
BOARD CHARTER

HISTORY

CIEL TEXTILE LIMITED ("CTL" or the "**Company**") is a private company limited by shares bearing registration number 1871 (BRN Co6001871) and having its registered office at 5th floor, Ebène Skies, Rue de l'Institut, Ebène, Mauritius.

Previously known as FLOREAL KNITWEAR LIMITED, the Company is part of CIEL group of companies ("CIEL Group") and operates as an investment holding company in the textile industry.

CTL is registered as a 'Reporting Issuer' with the Financial Services Commission ("FSC") since the promulgation of the Securities Act 2005.

The stated capital of the Company is divided into (i) **Ordinary Shares** of no-par value and (ii) **Redeemable B Shares**. CTL is wholly owned by CIEL Limited, the holding company of the CIEL Group.

1. PURPOSE OF THE BOARD CHARTER

- 1.1. The purpose of CTL's Board Charter is to define the composition and the role of the Board of Directors of the Company (the "**Board**") and the general duties of its directors.
- 1.2. The Board is responsible for directing the affairs of the Company in the best interests of its shareholders and in conformity with the applicable legal and regulatory framework and best governance practice.

2. THE BOARD

2.1. Board size

The Board shall consist of not less than three (3) or more than twelve (14) Directors.

2.2. Composition of the Board

The Board is presently composed of thirteen (13) Directors, out of whom three (3) are Executive Directors, eight (8) are Non-Executive Directors and two (2) are Independent Directors.

2.3. Board meetings

(a) The Board shall meet as often as necessary, but not less than four (4) scheduled meetings each year and at least every quarter. A Director must do his utmost to be physically present at all Board Meetings during the year or otherwise attend the meeting by phone or teleconference.

(b) A seven (7) days' notice of a meeting of the Board shall be sent to every Director and the notice shall include the date, time and place of the meeting, and the matters to be discussed.

2.4. **Quorum**

- (a) The quorum for a meeting of the Board is as follows:
- three (3) Directors present or represented by their alternates when the Board is composed of less than or five (5) members;
 - four (4) Directors present or represented by their alternates when the Board is composed of more than five (5) but less than or nine (9) members; and
 - seven (7) Directors present or represented by their alternates when the Board is composed of more than nine (9) members.
- (b) As at date, the Company's Board consists of thirteen (13) members meaning that the quorum for a meeting of the Board is seven (7) members.
- (c) Every Director shall have one vote.
- (d) The Chairperson shall not have a casting vote.
- (e) A resolution of the Board shall be passed if it is agreed to by a majority of the Directors present.

2.5. **The Company Secretary**

The Company Secretary assists the Board. All members may consult the Company Secretary for advice or avail of his or her services.

The Company Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under the law.

The Company Secretary shall assist the Chairperson of the Board in organizing the Board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs).

3. **BOARD COMMITTEES**

- 3.1. The Board of Directors has delegated certain responsibilities to board committees to assist it in discharging its duties through a more comprehensive evaluation of specific issues in line with the activities of the Company. The Board remains collectively responsible for the decisions and actions taken by any committee.
- 3.2. The Board must determine and approve the composition and the committees' terms of reference ("**TOR**") which shall be formally laid down and published in the Company's annual report. The composition and the TOR regarding each committee shall be reviewed at least once a year by the Board.
- 3.3. As at date and to facilitate effective management, the Board of the Company has delegated clearly defined responsibilities to two (2) specialized committees:
- (a) **The Audit & Risk Committee**
This Audit & Risk Committee ("**ARC**") has the responsibility in particular to (i) monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, before submission to the Board; (ii) review the Company's internal controls and risk management systems; (iii) oversee the process for selecting the external auditor, assess its independence and approve the audit fees; (iv) ensure appropriate arrangements are in place so that the staff of the Company may raise concerns about possible improprieties in matters of financial reporting and (iv) monitor and supervise the effective function of the internal audit.

The ARC is currently composed of three (3) members who have been appointed by the Board.

The Executive Directors and/or management representatives are also invited to attend the meetings.

