

2016 CORPORATE GOVERNANCE REPORT

Acronyms used:

CIEL Limited

Stock Exchange of Mauritius Ltd

Financial Services Commission

The Board of Directors of CIEL Limited

Code of Corporate Governance for Mauritius

The Companies Act 2001

CIEL and subsidiaries

CIEL/the Company

SEM

FSC

the Board

the Code

the Act

the Group

We are pleased to present the Corporate Governance Report of CIEL for the financial year ended 30 June 2016.

This report describes the main corporate governance framework and compliance of CIEL with disclosures required under the Code. Reasons for non-compliance have been provided, where applicable.

COMPLIANCE

The Board of CIEL is committed to further enhance the governance standards, monitor and ensure compliance with relevant laws and regulations, and cultivate a thriving ethical culture in the different geographies in which the Group operates. It also aims to maintain a high standard of reporting and disclosure, keeping in mind the best interests of all stakeholders, and disclosing what is relevant and critical to the sustainability of the Group.

In line with its commitments, the Group continues to enhance and align policies, systems and processes to embed sound corporate governance principles and ethical standards. Guided by these principles and standards, Directors and management across the Group are required to ensure that the businesses are managed in a responsible manner with integrity, fairness, transparency and accountability in the best interests of all stakeholders. This has brought about the establishment of key committees, namely the Audit & Risk Committee, Corporate Sustainability Committee, Strategic & Advisory Committee and Corporate Governance, Nomination & Remuneration Committee.

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

BOARD OF DIRECTORS

• Composition of the Board and Focus Areas during 2016

Members of the Board	Focus Areas during the 2016 Financial Year
Executive Chairman	Throughout the year under review, the Board considered and approved the following items:
<ul style="list-style-type: none"> • P. Arnaud Dalais 	
Executive Directors	<ul style="list-style-type: none"> • The reports from the Chairmen of Board Committees with respect to matters debated at these committee meetings;
<ul style="list-style-type: none"> • Jean-Pierre Dalais • L. J. Jérôme De Chasteauneuf 	<ul style="list-style-type: none"> • Annual financial statements as at 30 June 2015 and their relevant abridged audited financial statements;
Non-Executive Directors	<ul style="list-style-type: none"> • The Annual Report for 2015;
<ul style="list-style-type: none"> • Sébastien Coquard • Antoine Delaporte • Norbert Dentressangle 	<ul style="list-style-type: none"> • The unaudited quarterly results as at 30 September 2015, 31 December 2015 and 31 March 2016 and their abridged versions for publication;
<ul style="list-style-type: none"> • G. Christian Dalais • R. Thierry Dalais 	<ul style="list-style-type: none"> • The review of performance on a quarterly basis, with an analytical review of each cluster forming part of the Group – detailed investment reports are prepared for the Board;
<ul style="list-style-type: none"> • Roger Espitalier-Noël 	<ul style="list-style-type: none"> • The declaration of interim and final dividends for the 2016 financial year;
<ul style="list-style-type: none"> • M. A. Louis Guimbeau 	<ul style="list-style-type: none"> • The revised forecasts for the 2016 financial year; and
<ul style="list-style-type: none"> • Marc Ladreit de Lacharrière 	<ul style="list-style-type: none"> • The budget for the 2017 financial year.
<ul style="list-style-type: none"> • J. Harold Mayer 	
<ul style="list-style-type: none"> • Xavier Thiéblin 	
Non-Executive Independent Directors	
<ul style="list-style-type: none"> • Pierre Danon 	
<ul style="list-style-type: none"> • Catherine McIlraith 	
Alternate Directors	
<ul style="list-style-type: none"> • Vincent Ménez (Alternate to Norbert Dentressangle) 	
<ul style="list-style-type: none"> • Cindy Daniel (Alternate to Sébastien Coquard up to 29 July 2016) 	
<ul style="list-style-type: none"> • Gilles G. C. Pélisson (Alternate to Marc Ladreit de Lacharrière up to 15 February 2016) 	
<ul style="list-style-type: none"> • Jacques Toupas (Alternate to Marc Ladreit de Lacharrière since 15 February 2016) 	

• **Role of the Board**

The Directors are diverse in their academic qualifications, industry knowledge and experience. This diversity enables them to provide the Board with the relevant judgement to work effectively when conducting and determining the business affairs of the Company.

The Board is ultimately mainly responsible for:

- the full and effective control of the Group;
- the adoption of strategic plans and the monitoring of operational performance;
- making sensible and informed business decisions and recommendations; and
- upholding the highest ethical standards of integrity in all its decisions and business dealings.

Although the role of the Chairman is assumed by an Executive, two Executive Directors report directly to him and to the Board, giving therefore sufficient segregation of power between the Chairman and the management. Moreover, the Board has set up a Strategic & Advisory Committee which is being chaired by a Non-Executive Director.

The Chairman is responsible for the leadership of the Board, which involves exercising sound judgement based on knowledge and experience. The Chairman also builds the capabilities of other Directors by understanding the Board's strengths and weaknesses and aligning them with tasks and goals to optimise performance. The Chairman facilitates the deliberation of issues, ensuring that strategic decisions are aligned with the Company's defined vision, values and objectives. With his experience and strong knowledge of the Company, P. Arnaud Dalais is in an excellent position to oversee the affairs of the Company while ensuring that value is being created for all stakeholders.

The Executive Directors are responsible for the operations of the Group and for the development of strategic plans while the Non-Executive Directors bring a wide range of experience to the Group and are considered by the Board to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Independent Directors are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. They play the crucial role of bringing objectivity to the decisions made by the Board.

BOARD COMMITTEES

Board committees facilitate the discharge of Board responsibilities by focusing on specific, specialised areas. Each committee operates under an approved terms of reference which set out its role, responsibilities, scope of authority and composition.

The Board committees are made up mostly of independent and non-executive Directors and play a key role in supporting the Board. The Chairmen of the respective Board Committees report systematically on the proceedings of the committees at Board meetings.

The Company Secretary acts as secretary to these Board Committees.

The Board is satisfied that the board committees, set out in detail below, are appropriately structured and competent to deal with both the Company's existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review.

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

Strategic & Advisory Committee ("SAC")

• Composition of the SAC and Focus Areas during 2016 Financial Year

Members of the SAC	Focus Areas during the 2016 Financial Year
<ul style="list-style-type: none"> • R. Thierry Dalais, Chairman • Sébastien Coquard • P. Arnaud Dalais • Jean-Pierre Dalais • L. J. Jérôme De Chasteauneuf • Antoine Delaporte • Tom Rostand • Gilles G. C. Pélisson, up to 15 February 2016 	<p>The committee has, amongst others:</p> <ul style="list-style-type: none"> • analysed an investment opportunity in Hygeia Nigeria (a private healthcare facility in Nigeria) and recommended same to the Board for approval; • recommended to the Board the opening of the share capital of CIEL Healthcare Limited to IFC, Proparco, The Kibo Fund II and IFHA II; • performed an in-depth review of the operations of Alteo Limited in the presence of its CEO; • performed an in-depth review of the operations of Sun Limited in the presence of its CEO with a special focus of the 5-year business plan, the estimates as at 30 June 2016, the 2017 budget and the refinancing plan; • suggested to the Board amendments to the Terms of Reference of its committee to be in line with the management system being put in place by the Corporate Sustainability Committee of CIEL; • performed an in-depth review of the operations of CIEL Finance Limited in the presence of its CEO; and • reviewed the Group's estimates as at 30 June 2016 and budget for the financial year ending 30 June 2017.

