strategies to manage currency volatility
- Supply chain management through close collaboration with suppliers and alternative sourcing strategies for critical raw materials or commodities
- Inventory management by increasing safety stock and adjusting demand forecasting to longer lead times
- Anticipate orders and enhance customer communication to keep informed of potential delays and adjust delivery estimates
- Insurance safeguards: Political Risk Insurance and Business Interruption coverage in high-risk countries

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Our Principal Risks Explained (cont'd)

R2: Strategy Position & Execution

Risk Category: Strategic

Risk Type: Others / Emerging

The risk that the Group does not adequately define, align, or execute its strategic priorities and transformation initiatives due to misjudged strategic choices, ineffective execution, misalignment between Group and cluster strategies, inadequate resources, weak governance, or failure to seize opportunities for innovation and market repositioning, resulting in weakened competitive positioning, performance shortfalls, inefficient resource allocation, or erosion of long-term value creation

Contributing Factors

- Strategic and portfolio alignment
- Resource and capability constraints
- Organisational and change management limitations
- External and environmental pressures
- Market, regulatory and external pressures
- Innovation and opportunity capture

Our Risk Mitigation Strategies

- Balanced growth strategy, ensuring adequate capital allocation to defending and strengthening core businesses while channelling the remainder to new frontiers/adjacent sectors
- Expansion into high-growth markets (e.g. East Africa, India), leveraging on existing presence
- Group-level goals translated into measurable targets for clusters and business units
- Close performance monitoring by Group management and Board
- Annual strategic portfolio reviews to assess cluster performance, relevance, and capital efficiency vs investment KPIs
- Group-wide transformation programmes to drive transversal priorities like sustainability, talent management, digital & AI transformation, financial discipline
- Leveraging local talents or strategic partnerships for niche technical or geographic expertise

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Our Principal Risks Explained (cont'd)

R3: Competitive Pressure & Market Dynamics

Risk Category: Strategic

Risk Type: Systemic

The risk that the Group loses market share, pricing power, or profitability due to intensified competition, disruptive market entrants, evolving customer expectations, or structural changes in global and local markets, ultimately undermining its strategic positioning and long-term sustainability

Contributing Factors

- Consumer demand shift toward digital, sustainable, and value-driven products/services
- **Textile:** Intense price pressure from lower-cost competitors; Fast fashion demand volatility and ESG requirements from global brands; policy shifts/ loss of preferential rates and access to markets
- **Hotels & Resorts:** Rise of alternative accommodation models; Shift in tourist preferences post-COVID (sustainability, digital experience); Growing competition from other regional destinations
- **Finance:** rise of fintechs, digital wallets offering faster, cheaper, and user-friendly services; rising compliance costs (AML/CFT, data privacy, ESG) continue to pressure margins
- **Healthcare:** new entrants; digital health platforms and telemedicine disrupting traditional brick-and-mortar care models
- **Agro:** Price volatility, climate disruptions, policy changes and competition from low-cost producers

Our Risk Mitigation Strategies

- Continuous competitive benchmarking to track pricing, product, and market positioning against key rivals
- Strategic discussions at management and board levels to analyse customer/market trends and competition
- Strategic alliances or joint ventures to access new markets, technologies, and customer segments
- Strategic expansion in sectors and regions with strong potential for growth
- Continuous innovation programmes to refresh product offerings
- Continuous customer experience improvement initiatives
- Brand value enhancement strategies

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Our Principal Risks Explained (cont'd)

R4: Talent Acquisition & Retention Challenges

Risk Category: Operational

Risk Type: Systemic

The risk that the Group is unable to attract, develop, or retain the talent and leadership needed to deliver its strategic and operational objectives due to skill shortages, high turnover, competition for expertise, or ineffective workforce planning, leading to productivity loss, delayed projects, reduced service quality, or increased costs

Contributing Factors

- Intense competition for skilled talents especially in specialised sectors (healthcare, banking) and geographies (Mauritius, Uganda, Madagascar)
- Regional and global scarcity of specialised talent (e.g. tech, AI)
- Evolving employee expectations (e.g. flexibility, purpose-driven, ESG-responsible employer)
- Training and development opportunities
- External factors such as in labour regulations, wage expectations, or employment practices; political instability affecting workforce availability