(b) The Corporate Governance, Ethics, Nomination and Remuneration Committee

The Corporate Governance, Ethics, Nomination and Remuneration Committee ("CGERNC") makes recommendations to the Board on (i) all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles; (ii) all the essential components of remuneration; and (iii) all new Board and senior executive nominations.

The CGERNC will consist of at least three (3) members who are appointed by the Board.

- 3.4. These committees make recommendations that are submitted to the Board for approval.
- 3.5. There shall be transparency and full and effective disclosure from the board committees to the Board.
- 3.6. A copy of each TOR is available from the Company Secretary and will be published on the Company's website.

4. CHAIRPERSON

- 4.1. The Board shall elect the Chairperson from among its members, provided that he/she shall not be older than seventy (70) years old.
- 4.2. Subject to the age limited being respected under section 4.1, the Chairperson shall hold office for a period of five (5) years and may, at term of his/her office, be re-elected by the Board for a further period of five (5) years or such other term as may be determined by simple majority of the Board.
- 4.3. The Chairperson is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. He/she ensures that the corporate strategy of the Company and the related execution are aligned together with operational efficiencies.
- 4.4. He/she will be responsible to ensure sufficient information is being provided to each Board member in due course to allow him/her to play fully his/her role not only as a Director.
- 4.5. In case the Chairperson is unable to attend a Board meeting, the Directors present shall choose one of their number to be Chairperson of the said Board meeting.
- 4.6. Responsibilities at the top level of the Company have been divided between the Board and the management of CTL, giving adequate segregation of powers between the Chairperson and the management of the Company.

5. OTHER CATEGORIES OF DIRECTORS

- 5.1. Executive Directors – They are directors involved in the day-to-day management of the Company. They must always manage the conflict between their management responsibilities and their fiduciary duties as a Director, with a view to systematically promoting the best interests of the Company. They must also ensure that the information laid out before the Board accurately and fairly represents their understanding of the Company's affairs.
- 5.2. Non-Executive Directors – They are directors not involved in the day-to-day management;

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

6. TERMS OF OFFICE OF DIRECTORS

6.1. Election

Directors shall be elected on a regular basis at the annual meeting of shareholders of the Company. Directors may be appointed by a notice in writing signed by the holders of the majority of the Ordinary Shares or by an Ordinary Resolution. A resolution to appoint two (2) or more Directors may be voted on one resolution without each appointment being voted individually.

Directors shall have the power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors; such Director appointed shall hold office only until the next following annual meeting of shareholders and shall then be eligible for re-election.

6.2. Qualifications

All Directors shall be individuals of integrity who bring a blend of knowledge, skills, objectivity, experience and commitment to the Board. CTL's Directors meet that recommendation and are able to effectively understand and manage the issues arising in the Company's business, challenge and reward the performance of management and optimize the Company's performance.

A Director shall be a natural person of not less than eighteen (18) years old, and not more than seventy-five (75) years old. As from seventy (70) years old, a Director may be appointed or re-appointed subject to Section 138 (6) of the Companies Act 2001¹.

6.3. Disqualifications

A Director shall not have any convictions for any crimes involving dishonesty, fraud or breach of trust and shall not be prohibited from being a Director under Sections 337 or 338 of the Companies Act 2001².

6.4. Office

As per Clause 20.2 of the Company's Constitution, every Director of the Company shall hold office until his/her resignation, disqualification or removal.

6.5. Re-election

Before recommending a member of the Board for re-election, the Board must carefully consider his or her past performance on the Board.

6.6. Alternate Director

A Director may appoint an alternate Director to represent him/her when he/she is unable to attend a Board meeting on an occasional basis. This nomination will be effected through a notice given in writing to the Company. The Board member shall ensure that his/her alternate is fully aware of the present Board Charter.

6.7. Compliance

¹ Section 138 of the Companies Act 2001 is reproduced at the end of this Board Charter.

² Sections 337 and 338 of the Companies Act 2001 are reproduced at the end of this Board Charter.

A copy of the present Board Charter will be provided to each Board member upon his appointment and the said member shall adhere to the said Board Charter by acknowledging receipt and signing a copy thereof and shall in doing so undertake to comply with same. A signed copy will be retained by the Company Secretary for record.