• Role of the SAC

The SAC has been established by the Board to share with the management the key objectives for the enterprise and its investment and development strategies that reasonably meet these objectives. The role of the SAC is mainly to recommend to the Board on strategies to be adopted and to reflect on investments/divestments prior to making recommendations to the Board.

This committee also seeks to:

- Ensure that effective and regular access exists for the debate of the Group's investment strategy options and changes thereto. The committee sees to a rigorous analysis and the application of relevant criteria/features in asset allocation and investment selection.
- Ensure regular review and analysis of the Group's current asset allocation and the investment performance implied in its holdings.

- Understand the ranking of investment and divestment choices available to the Group.
- Understand and match the Group's investment strategy options with its financing and treasury strategies.
- Be a forum to debate deal flow opportunities.

The SAC develops and evolves an analysis and reporting format to cover above items. It has implemented a Corporate Strategy Framework which enables the committee drive the corporate strategy process and has the necessary relevant information to discuss questions on behalf of the organisation as a whole and to propose solutions the business units would be unlikely to arrive at independently. The framework helps the SAC take purposeful decisions that enhance the Company's overall long-term value and strategic coherence.

Audit & Risk Committee

• Composition of the Audit & Risk Committee and Focus Areas during 2016 Financial Year

Members of the Audit & Risk Committee	Focus Areas during the 2016 Financial Year
<ul style="list-style-type: none"> • Catherine McIlraith, Chairperson • Pierre Danon • M. A. Louis Guimbeau 	<p>The Audit & Risk Committee has, amongst others:</p> <ul style="list-style-type: none"> • reviewed and recommended to the Board for approval the 2015 audited annual financial statements and the relevant abridged consolidated results for publication; • examined the management letter submitted by the external auditors and followed-up on their recommendations; • reviewed and recommended, to the Board, for approval, the unaudited quarterly financial statements for the periods ended 30 September 2015, 31 December 2015 and 31 March 2016 and their relevant abridged consolidated results for publication; • examined the reports from the internal auditors on the defects detected in the internal control systems arising from fieldworks performed by them and ensured that the recommendations were implemented (please refer to the section Internal Audit); and • recommended to the Board for approval the renewal of the Group Directors' and Officers' Liability Insurance Cover.

The Chairman of the Board and the Executive Directors are invited to attend meetings of the Audit & Risk Committee as well as the external and internal auditors, as and when necessary.

The Board has satisfied itself that at least one member of the Audit & Risk Committee has recent and relevant financial experience and is confident that the collective experience of the members enables them to act as an effective Audit & Risk Committee.

The committee relies on the expertise and knowledge of the management, the internal and the external auditors in carrying out its oversight responsibilities and may seek further professional advice at the Company's expense, if required.

• Role of the Audit & Risk Committee

The Audit & Risk Committee has been established by the Board under defined terms of reference with the following core responsibilities:

- Monitor the integrity of the financial statements of the Company and the Group and any formal announcements relating to the Company's financial performance, before submission to the Board;

- Review the Company's internal controls including the systems established to identify, assess, manage and monitor risks, and receive reports from management on the effectiveness of the systems they have established and the conclusions of any testing carried out by internal and external auditors;
- Review the effectiveness of the Company's internal control and risk management systems;
- Oversee the process for selecting the external auditor, assess the continuing independence of the external auditor and approve the audit fees; and
- Monitor and supervise the effective function of the internal audit.

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

Corporate Governance, Nomination & Remuneration Committee

• **Composition of the Corporate Governance, Nomination & Remuneration Committee and Focus Areas during 2016 Financial Year**

Members of the Corporate Governance, Nomination & Remuneration Committee	Focus Areas during the 2016 Financial Year
<ul style="list-style-type: none">• Antoine Delaporte, Chairman• R. Thierry Dalais• Xavier Thiéblin	<p>The Corporate Governance, Nomination & Remuneration Committee has, amongst others:</p> <ul style="list-style-type: none">• monitored the Board evaluation process which was performed by an external consultant, BDO Financial Services;• recommended the nomination of CIEL nominees on the investee companies;• determined the Executives' bonuses; and• reviewed the 2015 corporate governance report prior to recommending same for the approval of the Board.

• **Role of the Corporate Governance, Nomination & Remuneration Committee**

Set-up by the Board under approved terms of reference, the Corporate Governance, Nomination & Remuneration Committee, makes recommendations to the Board on:

- corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles;
- the essential components of remuneration; and
- new Board and senior executive nominations.

The Chairman of the Board and the Executive Directors are invited to attend the committee meetings.

The Corporate Sustainability Committee

• **Composition of the Corporate Sustainability Committee and Focus Areas during 2016 Financial Year**

Members of the Corporate Sustainability Committee	Focus Areas during the 2016 Financial Year
<ul style="list-style-type: none"> • Roger Espitalier-Noël, Chair • Amélie Vitry Audibert, Head of Human Resources, CIEL Corporate Services Ltd • Odile Conchou, Head of the Environmental, Governance and Social Impacts Unit, Proparco • P. Arnaud Dalais • Gregory De Clerck, Group Director Operational Innovation, Sun Limited • Eric Dorchies*, CEO of the Woven Cluster, CIEL Textile Limited • Noëlle Gourrege, Managing Director, Laboratoire International de Bio Analyse Ltée • J. Harold Mayer**, CEO CIEL Textile • Jean-Marc Rivet, General Manager, CIEL Properties Limited • Kamini Vencadasmy, Manager – Compliance, E&S Responsibility, General Governance and Legal, CIEL Finance Limited 	<p>The Corporate Sustainability Committee has, amongst others:</p> <ul style="list-style-type: none"> • considered the Environmental and Social Action Plan (“ESAP”), which covered the agreed action points at CIEL Group or company/site level, the action points already implemented, the actions in process and those which remained to be attended; • reviewed the eight steps proposed by the external consultant, Mott MacDonald, for the design of a Sustainability Strategy for the CIEL Group; • considered scenarios developed as a basis for arriving at the vision of CIEL and took note of the vision and mission arrived at for the CIEL Group; • reviewed the sustainability objectives worked out with Mott MacDonald together with the goal and time frames for implementing each of these goals; • recommended for the approval to the Board the change of name of the committee from Environmental & Social Committee to Corporate Sustainability Committee; • made recommendations to the Board for the appointment of additional members on the committee; and • considered and reviewed the process of Crisis Reporting which would be applied at the level of the Group.
<p>* member as from 30 September 2016 **member up to 11 August 2016</p>	

• **Role of the Corporate Sustainability Committee**

The Corporate Sustainability Committee is governed by approved terms of reference. Its main areas of focus are environmental, social and related ethical matters. In that respect, the committee is required to:

- Define and approve the CIEL Group’s environment and social policies;
- Define and approve an environmental and social management system;
- Supervise and implement any environmental and social action plans;
- Identify and manage the environment and social risks of each of its main subsidiaries and material investee companies (and, on a best effort basis, of its other investee companies);

- Define actions to achieve compliance with the environmental and social in a defined timeframe; and
- Report the environment and social performances of the Company and each of its subsidiaries and material investee companies.