Our Risk Mitigation Strategies

- Targeted recruitment for scarce skills, supported by partnerships with universities, training institutions, and professional networks
- Systematic mapping of current and future needs, annual organigram reviews, and succession planning for key leadership positions
- Competitive compensation and benefits, benchmarked against industry and geography, complemented by flexible work and wellness programmes, and a strong Group-wide employer brand
- Tailored leadership development, bespoke training (including internal academies) and career progression frameworks with regular review
- Intra-group mobility, career growth opportunities, employee engagement monitoring, and “Great Place to Work” certification across subsidiaries
- DEI initiatives (gender equity, disability inclusion), supported by grievance mechanisms and Group-wide forums to share expertise and best practices

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Our Principal Risks Explained (cont'd)

R5: Technological Disruption & Innovation

Risk Category: Strategic

Risk Type: Others / Emerging

The risk that the Group is unable to effectively anticipate, adapt to, or leverage emerging technologies due to limited foresight, investment constraints, legacy systems, or organisational inertia, resulting in operational inefficiencies, missed opportunities to enhance performance and create value and reduced competitiveness

Contributing Factors

- External environment: fast-paced technological disruption by competitors; evolving customer expectations and demand for digital services; navigating regulatory developments around new and emerging technologies
- Leadership focus on emerging technologies
- R&D and innovation funding
- Agility and adaptability to embrace technological change
- Modernised systems and infrastructure to support transformation
- Data governance, data quality, and analytics capabilities
- Access to specialised digital skills

Our Risk Mitigation Strategies

- Group AI/ Digital maturity assessment to benchmark against industry standards, identify capability gaps, and define initiatives to advance maturity levels
- Group-wide Digital & Innovation Strategy
- Defined roadmap anchored in transforming the Head Office to enable digital excellence across the Group
- Digital & Innovation Steering Committee established to set priorities, review investments, and align with strategy
- Regular Board oversight through structured reporting
- Dedicated innovation budget
- Recruitment of AI specialists
- Specialised AI & digital forums to bring in subject matter expertise and ensure on-going knowledge

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Our Principal Risks Explained (cont'd)

R6: Cyber Threat

Risk Category: Operational

Risk Type: Systemic

The risk that the Group experiences data breaches, system disruptions, or financial and reputational losses due to unauthorized access, cyber-attacks, or failure of information systems, resulting in compromised confidentiality, integrity, or availability of digital assets and services

Contributing Factors

- Rising global ransomware attacks, phishing, insider threats
- Digital dependency
- IT Infrastructure vulnerability
- Third-party exposure
- Data sensitivity
- User awareness

Our Risk Mitigation Strategies

- Cybersecurity governance framework with defined roles and responsibilities at business and cluster levels, supported by Board and ARC oversight
- Group-wide IT security and acceptable use policies aligned with international standards
- Regular vulnerability assessments and penetration testing
- Detection and response tools across clusters, with incident management frameworks and reporting of incidents and near misses
- Mandatory cyber awareness training, phishing simulations for high-risk roles, and cyber risk discussions
- Specialised training for IT teams, administrators, and sensitive-data units, alongside Group-wide cybersecurity forums to share best practices and emerging threat insights

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Our Principal Risks Explained (cont'd)

R7: Operational Resilience

Risk Category: Operational

Risk Type: Systemic

The risk that the Group is unable to anticipate, absorb, respond to, or recover from significant disruptions due to inadequate preparedness, weak business continuity capabilities, or limited adaptability, resulting in prolonged service interruptions, financial loss, regulatory breaches, or reputational damage

Contributing Factors

- External and environmental factors including natural disasters, geopolitical instability, Infrastructure or utility disruptions
- Supply chain and third-party dependencies
- Limitations in technology and infrastructure capabilities
- Gaps in formalising and updating business continuity plans
- Insufficient scenario planning and testing of continuity and recovery plans
- Inadequate training and awareness on business continuity/disaster recovery protocols
- Limited organisational agility in responding to disruptions

