Ciel
Go Beyond

Managing Risk & Enhancing **Business Resilience**

Audit & Risk **Oversight and Effectiveness**

Enhancing Business **Resilience**

In today's fast-changing and interconnected world, enhancing business resilience is more crucial than ever.

The global landscape is filled with unprecedented challenges and uncertainties, including economic fluctuations, geopolitical tensions, climate change, and technological disruptions. These risks can affect businesses of all sizes and industries, making it essential for organisations to prioritise resilience as a key strategic goal.

At CIEL, we recognise that effective risk management is the cornerstone of business resilience. By proactively identifying, assessing, and mitigating risks, we strengthen our ability to withstand disruptions, adapt to changing circumstances, and seize opportunities. Our risk management framework not only safeguards our operations and financial health but also supports strategic decision-making.

Throughout the year, we continued to strengthen and align our risk management practices across the Group, while recognising that each cluster has its unique business context, risk environment, and level of risk management maturity. Our key actions focused on strengthening business resilience by enhancing our Business Continuity Management System through the following approach:

Business Continuity (BC) Policy and Objective

BC Governance Framework

- Identifying Critical Processes
- Conducting Business Impact Analysis
- Conducting Threat Risk Assessment
- Defining BC Strategy
- Documenting Recovery Plans
- Conducting BC Exercise & Testing
- Identifying Areas for Improvement

BC Crisis Management & Communication Plan

BC Training and Awareness

Audit & Risk **Oversight and Effectiveness** (cont'd)

Our Risk Management **Framework**

We take a holistic approach to risk management by first identifying the top risks and corresponding controls at the cluster level. These risks are then consolidated with other significant risks identified at the Group level to form a comprehensive group-wide risk view. The Board sets the risk appetite for CIEL in alignment with the Group's strategic objectives, which is communicated to our clusters to guide the acceptable level of risk in achieving our goals.

The Audit and Risk Committee (ARC), acting under the authority delegated by the Board, is responsible for overseeing the effectiveness of the Risk Management Framework. This includes identifying and rating the key risks faced by CIEL and ensuring that appropriate controls are in place. To support the ARC in this role, processes are established that align with CIEL's operating model, where each cluster is independently responsible for identifying, assessing, and managing its own risks.

At the Group level, key functions, including the Group Head of Risk and Compliance, are tasked with continuously tracking identified risks and monitoring changes in the business environment. Internal auditors also provide assurance on the effectiveness of risk management and internal controls, along with agreed actions to address any identified weaknesses.

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

Risk Governance

Top down / Bottom up

Board Level

Board

Sets risk appetite and tolerance limits
Adopts Risk Management (RM) policies

Audit & Risk Committee

Oversees RM framework
Ensures effectiveness of internal control system

3rd Line of Defence

Internal Audit Function

Provides independent assurance on effectiveness of RM framework and internal controls

2nd Line of Defence

Risk Oversight Committee

- Oversees RM strategies
- Monitors key risk indicators
- Oversees risk mitigation plans
- Disseminates risk culture

Risk and Compliance functions

- Oversee RM process
- Monitor risk evolution
- Advise on risk mitigation plans
- Disseminate risk awareness

1st Line of Defence

Business Risk Owners

- Manage risks in day-to-day operations
- Implement risk mitigation plans
- Report risk incidents and new risks

Risk Management Process

Audit & Risk **Oversight and Effectiveness** (cont'd)

Risk Management Process **Explained**

1. Identify

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

Systemic Risks

which are the top risks that repeat across at least three clusters and merit elevation to Group level

Material Risks

which although non-systemic, merit elevation to Group level based on the materiality of the related cluster or activity within the Group

Other Risks

which although not identified at cluster level, are important at Group level. Examples are transversal risks, risks affecting the CIEL brand, emerging risks

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

The risk identification phase is an iterative and dynamic process whereby new risks and changes to the risk landscape are identified through on-going monitoring of the cluster operations and annual reviews of the Group's Risk Register.

2. Assess

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

Ratings for impact and likelihood are thus assigned using pre-determined rating scales, which in combination provides a rating for the inherent risk.

