

Corporate governance report

STATEMENT OF COMPLIANCE

(AS PER SECTION 75(3) OF THE FINANCIAL REPORTING ACT)

The Board of Directors of The United Basalt Products Limited confirms that to the best of their knowledge, the Company has complied with all its obligations and requirements under the Code of Corporate Governance 2004 (the “Code”) for the year ended June 30, 2017 except for Section 2.8 (Remuneration of Directors) of the Code. The reason for non-compliance to this section is included under the relevant heading on page 63 of this report.

On behalf of the Board



MARC FREISMUTH
Chairman



STÉPHANE ULCOQ
Chief Executive Officer

September 21, 2017

The United Basalt Products Limited was incorporated as a public company in July 1953. The shares of the Company are listed on the Official Market of the Stock Exchange of Mauritius Ltd since 1989.

The Board of Directors acknowledges that the Code of Corporate Governance (the “Code”) sets out the best practices in terms of corporate governance. This report describes how the main corporate governance principles under the Code of 2004 have been applied within the Company.

SHAREHOLDING STRUCTURE

The shareholding structure of the Group at June 30, 2017 is as detailed on page 26. The share capital of the Company amounts to Rs. 265,100,420 made up of 26,510,042 ordinary shares of no par value.

The Company has as Holding Company IBL Ltd (formerly known as GML Investissement Ltée) incorporated in Mauritius.

COMMON DIRECTORS

The list of common Directors with the shareholder companies holding more than 5% of the share capital of the Company at June 30, 2017 was as follows:

Director's	UBP	IBL Ltd*
Yann Duchesne	●	●
Arnaud Lagesse	●	●
Thierry Lagesse	●	●

*Formerly known as GML Investissement Ltée.

SUBSTANTIAL SHAREHOLDERS

The shareholders holding more than 5% of the share capital of the Company at June 30, 2017 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd <i>(formerly known as GML Investissement Ltée)</i>	8,785,100	33.14
National Pensions Fund	1,328,273	5.01

Except for the above, no other entity or individual had an interest of 5% or more in the ordinary share capital of the Company.

Corporate governance **report**

SHAREHOLDING PROFILE

The share ownership and categories of shareholders at June 30, 2017 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	2,245	260,401	0.98
501 – 1,000	343	249,311	0.94
1,001 – 5,000	695	1,656,135	6.25
5,001 – 10,000	213	1,499,344	5.65
10,001 – 50,000	219	4,205,283	15.86
50,001 – 100,000	35	2,443,229	9.22
100,001 – 250,000	13	1,786,312	6.74
250,001 – 1,000,000	10	4,296,654	16.21
Over 1,000,000	2	10,113,373	38.15
Total	3,775	26,510,042	100.00

Category of shareholders	Number of shareholders	Number of shares owned	Percentage (%)
Individuals	3,402	7,717,068	29.11
Insurance and assurance companies	22	1,613,167	6.09
Pension and providence funds	75	4,149,381	15.65
Investment and trust companies	58	996,455	3.76
Other corporate bodies	218	12,033,971	45.39
Total	3,775	26,510,042	100.00

SHARES IN PUBLIC HANDS

In accordance with the Listing Rules of the Stock Exchange of Mauritius Ltd, at least 25% of the shareholding of the Company is in public hands.

SHARE REGISTRY AND TRANSFER OFFICE

The Company's Share Registry and Transfer Office is administered in-house.

SHARE PRICE INFORMATION

The Company's share price increased by 38.55% over the past financial year, from Rs 83.00 at June 30, 2016 to Rs 115.00 at June 30, 2017, whilst the SEMDEX increased by 21.14% over the same period.

At the time of writing, the share of the Company is quoted at Rs 118.50 on the Official Market of the Stock Exchange of Mauritius Ltd compared to Rs 87.00 on September 27, 2016, date of the preceding Annual Report. The Price Earnings Ratio (PER) is at 22.96, the Dividend Yield at 2.75% and the Price to Net Assets Value (NAV) at 1.19.

Please refer to Financial Highlights and Ratios on pages 27 and 28 for indicators, the share price movements over the past five years to June 30, 2017 and a comparison of the Company's share price movement to the SEMDEX over the past financial year.