Our Risk Mitigation Strategies

- Business Continuity Management System (“BCMS”) with formalised continuity policies and plans across critical operations, supported by IT disaster recovery plans
- Business Impact Assessments (“BIA”) and Threat & Risk Assessments (“TRA”) performed across key operations to identify critical processes, recovery priorities, and potential disruption sources
- Crisis management plans in place with defined escalation procedures
- Documented recovery strategies (e.g. alternate sites, remote working, power redundancy, alternative sourcing), supported by business continuity and disaster recovery plans with defined recovery objectives for critical operations
- Established protocols for internal and external communications, including media strategies, to ensure timely stakeholder updates during crises
- Regular drills to strengthen readiness and validate recovery capabilities

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Our Principal Risks Explained (cont'd)

R8: Culture & Ethics

Risk Category: Compliance

Risk Type: Material

The risk that CIEL fails to promote a strong ethical culture and consistently uphold its internal values and expected behaviours, potentially resulting in employee misconduct, non-compliance with legal or regulatory requirements, and damage to the Group's reputation and stakeholder trust

Contributing Factors

- Governance and leadership
- Policies and systems
- Culture and people
- Communication and engagement
- External pressures

Our Risk Mitigation Strategies

- Group-wide Code of Ethics & Conduct sets values and behaviours with zero tolerance for misconduct or fraud, supported by Board and Executive oversight
- Disciplinary measures applied consistently for breaches of ethics or compliance requirements
- Regular fraud risk assessments, segregation of duties in key processes, and targeted controls to mitigate conflicts of interest.
- Comprehensive policies covering workplace conduct, conflicts of interest, AML CFT and data privacy, reinforced through onboarding and mandatory sector-specific training
- Confidential, multi-channel whistleblowing mechanisms supported by independent oversight
- Ongoing measurement of ethics and culture through employee engagement surveys, supplemented by risk-based audits of fraud controls and high-risk processes

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Our Principal Risks Explained (cont'd)

R9: Legal & Compliance

Risk Category: Compliance

Risk Type: Material

The risk that the Group fails to comply with applicable laws, regulations, licensing conditions, contractual obligations, or mandatory industry standards in the jurisdictions and sectors where it operates, arising from inadequate internal controls, evolving regulatory requirements, weak oversight, ineffective monitoring, or human error, and resulting in legal sanctions, financial penalties, business restrictions, regulatory enforcement, reputational damage, or operational disruption

Contributing Factors

- Governance and oversight
- Regulatory complexity
- Frequent changes in sector-specific regulations
- Internal controls and systems
- Human factors
- Resource and capability gaps
- Third-Party risks
- Culture and behaviour
- Legal liability and enforcement exposure

Our Risk Mitigation Strategies

- Group-wide zero-tolerance stance towards non-compliance
- Compliance framework with accountability, regular reporting to the Board/ARC in regulated entities
- Standardised compliance policies across clusters covering data protection, AML/CFT, workplace conduct and conflicts of interest, reinforced by the Three Lines of Defence model
- Mandatory compliance training and sector-specific programmes
- Centralised tracking of material legal cases and litigation, supported by external legal advisors for specialised expertise and coordinated management of disputes
- Confidential reporting mechanisms to ensure accountability, transparency, and protection against retaliation
- Ongoing regulatory watch, periodic audits, and compliance risk assessments, particularly in regulated clusters

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AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

Our Principal Risks Explained (cont'd)

R10: Financial, Liquidity & Funding

Risk Category: Financial

Risk Type: Systemic

The risk that the Group does not adequately define, align, or execute its strategic priorities and transformation initiatives due to misjudged strategic choices, ineffective execution, misalignment between Group and cluster strategies, inadequate resources, weak governance, or failure to seize opportunities for innovation and market repositioning. This may result in weakened competitive positioning, performance shortfalls, inefficient resource allocation, or erosion of long-term value creation

Contributing Factors

- External and market factors
- Macroeconomic dynamics
- Currency and interest rate volatility
- Funding and credit access
- Liquidity management
- Operational and portfolio exposures

