



# WINNING WELL

OUR SUSTAINABILITY REPORT 2020

Ciel  
Textile

# ABOUT THIS REPORT

This is CIEL Textile's first Sustainability Report: Winning Well.

## What does "Winning Well" mean?

This philosophy has always been fundamental to CIEL Textile's purpose. Everybody wants to succeed. To win. We do, too. But not at the expense of melting glaciers or rising inequalities.

It's about placing sustainability at the heart of why we exist. It's about pursuing our purpose first, knowing that if we do it right, the financials will naturally follow. This is how we balance Profitability with Prosperity. That's what Winning Well means.

## Reporting Practices

This first report covers the period July 2017 to June 2020, after which a bi-yearly report will be produced. It covers only our production facilities and does not include our sales offices. Although we have no legal obligation to publish a Sustainability Report, we choose to disclose our sustainability performance — both our successes and shortcomings. We are working hard to improve our sustainability

practices, and to communicate transparently about our economic, social and ecological impact. By publishing this report, we invite you to hold us accountable for our actions.

We are still in the early stages of our reporting journey. This report is therefore intended to present an introductory overview of our actions. It has been prepared in accordance with the core GRI standards, and for the purpose of our first report, it has been written in-house, without external assurance or audit.



Head to Appendix 2 on **page 51** for more details





# WE ARE CIEL TEXTILE

Our story goes back to the 1970s, when a group of islanders embarked on a courageous journey into the unknown. Our founders decided to supply garments to the world's leading fashion brands from the remote island of Mauritius. At the time, it seemed like a long shot. But today, we're still here, on a mission to improve fashion everyday.

Over the years, we went from being traditional clothing manufacturers to a global fashion player, with a strong presence in Mauritius, Madagascar, India and Bangladesh.

Headquartered in Mauritius, CIEL Textile forms part of CIEL Group. True to the pioneering spirit of our parent company, we have made it central to our mission to lead the fashion industry towards a more sustainable, ethical, digital and humane future.

To learn more about CIEL TEXTILE's strategy, goals, commitments and markets, visit our website :



[www.cieltextile.com](http://www.cieltextile.com)

Follow us on social media



Head to [www.cielgroup.com/](http://www.cielgroup.com/) for more details on CIEL Group.



Head to Appendix 1 on **page 50** for more details on who we are

## VISION



**BE  
THE BEST  
GLOBAL FASHION  
PARTNER**

## MISSION



**IMPROVE  
FASHION,  
EVERYDAY**

## VALUES



**PASSIONATE,  
EXCELLENCE AT CORE,  
AGILE AND CREATIVE,  
OUR PEOPLE, OUR GOLD,  
TRUST AND FUN,  
WINNING WELL**

**36 million**  
GARMENTS SOLD  
IN 2020

**300M USD**  
TURNOVER  
IN 2020

**18,000**  
TALENTS AROUND  
THE WORLD

## 3 CLUSTERS AND THEIR BRANDS:

|                | WOVEN                   | FINE KNITS | KNITWEAR  |
|----------------|-------------------------|------------|-----------|
| MILLS          | ☒ CFL                   | ☒ CDL      | ☒ FSM     |
| GARMENT MAKING | ☒ AQUARELLE<br>☒ LAGUNA | ☒ TROPIC   | ☒ FLOREAL |

## PRESENCE IN 4 COUNTRIES

MADAGASCAR, INDIA,  
BANGLADESH, MAURITIUS

## 4 MAIN MARKETS

EUROPE, NORTH AMERICA,  
SOUTH AFRICA, INDIA

# CONTENT

**PG 2** ABOUT THIS REPORT  
**PG 3** WE ARE CIEL TEXTILE

## PART 1

### OUR APPROACH TO SUSTAINABILITY



**PG 6**  
A WORD FROM OUR CEO  
**PG 7**  
OUR JOURNEY SO FAR  
**PG 8**  
STAKEHOLDER DIALOGUE  
AND MATERIAL TOPICS  
**PG 9**  
OUR SUSTAINABILITY  
STRATEGY

## PART 2

### FOSTER A VIBRANT WORKFORCE



**PG 12**  
FAIR AND SAFE WORK  
ENVIRONMENT  
**PG 17**  
LEARNING AND  
DEVELOPMENT  
**PG 20**  
HUMAN RIGHTS

## PART 3

### CHAMPION INCLUSIVE GROWTH



**PG 23**  
COMMUNITY  
EMPOWERMENT  
**PG 24**  
REVERSING  
URBANISATION  
**PG 25**  
ACT FOR COMMUNITY  
**PG 26**  
PROCUREMENT  
PRACTICES  
**PG 27**  
LOCAL ECONOMY  
**PG 29**  
RESPONSIBLE OFFERING  
**PG 30**  
PACKAGING TRIMS AND  
ACCESSORIES

## PART 4

### ACTIVATE CLIMATE RESPONSE



**PG 33**  
ENERGY  
**PG 36**  
EMISSIONS  
**PG 38**  
WATER AND EFFLUENTS  
**PG 41**  
WASTE  
**PG 43**  
ACT FOR ENVIRONMENT

## PART 5

### DEVELOPING ORGANISATIONAL CAPACITY



**PG 45**  
GOVERNANCE  
**PG 48**  
OUR SUSTAINABILITY  
MANAGEMENT  
STRUCTURE

## PART 6

### APPENDICES



**PG 50**  
ORGANISATIONAL  
PROFILE  
**PG 51**  
ABOUT THIS REPORT  
**PG 52**  
GRI CONTENT INDEX  
**PG 53**  
LIST OF ALL ENTITIES  
INCLUDED IN THE  
ORGANISATION'S  
CONSOLIDATED DATA  
**PG 54**  
STAKEHOLDER  
ENGAGEMENT PROCESS  
**PG 55**  
SYNOPSIS OF MATERIAL  
TOPICS  
**PG 58**  
TOTAL NUMBER OF  
EMPLOYEES BY  
EMPLOYMENT CONTRACT  
**PG 59**  
RATE OF NEW EMPLOYEE  
HIRES DURING THE  
REPORTING PERIOD

## NAVIGATION ICONS



REFERENCE TO  
ANOTHER PAGE  
IN THIS REPORT



LINK TO A  
WEBPAGE



LINK TO A  
YOUTUBE VIDEO





PART 1

# **OUR APPROACH TO SUSTAINABILITY**

# A WORD FROM OUR CEO



Eric Dorchies, CEO

**SUSTAINABILITY**  
IS AT THE CENTRE  
OF OUR STRATEGY,  
ALONG WITH **TALENT**  
**DEVELOPMENT** AND  
**DIGITALISATION.**

I am very pleased to share with you our first Sustainability Report.

This report is an opportunity to provide honest, transparent information on the main steps we have taken so far, and the complex challenges we continue to face.

2020 has been a time of unprecedented turbulence in the wake of the COVID-19 pandemic. From March 2020 onwards, our top priority has been to ensure that our people and their families are safe, and that our business continues running with strict sanitary measures in place, whilst remaining a trusted partner to our clients. This crisis has tested the strength of CIEL Textile, and we responded efficiently and adapted quickly, stepping up to the challenges of a volatile and uncertain market.

Following through with the publication of this report, despite the pandemic, is a testament to our willingness to put sustainability at the centre of our business strategy, along with Talent Development and Digitalisation.

Over the years, we have taken some major decision that demonstrate our commitment to making a difference:

We joined the Sustainable Apparel Coalition in 2017, becoming the first sub-Saharan African member of this global

alliance. In 2018, at the COP 24, our Tropic Knits division became the first vendor to sign the UN Fashion Industry Charter for Climate Change (UNFCCC.) In 2019, our newly built factory in the Southern region of Bangalore was awarded the LEED Platinum Certification. We also developed a new line of fully recycled sweaters in our Floreal division.

**“ We are sustainable  
not because we have  
to, but because we  
want to.”**

I strongly believe that our future lies in our capacity to transform our industry through smart design, innovation, sustainable and traceable supply chains, and products at affordable prices.

**OUR MISSION: IMPROVE FASHION,  
EVERYDAY**

To us, “Improving Fashion, Everyday” means creating decent and meaningful jobs, promoting inclusiveness and diversity, reducing our carbon intensity by 50% by 2030, and halving our waste to landfill, amongst other commitments. It also means designing a “measurable” sustainable product at the development stage. We do not have all the answers yet,

but by joining forces with our customers, suppliers, and partners, we believe we can drive meaningful change.

## OUR PEOPLE, OUR GOLD

Our people have always been our strongest asset. I feel very positive about the future because I know our leadership teams are fully engaged in this journey, particularly through our “Act for our Community” and “Act for our Environment” employee engagement programmes. Over the years, we have nurtured a strong “Winning Well” culture, which will guide us as we pursue our continuous improvement journey.

## ACKNOWLEDGMENTS

Thank you to all CIEL Textile teams who contributed to this report.

I am deeply impressed by your dedication, your fighting spirit and your courage in these difficult times. For this, I wish to thank all of you from the bottom of my heart.

I remain convinced that our sustainability engagement, coupled with our “Winning Well” culture, will help us lead the way to a more sustainable fashion industry.

# OUR JOURNEY

## HIGHLIGHTS



Sustainable  
Apparel Coalition

Member  
since 2017



Using Higg Index  
tools since 2018



Contributor  
since 2018



Tropic Knits signs  
UNFCCC Fashion  
Charter  
in 2018

Discover our other  
certifications



[www.cieltextile.com/  
certifications](http://www.cieltextile.com/certifications)

**NOV 2015**

“Act for Community” to  
drive employee engagement

**JUNE 2016**

First CIEL Group  
**Sustainability  
strategy**

**JUNE 2017**

SAC Membership  
– adoption of  
Higg Index

**JUNE 2018**

Governance developed at  
Cluster (x3), BU (x11) and Site  
level (x20)

**APRIL 2021**

First CIEL Textile  
Sustainability  
Report

**2015**

**2016**

**2017**

**2018**

**2019**

**2020**

**FEB 2015**

First CIEL Group  
sustainability policy  
established

**JAN 2016**

Set up  
**Governance** –  
CIEL Textile  
Sustainability  
Committee (CTSC)

**NOV 2016**

First Act for  
**Community**  
annual event,  
marked across all  
sites

**APRIL 2018**

Appointment  
of **Group  
Head of  
Sustainability**

**JUNE 2019**

ZDHC  
Signatory

**JUNE 2020**

CIEL Group  
Sustainability  
Strategy  
2020-2030



# STAKEHOLDER DIALOGUE & MATERIAL TOPICS

We define our stakeholders as the internal and external individuals, groups and entities who affect our organisation and who can potentially be affected by our actions. We engage in regular, honest and transparent dialogue with them to identify key aspects that are relevant to our business from their perspective. These constitute our material topics.