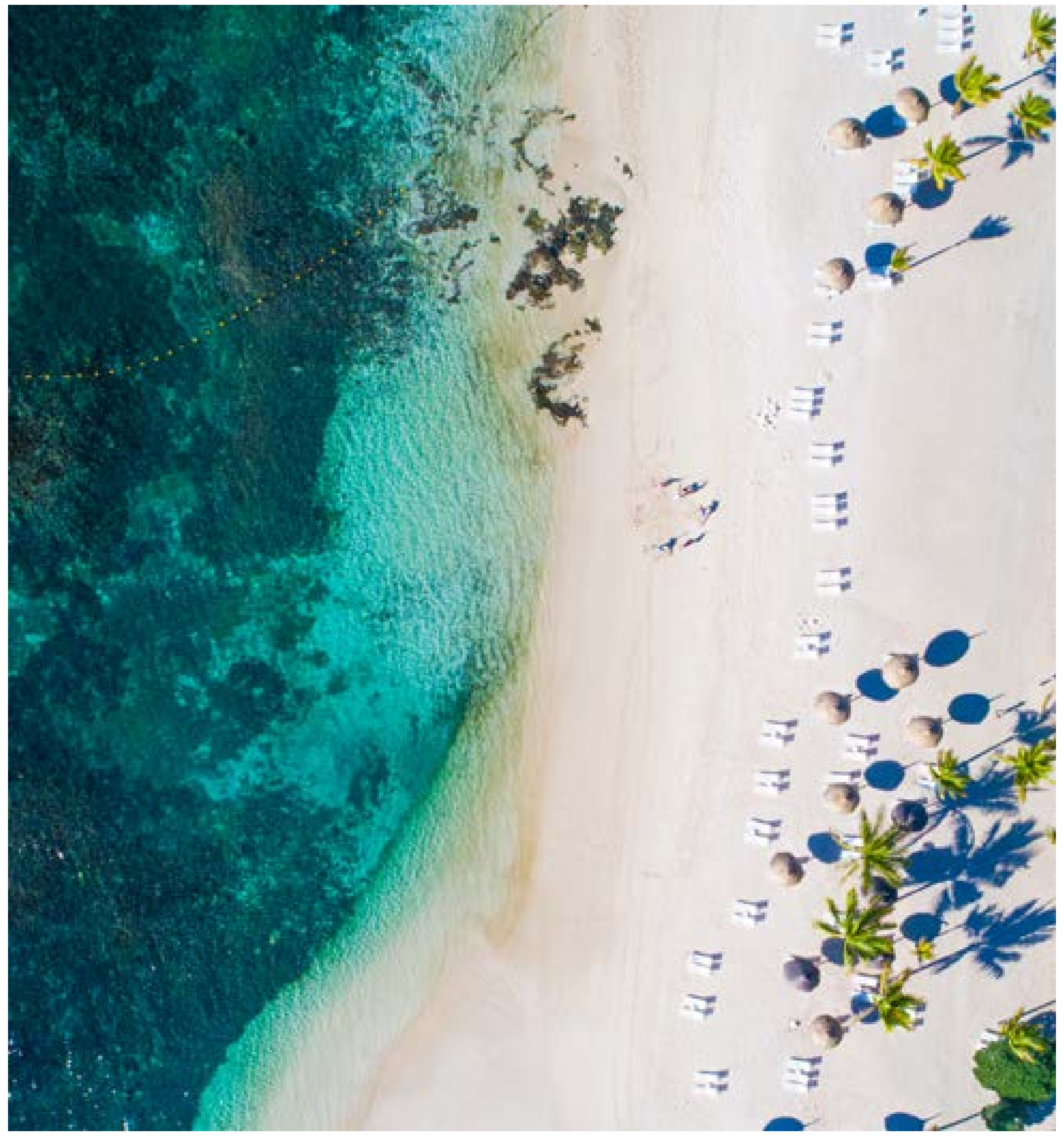
We also assess the effectiveness of any compensating controls for each risk and assign a rating to the control(s) using a pre-determined rating scale, which in combination with the inherent risk rating provides a rating for the corresponding residual risk.

The assessment of risk impact, likelihood and control effectiveness is also dynamic, considering changes in the risk and control environment and the results of assessments by internal and external auditors.

3. Mitigate

We adopt risk mitigation strategies aligned with our risk appetite and tolerance:

Accept	Avoid	Transfer	Reduce
Accept the risk when it is within risk appetite	Eliminate the risk by avoiding the activity that creates it	Shift the risk to a third party (e.g outsourcing, insurance)	Reduce the likelihood or impact of the risk with enhanced controls



4. Monitor and Report

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

Audit & Risk **Oversight and Effectiveness** (cont'd)

Our Risk Appetite **Statements**

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

The Group's revised Investment Guidelines and Risk Appetite Statements (RAS) were adopted by the Board in June 2023. During the reporting year, the Group's RAS were disseminated to our clusters, which adjusted their risk appetite statements and risk tolerance limits accordingly.

Our RAS are structured around the following main assertions, which are aligned with our strategic pillars and key risks. A comprehensive version of our RAS can be consulted on our website.