Our Risk Mitigation Strategies

- Sectoral, geographic, and currency diversification reduces concentration risk while supporting long-term value creation
- Sustaining profitability of existing assets and expanding into high-growth markets such as India
- Centralised treasury with cash pooling, robust forecasting, stress testing, and maintenance of adequate liquidity buffers and committed credit lines
- Strong investor and lender relationships, access to diverse funding sources (loans, bonds, sustainable finance), and proactive use of institutional support schemes
- Hedging strategies in place to manage FX exposures and protect earnings stability
- Group-wide treasury policy aligned with risk appetite, regular Board reviews, early-warning KRIs, and independent assurance through audits

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AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

Our Principal Risks Explained (cont'd)

R11: Climate Change & ESG

Risk Category: Strategic

Risk Type: Systemic

The risk that the Group’s operations, assets, or long-term strategy are negatively affected by physical climate events, transition to a low-carbon economy, or failure to meet environmental, social, and governance (ESG) expectations, leading to regulatory penalties, higher capital costs, supply chain disruptions, reputational damage, or reduced stakeholder trust

Contributing Factors

- Increased frequency and severity of extreme weather events
- Tightening of environmental / ESG regulations (carbon taxes, emissions limits, green building standards, single-use plastic bans) raising compliance costs and impacting carbon-intensive operations.
- Reputational and market pressures: Risk of negative perception from environmental or labour incidents, failure to meet voluntary sustainability commitments, or misalignment with stakeholder expectations.
- Supply Chain and third-party vulnerabilities

Our Risk Mitigation Strategies

- Group-wide ESG strategy with 2030 targets, Board and committee oversight, and integration across clusters
- ESG digital platforms for monitoring and regular sustainability reporting to stakeholders
- Group-wide Sustainable Finance Framework aligned with global standards to attract green and social financing for sustainability initiatives across clusters and geographies
- Employee engagement, DEI initiatives, and long-term community programmes
- Supplier ESG assessments, sustainable product and service offerings, and circular economy initiatives such as fabric upcycling and zero food waste
- Net-zero commitment by 2030, elimination of coal, renewable energy expansion, efficiency programmes, and biodiversity projects

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AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

Our Principal Risks Explained (cont'd)

R12: Reputation & Brand Value

Risk Category: Strategic

Risk Type: Other

The risk that adverse stakeholder perceptions—arising from the Group's actions, associations, or external events—damage its brand equity or stakeholder trust, leading to loss of customers, business opportunities, regulatory scrutiny, or reduced market value

Contributing Factors

- Organisational conduct and culture
- ESG and social responsibility
- Operational and compliance issues
- Safety incidents, service disruptions, or product quality issues
- Communication and media exposure
- Third-party and partner risks
- Brand consistency across geographies

Our Risk Mitigation Strategies

- Board-level oversight of reputation risk via ARC
- Dedicated teams overseeing internal/external communication across the Group, supported by Head Office team
- Group-wide Code of Ethics & Business Conduct
- Incident reporting / raising concerns mechanisms (aligned with whistleblowing frameworks)
- On-going sharing of Group strategy and overall vision with employees to align internal culture
- Permanent dialogue with customers, regulators, investors, communities
- Transparent financial and non-financial (e.g. sustainability) reporting; feedback mechanisms (surveys, contact)
- Crisis management plans at Cluster/BU levels
- Group-wide crisis communication strategy
- Media strategy and protocols

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AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

INTERNAL AUDIT

EY served as the internal auditor for CIEL, CIEL Corporate Services Ltd and its related subsidiaries, as well as the Textile, Hotel & Resorts, and Finance clusters for the reporting year. It was reappointed after serving two mandates at both Group and cluster levels. KPMG has been appointed as the new internal auditor for the Healthcare and Property clusters as from the financial year 2025.

As a third level of defence, the internal audit function provides independent and objective assurance on the effectiveness of governance, risk management and control processes across the Group. To ensure that the function remains independent and sufficiently objective, internal audit teams report functionally to the ARC of CIEL and of the clusters, and administratively to the respective executive teams. The internal audit teams have unrestricted access to company records and information, employees, and management teams as required, to enable them to deliver effectively.



The internal audit function adds value to CIEL and its clusters by helping management answer the following key questions related to the areas reviewed by the internal auditors:

What risks are we exposed to?