## MATERIAL TOPICS



### SOCIAL

1. - Employment
2. - Occupational Health and Safety
3. - Learning and Development
4. - Human Rights
5. - Local Communities



### ECONOMIC

1. - Market Presence
2. - Procurement Practices



### ENVIRONMENTAL

1. - Materials
2. - Energy
3. - Emissions
4. - Water
5. - Waste



Head to Appendix 5 on **page 54** for more details on our Stakeholder Engagement.  
Head to Appendix 6 on **page 55** for a synopsis of our material topics.

# OUR SUSTAINABILITY STRATEGY

## Our People / Foster a Vibrant Workforce

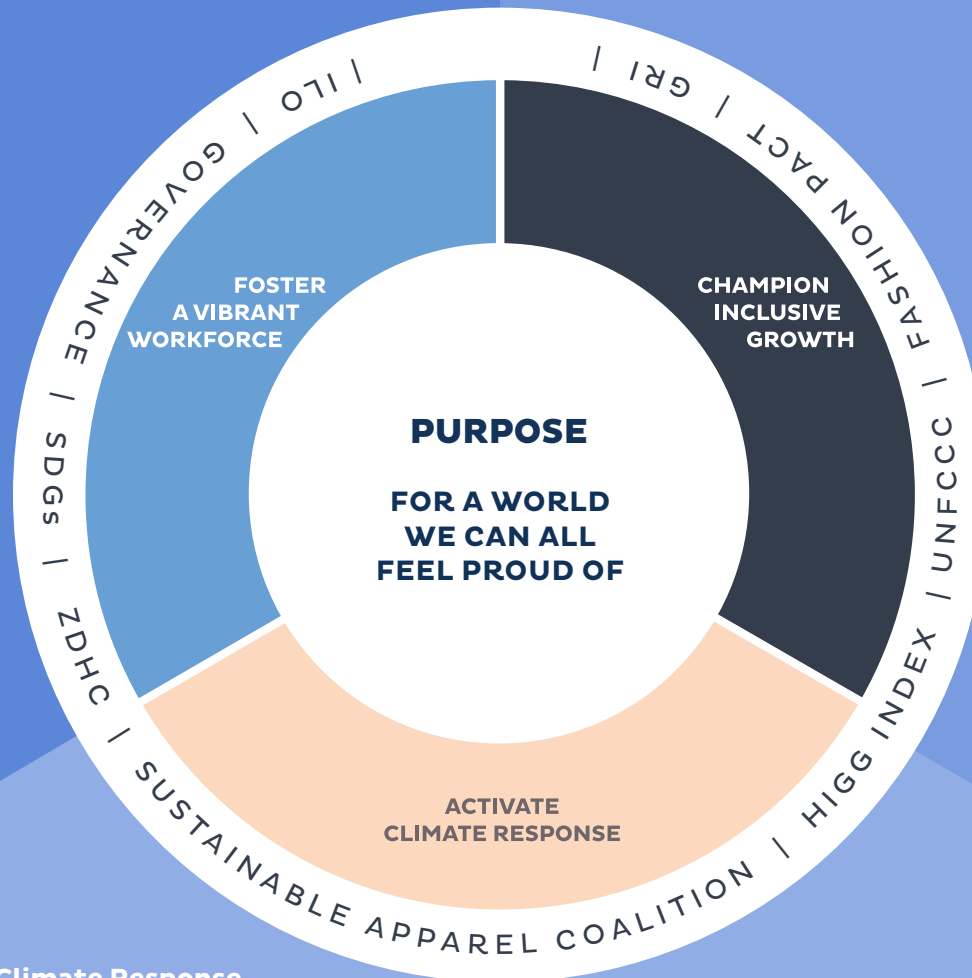
Our 18,000+ employees' health and wellbeing are not only a matter of responsibility, but also critical to performance, morale, adaptability and team spirit.

Here, we focus on actions towards our work environment, diversity & ethics and learning & development.

## Communities / Champion Inclusive Growth

It is important for our growth to be both transparent and shared, to build mutual recognition and trust with our stakeholders.

Here, we develop responsible & inclusive offerings, support the local economy, facilitate community empowerment and work with ethical & sustainable supply chains.



## Nature / Activate Climate Response

Nature's ability to regenerate itself is threatened by irresponsible production and consumption that follows a linear model. Here, we address energy, value chain impacts and conservation & regeneration.



PART 2

# **FOSTER A** VIBRANT WORKFORCE

OUR PEOPLE



## ABOUT THE PILLAR

Educate, empower and engage our 18,000 people through a strong Winning Well culture grounded in fairness, equality and continuous learning.



Head to Appendix 6 on **page 57** for more details on our Management Approach

| MATERIAL TOPIC               | STRATEGIC GOALS   | SDGs for this pillar  |
|------------------------------|---|---|
| FAIR & SAFE WORK ENVIRONMENT | 35% Women at Management level by 2030                       |   <br>  <br>  |
|                              | Aim for zero lost-time injuries by 2030                     |   |
| LEARNING AND DEVELOPMENT     | 100% employees trained on Ethics and Sustainability by 2023 |   |
| HUMAN RIGHTS                 | Zero non-compliance on Ethical matters by 2025              |   |




# FAIR AND SAFE WORK ENVIRONMENT

Good working conditions and fair labour practices are key to a productive, engaged and happy workforce.

We are diligent in complying with laws and regulations in accordance with each country's specificities. This also applies to the suppliers we work with. We further this commitment by also making sure to balance diversity and equality, and invest in our employees' wellbeing.

As a SAC member, we have adopted the Higg FLSM tool to assess and monitor our social performance across material topics relevant to our industry, and to measure the effectiveness of our practices.



Head to [www.apparelcoalition.org](http://www.apparelcoalition.org) and [www.slconvergence.org/](http://www.slconvergence.org/) for more information.



## FAIR AND SAFE WORK ENVIRONMENT



### RATIO OF LOCAL MINIMUM WAGE TO ENTRY LEVEL WAGE

|                   | Male   |  | Female |
|-------------------|--------|--|--------|
| <b>Mauritius</b>  | 1:1.8  |  | 1:1.8  |
| <b>Madagascar</b> | 1:1.25 |  | 1:1.25 |
| <b>India</b>      | 1:1    |  | 1:1    |
| <b>Bangladesh</b> | 1:1    |  | 1:1    |



Head to [www.globalreporting.org/](http://www.globalreporting.org/) for more information.

### Takeaways

- We ensure our wages are competitive and attractive by continuously monitoring market rates and benchmarking best practices. Pro-rata increases are made in accordance with changes in the labour market and minimum wage requirements.
- Local minimum wages are implemented in all our facilities, as per the law of the land.





## FAIR AND SAFE WORK ENVIRONMENT

# 98%

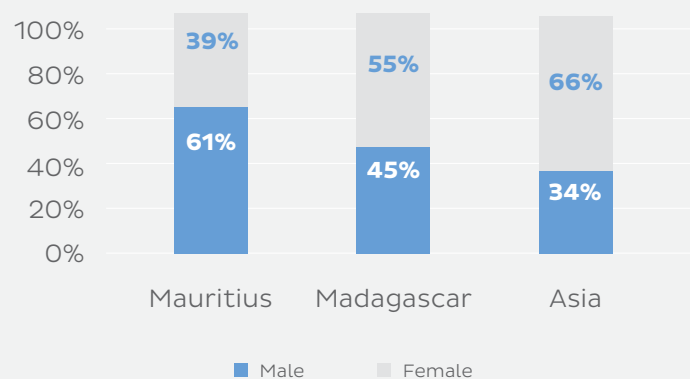
**PERMANENT EMPLOYEES**



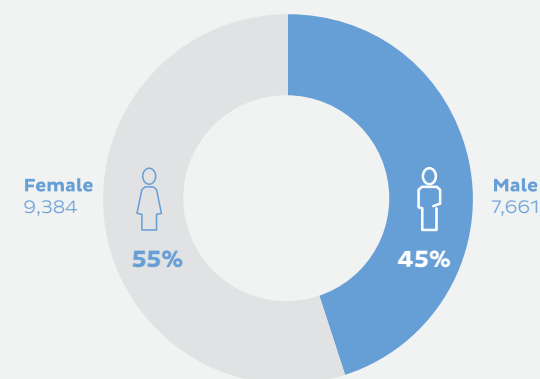
Head to Appendix 7 on  
page 58 for more details.

### EMPLOYMENT & DIVERSITY

GENDER DISTRIBUTION BY REGION



OVERALL GENDER  
DISTRIBUTION ACROSS CIEL TEXTILE



### Takeaways

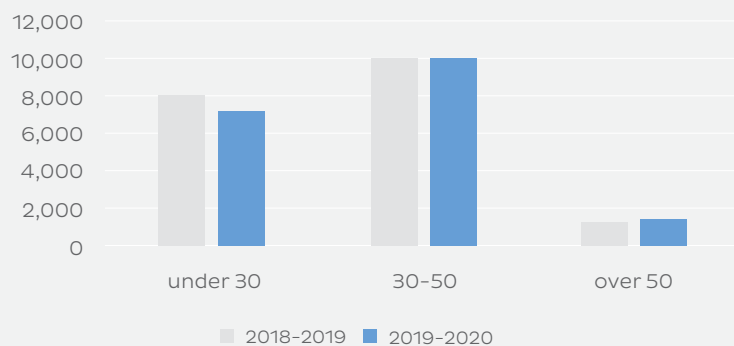
- 98% of all our workers are permanently employed. Seasonality in the knitwear cluster makes some temporary employment imperative in Madagascar.
- Male: Female ratio varies 60:40 to 40:60 depending on local culture, labour market and industry dynamics.



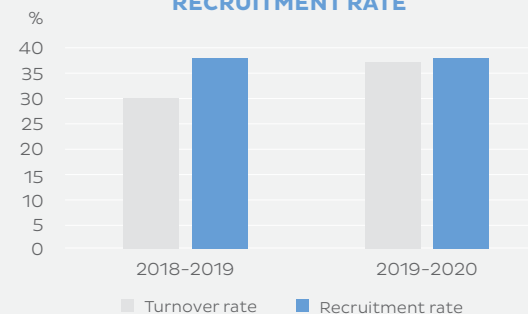
## FAIR AND SAFE WORK ENVIRONMENT

NUMBER OF EMPLOYEES BY AGE GROUP

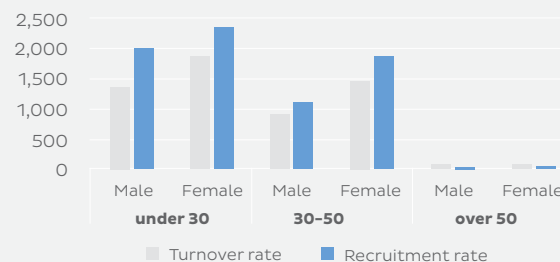
|                 | 2018/2019 | 2019/2020 |
|-----------------|-----------|-----------|
| <b>UNDER 30</b> | 8,096     | 7,165     |
| <b>30-50</b>    | 10,027    | 9,925     |
| <b>OVER 50</b>  | 1,264     | 1,330     |



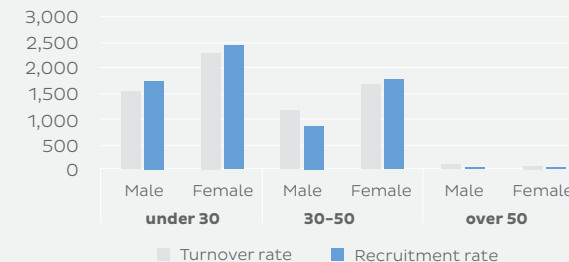
OVERALL TURNOVER AND  
RECRUITMENT RATE



TURNOVER AND RECRUITMENT BY AGE BAND  
2018-2019



TURNOVER AND RECRUITMENT BY AGE BAND  
2019-2020



Head to Appendix 8 on **page 59** for more details.