Strategic Assertions

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

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

Financial Assertions

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

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

Operational Assertions

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

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

Compliance Assertions

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

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

Audit & Risk **Oversight and Effectiveness** (cont'd)

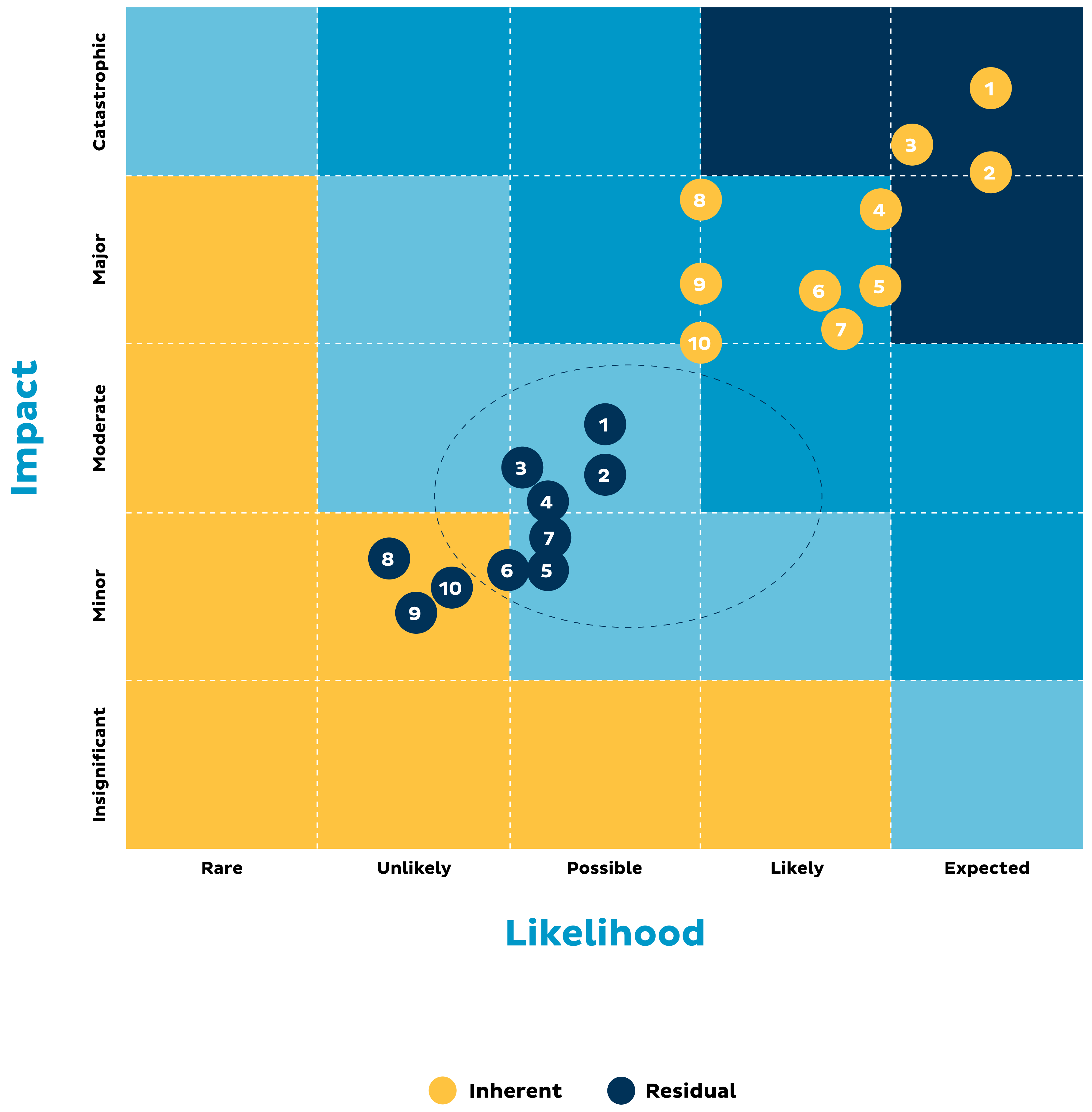
Our Risk **Profile**

As part of our risk management process, the Group's risk register was updated during the reporting year to reflect local and global macroeconomic trends, new risks identified at both Group and cluster levels, and changes in control environments.

In the current and emerging risk landscape, our operations are increasingly challenged across multiple fronts. Geopolitical instability, economic volatility and evolving regulatory requirements are amplifying operational and compliance risks. The rapid advancement of technology, particularly in AI, is introducing new cybersecurity vulnerabilities. Talent shortages, shifting workforce priorities, rising competition, and supply chain disruptions further compound our business continuity concerns, alongside the growing threat of extreme weather events.

As these risks converge, our priority will be to enhance risk management strategies, ensuring resilience and adaptability in an increasingly unpredictable environment.

