

Our Operating environment

Key trends impacting our business

A VOLATILE AND UNCERTAIN CONTEXT CAUSED BY COVID-19

Mauritius was hit by another wave of Covid-19 infections in March 2021, leading to a three-week lockdown and a slowdown in the economy. Despite a high vaccination rate, major economic indicators plummeted due to restrictions on international travel until October, coupled with the closure of public spaces, including schools, and the prohibition of gatherings. Interest rates remained low, financial institutions remained cautious in giving out credit, businesses experienced interrupted activities with high employee absenteeism, and consumer spending focused on essentials.

GDP growth \downarrow 14.9%

Inflation \uparrow 4%

Unemployment \uparrow 9.4%

Material risks

1, 3, 5, 8, 11, 13, 14, 21, 26

Strategic objectives

-  FINANCIAL RISK MANAGEMENT
-  BUSINESS PORTFOLIO MANAGEMENT
-  OPERATIONAL EFFICIENCY

Key trends impacting our business

A DEVASTATED TOURISM INDUSTRY

With travel bans and border closures still ongoing, the tourism and hospitality industries came to a near-halt. As labour-intensive sectors that contribute 20% to GDP and 50% to employment through ancillary businesses such as airlines, tour operators, restaurants, accommodation and shopping malls, the collapse in tourism led to negative spillovers in the entire economy, including a decline in foreign exchange. Tourist arrivals remained subdued even once borders reopened, partly due to France placing Mauritius on its Scarlet Red list for a few days.

Looking ahead, the war in Ukraine could also have a significant bearing on the industry's recovery.

Tourist arrivals \downarrow 41.8%

Forex \downarrow 6% (USD), 13% (GBP), 9% (EUR)

Material risks

1, 8, 9, 15, 21, 22, 23, 24

Strategic objectives

-  FINANCIAL RISK MANAGEMENT
-  BUSINESS PORTFOLIO MANAGEMENT

Our response

- \rightarrow We obtained our work access permits quickly and activated business continuity protocols, resuming work with no interruption to our activities.
- \rightarrow We introduced more accessible products and solutions to customers.
- \rightarrow We continued lending support to our stakeholders through moratoriums and relief packages.
- \rightarrow We reviewed our Group strategy, emphasising cash flow management and investments in favourable growth areas.
- \rightarrow We demonstrated strong levels of resilience and remained well capitalised, liquid and profitable. This is largely driven by prudent risk management practices.

Main clusters impacted



Our response

- \rightarrow With the hotel remaining shut for most of the year, we used this time to strengthen our value proposition around sustainability and attract an increasing number of local guests
- \rightarrow We are restructuring the Real Estate cluster to increase its strategic importance for the Group.
- \rightarrow The weakened Mauritian Rupee significantly hiked up our costs in obtaining goods and services transacted in USD and Euros, prompting us to make judicious use of our financial resources.

Main clusters impacted



Key trends impacting our business

DISRUPTED SUPPLY CHAINS AND INFLATION

Across the world, supply chains are facing severe disruptions with factories not running smoothly, airports remaining shut and shipping costs skyrocketing. Mauritius, like many other countries, is facing either shortages of essential products, or surges in the price of commodities. Inflation climbed to 4% in 2021, affecting the purchasing power of consumers, who are seeking every opportunity to reduce their spending in non-essential areas. Inflation is likely to further increase due to the war in Ukraine.

Freight cost \uparrow 156% between June 2020 and July 2021

Material risks

1, 3, 5, 14, 20, 21

Strategic objectives

-  FINANCIAL RISK MANAGEMENT
-  BUSINESS PORTFOLIO MANAGEMENT

Key trends impacting our business

ACCELERATION OF DIGITAL ADOPTION

Digital offerings have come to become an expectation in all industries, following restricted mobility imposed by authorities around the world. Businesses have had to adapt their business models and accelerate their digital transformation initiatives to meet the needs of today's customers, from offering omnichannel services and enhancing the customer experience, to automating internal processes and equipping their workforce with the tools to work remotely and service digital-savvy customers.