### Takeaways

→ The figures across both financial years are consistent, indicating that our core operations are stable.

→ The number, age and gender of new hires is an indicator of our ability to attract diverse and qualified talents.

→ Our recruitment and turnover rates have a similar distribution across categories, demonstrating

a well-balanced age and gender distribution.

→ The turnover and recruitment rates are highest in the “Under 30s” age bracket, as expected.



## FAIR AND SAFE WORK ENVIRONMENT

We believe our people have a fundamental right to work in safe conditions. Upholding high health and safety standards within all our facilities therefore remains our top priority. To achieve this, our Health & Safety Management System provides a framework for identifying and managing related risks.

The policies and procedures are clearly defined and complemented by safety-related posters around the premises. Equally important in building awareness is our “Safety Week.”

Safety equipment (face masks, gloves, helmets, appropriate safety shoes, etc) is provided to workers when needed and a first-aid room with qualified doctors and nurses is at their disposal for emergencies.

Our safety culture is enforced by dedicated Health & Safety officers, who are responsible for performing regular assessments by department and driving continuous improvement. Our employees also undergo regular training in areas like first aid, safety and firefighting.

### PERCENTAGE INJURIES BREAKDOWN PER YEAR

|                  | 2017-<br>2018 | 2018-<br>2019 | 2019-<br>2020 |
|------------------|---------------|---------------|---------------|
| Minor injuries   | 93%           | 88%           | 92%           |
| Serious injuries | 7%            | 12%           | 8%            |
| Severe injuries  | 0%            | 0%            | 0%            |
| Fatalities       | 0%            | 0%            | 0%            |

### TOTAL NUMBER OF INJURIES

|                          |       |       |     |
|--------------------------|-------|-------|-----|
| Total number of Injuries | 1,019 | 1,112 | 635 |
|--------------------------|-------|-------|-----|

### Takeaways

- For the year ending June 2019, there was a 10% rise in the number of employees, which explains a 9% increase in the number of injuries.
- For the year ending June 2020, the data lacks comparable continuity due to the pandemic.
- 2019 has focused on the full implementation of Higg FSLM across all our factories.





# LEARNING AND DEVELOPMENT

When we say “Our People, our Gold,” we mean it. Our talents are the driving force behind our success and we believe in the unique skills and ideas that each of them brings to work every day. We therefore focus on investing in their growth and providing them with opportunities to unleash their full potential.



## LEARNING AND DEVELOPMENT

Our learning culture is founded on several principles:

### Kaizen

Kaizen is a part of our culture to create job enrichment and drive continuous improvement through cross-functional problem solving and teamwork.

### Performance appraisal

We evaluate our employees individually, at all levels of the organisation, on an annual basis across various performance dimensions, enabling them to understand their strengths and weaknesses. This also allows us to identify our top-performing talents. A clear organisational structure and reporting line underpins a lean and efficient working environment.

### Employee recognition

We celebrate our employees' accomplishments by recognising and rewarding their contributions to our organisation, and honouring those who go above and beyond in their roles.

### Grassroots training

We bring our new hires up to speed quickly and efficiently through the Advanced Analytical Method of Training (AAMT). A combination of classroom learning and on-the-job training sets them up for success.

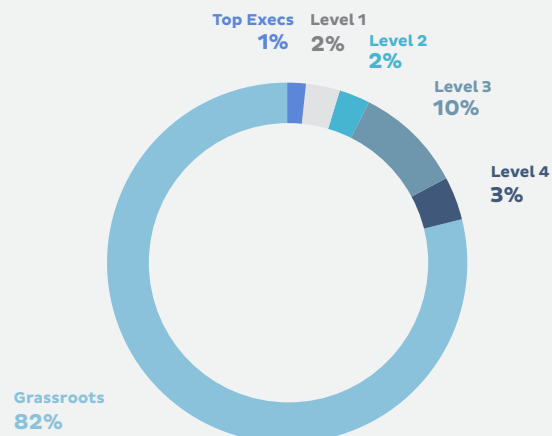
### Leadership development

The CIEL Textile 361° Leadership and Management Academy upskills our employees in best practices for operational excellence and management techniques.

In parallel, our senior leaders participate in the CIEL-HEC Leadership programme. Top talents benefit from a 9-month programme delivered by top academics at HEC Paris, a leading business school. It aims to equip our leaders with best practice tools and techniques, teaching them how to drive innovation and build high-performing teams.

For the year ended June 2020, **48%** of employees were appraised despite the challenges surrounding Covid-19. Of those, the male to female ratio stood at 46:54.

### DISTRIBUTION OF APPRAISALS CONDUCTED BY JOB CATEGORY



### Takeaways

- These figures demonstrate a balanced and fair distribution by gender and job category across our employees. We aim to have 100% of our employees appraised on an annual basis.
- The average number of training hours per employee stands at 8.5 hours per year. Training is delivered on the basis of a Needs Analysis and performance development plans, and not on the basis of gender.





## LEARNING AND DEVELOPMENT

A closer look at...

### 361° LEADERSHIP AND MANAGEMENT ACADEMY



Our 361° LMA was launched in 2018 with one goal in mind: to continue developing the capabilities and knowledge of our people in an ever-evolving world.

Our Academy has been fundamental in uniting our 18,000 employees around a common language and best practices. It has strengthened CIEL Textile's team spirit and the cross-fertilisation of ideas across departments, levels of hierarchy, clusters, and even geographies.



Head to [www.cieltextile.com/news/leadership-management-academy-talent-turbine](http://www.cieltextile.com/news/leadership-management-academy-talent-turbine) for more details.



### THE CHAIRMAN'S EXCELLENCE AWARDS

Recognising hard work and innovation is key to keeping our people engaged. This takes the form of an annual awards ceremony, a night of celebration and team bonding, which we have named the Chairman's Manufacturing Excellence Awards (CMEA) and Chairman's Front-end Excellence Awards (CFEA).

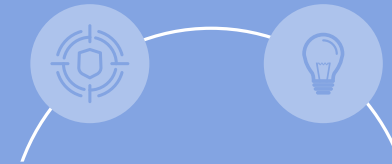


Launched in 2008, the event brings together employees of all levels, departments and countries, and formally honors the best-performing teams and individuals across several award categories. This event has been a driving force of our Winning Well culture.



Head to [www.cieltextile.com/news/chairmans-awards-our-internal-olympic-games-ciel-textile](http://www.cieltextile.com/news/chairmans-awards-our-internal-olympic-games-ciel-textile) for more details.





# HUMAN RIGHTS



Human rights are fundamental to who we are. We support and respect the protection of internationally proclaimed human rights and make sure we are not complicit in human rights abuses. We have pledged to treat everyone across our value chain with dignity and respect, and we expect the same of our business partners.

To achieve this, we have aligned ourselves with the IFC Performance Standards. We therefore perform bi-annual human rights reviews, which form part of our internal sustainability audits. As a result, all our sites have been assessed at least once over the last 24 months.

We are committed to the following practices in the protection of our workers' rights:

**A HUMAN  
RIGHTS  
POLICY**

**A GRIEVANCE  
HANDLING  
SYSTEM**

**VARIOUS  
COMMITTEES**

MADE UP OF A  
BALANCE OF  
MANAGEMENT AND  
WORKERS

Works Committee, Canteen  
Committee, Prevention of Sexual  
Harassment Committee, Health  
& Safety Committee, Transport  
Committee.

The background of the slide is a collage of two natural textures. On the left, there is a close-up of lotus seed pods, showing their intricate, star-shaped internal structure. On the right, there are several rolls of aged, yellowed paper, some of which are unrolled, revealing their fibrous texture. A semi-transparent purple rectangle is overlaid on the center of the image, containing the text.

PART 3

# **CHAMPION INCLUSIVE GROWTH**





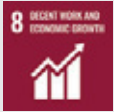





COMMUNITIES



## ABOUT THE PILLAR

Pursue economic growth while improving social inclusion and transparency across the entire value chain.

 Head to Appendix 6 on **page 55** for more details on our Management Approach

| MATERIAL TOPIC               | STRATEGIC GOALS  | SDGs for this pillar   |
|------------------------------|--|--|
| COMMUNITY EMPOWERMENT        | Pursue reverse urbanisation by continuing to create jobs in rural areas  |   <br>  <br>  <br>  |
|                              | Advocate maximum employee engagement in our CSR Initiatives:<br>– Act for community<br>– Act for environment                 |  |
|                              | Quantify and increase impact on long-term CSR projects   |  |
| PROCUREMENT PRACTICES        | Ethical & Sustainable supply Chain representing at least 80% of business value by 2023                                       |  |
|                              | Advocate for Higg Index tools adoption in our value chain representing 80% of business volume, of which 50% verified by 2030 |  |
|                              | Publicly disclose list of value chain partners by 2030   |  |
| LOCAL ECONOMY                | Promote local sourcing   |  |
| RESPONSIBLE PRODUCT OFFERING | Implement CIEL Textile Eco Index to measure sustainability performance in product design & development                       |  |
|                              | Advocate for 30% Certified & Recycled raw material usage by 2025 & 50% by 2030   |  |



# COMMUNITY EMPOWERMENT

Beyond offering economic opportunities to the communities we operate in, we aim to revitalise them by improving their overall quality of life. We want to make them safer, cleaner, more prosperous, more inclusive and more resilient.

We also contribute to our communities through CIEL Foundation. Established in 2004, CIEL Foundation works towards the inclusion of vulnerable populations, working in close partnerships with NGOs on long-term community projects in Mauritius. CIEL Textile is the main contributor (66%) to CIEL Foundation.



Head to [www.cielgroup.com/en/sustainability/ciel-foundation](http://www.cielgroup.com/en/sustainability/ciel-foundation) for more information





## REVERSING URBANISATION

Urbanisation gave the world modern infrastructure, higher wages and better healthcare, amongst others. But it also isolated rural populations from economic opportunities in the process.

**One of our missions is to work towards reversing urbanisation. How?** The company has set up fresh garmenting capacities in rural areas. The company mostly trains and employs women. By creating sustainable livelihoods in rural communities, CIEL Textile contributes to reducing migration to cities. CIEL Textile's operations in rural areas have significant positive impacts on local communities.



A closer look at...

### SAMUDRA

Aquarelle's factory in Samudra, India, was awarded the LEED Platinum Certification—the highest distinction for green buildings—making it one of the first apparel eco-factories in India.