Over and above the aforesaid responsibilities, the Corporate Sustainability Committee also assists the Board in meeting its responsibilities in relation with the Company’s sustainability policies and practices and maintains an overview on policies relating to occupational health and safety, human rights and international labour organisation.

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

PROFILES OF OUR DIRECTORS

P. ARNAUD DALAIS

Nationality: Mauritian

Age: 61

CIEL Group Chairman since 2010

Chairman of CIEL following the recent reorganisation of the Group in 2014

Committee membership: Strategic & Advisory Committee, Corporate Sustainability Committee

Experience:

- Joined the CIEL Group in August 1977, appointed Group Chief Executive and Director in November 1991
- Under his leadership, the CIEL Group at large went through an important growth both locally and internationally
- Played and continues to play an active role at the level of the Mauritian private sector and has assumed the Chairmanship of a number of organisations including the Joint Economic Council from 2000 to 2002
- Chairman of Alteo Limited, CIEL Textile Limited and Sun Limited
- Chairman of Business Mauritius, the new private sector supreme institution issued from the merger of the Joint Economic Council and the Mauritius Employers Federation since 2015

Directorships in other companies listed on the SEM:

- Alteo Limited (Chairman)
- CIEL Textile Limited (Chairman)
- Constance la Gaieté Company Limited
- Sun Limited (Chairman)



SÉBASTIEN COQUARD

Nationality: French

Age: 41

Appointed Non-Executive Director on 15 May 2014

Committee membership: Strategic & Advisory Committee

Experience:

- Head of Investments at FFP, the listed investment company majority-owned by the Peugeot family.
- Member of the Board of Directors of IDI Emerging Markets SA, OPCI Lapillus II, Ipsos SA and LT Participations
- Held long-term investments positions at Allianz France, M&A and ECM at Oddo and corporate banking at Paribas

Directorships in other companies listed on the SEM: none



G. CHRISTIAN DALAIS

Nationality: Mauritian

Age: 80

Appointed Non-Executive Director on 12 February 1966

Chairman of the Company: From 23 February 2003 to 24 January 2014

Committee membership: none

Experience:

- Former Chief Executive Officer of Ireland Blyth Limited
- Former Chairman of the Mauritius Chamber of Commerce and Industry
- Former Chairman of Sun Limited

Directorships in other companies listed on the SEM:

- Sun Limited



JEAN-PIERRE DALAIS

Nationality: Mauritian

Age: 52

Appointed Director on 28 February 1995 and Executive Director on 14 February 2014



Committee membership: Strategic & Advisory Committee

Experience:

- Key leading position within the CIEL Group, focusing on the management and development of the Group's operations both in Mauritius and internationally with a close supervision of its Hotels & Resorts, Financial Services and Healthcare clusters
- Former working experience from Arthur Andersen (Mauritius and France)

Directorships in companies listed on the SEM:

- Alteo Limited
- CIEL Textile Limited
- Phoenix Beverages Limited (Alternate Director)
- The Medical and Surgical Centre Limited
- Sun Limited

R. THIERRY DALAIS

Nationality: Mauritian

Age: 57

Appointed Non-Executive Director on 26 August 2013



Committee membership: Strategic & Advisory Committee (Chairman), Corporate Governance, Nomination & Remuneration Committee

Experience:

- More than 30 years' experience in the financial services and private equity investment industry
- Co-founder of two private equity investment firms and acted as a key person and principal in numerous private investment programs over the last 25 years
- Former director and trustee on numerous boards, including listed companies in Mauritius and abroad

Directorships in other companies listed on the SEM:

none

PIERRE DANON

Nationality: French

Age: 60

Appointed Non-Executive Independent Director on 24 January 2014



Committee membership: Audit & Risk Committee

Experience:

- Chairman of Volia in Kiev, the Ukrainian leading cable and broadband company and Vice-Chairman of TDC in Copenhagen
- Vice Chairman of AgroGeneration, a public company listed on the Alternext of NYSE Euronext in Paris and a non-executive Director of Standard Life in Edinburgh
- Former Chairman of Eircom in Dublin, Chief Operating Officer of the Capgemini Group, one of the world's foremost providers of consulting, technology and outsourcing services and Chief Executive Officer of British Telecom Retail

Directorships in other companies listed on the SEM:

none

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

L. J. JÉRÔME DE CHASTEAUNEUF

Nationality: Mauritian

Age: 50

**Appointed Director on 13 April 2012 and
Executive Director on 14 February 2014**



Committee membership: Strategic & Advisory
Committee

Experience:

- Former working experience with PriceWaterhouse in the UK, where he qualified as Chartered Accountant
- Key leading position within the CIEL Group, becoming its Head of Finance in 2000
- Involved in the financial reengineering which accompanied the development of the CIEL Group

Directorships in other companies listed on the SEM:

- Alteo Limited
- CIEL Textile Limited
- Harel Mallac & Co. Limited
- The Medical and Surgical Centre Limited
- Sun Limited

ANTOINE DELAPORTE

Nationality: French

Age: 56

**Appointed Non-Executive Director on
26 August 2013**



Committee membership: Corporate Governance,
Nomination & Remuneration Committee (Chairman),
Strategic & Advisory Committee

Experience:

- Founder and Managing Director of Adenia Partners Ltd, a private company managing private equity funds in the Indian Ocean and West African regions with offices in Ghana, Ivory Coast, Madagascar and Mauritius
- Director of C.E.A.L. in Mauritius as well as Antenne Réunion in Reunion Island
- Chairman of Mauvilac Industries Limited and Mauvilac Chemicals Limited in Mauritius and Socolait in Madagascar

Directorships in other companies listed on the SEM:

- CIEL Textile Limited

NORBERT DENTRESSANGLE

Nationality: French

Age: 62

**Appointed Non-Executive Director on
15 May 2014**



Committee membership: none

Experience:

- Chairman of Dentressangle Initiatives, the family holding investment company, which holds investments in real estates, industrial sectors and services
- Vice Chairman and Independent Director of AXA
- Former Vice Chairman of the Supervisory Board of AXA
- Founder of the Norbert Dentressangle Group, specialized in transport and logistics, for which he assumed the chairmanship until 1998
- Former chairman of the Supervisory Board of that Group until the sale of the Norbert Dentressangle Group in June 2015