Material risks

3, 4, 5, 6, 13, 17, 18, 20

Strategic objectives

-  BUSINESS PORTFOLIO MANAGEMENT
-  OPERATIONAL EFFICIENCY

Our response

- \rightarrow We diversified our supply base to reduce our dependence on risky sources; we are also moving away from just-in-time inventory and carrying safety stock to ensure the uninterrupted supply of products and services. However, it will be challenging to find alternatives for sophisticated technology (microprocessors) generally sourced from China.
- \rightarrow We are adapting our products and pricing to new local needs, as much as possible.

Main clusters impacted



Our response

- \rightarrow We pursued our transformation into a leaner, more agile organisation through a model of shared services and synergised processes across all clusters; most businesses are equipped with fit-for-purpose software to optimise their workflows and customer relationships.
- \rightarrow We developed online payment platforms and e-commerce solutions, and strengthened our community engagement through social media platforms; we are developing a robust Fintech strategy for Emtel, which we will reveal in 2022.
- \rightarrow We have been investing in upgrading our infrastructure and expanding our network resilience and capacity, as maintaining high network quality and coverage is more critical than ever to support the rapid increase in digital usage.
- \rightarrow Continuous emphasis on training and skills to promote the development of an agile workforce.

Main clusters impacted



OUR OPERATING ENVIRONMENT

Key trends impacting our business

TRANSFORMATION OF THE WORLD OF WORK

How business is conducted, how people work and what employees expect have changed dramatically. Sectors like tourism and hospitality, for their part, are experiencing unprecedented levels of employee resignations. In 2021, waves of Covid-19 infections forced us to create rotating teams to minimise operational disruptions; remote working and hybrid work models have become the norm, leading to changes in office usage. In our second year of facing the pandemic, the workforce is dealing with poor mental health as they grapple with work, school, household duties and reduced incomes, all while facing uncertainty about the future. This context requires an agile approach to how we work and an increased focus on employee wellbeing and engagement.

Material risks

1, 2, 5, 8, 10, 13, 22

Strategic objectives

 BUSINESS PORTFOLIO MANAGEMENT

 OPERATIONAL EFFICIENCY

Key trends impacting our business

EVOLVING ENVIRONMENTAL, SOCIETAL AND GOVERNANCE EXPECTATIONS

The pandemic has amplified the urgent need for businesses to play a more active role in tackling environmental and social challenges. As an island-nation, Mauritius is at the forefront of climate change; at the same time, Covid-19 has exposed the fragility of our social structure and has reversed much of the progress made in our communities over the last few years. Despite being removed from the FATF's grey list, Mauritius' reputation and credibility as a reliable international financial centre was seriously impacted.

Sound governance and compliance have become front and centre to restore the island's competitiveness and reputation as a compliant and trusted destination.

Material risks

2, 5, 8, 9, 10, 22, 24

Strategic objectives

 SUSTAINABILITY FOCUS

Our response

- We created and launched the CJ Employee Wellbeing Programme, which grants employees access to psychologists through a 24/7 hotline, fitness classes and a library of useful videos/articles. This ensures high levels of fulfilment and engagement even while employees work remotely.
- Our teams across CJ Group collaborate on projects, which increasingly require inter-cluster knowledge and skills. To support this, the office environment has become more collaborative and cross-functional.
- We strive to create an inclusive and diverse workplace that promotes equality across genders, cultures and ages. We have a zero-tolerance approach to bias, harassment and discrimination.
- We relocated certain offices and renovated others to keep our teams inspired and motivated; we also make use of a co-working space, accessible to employees all across CJ Group

Main clusters impacted



Our response

- We created Trampoline, a social impact accelerator designed to support businesses with social and environmental goals. We are also part of the Katapult Mauritius Accelerator programme, the first African accelerator focusing on the transformation of food systems in the region.
- ESG concerns form part of the Group's long-term strategy, adhered to by all business units. All of them invest in sustainable solutions to offset their negative impact, as much as possible. We also align ourselves with the highest international and local sustainability frameworks to meet our goals. *Sustainability report on pages 118-133*
- We proactively monitor the evolving regulatory landscape, and embed good corporate governance practices and ethics across our businesses. We have also enhanced our KYC and due diligence processes. We view this as an opportunity to future-proof our business.

 Corporate Governance report on pages 142-179

Main clusters impacted