Our team worked hard to integrate sustainability into its operations and design, earning full marks in metrics like water efficiency and innovation.

Head to [www.cieltextile.com/news/aquarelle-opens-one-1st-eco-factory-india](http://www.cieltextile.com/news/aquarelle-opens-one-1st-eco-factory-india) for more details.

Head to [https://youtu.be/KO1DdE\\_u6vE](https://youtu.be/KO1DdE_u6vE) for more details





## ACT FOR COMMUNITY



Our sustainability journey over the last two years has been about embedding social responsibility and a community mindset within the organisation. Our “Act for our Community” initiatives, created in 2016, unites over 18,000 employees, who voluntarily devote their time to community-driven events. In collaboration with NGOs and local communities, they raise funds and drive events to support underprivileged groups and sensitise their communities on critical issues.

**Far from being a simple programme, these events have come to represent our philosophy, value system and way of life.**

Our efforts have had a profound positive impact on our communities, and nurtured in the process, a sense of solidarity amongst our people.



Head to [www.cieltextile.com/news/act-initiatives-ciel-textile](http://www.cieltextile.com/news/act-initiatives-ciel-textile) for more details.

Our efforts include the following measures:

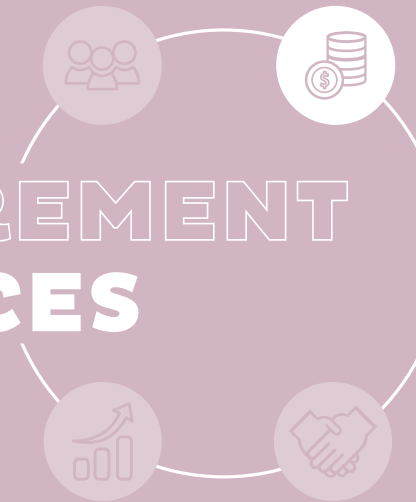
- **carry out social impact** assessments, including gender impact assessments based on participatory processes
- publicly **disclose the results of our social impact** assessments
- develop programmes based on **local community needs**
- develop **stakeholder engagement** plans based on a stakeholder mapping process
- **create broad-based committees** and processes that include vulnerable groups
- integrate formal **local community grievance processes** to our bi-annual sustainability audits.







# PROCUREMENT PRACTICES



The purchase of goods and services constitutes over 65% of our expenses. Given our significant buying power and purchasing practices, we believe we have a responsibility to make a positive impact on our supply chain.

We depend on a global supply chain to procure wool, yarn, fabric, packaging, chemicals, trims and accessories through 1,150 suppliers, most of whom are located in Asia. We view them as long-term strategic partners and an extension of our business. We maintain long-term relationships with them, founded on transparency, open communication and trust.

We are conducting a supply chain mapping exercise to mitigate the risk of environmental and social malpractices, and to ensure that our supply chain is ethical, sustainable and true to our core values.

# LOCAL ECONOMY



We are strongly committed to integrating local businesses into our supply chains across all of CIEL Textile's facilities, as far as we can, and keeping in mind the list of nominated suppliers by our customers.





## LOCAL ECONOMY

### PROMOTE LOCAL SOURCING

We currently have no policy in place to prioritise women entrepreneurs or suppliers who either form part of or employ workers from vulnerable, marginalised or under-represented social groups. However, we are aware that these groups must be given opportunities to participate in the local economy and achieve their full potential. To this end, we continuously identify opportunities to empower them through our Act for Community initiatives.

#### PERCENTAGE OF PRODUCTS AND SERVICES PURCHASED LOCALLY

|            | PRODUCTS | SERVICES |
|------------|----------|----------|
| MAURITIUS  | 30%      | 95%      |
| MADAGASCAR | 10%      | 40%      |
| INDIA      | 65%      | 95%      |
| BANGLADESH | 30%      | 90%      |

We are strongly committed to integrating local businesses into our supply chains across all of CIEL Textile's facilities, as far as we can, and keeping in mind the list of nominated suppliers by our customers.

#### Takeaways

- Suppliers of materials are mainly located in Asia, whereas the majority of suppliers of services are local.



# RESPONSIBLE OFFERING



At CIEL Textile, we have already made strides towards offering sustainable options to our customers.



## RESPONSIBLE OFFERING

We have taken initial steps to develop circular economy solutions, having created a 100% recycled shirt, as well as a 100% “waste-to-wear” sweater. To take our efforts further, we intend to use the Higg Material Sustainability Index (MSI) to measure and score the environmental impact of our materials. In parallel, we have established our own internal sustainability rating, CIEL Textile Eco-Index, to measure the ecological impact across our design and product development processes

### PACKAGING TRIMS AND ACCESSORIES

We aim to extend our sustainable practices to the packaging trims and accessories we use. Recycled paper and cartons constitute less than 2% of our input materials, used by weight.

We are in the process of implementing a project that aims to eliminate plastic on fabric rolls as they are transferred to garment units. The percentage of reclaimed products is nil.



#### PERCENTAGE OF NATURAL & MAN-MADE RAW MATERIALS SOURCED IN 2019-20

**91%** PRODUCT MIX IS MADE OUT OF  
100% NATURAL RAW MATERIALS

**1%** PRODUCT MIX IS MADE OUT OF  
100% MAN-MADE RAW MATERIAL

**8%** PRODUCT MIX IS MADE OUT OF  
BLENDS



The background is a collage of three images: a close-up of blue water with white foam on the left, a clear blue sky in the top center, and a crumpled green fabric on the right.

PART 4

# ACTIVATE **CLIMATE RESPONSE**

NATURE



## ABOUT THE PILLAR

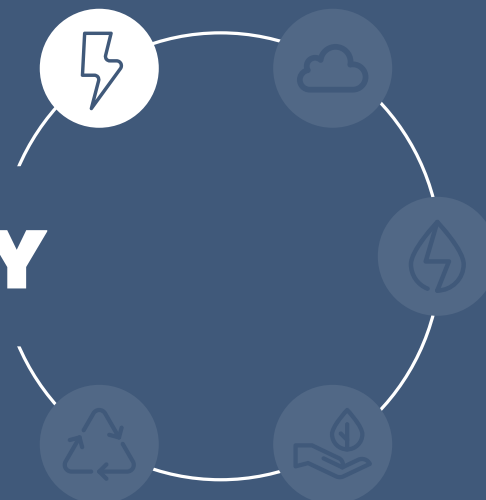
Continuously monitor our environmental impact and implement scalable solutions to reduce our environmental footprint.

 Head to Appendix 6 on **page 56** for more details on our Management Approach

| MATERIAL TOPIC | STRATEGIC GOALS                | SDGs for this pillar  |
|----------------|--------------------------------|---|
| ENERGY         | Adopt CDP and SBTi methodology | <div> <div> <div>6</div> <div>CLEAN WATER AND SANITATION</div>  </div> <div> <div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div>  </div> <div> <div>9</div> <div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>  </div> </div> <div> <div> <div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div>  </div> <div> <div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div>  </div> <div> <div>13</div> <div>CLIMATE ACTION</div>  </div> </div> <div> <div> <div>14</div> <div>LIFE BELOW WATER</div>  </div> <div> <div>17</div> <div>PARTNERSHIPS FOR THE GOALS</div>  </div> </div> |



# ENERGY



We align our efforts with The Paris Agreement, which formally entered into force on 4 November 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.



## ENERGY

Our approach to managing energy includes:

- **Monitoring our energy consumption** and energy intensity at various points in every location
- Identifying opportunities to **reduce electricity consumption** (e.g daylight harvesting and solar lighting)
- Substituting non-renewable fuels by **renewable fuels** like briquettes and wood.
- **Building energy-efficient factories**, the most recent one being Samudra's LEED Platinum certification
- Encouraging **solar/wind generation**



### TOTAL ENERGY CONSUMPTION WITHIN THE ORGANISATION

| Energy by source                      | Energy Consumed (MWh) |                |
|---------------------------------------|-----------------------|----------------|
|                                       | 17-18                 | 18-19          |
| Diesel/HFO/LPG/Coal                   | 114,129               | 119,957        |
| Wood/Briquettes                       | 37,153                | 35,404         |
| National Grid                         | 51,359                | 53,569         |
| <b>Total energy consumption (MWh)</b> | <b>202,641</b>        | <b>208,930</b> |

### ENERGY INTENSITY BY PRODUCT TYPE

| Product | Unit      | Energy Intensity |       |
|---------|-----------|------------------|-------|
|         |           | 17-18            | 18-19 |
| Garment | kwh/piece | 2.25             | 2.21  |
| Mills   | kwh/kg    | 16               | 17.5  |

#### Takeaways

- Capacity development and the commissioning of a new factory have led to an increase in absolute figures.

#### Takeaways

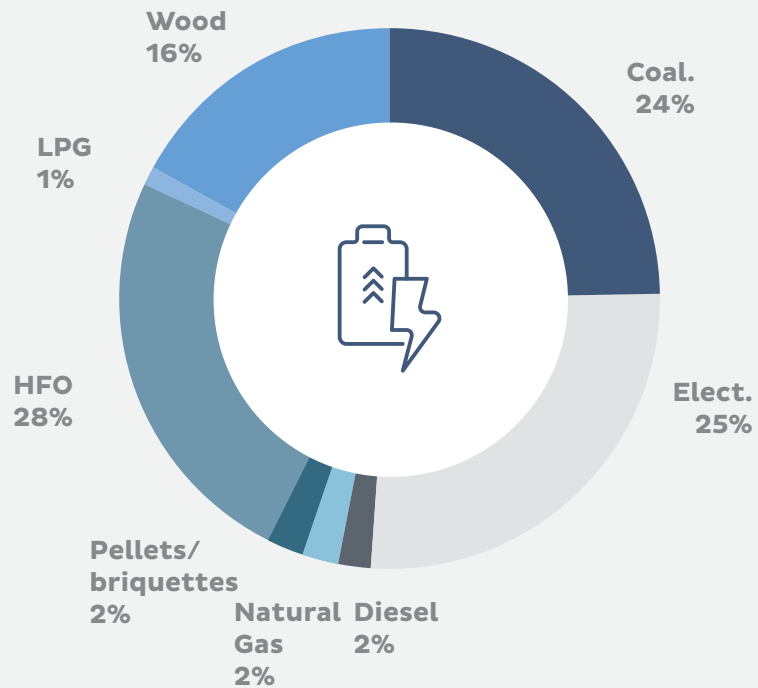
- These figures demonstrate our efforts to improve our energy efficiencies, although they are directly influenced by our product mix and general market trends.