Directorships in other companies listed on the SEM: none

ROGER ESPITALIER-NOËL

Nationality: Mauritian

Age: 61

**Appointed Non-Executive Director on
24 January 2014**



Committee membership: Corporate Sustainability
Committee (Chairman)

Experience:

- Corporate Sustainability Advisor of CIEL
- Former General Manager of Floreal Knitwear Limited
- Holds more than 35 years' experience in the textile industry
- Involved in the restructuring and restart of the Madagascar Production Units after the political unrest of 2001, and as from 2008, acting as consultant for the CIEL Textile Limited where his activities were focused on the environmental, logistics, utilities as well as the retail aspects of the Knits division

Directorships in other companies listed on the SEM:

- CIEL Textile Limited
- ENL Commercial Limited
- ENL Land Limited
- ENL Limited

M. A. LOUIS GUIMBEAU

Nationality: Mauritian

Age: 66

**Appointed Non-Executive Director on
8 July 1991**



Committee membership: Audit & Risk Committee

Experience:

- Held senior positions in different sectors of the Mauritian economy gaining a vast experience in strategy development, administration, finance and accounting until his retirement in 2010
- Co-founder of La Meule Permaculture Farm in 2014, a Sustainable Living project

Directorships in other companies listed on the SEM:

- Sun Limited

J. HAROLD MAYER

Nationality: Mauritian

Age: 51

**Appointed Non-Executive Director on
24 January 2014**



Committee membership: none

Experience:

- Chief Executive Officer of the CIEL Textile group since 2006
- Held key positions within the CIEL Textile group since 1990

Directorships in other companies listed on the SEM:

- CIEL Textile Limited
- Sun Limited

MARC LADREIT DE LACHARRIÈRE

Nationality: French

Age: 75

**Appointed Non-Executive Director on
15 September 2014**



Committee membership: none

Experience:

- Founder of the Group Marc Ladreit de Lacharrière, owner of 40% of the Lucien Barrière hotel group and 20% of the Fitch Group, a global leader in financial information services ratings through Fitch Ratings
- Chairman of the Conseil de Surveillance of Webedia
- Former Executive of *Banque de Suez et de l'Union des Mines*, which was renamed Indosuez following the integration of *Banque de l'Indochine*
- Former Chief Financial Officer of L'Oréal where he progressively became Vice-Chairman Deputy General Manager

Directorships in other companies listed on the SEM:

none

CATHERINE MCILRAITH

Nationality: Mauritian

Age: 51

**Appointed Non-Executive
Independent Director on 23 January
2015**



Committee membership: Audit & Risk Committee
(Chairperson)

Experience:

- Member of the South African Institute of Chartered Accountants since 1992
- Member of the Financial Reporting Council since October 2014
- Fellow Member of the Mauritius Institute of Directors
- Served her articles with Ernst & Young in Johannesburg before joining the investment banking industry where she held senior positions in corporate and specialised finance for Ridge Corporate Finance, BoE NatWest and BoE Merchant Bank in Johannesburg
- Former Head of Banking at Investec Bank (Mauritius Branch)

Directorships in other companies listed on the SEM:

- Astoria Investments Ltd
- The Mauritius Development Investment Trust Co Limited

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

XAVIER THIÉBLIN

Nationality: French

Age: 73

**Appointed Non-Executive
Independent Director on
18 December 2013**



Committee membership: Corporate Governance,
Nomination & Remuneration Committee

Experience:

- Started working in the banking sector before joining, in 1970, Société Sucrière de Quartier Français, which was at that time playing a modest role in the sugar industry in Reunion Island
- Became Chairman of that group which became a major player of the sugar industry - He expanded the business which changed its name to Groupe Quartier Français ("GQF") - GQF was the first industrial group to form part of the DOM and further developed the commerce of sugar in the Indian Ocean and in Europe and is a renowned producer of rum and spirits
- Played important roles in the sectors of sugar and rum, in Reunion, Paris and Brussels
- Manages and administers several companies, including OXACO, a family holding which invests in the Indian Ocean and Europe and assumes some professional responsibilities in several enterprises

Directorships in other companies listed on the SEM:
none

PROFILES OF OUR ALTERNATE DIRECTORS

The Company's Constitution provides that every Director may, by notice in writing to the Company, appoint any person (including any other Director) to act as Alternate Director in the Director's place, either generally, or in respect of a specified meeting or meetings at which the Director is not present.

An Alternate Director, may while acting in the place of the appointing Director, represent, exercise and discharge all the powers, rights, duties and privileges (but not including the right to acting as Chairperson) of the appointing Director.

VINCENT MÉNEZ

Nationality: French

Age: 52

**Appointed Alternate Director of
Norbert Dentressangle
on 23 January 2015**



Committee membership: none

Experience:

- Formerly in charge of treasury operations at Crédit National Paris prior to moving to Crédit National Lyon as Relationship Manager for important clients
- Joined the Groupe Norbert Dentressangle in 1995 as Director of Treasury Operations and was appointed Managing Director of Dentressangle Initiatives in 1999
- Former member of the Supervisory Board of Groupe Norbert Dentressangle

Directorships in other companies listed on the SEM:
none

JACQUES TOUPAS

Nationality: French

Age: 38

Appointed Alternate Director of Marc Ladreit de Lacharrière on 15 February 2016



Committee membership: none

Experience:

- Joined Fimalac Group in 2009 and is responsible of financial portfolio monitoring and investment, working directly with the Chairman and the CFO
- Serves as Board member of various Fimalac Group's subsidiaries
- Former working experience in investment banking, both in Paris and London and started his career at Arthur Andersen in Paris as a financial audit prior to moving to PwC as a senior auditor and later as a manager in the Transaction Services department
- Also worked in Private Equity as a manager at European Capital

Directorships in other companies listed on the SEM:
none

OUR SENIOR MANAGEMENT TEAM

P. Arnaud Dalais

Executive Chairman

Please refer to the section, 'Profiles of our Directors' of this report.

Jean-Pierre Dalais

Executive Director of CIEL

Please refer to the section, 'Profiles of our Directors' of this report.

L. J. Jérôme De Chasteauneuf

Executive Director of CIEL

Please refer to the section 'Profiles of our Directors' of this report.

DAVID ANDERSON

Nationality: British

Age: 48



Chief Executive Officer of Sun Limited

- More than 25 years of experience in the hotel industry
- Served as the Regional Vice President of Wyndham Hotel Group, a portfolio of 182 hotels across 5 brands
- Former Managing Director of Dolce Hotels and Resorts for four years, a respected leader in the Wyndham Hotel group, meeting and conference space and luxury accommodation. The Wyndham Hotel Group acquired Dolce Hotels & Resorts in April 2015
- Prior to joining the Dolce Hotels & Resorts in January 2012, David Anderson held senior leadership roles at Louvre Hotel Group, Northern Europe where he was the Vice President of Operations

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

J. HAROLD MAYER

Chief Executive Officer of CIEL Textile Group

Please refer to the section, 'Profiles of our Directors' of this report.

