

Good governance: accelerating growth and sustainable development

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January 7 2019



Good governance principles and a management infrastructure are vital to reflection on sustainable development requirements and to ensuring they are properly applied. It is the very essence of a participatory system, through its requirements for consultation, cooperation, collaboration and partnership between the various stakeholders. In addition to regulatory requirements, the governance system established by CIEL Group provides a framework for the implementation of its strategy and is crucial to the achievement of its environmental and social objectives.

PS&D

This article is an excerpt from Issue 30 :
Corporate governance

As with any company partly governed by a certain legal framework, CIEL is composed of a Board of Directors. The Board is responsible for the good governance of the company and supervises its conduct and its Business, with the aim of creating sustainable value for stakeholders. It takes responsibility for running the business, ensuring that the strategic guidelines and management structures are in place to comply with legal and regulatory requirements. In this respect, several committees have been set up as subcommittees of the Board of Directors: Audit & Risk Committee; Strategic & Advisory Committee; Corporate

A STRUCTURE WORKING FOR SUSTAINABLE DEVELOPMENT

In its operation, the Board of Directors delegates certain roles and responsibilities to these subcommittees. While the Board maintains overall responsibility, the subcommittees examine certain subjects in detail, then report on the questions discussed, decisions taken, and, as and when necessary, make recommendations to the Board on subjects requiring its approval. Minutes are drawn up of the meetings of the Board and subcommittees and the Chairpersons of each subcommittee report to the Board of Directors on their activities.

CIEL Group has decided to go beyond legal and regulatory requirements by creating an Environmental and Social Subcommittee with many responsibilities. They include the definition and validation of the Group's environmental and social policies; the definition and validation of the ESG system; the supervision and implementation of environmental and social action plans; the identification and management of the environmental and social risks of each of the main subsidiaries and companies in the portfolio; the definition of the actions required in terms of environmental and social objectives; the report on the environmental and social performance of the company and relevant subsidiaries.

This Subcommittee is composed of its Chairperson, the Group Chief Executive, senior executives from headquarters, a representative from PROPARCO, and a representative from each of the Group's five strategic clusters (agro & property, textile, hotels and resorts, finance and healthcare). This allows the entire company to be involved in the process.

Several committees have been set up as subcommittees of the Board of Directors: Audit & Risk Committee; Strategic & Advisory Committee; Corporate Governance, Ethics, Nomination & Remuneration Committee; Corporate Sustainability Committee.

To strengthen the system, this institutional framework has been complemented by the creation of environmental and social committees in each strategic cluster. This anchors sustainable development in the management practices of the entire Group and ensures that the issues, problems and processes related to sustainable development are taken into account at the highest level.

⊕ Governance structure of CIEL



Source: CIEL Group, 2018.

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INVOLVING THE VARIOUS ACTORS

The approach deployed by CIEL Group, and supported by PROPARCO, has played a major role in the implementation of this governance structure. On the basis of three key principles (ownership, pragmatism and continuous improvement), it has made it possible to involve the main actors concerned by the Group's sustainable development policy and action plans and, at the same time, determine the needs and priorities of the subsidiaries.

In more practical terms, CIEL initially organized a forum on sustainable development comprising all of the Group's senior managers (120 executives, a first). The aim was to initiate a dialogue and a path towards a common objective, while maintaining a participatory and collaborative spirit given the diversity and decentralization of decision-making which characterize CIEL. It was subsequently necessary to raise awareness of sustainable development issues and establish a network on a voluntary and gradual basis. The aim was to end up with a consultation, collaboration and decision-making mechanism with, ultimately, the creation of committees and working groups (environmental and social) at various levels. The increased presence in the field of a team from headquarters made it possible to instill the reflection process, steer and support the subsidiaries and identify needs, in order to gain a pragmatic understanding of the issues and relevant processes suited to each business sector.

While it now seems clear that sustainable development requires the integration of economic, social and environmental objectives, adopting a common vision was not an easy task and the role which governance had to play within sustainability remained poorly understood. Difficulties arose due to various reasons and circumstances.

Firstly, the great diversity of the Group (in terms of activities, geographical location and markets) made it difficult to come up with a common definition of sustainable development. Secondly, the implementation of the structure for a long time appeared to be unclear, complex and with no great added value compared to the existing mechanism. It was necessary for everyone to find some benefit in it, by gradually adopting certain principles. The implementation of this structure, via committees, initially promoted collaboration between functions (particularly financial, human resources and environmental engineering) which, up until then, had worked separately, then subsequently the adoption of principles and the handling of the environmental and social measures and good practices.

WHAT ARE THE BENEFITS FOR THE COMPANY?

This governance structure has established a collaborative platform, promoting a collective awareness of sustainable development issues, which has subsequently led to the creation of consultation and collaboration mechanisms, eventually bringing about common initiatives.

Adhering to good governance rules, particularly for environmental and social matters, gives a certain credibility and confidence to many stakeholders.

In the case of CIEL, the principle of good governance lays down a framework which requires a great deal of rigor. This obliges the company to adopt a more structured and methodical approach to the implementation of the environmental and social objectives. Good governance also requires involving a whole host of actors.

Consequently, the integration of sustainable development issues into our subsidiaries in our portfolio gradually emerged as being everyone's business, and not the responsibility of just one individual or department. This has gradually led to the ownership and management of the ins and outs and the empowerment of teams, allowing the sharing of good practices and the joint definition of common

parameters and projects related to sustainable development, thereby creating group dynamics.

In certain cases, the governance system has also promoted a more in-depth approach, allowing the subsidiaries to show greater resilience to any apprehension over new challenges, or to respond to developments in their respective markets.

Finally, adhering to good governance rules, particularly for environmental and social matters, gives a certain credibility and confidence to many stakeholders. To employees, of course, but also clients, investors and the other economic partners.

The governance structure of CIEL Group is subject to a continuous improvement strategy and is intrinsically necessary to the strategic management of sustainable development, the pursuit of short, medium and long-term objectives and the operational effectiveness of environmental and social issues and processes in order to sustainably develop the company.

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