The heat map below presents the 10 top risks of CIEL, with the inherent and residual risks being shown separately to demonstrate the impact of existing mitigation strategies in reducing these risks to tolerable levels:



Risk Variations 2023/2024

1	External Shocks	▲
2	Cyber Threat	▲
3	Talent Recruitment & Retention	▲
4	Compliance	▲
5	Competition Threat	▲
6	Business Continuity	▲
7	Culture & Ethics	—
8	Financial, Liquidity & Funding	▲
9	Misinformation & Disinformation	▲
10	Climate & Sustainability	—

Risk Level	Risk Response
Extreme	Proactively Managed
High	Active Attention
Medium	Continuous Monitoring
Low	Periodic Assessment

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital | Human Capital | Intellectual Capital | Manufactured Capital | Social & Relationship Capital | Natural Capital

Risk has Increased | Risk has Decreased | Risk is Constant

Our Top 10 Risks **Explained**

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
1 **External Shocks** **Risk Category:** Strategic **Risk Type** Systemic	The risk that CIEL is unable to sustain growth due to external shocks to the economies where it operates or where material revenues are coming from, resulting in missed performance targets and shareholder dissatisfaction **Deterioration at Inherent Level:** Rising geopolitical tensions are affecting the global economic outlook by influencing growth, inflation, financial markets, and supply chains	- Russia/Ukraine war prone to intentional or accidental escalation - Israel/Iran conflict threatening to escalate into a broader regional war - US/China political and trade tensions - Major elections happening worldwide - Emergence of new viruses or diseases - Geopolitical fragmentation impacting global trade routes, supply chains and commodity prices - Persistent global services inflation due to rising costs of rent, education, healthcare, energy, and banking and financial services (including insurance) - Cost of living crisis - Foreign exchange volatility - Constant depreciation of rupee coupled with acute forex shortage on local market - Interest rate volatility - Instability and social unrest in the countries where CIEL Group operates - Sudden changes in government policy decisions, particularly in an election year		- Enhance supply chain management through close collaboration with suppliers and diversifying supplier base - Diversifying the locations of operations to move closer to key suppliers or end market - Improve inventory management by increasing safety stock and adjusting demand forecasting to longer lead times - Anticipate orders and enhance customer communication to keep them informed of potential delays and adjust delivery estimates - Close monitoring of forex fluctuations with hedging strategies - Close monitoring of geopolitical situation - Regular scenario/what if analysis in management and board discussions - Risk Appetite Statements were aligned with systemic risks inherent to countries and industries where CIEL operates and top risks identified for the Group

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital · Human Capital · Intellectual Capital · Manufactured Capital · Social & Relationship Capital · Natural Capital

Risk has Increased · Risk has Decreased · Risk is Constant

Our Top 10 Risks **Explained** (cont'd)

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
▲ **2 Cyber Threat** **Risk Category:** Operational **Risk Type** Systemic	The risk that CIEL is exposed to cyber-attacks, resulting in disruptions to activities, financial losses and client dissatisfaction **Deterioration at Inherent Level:** Rising cyber threats driven by geopolitical tensions and rapid expansion of AI-powered technologies **Minor Improvement in Control Effectiveness:** Multi-year action plans have been deployed across operations with some clusters showing an enhanced cybersecurity posture	- Increased use of cyber-attacks as a threat to national security in today's geopolitical landscape (e.g espionage, disruption of critical infrastructure) - Increased threat of misinformation / disinformation worldwide in an election year - Rapid expansion of new technologies, especially generative AI, facilitating sophisticated attacks, automation of cybercrime and increased volume of attacks		- Ongoing efforts to strengthen cyber resilience, focusing on key areas such as cybersecurity governance, threat and vulnerability management, incident management, business continuity and awareness training - Benchmarking cybersecurity capabilities globally with recognised frameworks and guidelines (e.g NIST, ISO/IEC 27001) - Cybersecurity forums at Group level for sharing of best practices and lessons learnt, and insights on emerging trends **Opportunities:** - Use of generative AI and emerging technologies to enhance cybersecurity

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital | Human Capital | Intellectual Capital | Manufactured Capital | Social & Relationship Capital | Natural Capital

Risk has Increased | Risk has Decreased | Risk is Constant

Our Top 10 Risks **Explained** (cont'd)

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
3 **Talent Recruitment and Retention** **Risk Category:** Operational **Risk Type** Systemic	The risk that CIEL is unable to recruit, develop and retain talent to instill appropriate behaviours and service levels, resulting in client dissatisfaction, disruption in operations and significant costs and efforts associated with replacing departed staff and training new staff **Deterioration at Inherent Level:** Shortage of skilled and qualified workforce, has intensified in certain sectors due to increased competition, rising demand for new skills and shift in workforce priorities	- Ageing population - "Brain drain" in Mauritius - New skills required with digital transformation, and emerging technologies - Lack of qualified resources in Mauritius, particularly in healthcare - Increased competition - Limited staff mobility within the Group and challenges to international mobility - Shift in employees' mindset post COVID, particularly amongst Gen Z, with increased consideration to health, safety and wellbeing. Lower attractiveness of sectors like healthcare, hospitality & textile for potential employees - Misaligned culture and lack of employee engagement - Lack of flexibility / hybrid working models		- Succession plan developed for top positions in clusters and business units - Employee retention/ employee value proposition strategies across all operations (e.g. employee engagement surveys, recognition and reward schemes, professional development schemes, employee wellness and welfare programmes, DEI initiatives, flexible hours and Work From Home - Investment in bespoke leadership development programmes for top talents - Expatriate recruitment where expertise/ resources not available locally **Opportunities:** - Enhance intra-Group mobility - Upskilling and re-skilling strategies