MARC-EMMANUEL VIVES

Nationality: French

Age: 54

Chief Executive Officer of CIEL Finance Group

Experience:

- More than 25 years' of experience at Société Générale. After initial steps within the General Inspection of the group, he spent the next 18 years of his career in various assignments in emerging countries, first in Argentina as Commercial Director, then as Chairman and CEO of Société Générale Argentina
- Moved then to Russia as CEO of Société Générale Vostok, before becoming First Deputy Chairman of Rosbank, and finally to India as Country Manager
- Holds a Master's Degree in Business Administration from HEC Business School France, as well as a degree in History from Sorbonne University in Paris



BOARD EVALUATION

An evaluation of the Board was performed in 2015 by the Financial Services department of BDO, in association with Insync Surveys, using a benchmark survey approach. The benchmark with best practices helped in the identification of areas of improvement. The survey used the globally recognised '**What** (Board Structure and Role) **Who** (Board Composition) **How** (Board Processes) **Do** (Tasks)' framework designed by a world leader in corporate governance and board effectiveness.

A comprehensive report highlighting the strengths of the Board, main areas for improvements, strategy and performance culture was reviewed by the Corporate Governance, Nomination & Remuneration Committee, in the presence of the consultant.

It was encouraging to note that the rating of the Board had been satisfactory.

As recommended by the Governance, Nomination & Remuneration Committee, it was decided that the Board Evaluation process be implemented every two years, meaning that the next exercise would be performed over the financial year of 2017.

BOARD CHARTER

As recommended by the Corporate Governance, Nomination & Remuneration Committee, the Board has approved a Board Charter which mainly defines the size and composition of the Board and its committees, the general duties of the Chairman and the Directors as well as the Board's accountabilities and responsibilities.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A Directors' and Officers' Liability insurance policy has been subscribed to by CIEL covering the Company, its subsidiaries and some of its associates.

BOARD AND COMMITTEE ATTENDANCE

The attendance of the Directors at Board and committee meetings held during the financial year ended 30 June 2016 was as follows:

Directors/Alternate Directors/ Committee Members	Board Meetings	Audit & Risk Committee	Corporate Governance, Nomination & Remuneration Committee	Strategic & Advisory Committee	Corporate Sustainability Committee
Directors					
P. Arnaud Dalais	4/4		2/2*	3/3	3/3
Sébastien Coquard	3/4			3/3	
G. Christian Dalais	4/4				
Jean-Pierre Dalais	4/4		1/2*	3/3	
R. Thierry Dalais	4/4		2/2	3/3	
Pierre Danon	3/4	4/4			
L. J. Jérôme De Chasteauneuf	4/4		2/2*	3/3	
Antoine Delaporte	4/4		2/2	3/3	
Norbert Dentressangle	1/4				
Roger Espitalier-Noël	4/4				3/3
M. A. Louis Guimbeau	4/4	4/4			
Marc Ladreit De Lacharrière	0/4				
J. Harold Mayer ¹	4/4				1/3
Catherine McIlraith	4/4	4/4			
Xavier Thiéblin	4/4		1/2		
Alternate Directors					
Cindy Daniel ² (Alternate to Sébastien Coquard)	1/4				
Vincent Ménez (Alternate to Norbert Dentressangle)	4/4				
Gilles G. C. Pelisson ³	0/4			1/1	
Jacques Toupas (Alternate to Marc Ladreit De Lacharrière)	2/4				
Committee Members who are not Directors					
Amélie Vitry Audibert					2/3
Odile Conchou ⁴					1/1
Gregory De Cleck ⁴					0/1
Eric Dorchies ⁵					n/a
Noëlle Gourrege					3/3
Jean-Marc Rivet ⁴					1/1
Tom Rostand				3/3	
Kamini Vencadasmay ⁴					1/1
In attendance					
David Anderson, CEO of Sun Limited				1/1	
Alex Alexander, Managing Director CIEL Healthcare Africa				1/1	
Patrick de Labauve d'Arifat, CEO Alteo Limited				1/1	
Marc Emmanuel Vives, CEO CIEL Finance				1/1	

Notes:

1. J. Harold Mayer resigned as member of the Corporate Sustainability Committee on 11 August 2016

2. Cindy Daniel resigned as alternate to Sébastien Coquard on 29 July 2016

3. Gilles G. C. Pelisson resigned as alternate to Marc Ladreit De Lacharrière on 15 February 2016

4. Appointed members of the Corporate Sustainability Committee by the Board on 15 February 2016

5. Appointed member of the Corporate Sustainability Committee by the Board on 30 September 2016

* Were invited to attend the meetings

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

CONSTITUTION

The constitution of the Company, adopted on 30 December 2013, is in conformity with the provisions of the Companies Act 2001 and the Listing Rules of the SEM.

Its salient features are:

- The Company has on issue Ordinary Shares of no par value and Redeemable Restricted A Shares ("RRAS") of no par value.
The Ordinary Shares confer to the holder the following rights:
 - a right to vote at meetings of shareholders and on a poll to cast one vote for each share held;
 - the right to an equal share in dividends and other distributions made by the Company, subject to the rights of any other Class of Shares; and
 - the right to an equal share in the distribution of surplus assets of the Company on its liquidation, subject to the rights of any other Class of Shares.
- RRAS confer to the holder the following rights:
 - a right to vote at meetings of shareholders and on a poll to cast one vote for each share held;
 - the right to participate in a rights issue together with the holders of Ordinary Shares in the proportion of the amount paid up or credited as paid up on the shares of each class on the condition that the holders of each class of shares shall be entitled to subscribe to shares of that class only;
 - no right whatsoever to any distribution;
 - no right whatsoever to any surplus assets of the Company in case of winding up;
 - no right to be transferred except with the consent of the holders of at least 75% of shares of that class.
- The RRAS may be redeemed at the option of the Company for no consideration whatsoever, should the holders thereof either directly or indirectly through successive holding entities (and the shareholders of the latter), in the aggregate, hold less than 10% of the issued Ordinary Shares in the capital of the Company. So as to ascertain the above threshold, the Company secretary shall, at least once in every financial year, request from the secretaries of the entities holding such shares and of their successive holding entities a list of their respective shareholders. Should the said threshold not be met, then, all RRAS shall immediately be redeemed, as of right.
- Subject to the terms of issue of the RRAS, the fully paid-up shares are freely transferable.
- The Company may purchase or otherwise acquire its Shares and may hold acquired shares.
- The Board may authorise a distribution by the Company to shareholders if it is satisfied on reasonable grounds that the Company will satisfy the solvency test immediately after the distribution.
- The quorum for holding a meeting of shareholders is five (5) shareholders holding Shares representing at least ten percent (10%) of the total voting rights who are present or represented.
- The Board shall consist of not less than eight (8) or more than sixteen (16) Directors.
- The quorum for holding a meeting of the Board is five (5) Directors when the Board consists of eight to twelve (8-12) members, seven (7) Directors when the Board consists of thirteen to fifteen (13-15) members and eight (8) Directors when the Board consists of sixteen (16) members.
- The Directors have the power to appoint any person to be a Director, either to fill in a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution. The Director appointed to fill up the vacancy or as an addition to the existing Directors shall hold office only until the next following annual General Meeting and shall then be eligible for re-election.
- A Director who has declared his interest shall not vote on any matter relating to the transaction or proposed transaction in which he is interested, and shall not be counted in the quorum present at the meeting.
- In case of equality of votes either at a meeting of the Board of Directors or a meeting of Shareholders, the Chairperson of the meeting shall not be entitled to a casting vote.