TOTAL SHAREHOLDERS' RETURN AND MARKET DATA

		2013	2014	2015	2016	2017
Total Shareholders' Return						
Share price at the end of the current year	Rs	98.00	84.00	85.00	83.00	115.00
Share price at the end of the previous year	Rs	108.00	98.00	84.00	85.00	83.00
Increase/(Decrease) in share price	Rs	(10.00)	(14.00)	1.00	(2.00)	32.00
Dividend per share	Rs	3.00	2.75	2.75	3.00	3.25
Total return per share	Rs	(7.00)	(11.25)	3.75	1.00	35.25
Total return based on previous year's share price	%	(6.48)	(11.48)	4.46	1.18	42.47
Market Data		2013	2014	2015	2016	2017
Market price per share:						
High	Rs	107.00	98.00	90.00	85.00	115.00
Low	Rs	90.00	81.00	73.50	73.75	81.50
Average	Rs	98.83	90.47	82.15	78.86	96.04
Share price at the end of the current year	Rs	98.00	84.00	85.00	83.00	115.00
Value of shares traded	Rs'm	216.52	178.16	119.93	61.66	81.11
Market capitalisation at June 30,	Rs'm	2,597.98	2,226.84	2,253.35	2,200.33	3,048.65

Corporate governance **report**

DIVIDEND POLICY

The Company has no formal set dividend policy. The payment of dividend is subject to the Company's performance, its cash flow position, its capital expenditure and debt servicing requirements as well as its foreseeable investments and growth opportunities. In so doing, the Board of Directors attempts to distribute a yearly dividend which, under normal circumstances, should remain sustainable in the medium to long term.

Based on results forecasts, the Company declares a final dividend in May each year provided the trend in the Group's profitability is firmly established. Accordingly, on May 8, 2017, the Company declared a dividend of Rs 3.25 per share in respect of the financial year 2016-2017. This dividend was paid on June 23, 2017 to all ordinary shareholders registered at close of business on May 25, 2017.

Please refer to Financial Highlights and Ratios on pages 27 and 28 for indicators and dividend paid per ordinary share over the past five years to June 30, 2017.

SHAREHOLDERS' AGREEMENT

At the time of writing, there is no shareholders' agreement to the knowledge of the Company.

ANNUAL MEETING OF SHAREHOLDERS

The Company's Annual Meeting is the main forum where the shareholders exercise their rights to decide on the Company's affairs and receive direct feedback from Board members. A number of Directors and Board Committee members normally attend the meeting to share insights pertaining to the operations, performance, strategies and perspectives of the Group and to answer any question relevant to the Company's affairs. Shareholders are encouraged to attend the meeting as it is an opportunity for them to glean valuable information as well as raise and discuss any matter relevant to the Company and its performance. The external auditors are also present at the meeting.

Besides the Annual Meeting, shareholders are informed in a timely manner of any relevant information concerning the Company and the Group such that they are able to take decisions in full

awareness of their implications. These communications are made either by announcements in the press, the publication of quarterly interim Abridged Group Financial Statements and disclosures in the Annual Report.

Furthermore, the Chief Executive Officer and the Group Finance Manager often meet institutional investors, financial analysts and fund managers upon request to discuss the state of affairs of the Group.

SHAREHOLDERS' CALENDAR OF EVENTS

Further to the financial year-end in June, the calendar of key events is as follows:

September	Publication of audited abridged group year-end results to June 30
November	Publication of unaudited abridged group first quarter's results to September 30
December	Annual Meeting of shareholders
February	Publication of unaudited abridged group half-year's results to December 31
May	Publication of unaudited abridged group third quarter's results to March 31
	Declaration of dividend
June	Payment of dividend

COMPANY'S CONSTITUTION

The shareholders adopted a new Constitution in 2004 which complies with the provisions of The Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius Ltd.

Its salient features are as follows:

- the Company has full capacity to carry on and/or undertake any business activity;
- the Company has full rights, powers and privileges;
- the Company may acquire and hold its own shares;
- fully paid up shares are transferable without restriction;
- the quorum for a meeting of shareholders is 6 shareholders present or represented and holding at least 35% of the share capital of the Company;

- the Board of Directors shall consist of not less than 7 or not more than 15 Directors;
- the quorum for a Board meeting is 4 Directors when the Board consists of 7 members and 5 Directors when the Board consists of more than 7 members;
- the Chairman has a casting vote in case of equality of votes at either a Board meeting or a shareholders' meeting;
- the Directors have the power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors does not at any time exceed the number fixed by the Constitution. Any Director so appointed shall hold office only until the next following Annual Meeting of shareholders and shall then be eligible for re-election;
- a Director is not required to hold shares in the Company;
- the Company may indemnify and/or insure any Director or employee of the Company or a related corporation.

BOARD OF DIRECTORS

The Board of Directors as a whole is responsible for the stewardship of the Group and is ultimately accountable for the affairs and overall performance of the Group. As such, the Board is committed to upholding the highest standard of integrity, accountability and transparency in the governance of the Group. Its primary role is to protect and enhance shareholders' interests and maximise long-term value creation by ensuring that proper systems and controls are in place to safeguard the Group's assets and good reputation. Referring to recommendations made by management, the Board identifies key risk areas and endorses the strategic directions to be pursued, approves the Company's investments, operating and capital expenditure budgets, monitors the implementation of strategies whilst maintaining an effective corporate governance framework. In so doing, the Board may delegate certain duties to Board Committees and to management.

The Directors perform their duties and exercise their powers to the extent permitted by law. They have the right to seek independent professional advice at the expense of the Company to enable them to discharge their responsibilities effectively.