## ENERGY

### Energy mix 2018



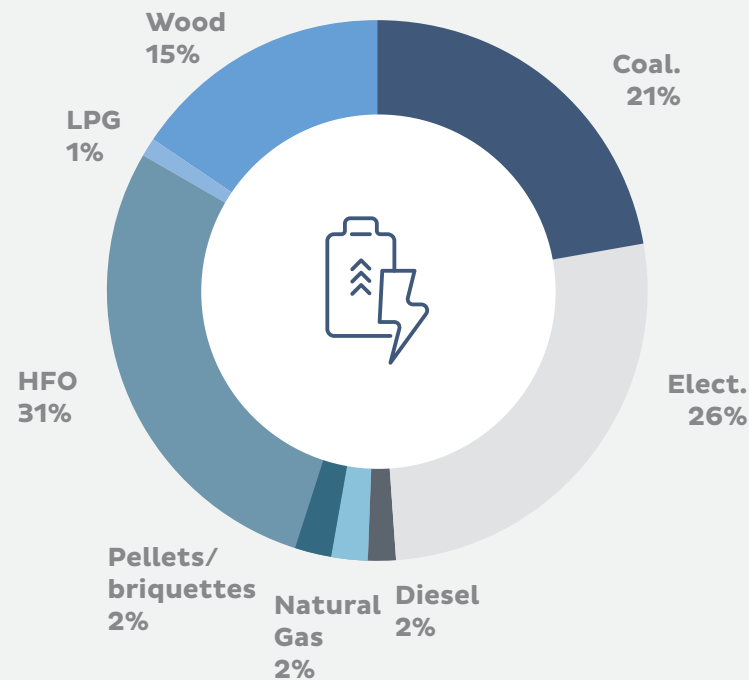
**202,641**

Energy consumed (MWh)

**26%**

Renewable energy\*

### Energy mix 2019



**208,930**

Energy consumed (MWh)

**25%**

Renewable energy\*

\*Renewable Energy includes wood, briquettes and share of renewable energy from national grid

### Takeaways

To achieve our goals, we aim to improve our energy efficiency by:

- transitioning to servo motors
- adopting LED lighting
- Lagging steam pipelines
- implementing inverter technology
- optimising daylight
- implementing an Energy Management Software
- refurbishing old machineries with new technologies



# EMISSIONS



It is no secret that the textile industry is one of the largest contributors of Greenhouse Gas (GHG) Emissions. At CIEL Textile, most of our direct GHG emissions result from the combustion of fuels in boilers. It is worth mentioning that as we are 100% owned by CIEL Limited, all emissions from our facilities are attributable to the Group.



## EMISSIONS

As a member of SAC, we have adopted the Higg Facility Environmental Module (FEM) to better measure and understand the environmental impact of our individual facilities, and prioritise opportunities for improvement. Through the Higg FEM tool, emissions are categorised into three scopes:

- **Scope 1:** All direct GHG emissions from owned or controlled sources
- **Scope 2:** Indirect GHG emissions from the consumption of purchased energy
- **Scope 3:** All indirect emissions that occur in a company's value chain and that are not covered in Scope 1 & Scope 2

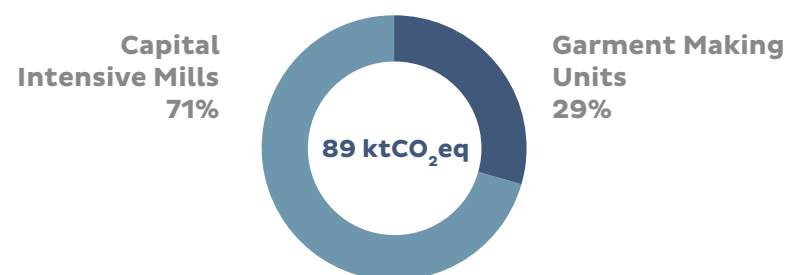
The tool then provides a GHG calculation for both Scope 1 and Scope 2 emissions based on emissions factors taken from the best publicly-available, free sources.

Going forward, we are determined to offset the negative effects of our GHG emissions by investing in renewable energy sources and energy-efficient solutions to replace the use of fossil fuels. We also intend to plant trees to help absorb carbon from the atmosphere, and reduce our carbon footprint.

**GHG EMISSIONS SCOPE 1 & 2  
(FY END JUNE 2019)**



**GHG EMISSIONS BY MANUFACTURING TYPE  
(FY END JUNE 2019)**



**NUMBER OF TREES PLANTED**

CARBON OFFSETTING THROUGH ANNUAL REFORESTATION IN MADAGASCAR

| 2017-2018 | 2018-2019 | 2019-2020 |
|-----------|-----------|-----------|
| 53,193    | 50,764    | 44,775    |

### Takeaways

- For the purpose of this report, we have used 2017-18 as the base year, as this was the first year during which we gathered and recorded data.
- GHG Intensity<sup>1</sup> for 2017-2019 remained consistent at 1.77 kgCO<sub>2</sub> eq per production unit.

<sup>1</sup> GHG Intensity is the total GHG emissions divided by the total production, normalised as per the functional production unit (kg, m, pieces) for each product type

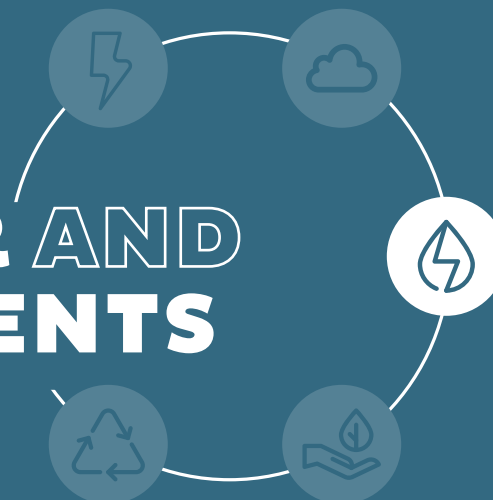
### Takeaways

- All capital intensive mills are located in Mauritius.
- In Madagascar, our efforts to offset Scope 1 emissions (as required by the Malagasy law) include partnering with local authorities. All reforestation and carbon offsetting initiatives are led by our employees through our Act for our Environment umbrella. They are engaged in creating on-site nurseries and replanting beyond mandatory requirements.





## WATER AND EFFLUENTS



Less than 3% of the world's water is drinkable, of which 2.5% is frozen in Antarctica, the Arctic and glaciers.

Humanity therefore relies on 0.5% for all ecosystem and freshwater needs.

However, we are using it faster than nature can replenish it.

**Source: UN**



## WATER AND EFFLUENTS

We operate in countries with different water stress levels. Manufacturing fabric and yarn requires large amounts of water and chemicals, particularly for dyeing and finishing processes. The garments produced are washed, printed upon and chemically treated.

### WATER CONSUMPTION BY COUNTRY

| Country      | Water Stress   | Total Water Consumption (m³) |                  |
|--------------|----------------|------------------------------|------------------|
|              |                | 17-18                        | 18-19            |
| India        | Extremely high | 30,240                       | 41,576           |
| Madagascar   | Low            | 155,177                      | 178,571          |
| Bangladesh   | Low            | 72,593                       | 69,001           |
| Mauritius    | Low            | 1,333,664                    | 1,286,235        |
| <b>Total</b> |                | <b>1,591,674</b>             | <b>1,575,383</b> |

Source: World Resources Institute's Aqueduct Water Risk Atlas (2020)

### WATER INTENSITY BY PRODUCTION UNIT

| Manufacturing type | Unit | Water intensity for garments |       |
|--------------------|------|------------------------------|-------|
|                    |      | 17-18                        | 18-19 |
| Garment            | L/pc | 11.3                         | 11.6  |
| Mills              | L/kg | 145                          | 143   |



#### Takeaways

- This data is based on actual measurements at each facility. There is no change in water storage.

#### Takeaways

- Our capital-intensive units (Mills) In Mauritius account for 80% of our water needs, which mainly comes from the collection of surface runoff water (water typically collected after a storm for its eventual reuse.)
- Despite our efforts to improve our water efficiency, changes in product mix and new finishing processes have resulted in an increase in water intensity.



## WATER AND EFFLUENTS

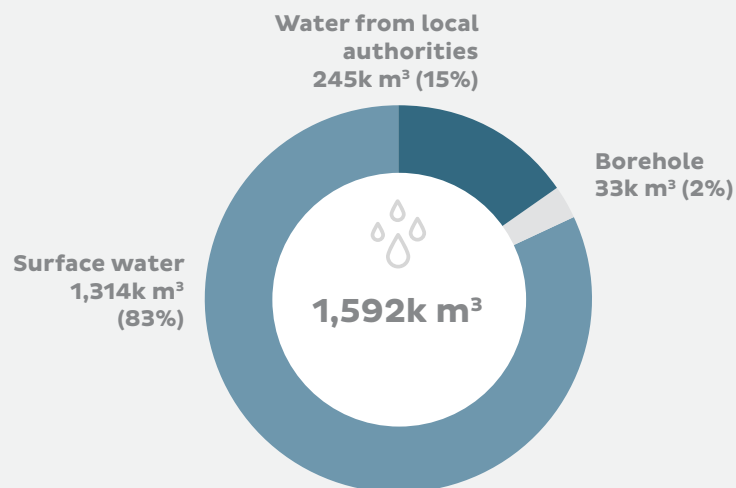


Figure 6: Water by Source 2018

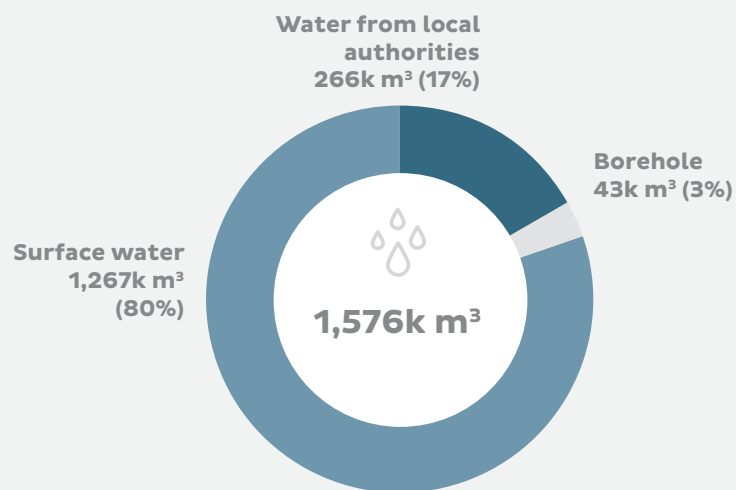



Figure 7: Water by Source 2019

As a result, our approach to managing water includes:

- **Installing water sub-meters** at every location
- Identifying opportunities to **reduce consumption and increase recycling of water** (e.g. rainwater harvesting), through sustained water conservation projects
- **Investing in equipment requiring less water**, such as:
  - E-Flow technology (75% reduction in water, 80% reduction in chemical requirements, negligible discharge)
  - Ultrafiltration, a new technology with a better return ratio (90m³ per day saved) and better quality of water, resulting in better product and process quality and efficiency
- **Identifying and plugging leakages** of water (e.g. changing leaking taps)
- Using effluent treatment plants (ETP) and sewage treatment plants (STP) to **recycle and reuse wastewater**. All effluents are treated before direct or indirect discharge. A sub-committee is currently responsible for defining best practices at the Group level.
- CIEL Textile is a signatory of the Zero Discharge of Hazardous chemicals and is committed to the **Roadmap to ZERO programme**.  
 Head to [www.roadmaptozero.com](http://www.roadmaptozero.com) for more details.
- **Performing ZDHC testing** in each facility twice per year instead of annually, as required by ZDHC.