COMPANY SECRETARY

The Company Secretary plays a pivotal role in the continuing effectiveness of the Board, ensuring that all Directors have full and timely access to the information that helps them to perform their duties and obligations properly, and enables the Board to function effectively.

The Company Secretary is responsible for providing guidance to the Board collectively and to the Directors individually with regard to their duties, responsibilities and powers.

The Company Secretary also plays an important role in the Company's corporate governance and ensures that, in accordance with the prevailing laws, the proceedings and affairs of the Board, the Company itself and, where appropriate, shareholders are properly administered.

SHAREHOLDING

As at 30 June 2016, the stated capital of the Company was made up of:

- 1,576,175,766 Ordinary Shares of no par value (of which 51,135,822 were held as treasury shares) worth MUR 4,246,422,982; and
- 3,008,886,600 RRAS of no par value worth MUR 39,232,934.50.

On the same date, there were 2,701 shareholders on its registry after consolidation of multi portfolios.

SUBSTANTIAL SHAREHOLDERS

The shareholders holding more than 5% of the Ordinary Shares of the Company, excluding treasury shares, as at 30 June 2016 were as follows:

Shareholders	Percentage Held - %
FFP Invest	7.53
Les Ternans Limited	7.15
Synora Investment Limited	6.79
Hugin Frères Limited	6.20
Di Cirne Holding Limited	5.65
Société de Mercoeur	5.08

The shareholder holding more than 5% of the RRAS of the Company, as at 30 June 2016 was as follows:

Shareholders	Percentage Held - %
Deep River Limited	98.66

COMMON DIRECTORS WITHIN THE HOLDING STRUCTURE

	Synora Investment Limited	Les Ternans Limited	Di Cirne Holding Limited	Société de Mercoeur	Deep River Limited
P. Arnaud Dalais		√		√**	√
Jean-Pierre Dalais					√
G. Christian Dalais					√***
R. Thierry Dalais					√
Antoine Delaporte	√				√
Norbert Dentressangle			√		
M. A. Louis Guimbeau					√
Roger Espitalier-Noël					√*
Xavier Thiéblin					√

* Alternate Director/** Administrator/*** Chairman

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

SHAREHOLDING PROFILE

As at 30 June 2016, the ownership of the Ordinary share capital (excluding treasury shares), by size of shareholding was as follows:

	Ordinary Shares		
	Shareholder Count	Number of Shares	Percentage Held
1 - 500	480	79,559	0.005
501 - 1,000	174	139,931	0.009
1,001 - 5,000	473	1,231,251	0.081
5,001 - 10,000	299	2,238,398	0.147
10,001 - 50,000	596	14,376,443	0.943
50,001 - 100,000	195	14,018,847	0.919
100,001 - 250,000	217	36,106,550	2.368
250,001 - 500,000	78	28,070,057	1.840
500,001 - 1,000,000	69	48,774,599	3.198
Over 1,000,001	120	1,380,004,309	90.490
Total	2,701	1,525,039,944	100.000

A summary of the ownership of the share capital by category of shareholding, as at 30 June 2016, was as follows:

Category	Ordinary Shares		
	Shareholder Count	Number of Shares	Percentage Held
Individuals	2,350	429,566,928	28.168
Insurance & Assurance Companies	20	44,782,184	2.936
Pension and Provident Funds	46	85,272,873	5.592
Investment and Trust Companies	90	203,977,512	13.375
Other Corporate Bodies	195	761,440,447	49.929
Total	2,701	1,525,039,944	100.000

The above number of shareholders is indicative due to consolidation of multi portfolios for reporting purposes.

SHARES IN PUBLIC HANDS

In accordance with the Listing Rules of the SEM, at least 25% of the shareholding of CIEL is in the hands of the public.

DIRECTORS' INTERESTS IN THE SHARES OF CIEL

The Directors' interests in the Ordinary Share capital of the Company as at 30 June 2016 were as follows:

Directors	Direct		Indirect	
	No. of Shares	Percentage	No. of Shares	Percentage
P. Arnaud Dalais	641,268	0.04	77,470,113	5.08
Sébastien Coquard	Nil	Nil	Nil	Nil
G. Christian Dalais	Nil	Nil	625,770	0.04
Jean-Pierre Dalais	14,475,699	0.95	16,643,453	1.09
R. Thierry Dalais	Nil	Nil	38,819,460	2.55
Pierre Danon	1	0.00	1,049,138	0.07
L. J. Jérôme De Chasteauneuf	652,623	0.04	Nil	Nil
Antoine Delaporte	Nil	Nil	Nil	Nil
Norbert Dentressangle	Nil	Nil	86,165,379	5.65
Roger Espitalier-Noël	2,500	0.00	1,588,392	0.10
M. A Louis Guimbeau	11,611,365	0.76	Nil	Nil
Marc Ladreit De Lacharrière	Nil	Nil	50,263,138	3.30
J. Harold Mayer	30,765	0.00	Nil	Nil
Catherine McIlraith	Nil	Nil	Nil	Nil
Xavier Thiéblin	Nil	Nil	28,236,500	1.85
Alternate Directors				
Vincent Ménez (Alternate to Norbert Dentressangle)	Nil	Nil	Nil	Nil
Jacques Toupas (Alternate to Marc Ladreit de Lacharrière)	Nil	Nil	Nil	Nil

None of the Directors hold any shares, directly or indirectly, in the Redeemable Restricted A Share ("RRAS") Capital of the Company, save for Mr. Xavier Thiéblin who indirectly holds more than 10% of the said RRAS.

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

SHARE DEALINGS BY DIRECTORS

The Directors strive to ensure that their dealings in the shares of the Company are conducted in accordance with the principles of the Model Code for Securities Transactions by Directors of Listed Companies, as detailed in Appendix 6 of Listing Rules of the SEM.