How effective are our controls in containing the key risks?



What are the root causes of the control gaps observed?



What do we need to do to better contain these risks?



How can we make better use of what we have?



How can we do things better?



How can we build resilience?



How do we compare to others?



What are the leading practices we could adopt?



The primary source of internal assurance is through delivery of the internal audit plan, which is arrived at by conducting a risk assessment exercise at company level to identify and rank the main risks faced by the company, and determine what areas need to be audited and in what order of priority. High-ranked risks that have corresponding auditable controls are typically prioritised for review. This exercise involves collaboration amongst the internal audit teams, the members of the ARC and the management to draw out consensus on the material risk areas that warrant attention. The involvement of these different stakeholders in the risk assessment exercise assists in ensuring the broadest sets of perspectives is captured, thereby delivering a balanced view of risks and controls. The same process is replicated across the Group by the internal auditors.

Audit plans were reviewed throughout the year to ensure that they remain relevant to new and emerging circumstances, both internal and external. Remedial actions to address findings were identified with the relevant management teams, who assigned responsibilities and deadlines to each action to enforce accountability for remediating these gaps. The findings and remedial actions, including business improvements from internal audit reviews were communicated to the respective management and ARCs, and tracked through to completion.

As a recurrent item on the agenda of the ARC meetings of CIEL and of the clusters, the members are updated on the audit findings arising from the last internal audit reports which remain to be addressed and closed. The internal auditors also conduct follow-up reviews on previous audits to ensure that the necessary remedial action points have been duly and effectively implemented. In addition to areas covered by the annual internal audit plan, the ARCs may request internal auditors to perform special audits on other areas requiring attention. Please refer to page 119 for the composition, organisation and responsibilities of the ARC.

The internal audit function typically executes its internal audit assignments through the following phases, which are aligned with the Institute of Internal Auditors (IIA) standards and leading internal audit practices.

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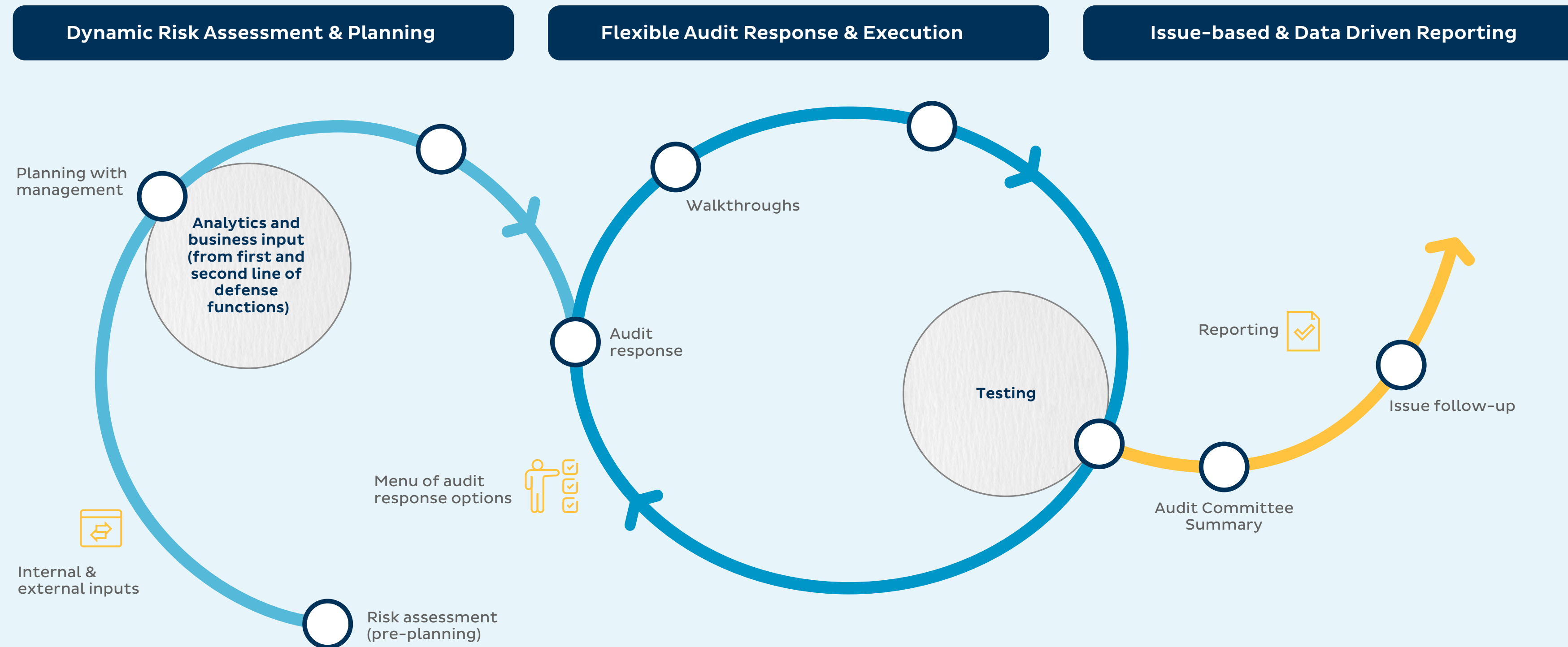
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AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