# WASTE



Our facilities have been implementing a number of waste reduction projects and waste recycling initiatives for several years. Unfortunately, our actions are limited in certain regions due to the lack of accredited service providers. We have not been able to consistently quantify our actions in this area, due to lack of reliable and comparable data across our units.

As a result, we created a Waste Management subcommittee in 2020 with the aim of standardising the process and minimising waste to landfill. Key waste types will be identified and monitored to reduce, reuse and recycle.



## WASTE

A closer look at...

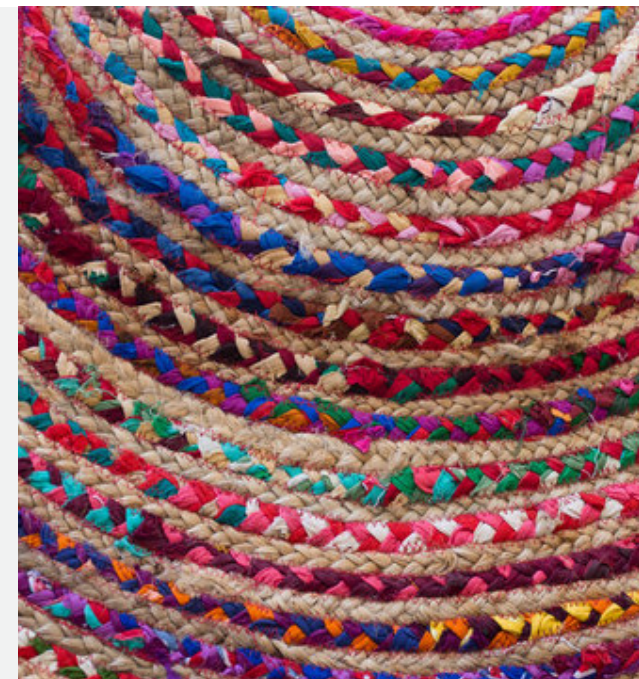
### THE RUG MAT PROJECT

The Rug Mat Project was launched by CDL Knits in 2016 in a drive to upcycle waste, and empower women from vulnerable communities at the same time.

CDL Knits has taken unemployed women under their wing, training them in the transformation of raw material waste into rug mats, bags, and other craftworks. Our vision is to equip them with the technical skills, knowledge and confidence to build sustainable businesses, eventually lifting them out of the poverty cycle.



Head to [www.cielgroup.com/en/news/2018/ciel-textile-empowering-communities-through-act-for-our-community-programme](https://www.cielgroup.com/en/news/2018/ciel-textile-empowering-communities-through-act-for-our-community-programme) for more details.



# ACT FOR ENVIRONMENT



Each year, through our Act for Environment initiatives, we commit ourselves to the United Nations World Environment Day theme. We are also engaged in living Principle 10 of the Rio Declaration, which asserts that ‘environmental issues are best handled with the participation of all concerned citizens.’



Head to [www.cieltextile.com/news/act-initiatives-ciel-textile](https://www.cieltextile.com/news/act-initiatives-ciel-textile) for more details.

**act**  
for our environment





PART 5

# DEVELOPING **ORGANISATIONAL CAPACITY**

# GOVERNANCE – BOARD COMMITTEES

The organisation applies a precautionary approach to reduce or avoid negative impacts on the business, its operations and our stakeholders, including the environment. Our governance structure represents the backbone of this approach.

The Board of CIEL Textile is responsible for overseeing the business affairs of the company. Two sub-committees have been tasked with providing specialist guidance to its directors and each one operates within approved terms of reference. Recommendations from the committee are escalated to the Board and Reports from the Chairmen of these committees are systematically included in the agendas of Board meetings.

## AUDIT & RISK COMMITTEE

### Focus Areas during the Year

- Audited financial statements for FY 2019
  - Quarterly unaudited financial statements and cluster results
  - CTL Group's risk report
  - Internal audit reports and audit plans
  - Update on CTL Group's cybersecurity control framework
  - Renewal of the insurance covers at the level of CTL Group
  - Impact assessment report on the Covid-19 crisis
- **Audit and Risk Committee** – chaired by non-exec Director
  - The **Board appointed EY to conduct an independent survey** to establish a CIEL Textile risk register.
  - **Internal monitoring** is carried out by newly appointed Risk Champion on a quarterly basis
  - **Environmental and Social Risk Registers** are part of Higg Index requirements

## CORPORATE GOVERNANCE, ETHICS, REMUNERATION AND NOMINATION COMMITTEE

### Focus Areas during the Year

- Review of the terms of reference of the committee
- Remuneration package of senior executives
- Corporate governance report FY 2019
- Board and committee composition
- Succession planning for the CEO and senior executives

CIEL Textile Limited commits that it:

- Shall be accountable for its impacts on society and the environment.
- Shall be transparent in all decisions and activities that impact society and the environment.
- Will behave ethically.
- Will have respect for all stakeholders' interests.
- Will have respect for the rule of law.
- Will have respect for international norms of behaviour.
- Will have respect for human rights.

Code of Ethics, Whistleblower Policy, Human Rights Policy and CSR Policies are used to provide clear objectives against which to align all operations and business processes inclusive of enhancing awareness among employees and suppliers.

# GOVERNANCE – OPERATIONAL COMMITTEES



## OPERATIONAL COMMITTEES



1. HR

2. IT

3. Marketing & Communication

4. Sustainability

## OPERATIONAL COMMITTEES

### 1. HR Governance Committee (HRGC)

Chaired by CT Asia Executive Director, driven by Group Head of HR.

Become a strategic partner and trusted advisor to the organisation. Develop HR excellence through cross fertilisation of best practices enabled by a common digital platform. Drive value creation and individual growth through best-in-class learning and development solutions.

### 2. IT Governance Committee (ITGC)

Chaired by CT Asia Executive Director, driven by Group Head of Digital Transformation & IT.

Offer Customers and stakeholders the best digital experience over the next 5 years. Develop a seamless digital work environment from anywhere. Implement cross functional digital teams across CT and speed up digital transformation.

### 3. Marketing & Communication Governance Committee

Chaired by CEO, Knits Cluster, driven by the Group Head of Communication.

Ensure the Corporate Identity is well instilled (Website, Rebranding, Sales toolkit).

### 4. Sustainability Governance Committee (SGC)

Chaired by CEO, Knits Cluster, driven by the Group Head of Sustainability and Continuous Improvement.

Define strategic goals and objectives; Ensure adequate organisational capacity and management infrastructure to drive initiatives and achieve leadership status in the textile industry; Foster employee engagement, activate climate response and develop inclusive growth initiatives; Partner with stakeholders on joint sustainability projects.





# GOVERNANCE – CIEL TEXTILE SUSTAINABILITY GOVERNANCE COMMITTEE

## THE CIEL TEXTILE SUSTAINABILITY GOVERNANCE COMMITTEE (SGC)

The CEO has established the CIEL Textile Sustainability Governance Committee (SGC), chaired by an Executive Director and the Head of Sustainability. Senior Executives of each cluster, business unit and facility independently drive governance and achievement of strategic goals as defined by the SGC.

As we progress in our sustainability journey, the SGC has identified additional key focus areas and has instigated several sub-committees to fast-track progress. The role of the sub-committees is mainly to mitigate risks and standardise best practices across all CT sites through the definition of a clear roadmap.

Our culture of accountability at source is open, but is structured in a way that encourages cross-fertilisation between functions, facilities and regions. A clear management infrastructure with adequate resources, routine meetings and the freedom to deliver on agreed objectives underpins our approach to enable individual engagement and performance.

We consider ourselves at the starting block to drive the systemic change required in our industry. We are evolving fast after adopting the Higg Index as a tool. Data integrity is critical to our performance and creating shared dashboards at the facility, BU, cluster and Group level is enabling a wider ongoing assessment of our business towards inclusive growth, an adequate climate response and nurturing a vibrant workforce.

Several subcommittees with process experts lead the way to champion tailor-made solutions, whilst adhering to Group objectives. The subcommittees are still work-in-progress and have contributed to a significant rise in awareness and sensitivity to specific subjects such

as Supply Chain Transparency, Sub-contractor Engagement, Effluent Treatment Plant, Dormitory management, Sustainable Product Design (Eco-Index), Renewable Energy and Waste Management.



Head to [www.cieltextile.com/sustainability](https://www.cieltextile.com/sustainability) for more details.

Annual forums bring together our global teams at several levels and improve interactions both internally and with external stakeholders.

Each end of year and on the UN World Environment Day, our employees across all regions and facilities independently engage with their communities, sensitise and raise awareness for identified just causes to mark our CSR – ‘Act for Community’ and ‘Act for Environment’ initiatives globally.



Head to [www.cieltextile.com/news/act-initiatives-ciel-textile](https://www.cieltextile.com/news/act-initiatives-ciel-textile) for more details.

# GOVERNANCE

## SUSTAINABILITY MANAGEMENT INFRASTRUCTURE

Each business unit and its facilities have appointed dedicated sustainability officers, indirectly reporting to the Group Head of Sustainability to consistently measure, monitor and drive our sustainability agenda



### Sustainability Committee (CSC)

### CIEL Textile Sustainability Governance Committee (SGC)

#### CLUSTERS Sustainability Governance Committees



#### BUSINESS UNITS Sustainability Governance Committees



#### PRODUCTION UNITS Sustainability Governance Committees

1 Committee for each of the 18 Production Units



# APPENDICES



## APPENDIX 1: ORGANISATIONAL PROFILE

CIEL Textile (CTL) is a **Private Limited company** and a 100% subsidiary of a holding company, CIEL Limited.

CIEL Limited, listed on the Stock Exchange of Mauritius, is a diversified investment Group operating six business segments:

- **Agri-Industry,**
- **Property,**
- **Textile,**
- **Hotels and Resorts,**
- **Financial services,**
- **and Healthcare**

The **total capitalization** for CIEL Textile, broken down in terms of debt and equity, as of June 2020, is as follows:

**\$90 M**

**DEBT (PREDOMINANTLY SHORT TERM)**

**\$88 M**

**EQUITY**

CIEL Textile Limited manufactures and exports **woollen yarn, knitted and woven fabrics, shirts, knitwear, and fine knits.**

Our main markets are Europe, USA, South Africa, and India.



Head to [www.cielgroup.com](http://www.cielgroup.com) for more information on the Group.



Head to [www.cieltextile.com](http://www.cieltextile.com) for more information on CTL.

## APPENDIX 2: ABOUT THIS REPORT

We are pleased to present CIEL Textile's first Sustainability Report.

This report demonstrates our commitment to transparency and accountability to our stakeholders. Sustainability reporting is an organisation's good practice to disclose its economic, environmental, and social impacts. It contributes to the company's sustainability roadmap.