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital | Human Capital | Intellectual Capital | Manufactured Capital | Social & Relationship Capital | Natural Capital

Risk has Increased | Risk has Decreased | Risk is Constant

Our Top 10 Risks **Explained** (cont'd)

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
4 **Compliance** **Risk Category:** Compliance **Risk Type** Material	The risk that CIEL is unable to manage the ever-evolving regulatory and compliance requirements, resulting in fines, revocation of relevant licences and reputational damage **Deterioration at Inherent Level:** Increased compliance risk arising from the complexity and continuous evolution of regulations, especially in the areas of financial crime, data privacy and ESG	- Continuously evolving financial crime legislation imposing additional compliance burdens on businesses with harsher penalties - Data privacy compliance challenges with the rise of data-driven business models - Coming wave of ESG related regulations - Increased scrutiny and enforcement - Global and multi-sector operations, combined with supply chain complexity and third-party relationships, pose significant compliance challenges - Resource constraints and shortage of compliance experts		- Strong compliance culture embedded across the Group along with a "zero tolerance" policy to non-compliance - Compliance experts at Group, cluster and BU levels where applicable. - Regular reviews (second line of defence) and audits (third line of defence) - Regulatory watch to keep track of regulatory changes

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital | Human Capital | Intellectual Capital | Manufactured Capital | Social & Relationship Capital | Natural Capital

Risk has Increased | Risk has Decreased | Risk is Constant

Our Top 10 Risks **Explained** (cont'd)

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
5 **Competition Threat** **Risk Category:** Strategic **Risk Type** Material	The risk that CIEL does not anticipate and respond to competitive threats or new entrants, affecting its ability to maintain and grow its market share **Deterioration at Inherent Level:** Increased competition across various sectors and industries where the Group operates, driven by access to technological advancements, skilled labour and economic opportunities	- Rapid advancement in technology, including AI and automation, can outpace a company's ability to remain competitive - Large companies with economies of scale and access to proprietary data have competitive advantage - Global race for technological dominance, particularly between major powers like US and China, is causing significant disparities in access to technology and economic opportunities across different regions - Fierce competition for skilled labour as technological advancement accelerates - Increased competition in sectors where the Group operates (e.g healthcare) - Constantly changing customer preferences and expectations		- Strategic discussions at management and board levels to analyse customer / market trends and competition - Monitoring of customer sentiment - Innovation fund to invest in tech and digital sectors - Expand footprint in the region, East Africa and South Asia - Expand in sectors and regions with strong potential for growth - Developing Unique Value Propositions (e.g. Farm Living Project at Ferney) - Enhance brand value (e.g successful brand launch of Sunlife) **Opportunities:** - Data analytics to enhance market strategies, drive innovation and product development

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital | Human Capital | Intellectual Capital | Manufactured Capital | Social & Relationship Capital | Natural Capital

Risk has Increased | Risk has Decreased | Risk is Constant

Our Top 10 Risks Explained (cont'd)

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
6 **Business Continuity** **Risk Category:** Strategic **Risk Type** Systemic	The risk that CIEL is not able to carry out or resume its operations timeously in the event of interruptions/ disasters, resulting in significant losses, reputational damage and in extreme cases, loss of life **Deterioration at Inherent Level:** Business continuity risks are escalating driven mainly by geopolitical tensions, economic volatility, technological disruptions, health crises and extreme weather events	- Ongoing geopolitical conflicts, trade wars, and regional instability are disrupting global supply chains, leading to shortages and delays - Increasingly sophisticated cyber-attacks, including ransomware and data breaches can paralyse operations and compromise sensitive information - Increasing dependency on technology as it is infused in day-to-day operations - Global skills gap, exacerbated by increasing demand for new skills and shift in workforce priorities - Climate change is leading to more frequent and severe natural disasters, which can disrupt business operations, damage infrastructure, and cause financial losses - Ongoing concerns about health crises, like the COVID-19 pandemic, can impact workforce availability, consumer behaviour, and global trade		- Business Continuity Management System, supported by business continuity policy and governance - Business Impact Assessment for critical processes - Threat Risk Assessment to identify emerging causes of disruption - Remedial action plans to mitigate risks - Recovery strategies and formalised recovery plans to resume operations within recovery objectives - Awareness sessions to ensure readiness of business continuity plans - Testing and exercise plans