7. GENERAL DUTIES OF DIRECTORS

7.1. The Directors shall comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly, these include:

- (a) acting in good faith, with honesty and integrity and in the best interest of the Company;
- (b) ensuring that they have the time to devote to diligently carry out their responsibilities and duties to the Company;
- (c) acting with care and diligence and for proper purpose;
- (d) avoiding conflicts of interest at all times and disclosing any actual or potential conflicts of interest which may exist or be thought to exist as soon as the Director becomes aware of the issue;
- (e) refraining from disclosing to unauthorized persons or making improper use of information gained through the position of Director and from taking improper advantage of the position of Director;
- (f) discharging diligently their duties and obligations to the Company;
- (g) observing and fostering high ethical standards and a strong ethical culture in their organization;
- (h) with the committees' assistance, preparing and presenting the financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act 2001;
- (i) notifying the Company of any direct and indirect interests in the shares of the Company, interests in any transactions, potential and existing conflicts of interests and share dealings; and
- (j) complying with the Companies Act 2001, Securities Act 2005, the relevant FSC Rules and the requirements of the listing rules.

7.2. The Directors' attention is drawn in particular to Section 143 of the Companies Act 2001³ which specify the duties of the Directors.

7.3. When acting in his/her capacity of Director, the latter shall be entitled to take into account the interests of shareholders he/she is representing but should always act in the best interests of the Company.

7.4. Representation on boards of CTL's subsidiaries

When discharging his/her obligations as Director of a subsidiary of CTL, the Director will act in the best interest of that company. However, that Director will also be entitled (if so permitted by the constitution of that subsidiary) to act in a manner which he/she believes is in the best interests of CTL even though it may not be in the best interests of that company and this as per the provisions of Section 143 (2) and (3) of the Companies Act 2001.

8. BOARD ACCOUNTABILITIES AND RESPONSIBILITIES

In discharging its duties, the Board has the following main overall responsibilities:

³ Section 143 of the Companies Act 2001 is reproduced at the end of this Board Charter.

- (a) management, direction and performance of the Company, and lead and control the Company's business;
- (b) be responsible for the performance and affairs of the Company;
- (c) ensure that the Company complies with all relevant laws, regulations and codes of best business practice;
- (d) build a sustainable business through consistent, profitable growth whilst safeguarding the interest of the shareholders and wider stakeholders;
- (e) determine strategies to enhance shareholder value in the long term whilst taking into account the interest of the shareholders;
- (f) approve the Company's and the group's annual budget;
- (g) approve the audited and unaudited quarterly financial statements;
- (h) approve the annual report;
- (i) ensure that the Board communicates with shareholders and relevant stakeholders openly and promptly with substance prevailing over form;
- (j) through authorities delegated to its committees, direct and review the investments and operations within an agreed framework of controls, allowing risk to be assessed and managed within agreed parameters;
- (k) direct the commercial and economic well-being of the Company by properly balancing the level of risk with expected returns;
- (l) be responsible for risk governance and ensure that the Company develops and executes a comprehensive and robust system of risk management; and ensure the maintenance of a sound internal control system;
- (m) contribute fully in developing and sustaining the CTL group enterprise culture;
- (n) approve capital requirements of the Company;
- (o) exercise leadership, enterprise, intellectual honesty, integrity and judgment in directing the Company so as to achieve reasonable prosperity for the Company and the CTL group;
- (p) monitor and review the capital and solvency positions of the Company;
- (q) ensure that the Company satisfies the solvency test for each declaration of dividend;
- (r) present a fair, balanced and understandable assessment of the Company's financial, environmental, social and governance position, performance and outlook in its annual report;
- (s) nominate the representatives of the Company to represent the latter on subsidiaries' boards;
- (t) establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the Company's auditor;
- (u) determine the remuneration of the Directors;
- (v) approve policies dealing with Directors' liabilities, indemnities and insurance if any; and
- (w) ensure that the conflicts of interest issues are dealt by the Board members as per all relevant laws, regulations and codes of best business practice.