This report:

- presents information about CIEL Textile's profile, strategy, ethics and integrity, and governance.
- identifies those topics that can cause significant impacts or are of concern to different stakeholders. These are called "material topics."
- provides information on how the organisation manages each material topic.

### Reporting Practices and Scope of this report

This first report covers the period July 2017-June 2020, after which a bi-yearly report will be produced.

In the spirit of continuous improvement, it was imperative for us to collect information over a period of two years to establish a baseline for our performance.

Unfortunately, due to the COVID-19 crisis, the 2019-20 data, in most cases, is not aligned with the previous two years. Disrupted loading and

inconsistent monitoring across our 20 sites and four geographic regions do not lend to the continuity of data integrity. The distorted figures, especially for environmental parameters, are not allowing for an accurate assessment of our performance.

For consistency purposes, we have opted to exclude 2019-2020 data in our environmental performance analysis and instead used data from the financial years ending June 2018 and 2019.

However, with regard to our Financial and Human Resource information, data integrity has allowed us to present information for the financial year ending June 2020.

This report:

- has been prepared with reference to or in accordance with the GRI standards using the Core option.



Head to Appendix 3 on **page 52** for the GRI Content Index.

- covers only production facilities. Separate sales offices have not been included.
- has been written in-house, without external assurance, or audit.

Please contact **[Sustainability@cieltextile.com](mailto:Sustainability@cieltextile.com)** for any questions about this report.

## APPENDIX 3: GRI CONTENT INDEX

| ORGANISATIONAL PROFILE |  |                     | MATERIAL TOPICS  |   |                  |
|------------------------|--|---------------------|------------------|---|------------------|
| Disclosure 102-1       | Name of the organisation                                     | p.3, p.50           | Disclosure 202-1 | Market Presence - Ratios of standard entry level wage by gender compared to local minimum wage                | p.13, p.55       |
| Disclosure 102-2       | Activities, brands, products, and services                   | p.3, p.50           | Disclosure 204-1 | Procurement Practices - Proportion of spending on local suppliers   | p.28, p.55       |
| Disclosure 102-3       | Location of headquarters                                     | p.3                 | Disclosure 301-1 | Materials - Materials used by weight or volume  | p.30, p.56       |
| Disclosure 102-4       | Location of operations                                       | p.3                 | Disclosure 302-1 | Energy - Energy consumption within the organization   | p.34, p.56       |
| Disclosure 102-5       | Ownership and legal form                                     | p.50                | Disclosure 302-3 | Energy - Energy intensity   | p.34, p.56       |
| Disclosure 102-6       | Markets served   | p.3                 | Disclosure 305-1 | Emissions - Direct (Scope 1) GHG emissions  | p.37, p.56       |
| Disclosure 102-7       | Scale of the organization                                    | p.3, p.50           | Disclosure 305-2 | Emissions - Energy indirect (Scope 2) GHG emissions   | p.37, p.56       |
| Disclosure 102-8       | Information on employees and other workers                   | p.3, p.58           | Disclosure 305-4 | Emissions - GHG emissions intensity   | p.37, p.56       |
| Disclosure 102-9       | Supply chain   | p.26-28             | Disclosure 303-2 | Wastewater - Water Management of water discharge-related impacts  | p.40, p.56       |
| Disclosure 102-10      | Significant changes to the organization and its supply chain | p.6, p.51           | Disclosure 303-3 | Water - Water withdrawal  | p.40, p.56       |
| Disclosure 102-11      | Precautionary Principle or approach                          | p.45                | Disclosure 303-5 | Water consumption   | p.39, p.56       |
| Disclosure 102-12      | External initiatives   | p.7                 | Disclosure 401-1 | Employment - New employee hires and employee turnover   | p.15, p.57, p.59 |
| Disclosure 102-13      | Membership of associations                                   | p.7                 | Disclosure 403-9 | Occupational Health and Safety - Work-related injuries  | p.16, p.57       |
| STRATEGY               |  |                     | Disclosure 404-3 | Training and Education - Percentage of employees receiving regular performance and career development reviews | p.18, p.57       |
| Disclosure 102-14      | A statement from the most senior decision-maker              | p.6                 | Disclosure 412-1 | Human Rights - Operations that have been subject to human rights reviews or impact assessments                | p.20, p.57       |
| ETHICS AND INTEGRITY   |  |                     | Disclosure 413-1 | Local Communities - Operations with local community engagement, impact assessments, and development programs  | p.24-25, p.57    |
| Disclosure 102-16      | Values, principles, standards, and norms of behaviour        | p.2, p.6, p.9, p.45 |                  |   |                  |
| GOVERNANCE             |  |                     |                  |   |                  |
| Disclosure 102-18      | Governance structure   | p.45-48             |                  |   |                  |
| STAKEHOLDER ENGAGEMENT |  |                     |                  |   |                  |
| Disclosure 102-40      | List of stakeholder groups                                   | p. 8, p.54          |                  |   |                  |
| Disclosure 102-41      | Collective bargaining agreements                             | p.54                |                  |   |                  |
| Disclosure 102-42      | Identifying and selecting stakeholders                       | p.8, p.54           |                  |   |                  |
| Disclosure 102-43      | Approach to stakeholder engagement                           | p.8, p.54           |                  |   |                  |
| Disclosure 102-44      | Key topics and concerns raised                               | p.8, p.54           |                  |   |                  |
| REPORTING PRACTICE     |  |                     |                  |   |                  |
| Disclosure 102-45      | Entities included in the consolidated financial statements   | p.53                |                  |   |                  |
| Disclosure 102-46      | Defining report content and topic Boundaries                 | p.2, p.55-57        |                  |   |                  |
| Disclosure 102-47      | List of material topics                                      | p.8                 |                  |   |                  |
| Disclosure 102-48      | Restatements of information                                  | N/A                 |                  |   |                  |
| Disclosure 102-49      | Changes in reporting   | N/A                 |                  |   |                  |
| Disclosure 102-50      | Reporting period   | p.2                 |                  |   |                  |
| Disclosure 102-51      | Date of most recent report                                   | p.2                 |                  |   |                  |
| Disclosure 102-52      | Reporting cycle  | p.2                 |                  |   |                  |
| Disclosure 102-53      | Contact point for questions regarding the report             | p.51                |                  |   |                  |
| Disclosure 102-54      | Claims of reporting in accordance with the GRI Standards     | p.2                 |                  |   |                  |
| Disclosure 102-55      | GRI content index  | p.52                |                  |   |                  |
| Disclosure 102-56      | External assurance   | N/A                 |                  |   |                  |



## APPENDIX 4: LIST OF ALL ENTITIES INCLUDED IN THE ORGANISATION'S CONSOLIDATED DATA

| Year 2020                                      | Country of Incorporation | Direct Percentage Holding and | Indirect Percentage Holding and | Proportion of Ownership Interest held | Main Business |
|--|--------------------------|-------------------------------|---------------------------------|---------------------------------------|---------------|
| Name of company                                |                          | Voting Power                  | Voting Power                    | by Non- Controlling Interest          |               |
|  |                          | %                             | %                               | %                                     |               |
| Ajax Sweaters Limited                          | Bangladesh               | -                             | 100                             | -                                     | Knitwear      |
| Floreal Knitwear Ltd                           | Mauritius                | - 100                         | -                               | -                                     | Knitwear      |
| Floreal Madagascar SA                          | Madagascar               | -                             | 99.7                            | 0.3                                   | Knitwear      |
| Ferney Spinning Mills Limited                  | Mauritius                | 100                           | -                               | -                                     | Knitwear      |
| Floreal International Ltd                      | Mauritius                | 100                           | -                               | -                                     | Knitwear      |
| Floreal Property Ltd                           | Mauritius                | -                             | 100                             | -                                     | Knitwear      |
| Société Civile Immobilières                    | Madagascar               | -                             | 100                             | -                                     | Knitwear      |
| Société Textile d'Andraharo SA - (Texaro)      | Madagascar               | -                             | 83.53                           | 16.47                                 | Knitwear      |
| Antsirabe Knitwear SA                          | Madagascar               | 99.99                         | -                               | 0.01                                  | Knitwear      |
| Floreal Trading Ltd <sup>(3)</sup>             | Bangladesh               | -                             | 100                             | -                                     | Knitwear      |
| CielTex SA (Proprietary) Limited               | South Africa             | -                             | 100                             | -                                     | Retail        |
| CTL Retail Ltd                                 | Mauritius                | -                             | 100                             | -                                     | Retail        |
| Tropic Knits Limited                           | Mauritius                | 100                           | -                               | -                                     | Knits         |
| Tropic Madagascar SA                           | Madagascar               | -                             | 100                             | -                                     | Knits         |
| CDL Knits Limited                              | Mauritius                | 17.03                         | 82.97                           | -                                     | Knits         |
| TKL International Ltd                          | Mauritius                | 100                           | -                               | -                                     | Knits         |
| TKL Knits (India) Private Ltd <sup>(2)</sup>   | India                    | -                             | 99.99                           | 0.01                                  | Knits         |
| Societe Bonnetiere Malagasy - (Soboma)         | Madagascar               | -                             | 99.99                           | 0.01                                  | Knits         |
| Aquarelle Clothing Limited                     | Mauritius                | 100                           | -                               | -                                     | Woven         |
| Aquarelle Madagascar SARL                      | Madagascar               | -                             | 99.99                           | 0.01                                  | Woven         |
| Aquarelle International Limited                | Mauritius                | 100                           | -                               | -                                     | Woven         |
| Aquarelle India Private Limited <sup>(2)</sup> | India                    | -                             | 99.99                           | 0.01                                  | Woven         |
| Consolidated Fabrics Ltd                       | Mauritius                | -                             | 100                             | -                                     | Woven         |
| International Fabrics Ltd                      | Mauritius                | -                             | 100                             | -                                     | Woven         |
| Laguna Clothing Private Ltd <sup>(1) (2)</sup> | India                    | -                             | 50                              | 50                                    | Woven         |
| Tinka International Ltd <sup>(2)</sup>         | Hong Kong                | -                             | 99.99                           | 0.01                                  | Woven         |
| Laguna Clothing (Mauritius) Ltd <sup>(1)</sup> | Mauritius                | -                             | 50                              | 50                                    | Woven         |
| New Island Clothing Madagascar SA              | Madagascar               | -                             | 49.4                            | 50.6                                  | Woven         |