INTERNAL AUDIT (cont'd)



EY has a specialist team of internal auditors in Mauritius who are part of a larger multi-disciplinary consulting team, which it leverages to ensure that the internal audits conducted at CIEL are resourced with the appropriate mix of experience, knowledge and skills. Members of this team are university graduates who hold recognised international qualifications in their respective fields (e.g. ACCA, Institute of Chartered Accountants of England & Wales, Certified Internal Auditors (“CIA”), Certified Information Systems Auditor (“CISA”), Certified in Risk and Information Systems Control (“CRISC”)).

This team can advise CIEL on improvements needed, and share leading practices based on first-hand experience of working across many geographies for EY clients. Members of this specialist team are continuously trained in leading practices related to internal audit.

EY maintains the independence and objectivity of its staff who are part of the internal audit team through strict EY independence related policies that apply to all staff, regular training and awareness raising on these subjects, as well as regular verification of the compliance of partners and executives with EY independence related policies.

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AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

INTERNAL AUDIT (cont'd)

The major processes that were covered in the audit reviews are detailed below:

Risk Name	Head Office	Textile	Hotels & Resorts	Finance	Healthcare	Property
Compliance with AML/CFT	✓	✓		✓		✓
Procurement & Accounts Payables		✓				
Sales, Billing & Accounts Receivables		✓		✓	✓	
Human Resources				✓		
Overtime & Payroll		✓	✓			
Treasury & Cash Handling		✓				
Legal	✓					
Inventory Management		✓	✓		✓	✓
Linen			✓			
Food & Beverages			✓			
Operational Expenditure			✓			
Logistics Management		✓				
Financial close					✓	
Cybersecurity			✓			

Other high-risk areas are covered as part of the 3-year audit cycle ending June 2027.

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AUDIT & RISK – OVERSIGHT AND EFFECTIVENESS (CONT'D)

EXTERNAL AUDIT

In accordance with the provisions of the Financial Reporting Act 2004 and the Code, which require the rotation of external auditors every seven years for listed entities, CIEL has appointed Deloitte as its group external auditor effective as from the financial year 2025.

Audit and financial reporting matters of the Group are discussed from a groupwide perspective at the level of the ARC in the presence of the external auditor. A rounded approach is used by determining the effectiveness of the external auditor which focuses on the audit plan and scope, discussion of significant audit risks and accounting issues and how the external auditor provided the required assurances to the Board for the latter to discharge its duties effectively. Feedback from management on the quality of the audit process is also gathered to appraise the external auditor.

The Board is therefore comforted that its ARC has discussed critical accounting policies, judgments and estimates with the external auditor in relation to the preparation of the audited financial statements for the year ended 30 June 2025.

Fees payable by CIEL to external auditors for the year ended 30 June 2025 for audit and non-audit services are disclosed under Other Statutory Disclosures. Non-audit services may also be availed from the external auditor as and when required and shall not impede on its objectivity and independence since these services shall be permitted services that have been disclosed to and approved by the ARC.

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