9. **BOARD EVALUATION AND DEVELOPMENT**

The Board fully supports the principles of good corporate governance contained in the Code of Corporate Governance in Mauritius and shall undertake a formal, regular and rigorous evaluation of its own performance and that of its committees and individual Directors.

10. **ETHICAL STANDARDS AND GOOD CORPORATE GOVERNANCE**

- 10.1. The Board and all Directors are expected to comply with the ruling of the applicable Code of Corporate Governance in Mauritius (the "Code"). The Board fully supports the principles of good

corporate governance contained in the Code, and is committed to the improvement and development of appropriate structures, processes and procedures throughout the group in support of these principles.

- 10.2. The new “National Code of Corporate Governance for Mauritius (2016)” shall be enforceable as from the reporting year (financial period) ending 30th of June 2018 and a new philosophy will be applied, which is the “Apply-and-Explain”. CTL, as a public interest entity, will be required to report on corporate governance and to explain in its annual report how the principles of the Code have been applied. Where material deviation from any guidance contained within the Code occurs, the annual report will also provide an explanation.
- 10.3. All Directors are expected to behave ethically and professionally at all times and to observe the highest standards of corporate governance, hence protecting and promoting the reputation, performance and core values of the Company and its subsidiaries.
- 10.4. The Board of the Company commits itself to act with integrity and honesty. In that respect and as a matter of Board policy, Directors are expected to conduct themselves with the highest ethical standards.

11. SUSTAINABILITY ACCOUNTABILITIES

- 11.1 All Directors are expected to foster the implementation of the Environmental and Social policy and procedures established at CTL Group level.
- 11.2 In that respect, CTL has adhered to CIEL Limited’s Corporate Sustainability Policy which consists of the following five pillars: Business Ethics; Human rights and Labour Practices; Environmental Responsibility; Sustainable Design, Planning & Procurement and Stakeholders Satisfaction & Engagement. All Directors are expected to apply, maintain and ensure allegiance to the said policy.

12. REVIEW AND AMENDMENT OF THE PRESENT BOARD CHARTER

The Board may at any time review and amend the present Board Charter by a simple majority decision of its members.

Approved by the Board of Directors on 21 September 2021.

EXTRACTS OF THE COMPANIES ACT 2001

PART XI – DIRECTORS AND THEIR POWERS AND DUTIES

Sub-Part C - Appointment and removal of directors

133. Qualifications of directors

- (1) A company shall appoint a natural person as director.
- (2) No person shall be appointed, or hold office, as a director of a company if he is a person who -
 - (a) is under 18 years of age;
 - (b) subject to section 138(4) to (7), is, in the case of a public company, over 70 years of age;
 - (c) is an undischarged bankrupt;
 - (d) would, but for the repeal of section 117 of the Companies Act 1984, be prohibited from being a director or promoter of, or being concerned or taking part in the management of, a company within the meaning of that Act;
 - (e) is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under sections 337 or 338;
 - (f) is not a natural person;
 - (g) has been adjudged to be of unsound mind;
 - (h) by virtue of the constitution of a company, does not comply with any qualifications for directors; or
- (3) A person who is disqualified from being a director but who acts as a director shall be deemed to be a director for the purposes of a provision of this Act that imposes a duty or an obligation on a director of a company.

138. Removal of directors

- (1) Notwithstanding anything in its constitution or in any agreement between it and a director, a director of a public company may be removed from office by an ordinary resolution passed at a meeting called for the purpose that include the removal of a director.
- (2) Subject to the constitution of a company, a director of a private company may be removed from office by special resolution passed at a meeting called for the purpose that include the removal of the director.
- (3) The notice of meeting shall state that the purpose of the meeting is the removal of the director.
- (4) The office of director of a public company or of a subsidiary of a public company shall become vacant at the conclusion of the annual meeting commencing next after the director attains the age of 70 years.
- (5) Where the office of director has become vacant under subsection (4), no provision for the automatic reappointment of retiring directors in default of another appointment shall apply to that director.
- (6) Notwithstanding anything in this section, a person of or over the age of 70 years may –