## APPENDIX 5: STAKEHOLDER ENGAGEMENT PROCESS

| STAKEHOLDERS                           | KEY TOPICS/CONCERNS RAISED  | ENGAGEMENT MECHANISM & RESPONSE  |
|--|---|--|
| CUSTOMERS                              | Customer satisfaction, Labour practices, Sustainability practices               | Meetings<br>Audits<br>Surveys<br>Visits  |
| WORKERS                                | Labour practices, Economic Performance of the company, Health and Safety        | Continuous dialogue with workers within all factories<br>Open door policy<br>Monthly Workers Committee meetings<br>Grievance handling system<br>Training Programmes to enhance working conditions and environment<br>In Madagascar: legislation to protect Workers Delegates and promote Industrial Relations through Trade Union Federation<br>In Mauritius: remuneration order in place. Only FKL Tana has had an agreement in place since 1996. |
| MANAGEMENT AND STAFF                   | Company Performance, job satisfaction, personal development, and growth         | Weekly/monthly routine meetings<br>Training Programmes<br>Employee Engagement surveys<br>Performance Appraisal<br>Grievance handling system<br>Open door policy  |
| SUPPLIERS                              | Terms and Share of Business   | Regular vendor meetings<br>Audits<br>Visits<br>Ethical & Sustainable self-assessment   |
| INVESTORS                              | Economic and Environmental Performance, Governance                              | Board meetings and other shareholder meetings  |
| LOCAL COMMUNITIES                      | Community development, livelihood opportunities                                 | Meetings with local institutions and community leaders<br>CSR events   |
| GOVERNMENT, REGULATORS                 | Compliance, governance, tax revenues, job creation                              | Interaction through industry associations<br>Participation in policy advocacy discussions  |
| CIVIL SOCIETY, NGOS                    | Financial Support, environmental and social sensitization, and awareness needs. | Interaction during Act for our Community and Act for our Environment programmes  |
| FINANCIAL INSTITUTIONS INCLUDING BANKS | Business Risk   | Regular meetings<br>Reviews  |
| MEDIA                                  | Visibility, accountability, and engagement                                      | Interviews with Senior executives  |

## APPENDIX 6: SYNOPSIS OF MATERIAL TOPICS



**Sustainability Context and Completeness:** A list of topics were selected, in terms of significant economic, environmental, and social impacts, by a group of executives.

**Stakeholder Inclusiveness:** Key stakeholders were presented with these material topics, and they were asked to score on importance to them.

| MATERIAL TOPIC   |                              | EXPLANATION AND ITS BOUNDARIES   | STRATEGIC GOALS  | MANAGEMENT APPROACH AND COMPONENTS  | RELATED SDGS  |
|--|------------------------------|--|--|---|---|
| <b>Economic</b><br> | <b>Market Presence</b>       | We employ a substantial portion of workers, in some countries, who are compensated in a manner closely linked to laws and regulations on minimum wage. While this directly impacts workers, other stakeholders like customers and local communities are also impacted. | <ul style="list-style-type: none"> <li>→ Pursue our approach to reverse urbanisation by continuing to create jobs in rural areas</li> <li>→ Promote local sourcing</li> </ul>  | Our approach is to pay entry-level workers above the minimum wage as required by the law of the land. Changes in minimum wages are monitored by the company at each location and a pro-rata increase in wages are made when applicable. Local minimum wages exist in all locations of the company.  |       |
|  | <b>Procurement Practices</b> | The purchase of goods and services constitute over 70% of our expenses. By virtue of our buying power and purchasing practices, we can make a significant positive impact on the supply chain.   | <ul style="list-style-type: none"> <li>→ Ethical &amp; sustainable supply Chain representing at least 80% of business value by 2023</li> <li>→ Advocate for Higg Index tools adoption in our value chain representing 80% of business volume, of which 50% verified by 2030</li> <li>→ Publicly disclose list of value chain partners by 2030</li> </ul> | We view our suppliers as long-term strategic partners and an extension of our business. Procurement practices reflect this philosophy. The selection of suppliers is based on capability and competitiveness. In keeping with our lean manufacturing practices, local suppliers are preferred. Relationships with suppliers run deep and are not easily broken. Communication is regular. A detailed supply chain mapping is being done to better understand the sustainability practices of our suppliers. |       |



## APPENDIX 6: SYNOPSIS OF MATERIAL TOPICS







| MATERIAL TOPIC  |  | EXPLANATION AND ITS BOUNDARIES  | STRATEGIC GOALS   | MANAGEMENT APPROACH AND COMPONENTS  | RELATED SDGS  |
|---|--|---|---|---|---|
| <b>Environment</b><br> | <ul style="list-style-type: none"> <li>• Materials</li> <li>• Energy</li> <li>• Emissions</li> <li>• Water</li> <li>• Wastewater</li> <li>• Waste</li> </ul> | <p>The global risks relating to environment issues, such as climate change and water security, is well documented. We are committed to mitigating any adverse impact of our operations, and that of our supply chain, on the environment.</p> | <ul style="list-style-type: none"> <li>→ Adopt CDP and SBTi methodology</li> <li>→ Zero Coal as fuel by 2030.</li> <li>→ Decrease our Scope 1 &amp; 2 Carbon intensity by 30% by 2030</li> <li>→ 5% reduction in energy intensity by 2025</li> <li>→ Achieve 35% renewable energy by 2030</li> <li>→ No single-use plastic in our process by 2025, excl. OSH requirements</li> <li>→ Advocate for 30% Certified &amp; Recycled raw material usage by 2025 &amp; 50% by 2030</li> <li>→ Reduce water intensity by 10 % by 2030</li> <li>→ Optimise rainwater harvesting</li> <li>→ Target zero non-conformity in ZDHC</li> <li>→ 50% reduction in waste to landfill by 2030</li> </ul> | <p>We aim to:</p> <p>Set goals and governance structures within the organisation.</p> <p>Drive awareness, training and projects within every business unit and facility.</p> <p>Use the Higg Facility Environmental Module (FEM) to measure and drive improvements.</p> <p>Conduct several campaigns and awareness programs, including the Act for our Environment initiative coinciding with World Environment Day on June 5 every year.</p> |  |

## APPENDIX 6: SYNOPSIS OF MATERIAL TOPICS

| MATERIAL TOPIC   |   | EXPLANATION AND ITS BOUNDARIES   | STRATEGIC GOALS  | MANAGEMENT APPROACH AND COMPONENTS  | RELATED SDGS  |
|--|---|--|--|---|---|
| <b>Social</b><br> | <ul style="list-style-type: none"> <li>Fair and Safe Work Environment</li> <li>Learning and Development</li> <li>Human Rights</li> <li>Local Communities</li> </ul> | <p>We strive to be responsible for our impact on society. We believe that generating sustainable livelihoods, developing human resources and positively impacting society at large, is key to business and something worth striving for.</p> | <ul style="list-style-type: none"> <li>→ 35% Women at Management level by 2030</li> <li>→ 100% employees trained on ethics and sustainability by 2023</li> <li>→ Zero non-compliance on Ethical matters by 2025</li> <li>→ Aim for zero lost-time injuries by 2030</li> <li>→ Advocate maximum employee engagement in our CSER Initiatives:               <ul style="list-style-type: none"> <li>→ Act for community</li> <li>→ Act for environment</li> </ul> </li> <li>→ Quantify and increase impact on long-term CSR projects</li> </ul> | <p>We strive to continue having a positive impact on society at large, by generating sustainable livelihoods in our communities, and developing and upskilling our human resources. We also intend to continue our annual Act for our Community initiatives, driven by employees.</p> |        |



## APPENDIX 7: TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, BY GENDER AS AT DECEMBER 2020



### EMPLOYMENT & DIVERSITY

|            | PERMANENT  |  |   | TEMPORARY  |  |   | TOTAL  |
|------------|--|--|---|--|--|---|--------|
|            |  MALE |  FEMALE |  TOTAL |  MALE |  FEMALE |  TOTAL |        |
| MAURITIUS  | 2,640  | 1,664  | 4,304   | 0  | 0  | 0   | 4,304  |
| MADAGASCAR | 2,824  | 3,466  | 6,290   | 156  | 184  | 340   | 6,630  |
| ASIA       | 2,197  | 4,254  | 6,451   | 0  | 0  | 0   | 6,451  |
| TOTAL      | 7,661  | 9,384  | 17,045  | 156  | 184  | 340   | 17,385 |



## APPENDIX 8: NUMBER AND RATE OF NEW EMPLOYEE HIRES DURING THE REPORTING PERIOD, BY AGE GROUP AS AT JUNE YEAR END

| Gender  | Age band        | Total No of employees |           | No Turnover |           | No Recruitment |           |
|---|-----------------|-----------------------|-----------|-------------|-----------|----------------|-----------|
|   |                 | 2018-2019             | 2019-2020 | 2018-2019   | 2019-2020 | 2018-2019      | 2019-2020 |
|  | Male under 30   | 3,812                 | 3,217     | 1,359       | 1,550     | 1,991          | 1,752     |
|   | 30-50           | 4,176                 | 3,831     | 910         | 1,174     | 1,112          | 874       |
|   | over 50         | 517                   | 574       | 61          | 91        | 51             | 33        |
| Total Male  |                 | 8,505                 | 7,622     | 2,330       | 2,815     | 3,154          | 2,659     |
|  | Female under 30 | 4,284                 | 3,948     | 1,875       | 2,280     | 2,341          | 2,441     |
|   | 30-50           | 5,851                 | 6,094     | 1,451       | 1,703     | 1,855          | 1,778     |
|   | over 50         | 747                   | 756       | 80          | 91        | 56             | 36        |
| Total Female  |                 | 10,882                | 10,798    | 3,406       | 4,074     | 4,252          | 4,255     |
| Absolute Total  |                 | 19,387                | 18,420    | 5,736       | 6,889     | 7,406          | 6,914     |

| Gender  | Age band        | % out of total employees |           | Turnover rate per category |           | Recruitment rate per category |           |
|---|-----------------|--------------------------|-----------|----------------------------|-----------|-------------------------------|-----------|
|   |                 | 2018-2019                | 2019-2020 | 2018-2019                  | 2019-2020 | 2018-2019                     | 2019-2020 |
|  | Male under 30   | 20%                      | 17%       | 36%                        | 48%       | 52%                           | 54%       |
|   | 30-50           | 22%                      | 21%       | 22%                        | 31%       | 27%                           | 23%       |
|   | over 50         | 3%                       | 3%        | 12%                        | 16%       | 10%                           | 6%        |
| Total Male  |                 | 44%                      | 41%       | 27%                        | 37%       | 37%                           | 35%       |
| Total Male  |                 | 8,505                    | 7,622     | 2,330                      | 2,815     | 3,154                         | 2,659     |
|  | Female under 30 | 22%                      | 21%       | 44%                        | 58%       | 55%                           | 62%       |
|   | 30-50           | 30%                      | 33%       | 25%                        | 28%       | 32%                           | 29%       |
|   | over 50         | 4%                       | 4%        | 11%                        | 12%       | 7%                            | 5%        |
| Total Female  |                 | 56%                      | 59%       | 31%                        | 38%       | 39%                           | 39%       |
| Total Female  |                 | 10,882                   | 10,798    | 3,406                      | 4,074     | 4,252                         | 4,255     |
| Absolute Total  |                 | 100%                     | 100%      | 30%                        | 37%       | 38%                           | 38%       |
| Absolute Total  |                 | 19,387                   | 18,420    | 5,736                      | 6,889     | 7,406                         | 6,914     |



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