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital | Human Capital | Intellectual Capital | Manufactured Capital | Social & Relationship Capital | Natural Capital

Risk has Increased | Risk has Decreased | Risk is Constant

Our Top 10 Risks **Explained** (cont'd)

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
7 **Culture and Ethics** **Risk Category:** Operational **Risk Type** Other	The risk that CIEL does not foster a strong ethical culture or effectively manage its internal values and behaviours, which may lead to misconduct, non-compliance with legal and regulatory obligations, and reputational damage. **No Change:** The Group continue to face culture and ethics risks, especially due to its operations being spread across multiple countries with varying regulatory maturity, business etiquette and cultures.	- Misaligned organisational culture: growing challenges due to generational gaps - Different cultural norms and ethical standards - Fraud and corruption are inherently elevated in certain sectors and regions where CIEL operates, especially under challenging economic conditions - Increasing cost of living - Rapid expansion of new technologies, especially generative AI, enabling increasingly sophisticated social engineering schemes and facilitating fraud	Financial Capital, Human Capital, Intellectual Capital, Social & Relationship Capital	- Strong leadership and ethical tone - Zero tolerance policy to non-compliance - Clear Code of Conduct adopted across the Group - Whistleblowing mechanism - Employee feedback mechanism - Robust internal control systems - Regular monitoring and audits - Disciplinary measures in case of unethical behaviours

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital · Human Capital · Intellectual Capital · Manufactured Capital · Social & Relationship Capital · Natural Capital

Risk has Increased · Risk has Decreased · Risk is Constant

Our Top 10 Risks Explained (cont'd)

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
8 **Finance, Liquidity and Funding** **Risk Category:** Operational **Risk Type** Material	The risk that CIEL does not effectively manage its financial exposures, liquidity requirements, and access to funding, which may compromise its ability to support portfolio investments, meet financial obligations or pursue new investment opportunities. **Deterioration at Inherent Level:** Fluctuations in global markets, inflation, foreign exchange and interest rates is creating financial instability and affecting business planning. However, the Group has maintained a good revenue growth during the reporting year.	- Geopolitical instability is disrupting global trade, increasing uncertainty in financial markets, and undermining economic growth - Volatility in global markets, inflation, foreign exchange and interest rates creating financial instability and affecting business planning - Higher interest rates increasing cost of debt and reducing borrowing capacity, straining liquidity - Supply chain disruptions, cyber-attacks, and other operational issues leading to unexpected expenses, draining liquidity - Decline in investor confidence can lead to reduced investment, affecting both liquidity and funding availability		- Build on the solid foundation of the diversified portfolio - Sustain profitability of existing assets - Robust cash flow management - Robust cost control and business optimisation measures - Leveraging on financial support schemes from government and bank support - Nurturing investor relationships - Group Risk Appetite Statements and investment guidelines embedded across all operations - Expand in sectors and regions with strong potential for growth - Maintain suitable asset mix for long-term value creation

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital | Human Capital | Intellectual Capital | Manufactured Capital | Social & Relationship Capital | Natural Capital

Our Top 10 Risks Explained (cont'd)

Risk has Increased | Risk has Decreased | Risk is Constant

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
9 Misinformation and Disinformation **Risk Category:** Operational **Risk Type** Other	The risk that CIEL does not effectively manage or counter the spread of false or misleading information, leading to poor decision-making, loss of stakeholder trust and reputational damage. **Deterioration at Inherent Level:** The rapid expansion of emerging AI technologies is amplifying the risk of misinformation and disinformation	- Complex regulatory and operational environments - Cultural and language differences - Instant information dissemination through social media and digital platforms - Rapid expansion of generative AI technology is fuelling the spread of misinformation / disinformation (deep fake video/audio) - Increased threat, particularly during an election year		- Crisis communication strategy - Incident reporting / raising concerns - Media strategy and protocols - On-going sharing of Group strategy and overall vision with employees - Group level department monitoring internal and external communication

Audit & Risk **Oversight and Effectiveness** (cont'd)

Financial Capital | Human Capital | Intellectual Capital | Manufactured Capital | Social & Relationship Capital | Natural Capital

Risk has Increased | Risk has Decreased | Risk is Constant

Our Top 10 Risks **Explained** (cont'd)