- (a) by an ordinary resolution of which no shorter notice is given than that required to be given for the holding of a meeting of shareholders, be appointed or re-appointed as a director of that company to hold office until the next annual meeting of the company or be authorised to continue to hold office as a director until the next annual meeting of the company; or
- (b) in the case of an application for incorporation of a public company, be appointed with the consent in writing of the proposed shareholders.
- (7) Nothing in this section shall limit or affect the operation of any provision in the constitution of a company preventing any person from being appointed a director or requiring any director to vacate his office at any age below 70 years.
- (8) The provisions of the constitution of a company relating to the rotation and retirement of directors shall not apply to a director who is appointed or re-appointed pursuant to subsections (5) to (7) but such provisions of the constitution shall continue to apply to all other directors of the company.

Sub-Part D - Duties of directors

143. Duty of directors to act in good faith and in best interests of company

- (1) Subject to this section, the directors of a company shall -
 - (a) exercise their powers in accordance with this Act and with the limits and subject to the conditions and restrictions established by the company's constitution;
 - (b) obtain the authorisation of a meeting of shareholders before doing any act or entering into any transaction for which the authorization or consent of a meeting of shareholders is required by this Act or by the company's constitution;
 - (c) exercise their powers honestly in good faith in the best interests of the company and for the respective purposes for which such powers are explicitly or impliedly conferred;
 - (d) exercise the degree of care, diligence and skill required by section 160;
 - (e) not agree to the company incurring any obligation unless the director believes at that time, on reasonable grounds that the company shall be able to perform the obligation when it is required to do so;
 - (f) account to the company for any monetary gain, or the value of any other gain or advantage, obtained by them in connection with the exercise of their powers, or by reason of their position as directors of the company, except remuneration, pensions provisions and compensation for loss of office in respect of their directorships of any company which are dealt with in accordance with section 159;
 - (g) not make use of or disclose any confidential information received by them on behalf of the company as directors otherwise than as permitted and in accordance with section 153;
 - (h) not compete with the company or become a director or officer of a competing company, unless it is approved by the company under section 146;
 - (i) where directors are interested in a transaction to which the company is a party, disclose such interest pursuant to sections 147 and 148;
 - (j) not use any assets of the company for any illegal purpose or purpose in breach of paragraphs (a) and (c), and not do, or knowingly allow to be done, anything by which the company's assets may be damaged or lost, otherwise than in the ordinary course of carrying on its business;

- (k) transfer forthwith to the company all cash or assets acquired on its behalf, whether before or after its incorporation, or as the result of employing its cash or assets, and until such transfer is effected to hold such cash or assets on behalf of the company and to use it only for the purposes of the company;
 - (l) attend meetings of the directors of the company with reasonable regularity, unless prevented from so doing by illness or other reasonable excuse; and
 - (m) keep proper accounting records in accordance with sections 193 and 194 and make such records available for inspection in accordance with sections 225 and 226.
- (2) A director of a company that is a wholly-owned subsidiary may, when exercising powers or performing duties as a director, if expressly permitted to do so by the constitution of the company, act in a manner which he believes is in the best interests of that company's holding company even though it may not be in the best interests of the company.
 - (3) A director of a company that is a subsidiary, other than a wholly-owned subsidiary, may, when exercising powers or performing duties as a director, if expressly permitted to do so by the constitution of the company and with the prior agreement of the shareholders (other than its holding company), act in a manner which he believes is in the best interests of that company's holding company even though it may not be in the best interests of the company.
 - (4) A director of a company incorporated to carry out a joint venture between the shareholders may, when exercising powers or performing duties as a director in connection with the carrying out of the joint venture, if expressly permitted to do so by the constitution of the company, act in a manner which he believes is in the best interests of a shareholder or shareholders, even though it may not be in the best interests of the company.
 - (5) (a) Subject to paragraph (b), the duties imposed by this section shall be owed to the company, and not to the shareholders, debenture holders or creditors of the company.
 - (b) Without prejudice to any other action with regard to the same matter that is lawfully available, including an action under section 170, any member or debenture holder, as the case may be, may apply to the Court for -
 - (i) a declaration that an act or transaction, or proposed act or transaction, by the directors or any director or former director constitutes a breach of any of their duties under this Act;
 - (ii) an injunction to restrain the directors or any director or former director from doing any proposed act or transaction in breach of their duties under this Act.