During the year under review, the following Directors traded in the Ordinary Shares of the Company:

	Direct No. of Shares		Indirect No. of Shares	
	Acquired	Sold	Acquired	Sold
P. Arnaud Dalais	641,268*	-	-	-
Jean-Pierre Dalais	913,672**	-	-	-
L. J. Jérôme De Chasteauneuf	464,026**	-	-	-
Roger Espitalier-Noël	2,500***	-	-	-
M. A. Louis Guimbeau	381,400	-	-	-

*641,268 bonus shares were issued to P. Arnaud Dalais as part of his remuneration

**bonus shares were issued to Jean-Pierre Dalais and L. J. Jérôme De Chasteauneuf as part of their remuneration

***shares were inherited by Mr. Roger Espitalier Noël as part of a family succession

SHARE PRICE INFORMATION

The evolution of the share price of CIEL on the last trading day of the months of July 2015 to 31 August 2016 has been as follows:

Month	Share Price-MUR
31 July 2015	6.88
31 August 2015	6.80
30 September 2015	6.70
31 October 2015	6.80
30 November 2015	6.70
31 December 2015	6.60
29 January 2016	6.40
29 February 2016	6.36
31 March 2016	6.28
29 April 2016	6.24
31 May 2016	6.12
30 June 2016	6.12
29 July 2016	5.94
31 August 2016	6.08

	Volume Traded	Value Traded	Average price-MUR
July 2015	1,945,857	13,599,698	7.01
August 2015	3,922,011	26,619,301	6.84
September 2015	5,720,894	38,507,260	6.75
October 2015	2,631,528	17,826,997	6.77
November 2015	2,306,898	15,625,110	6.74
December 2015	1,931,360	12,718,131	6.54
January 2016	1,719,236	11,224,527	6.52
February 2016	1,845,588	11,663,841	6.32
March 2016	2,907,535	18,445,765	6.37
April 2016	425,849	2,656,678	6.24
May 2016	2,851,823	17,733,403	6.21
June 2016	6,054,679	37,453,667	6.17
July 2016	7,733,088	47,103,670	6.12
August 2016	4,261,076	25,923,462	6.08

Over the financial year ended 30 June 2016, 41.9M Ordinary Shares were exchanged, representing 2.75% of the issued share capital.

DIVIDEND POLICY

Company profits are customarily returned to shareholders in part in the form of dividends. Dividends are normally declared and paid twice yearly, representing a minimum of 75% of net profits after tax, depending on the cash flow and financial needs of the Company.

On 16 December 2015, CIEL declared an interim dividend of MUR 0.07 (7 cents) (2015: MUR: 0.05) per Ordinary Share while a final dividend of MUR 0.11 (11 cents) (2015: MUR: 0.11) per Ordinary Share was declared on 30 June 2016.

The Board ensures that the Company satisfies the solvency test for each declaration of dividend.

SHAREHOLDERS' INFORMATION

The Board is committed to ensuring an effective communication with the shareholders of CIEL. The Annual Meeting of the shareholders of CIEL provides the Board with the opportunity to meet and engage

directly with the shareholders, particularly the private shareholders. It is also the ideal platform for the shareholders for debates and queries with the Board of Directors.

CIEL is regularly in contact with its institutional shareholders and the investors' meetings provide an opportunity to meet a significant number of investors, representatives from the influential investor advisory companies and key industry governance specialists.

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, the quarterly unaudited accounts and the yearly audited accounts of the Company were approved by the Board of Directors within the required statutory delay and were duly filed with the relevant authorities – the SEM and the Financial Services Commission. A copy of their abridged versions is also available on the Company's website and published in the press.

The Company's website is a comprehensive reference on CIEL's management, vision, mission, policies, corporate governance, sustainability, investor relations, updates and news. The section on 'Investors' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

benefits, information relating to stock exchanges and latest news on CIEL. Investors are also invited to submit their e-mail address and to subscribe to the e-news released.

The yearly calendar of events of the Company is scheduled as follows:

Event	Month
Financial year end	June
Annual Meeting of shareholders	13 December 2016
Declaration/payment of dividend:	
- Interim	December
- Final	June
Publication of first quarter results	November
Publication of half yearly results	February
Publication of third quarter results	May
Publication of full year results	September

SHARE REGISTRY AND TRANSFER OFFICE

CIEL's Share Registry & Transfer Office is administered by MCB Registry & Securities Limited. If you have any queries regarding your account, wish to change your name or address, or have questions about lost certificates, share transfers or dividends, you may contact the Share Registry and Transfer Office, whose contact details are as follows:

*MCB Registry & Securities
2nd Floor, MCB Centre
9-11 Sir William Newton Street
Port Louis
Tel: +230 202 5397
Fax: +230 208 1167*

SHAREHOLDERS' AGREEMENTS

Following the Private Placement which was completed in May 2014, the Company has entered into shareholders' agreements with some of the main strategic investors whereby allocation of board seats to them is addressed. These shareholders have agreed on a locked in period of two years from the date of their investment.

MANAGEMENT AGREEMENTS WITH THIRD PARTIES

- CIEL Limited holds an agreement with CIEL Corporate Services Ltd (a subsidiary of CIEL Limited) for the provision of strategic support & group strategy harmonisation, legal, company secretarial and payroll services to the companies of the Group. An amount of MUR 49.2M was paid to CIEL Corporate Services Ltd for the financial year ended 30 June 2016.

P. Arnaud Dalais, Jean-Pierre Dalais and L. J. Jérôme De Chasteauneuf do not receive any Director's fees from CIEL, being directly remunerated by CIEL Corporate Services Ltd.

- CIEL holds a treasury agreement with Azur Financial Services Ltd (a subsidiary of CIEL) for the provision of cash management services, treasury advisory services and foreign exchange & money market brokerage services to the Group. CIEL pays a fixed monthly fee for the cash management together with a variable fee, based on the volume of intercompany transactions processed by Azur Financial Services Ltd for the Group. An amount of MUR 0.8M was paid to Azur Financial Services Ltd for the financial year ended 30 June 2016.

EXTERNAL AUDIT

Shareholders rely on the external auditors to act in the long-term interest of the Company in which they have invested their money such that the independence of auditors is paramount in making sure the necessary safeguards are in place.

The independence of the external auditors is recognised. The Audit & Risk Committee meets with external auditors, BDO & Co, to review the scope of the external audit, and any other audit matters that may arise.

The Board assesses and reviews on a regular basis the independence of the external auditor, BDO & Co.

INTERNAL AUDIT

The internal audit function is an independent appraisal mechanism which evaluates the effectiveness of the applicable operational activities, the attendant business risks and the systems of internal control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention of the Audit & Risk Committee.

The internal audit function of CIEL is outsourced to KPMG Advisory Services Ltd (“KPMG”). They report to the Audit & Risk Committee and maintain an open and constructive line of communication with management at all times.

Following their appointment, KPMG performed a strategic risk analysis and enterprise risk assessment which led to the development of an internal audit plan. The three-year internal audit plan, proposed by KPMG, has been approved by the Audit & Risk Committee and may be subject to review in light of changes to the risk landscape.

The scope of works of KPMG includes an assessment of the operation and control procedures within key processes, reporting on any weaknesses and issues identified during the review and highlighting any high risk areas and identifying any serious defects in internal control which might result in possible malpractices or loss of revenue and negative impact on the image of CIEL.