Principal Risk	Description	Contributing Factors	Capitals Impacted	Our Risk Mitigation Strategies
10 Climate Change and Sustainability **Risk Category:** Strategic **Risk Type** Other	The risk that CIEL does not effectively manage its exposure to climate change and sustainability-related risks, which may lead to negative impacts on its business operations, financial performance and reputation. **No Change:** Risk remains inherently high with increased frequency and intensity of extreme weather events around the world.	- Increased frequency and intensity of extreme weather events around the world - Climate mitigation and transition plans are off-track largely due to insufficient collective actions and geopolitical tensions - Mauritius is exposed to rising temperatures and sea levels, accelerated coral erosion, volatile and extreme weather patterns (droughts, floods, intensifying cyclones), with impacts already being felt in our operations (Hotels, Property) - Climate change impacts are already felt around the globe (resource scarcity, food security, biodiversity loss).	Financial Capital, Manufactured Capital, Human Capital, Social & Relationship Capital, Natural Capital	- Group Sustainability Strategy 2020-2030 diffused across all operations - Dedicated sustainability experts at head office level - A group-wide carbon accounting exercise was conducted, including scope 1, 2 and 3 - Group-wide deployment of a digital sustainability management tool enhancing our data governance and transparency - Annual Group Sustainability Forum providing a platform to exchange on challenges and best practices across all clusters - Integration of sustainability into our business offering (e.g Farm Living Project at Ferney, regeneration of ex-industrial assets into innovative office spaces, increased use of certified sustainable raw materials at CIEL Textile) - Initiated assessment of solar energy potential at Group level **Refer to the Sustainability Report for further details.**

Audit & Risk **Oversight and Effectiveness** (cont'd)

Internal **Audit**

The internal audit function for the financial year under review was outsourced to EY, which has a dedicated team of qualified auditors, servicing the Group at CIEL and cluster levels. EY's internal audit mandate ended on 30 June 2024, after having served a period of six years as internal auditor for CIEL Limited and its clusters.

In line with the recommendation of the CIEL ARC, a restricted tender for internal audit services for CIEL and its clusters was conducted with three audit firms. Following the evaluation of the proposals, it was decided that EY will continue as the internal auditor for CIEL Limited, CIEL Corporate Services Ltd and its related subsidiaries, as well as the Textile, Hotel & Resorts, and Finance clusters. KPMG, on the other hand, has been appointed as the new internal auditor for the Healthcare and Property clusters as from financial year 2025.

As a third level of defence, the internal audit function provides independent and objective assurance on the effectiveness of governance, risk management and control processes across the Group. To ensure that the function remains independent and sufficiently objective, internal audit teams report functionally to the ARC of CIEL and of the clusters, and administratively to the respective executive teams.

The internal audit teams have unrestricted access to company records and information, employees, and management teams as required, to enable them to deliver effectively.

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

What risks are we exposed to?

What are the root causes of the control gaps observed?

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

How can we make better use of what we have?

How can we do things better?

How can we build resilience?

How do we compare to others?

What are the leading practices we could adopt?

How effective are our controls in containing the key risks?

The primary source of internal assurance is through delivery of the internal audit plan, which is arrived at by conducting a risk assessment exercise at company level to identify and rank the main risks faced by the company, and determine what areas need to be audited and in what order of priority. High-ranked risks that have corresponding auditable controls are typically prioritised for review.

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

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

Refer to the Corporate Governance Report for the responsibilities of the CIEL ARC.

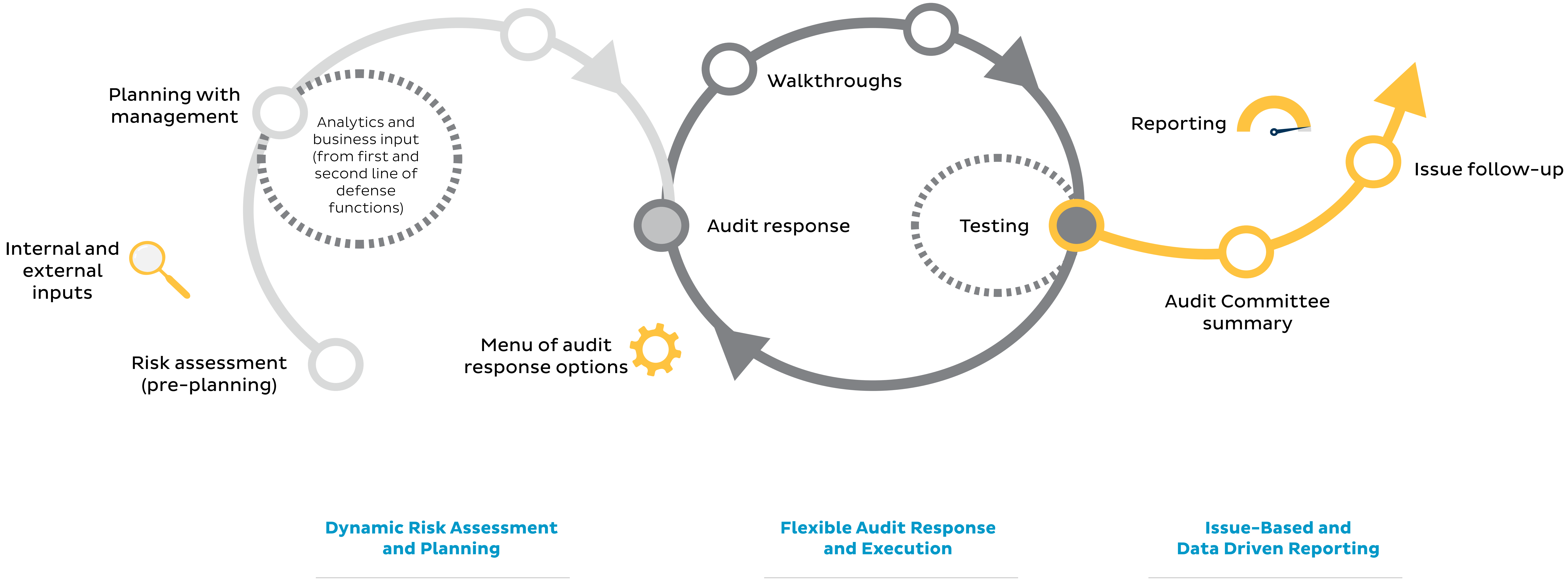
Audit & Risk **Oversight and Effectiveness** (cont'd)