PART XXVIII – OFFENCES AND PENALTIES

337. Persons prohibited from managing companies

- (1) Where -
 - (a) a person has been convicted of an offence in connection with the promotion, formation, or management of a company;
 - (b) a person has been convicted of an offence under section 332, 333, 334 or 335 or of any crime involving dishonesty; or
 - (c) a person has been convicted under section 46 of the Stock Exchange Act 1988 as an insider;
 - (d) a person has been convicted of an offence under Part IX of the Securities Act 2005.

that person shall not, during the period of 5 years following the conviction or the judgment, be a director or promoter of, or in any way, whether directly or indirectly, be concerned or take part in the management of, a company, unless that person first obtains the leave of the Court which may be given on such terms and conditions as the Court thinks fit.

- (2) A person intending to apply for the leave of the Court under this section shall give to the Registrar not less than 14 days' notice of that person's intention to apply.
- (3) The Registrar, and such other persons as the Court thinks fit, may attend and be heard at the hearing of any application under this section.
- (4) A person who acts in breach of this section, or of any order made under this section, shall commit an offence and shall, on conviction, be liable to a fine not exceeding 400,000 rupees or to imprisonment for a term not exceeding 2 years.
- (5) In this section, "company" includes a foreign company that carries on business in Mauritius.

338. Court may disqualify directors

- (1) Where -
 - (a) a person has been convicted of an offence in connection with the promotion, formation, or management of a company, or has been convicted of a crime involving dishonesty punishable on conviction with a term of imprisonment exceeding 3 months;
 - (b) a person has committed an offence under this Part;
 - (c) a person has, while a director of a company -
 - (i) persistently failed to comply with this Act, the Companies Act 2001 or the Securities Act 2005 or, where the company has failed to so comply, persistently failed to take all reasonable steps to ensure such compliance;
 - (ii) been convicted in relation to the performance of his duties as director;
 - (d) within the period of 7 years before the making of the application, a person to whom the application relates, was a director of 2 or more companies and in relation to each of those companies, that person was wholly or substantially responsible for the company -
 - (i) being wound up;
 - (ii) ceasing to carry on business because of its inability to pay its debts as and when they become due;

- (iii) having a receiver or manager of its property appointed; or
 - (iv) entering into a scheme of compromise or arrangement with its creditors,
- the Court may make an order that the person shall not, without the leave of the Court, be a director or promoter of, or in any way, whether directly or indirectly, be concerned or take part in the management of a company for period not exceeding 5 years as may be specified in the order.
- (2) Any person who intends to apply for an order under this section shall give not less than 14 days' notice of his intention to the person against whom the order is sought, and on the hearing of the application, the person against whom the order is sought may appear and give evidence or call witnesses.
 - (3) An application for an order under this section may be made by the Registrar, the Official Receiver, or by the liquidator of the company, or by a person who is, or has been, a shareholder or creditor of the company; and on the hearing of -
 - (a) an application for an order under this section by the Registrar or the Official Receiver or the liquidator; or
 - (b) an application for leave under this section by a person against whom an order has been made on the application of the Registrar, the Official Receiver, or the liquidator, the Registrar, Official Receiver, or liquidator shall appear and call the attention of the Court to any matters which may be relevant, and may give evidence or call witnesses.
 - (4) Notwithstanding the criminal liability of the person against whom the order is made, an order under this section may be made on the ground for which the order is to be made.
 - (5) The Court shall, as soon as practicable after the making of an order under this section, give notice to the Registrar that the order has been made and the Registrar shall give notice in the *Gazette* of the name of the person against whom the order is made.
 - (6) Any person who acts in contravention of an order under this section shall commit an offence and shall, on conviction, be liable to a fine not exceeding 1,000,000 rupees and to imprisonment for a term not exceeding 5 years.
 - (7) In this section, "company" includes a foreign company.