In line with its deliverables, KPMG discusses its findings with management, provides recommendations on corrective measures to be adopted to eliminate or mitigate the risks. A detailed written report on the results of the work performed and findings is presented to the Audit & Risk Committee. The internal auditors review and monitor the responsiveness of management to the findings and recommendations made in internal audit reports.

The following audits have been performed during the year under review:

- Treasury Management–Azur Financial Services Ltd;
- Revenue Cycle and Expenses and Cash Management Processes–La Vallée de Ferney Co. Ltd;
- Human Resources and Payroll–Mauritius International Trust Co. Ltd. (“MITCO”);
- Expenses and Contract Management–Ebène Skies Ltd
- Revenue Cycle–Ebène Skies Ltd
- Expenses and Cash Management– Ferney Limited

The fees paid to KPMG during the year under review amounted to MUR 172,500.

INTERNAL CONTROL

The system of internal control is based on a continuous process of identifying, evaluating and managing risks including the risk management process. The Board has overall responsibility for the Group’s system that internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatements, losses and the breach of laws and regulations.

The Board is satisfied that a continual process for identifying, evaluating and managing significant risks is being put in place by the Company. All control systems are reviewed by the Audit & Risk Committee and the Board receives assurance from the Audit & Risk Committee which derives its information from regular internal and external audit reports.

RISK MANAGEMENT

Effective risk management is critical to the Group’s operations and is crucial to its continued growth and success. In order to achieve its objectives and create shareholder value, the Group does take risks, but fully understands and effectively manages the risks it takes in order to minimise loss and maximise opportunities. The objective of risk management is to establish an integrated and effective risk management framework where important risks are identified, quantified and managed. In order to give effect to same, the Group follows a comprehensive risk management process, which involves identifying, understanding and managing the risks associated with its various businesses.

EFFECTIVENESS OF THE RISK MANAGEMENT PROCESS AND SYSTEM OF INTERNAL CONTROL

The Board, via the Audit & Risk Committee, regularly receives reports on and considers the activities of the internal and external auditors. The Board, via the Audit & Risk committee, is satisfied that there is an effective risk management process in place and that there is an adequate and effective system of internal control to mitigate the significant risks faced by the Group to an appropriate level.

2016 CORPORATE GOVERNANCE REPORT (CONT'D)

The Board believes that the risks described below are the ones that may have the most significant impact on the Group's ability to achieve its objectives as set out earlier in this report.

- **Financial Risk**

These risks comprise of market risks (including currency risks, interest rate risks and price risks), credit risks and liquidity risks as reported in note 45 of the Financial Statements.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

- **Operational Risks**

These risks are defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Company's processes are periodically re-evaluated to ensure their effectiveness.

- **Compliance Risk**

This risk is defined as the risk of not complying with laws, regulations and policies.

The Company endeavours to comply with the requirements of the relevant legislations and regulatory authorities. CIEL is also committed to the protection of the environment and towards the society at large.

- **Reputational risk**

This risk arises from losses due to unintentional or negligent failure to meet a professional obligation to stakeholders. The Company's strong reputation revolves around effective communication and building solid relationships. Communication between the Company and its stakeholders has been the foundation for a strong reputation.

- **ICT failure risk**

This is a significant or sustained loss of ICT capability which could have a material effect on the ability to do business, especially in certain business units.

The management of business units are encouraged to create a central awareness of ICT risk around and ensure, as far as possible, that appropriate disaster recovery plans are in place at each site.

- **Financing Risk**

This is the risk that funding is not available for investment and growth.

Management strives to maintain strong relations with investors and ensures that there is a diverse range of financing options and timings.

- **Economic and business environment**

The Group's revenues are sensitive to the economic and business environment, and can be affected by a downturn in the general economic and business environment locally and internationally.

The Group therefore continually monitors developments in this environment for trends and early warning indicators. Executive Management and the Audit & Risk Committee regularly review the Group's revenue forecasts.

HEALTH AND SAFETY POLICY

The Group aims to act as a good employer in providing and maintaining a safe and healthy work environment for all its employees. The objective being the optimisation of work efficiency and the prevention of accidents at work, through the implementation of safety standards in all its operations across the Group. In this respect, the Corporate Sustainability Committee assists the Board in fulfilling its oversight responsibilities by monitoring and reviewing performance and recommending for approval policies and management systems with respect to health, environmental, safety and social responsibility related matters affecting the whole Group.

STATEMENT OF REMUNERATION PHILOSOPHY

CIEL's remuneration policy aims to ensure that it remunerates its key people in a manner that supports the achievements of its strategic objectives, while attracting and retaining scarce skills and rewarding high levels of performance.

The remuneration offered by the Group needs to be competitive in order to attract, retain and incentivise high calibre staff. The remuneration is based on the principles of affordability and fairness.

The remuneration approach that furthermore guides the level of salaries of key people across the Group is aimed, amongst others at:

- Recognising exceptional and value-adding performance;
- Encouraging team performance and participation;
- Promoting cost-effectiveness and efficiency; and
- Achieving the strategic objectives of the Group.

In order to balance external equity with affordability and to ensure that market-related salaries are offered to staff, the Group participates in several salary surveys and uses that information for benchmarking purposes.

RETIREMENT BENEFIT OBLIGATIONS

The details of the total amount of provisions booked or otherwise recognised by the Group are provided in the notes of the financial statements.

RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in detail in notes of the financial statements.

CORPORATE SUSTAINABILITY

CIEL is committed to managing all its businesses in a sustainable way. This means considering not only the Group's financial performance and risk profile, but also its social, environmental and economic impact.

The Board has adopted a Corporate Sustainability Policy ("the Policy") which deals with:

- Business ethics
- Human rights and labour practices
- Environmental responsibility
- Sustainable Design, Planning and Procurement
- Stakeholders Satisfaction & Engagement

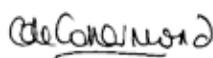
CIEL and its people make their best endeavours to protect the environment, conserve natural resources and utilise resources in an effective and responsible way by adopting sound environmental practices in the businesses and industries within the Group.

As a responsible corporate citizen, CIEL together with its subsidiaries and its staff, strive to improve the lives of fellow Mauritians and try to make a meaningful impact on the local communities by attempting to alleviate some of their socio-economic challenges. Companies of the Group annually contribute funds to Fondation CIEL Nouveau Regard ("FCNR"), the social vehicle of the CIEL Group, whose objectives are to develop community projects across the island and to help the society at large.

CODE OF ETHICS

As recommended by the Corporate Governance, Nomination & Remuneration Committee, the Board has approved a Code of Ethics.

CIEL believes that good governance and ethical behavior are the foundation for success, "doing the right thing" has always been part of its values. CIEL takes ethical behavior very seriously, starting with practices based on a robust Code of Ethics. CIEL believes ethics start at the top, with its Board of Directors and senior management, and its commitment extends to all employees, business partners, and other stakeholders.



Clothilde de Comarmond, ACIS

Per CIEL Corporate Services Limited
Company Secretary

30 September 2016