EY has a specialist team of internal auditors in Mauritius who are part of a larger multi-disciplinary consulting team, which it leverages to ensure that the internal audits conducted at CIEL are resourced with the appropriate mix of experience, knowledge and skills.

Members of this team are university graduates who hold recognised international qualifications in their respective fields (e.g., ACCA, Institute of Chartered Accountants of England & Wales, Certified Internal Auditors (CIA), Certified Information Systems Auditor (CISA), Certified in Risk and Information Systems Control (CRISC). This team can advise CIEL on improvements needed, and share leading practices based on first-hand experience of working across many geographies for EY clients. Members of this specialist team are continuously trained in leading practices related to internal audit.

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

The internal audit function typically executes its internal audit assignments through the following 5 main phases, which are aligned with the Institute of Internal Auditors (IIA) standards and leading internal audit practices.



Audit & Risk **Oversight and Effectiveness** (cont'd)

The major processes that were covered in the audit reviews at the level of the clusters are detailed below:

Audited Areas	Head Office	Hotels & Resorts	Textile	Finance	Healthcare	Property
Compliance with AML/CFT				✓		✓
Procurement & Accounts Payables			✓			
Sales & Accounts Receivables					✓	✓
Human Resources	✓	✓			✓	
Overtime & Payroll		✓			✓	
Cash Handling		✓			✓	
Legal	✓					
Inventory Management		✓	✓		✓	
Linen		✓				
Food & Beverages (F&B)		✓				
Operational Expenditure (OPEX)		✓				
Logistics Management			✓			
Third Party & Contract Management			✓		✓	✓
Monitoring of project costs and expenses						✓
Financial Close					✓	
Information Technology General Controls (ITGC)				✓		
Data Migration		✓				
Vulnerability Assessment & Penetration Testing				✓		

Other high-risk areas were covered as part of the three-year audit cycle ending June 2024.

External **Audit**

PricewaterhouseCoopers ("PwC") was appointed by the shareholders as the external auditor for a mandate of 7 years, which ended 30 June 2024

A formal tender process was initiated during the next financial year for the rotation of the external auditors, following which the Board recommended the nomination of Deloitte as external auditor for the financial year ending 30 June 2025. Their nomination will be submitted for approval by the shareholders at the annual meeting in December 2024.

Throughout the year, our Finance teams have worked with PwC to ensure that the financial statements present a true and fair view of the financial performance and position of our businesses with the required level of disclosures regarding significant issues.

At the closing of the year-end audit exercise, PwC reports on the significant risks and control deficiencies identified at Group level to the ARC, together with recommended actions. Significant risks pertaining to each cluster are also reported at the respective cluster ARC, following which remedial action plans are promptly implemented by the management and monitored by the ARC until closure.

The Executive and the Finance teams of the Group work together with the external auditor in an environment of constructive challenge whilst ensuring that the auditors' independence and objectivity is maintained.

PwC also ensures that its teams adhere to the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA).

The ARC regularly met the auditors in the presence of the management since it had no impact on the objectivity of the meeting. However, should the need have arisen, the ARC would have met with the external auditors without the management.

In compliance with IESBA, the member firms of the PwC network are required to obtain concurrence from the Audit & Risk Committee of CIEL before providing non-assurance services to CIEL and CIEL Group entities. Non-assurance services (NAS) comprise services other than financial statement audits, financial statement reviews and non-audit assurance engagements.

The fees paid to the auditors for audit and other services to CIEL for the financial year are described under **Other Statutory Disclosures**. The non-assurance services provided by the auditors to CIEL and CIEL Group entities during the reporting year relate mainly to tax computation and compliance assignments. The objectivity and independence of the auditors were safeguarded given that the teams involved in the advisory assignments were different from the audit teams.