The roles of the Chairman and of the Chief Executive Officer are clearly separated. The Chairman has no executive or management responsibilities and his main role is to lead and monitor effectively the work of the Board of Directors, to encourage active participation of Directors, to ensure smooth and timely flow of information to management and shareholders and to ensure the accurate documentation of proceedings. He is elected by the members of the Board and also acts as Chairman at shareholders' meetings. The Chief Executive Officer is responsible for the day-to-day management of the Group, preparing and recommending business development plans and budgets to the Board in line with the Group's long-term strategy and vision, making and implementing operational decisions, promoting the Group's business, achieving the Group's financial and operating goals and objectives and ensuring an effective management team.

All Directors, whether executive, non-executive or independent non-executive are bound by fiduciary duties. They have both a legal and moral duty to act independently, in good faith, with due care and skill, and without fetter or instruction. The Directors' Charter duly endorsed by the Board enables the Directors to better perform their duties and ensure that their contribution is fully effective and meets the standards expected from them in terms of independence, ethics and integrity. Non-executive and independent Directors perform their duties intermittently and have less regular access to the Company's books and records than executive Directors do but they play a particularly vital role in providing independent judgement in all circumstances. They are individuals of calibre and credibility and have the necessary skills and experience to constructively bring judgement, independent of management, on issues of strategy, performance evaluation, resources, transformation, equal opportunities and standards of conduct. Executive Directors on the other hand, manage the conflict between their management responsibilities and their fiduciary duties in the best interests of the Company.

Corporate governance **report**

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and for providing guidance and proper induction to Directors concerning their duties, responsibilities and powers.

The Company Secretary administers, attends and prepares minutes of all Board and shareholders' meetings. She assists the Chairman in ensuring that Board procedures are followed and that the Company's Constitution and relevant rules and regulations are complied with and in implementing and strengthening good governance and ethical practices and processes within the Group with a view to enhance long-term shareholders' value.

BOARD COMPOSITION

The Company's Constitution stipulates that the Board shall consist of a minimum of 7 and a maximum of 15 Directors.

The Company is currently headed by a unitary Board of 12 Directors comprising 6 Non-Executive Directors, 4 Independent Non-Executive Directors and 2 Executive Directors who are the Chief Executive Officer and the Group Finance Manager.

On February 8, 2017, Mr Yann Duchesne was appointed as Non-Executive Director to the Board of the Company, upon the recommendation of the Corporate Governance Committee.

Since March 31, 2017 Mr Marc Freismuth is no longer a Director on the Board of the companies within the IBL Group and is henceforth an Independent Non-Executive Director.

The Directors bring a wide range of experience and skills to the Board and ensure that their other responsibilities do not interfere with their responsibilities as Director of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

According to the Company's Constitution, the Board has the power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors at any time does not exceed the number

fixed by the Constitution. Any Director so appointed shall hold office only until the next following Annual Meeting of shareholders and shall then be eligible for re-election.

New Directors appointed to the Board are familiarised with the Company's operations, its business environment and senior management. They are also made aware of their fiduciary duties and responsibilities. A suitable induction of Directors ensures that the Company maintains a well-informed and competent Board and enables any new Director to make the maximum contribution as quickly as possible. In addition to this, all Directors are invited to enrol onto the Directors Development Programme (DDP) of the Mauritius Institute of Directors (MlOD) which provides a complete range of training relevant to the role and responsibilities of Board members.

During the year ended June 30, 2017, Mr Yann Duchesne was appointed as Director to the Board. In accordance with Clause 23.5(a) of the Company's Constitution, a resolution will be submitted at the forthcoming Annual Meeting of shareholders of the Company for the election of Mr Duchesne to continue to hold office as Director of the Company until the next Annual Meeting of shareholders.

In accordance with Section 138(6) of the Companies Act 2001, two separate resolutions will be submitted at the forthcoming Annual Meeting of shareholders of the Company for the re-election of Messrs E. Jean Mamet and Jean Claude Maingard, aged above 70, to continue to hold office as Directors of the Company until the next Annual Meeting of shareholders.

The Corporate Governance Committee, in its role as Nomination Committee, is responsible for the review of the composition of the Board of Directors and Board Committees and to make recommendations to the Board for the re-election of Directors and for the approval of candidates to fill any vacancy arising on the Board and on Board Committees or as an addition to the existing Directors. Upon the recommendation of the Corporate Governance Committee, the Board has endorsed a Succession Planning Policy for Directors in February 2017 in order to ensure a proper diversity and an appropriate balance of knowledge, skills and experience on the Board. The objective of the Policy is to ensure the orderly identification and selection of new Directors in the event of an anticipated or unanticipated departure of a Board member, or if there is a need to appoint new Directors, for

instance to comply with new regulations, and thereby safeguard the continued effective performance of the Company through leadership continuity.

The Company's Constitution does not provide for the rotation of Directors. The Code of Corporate Governance provides that each Director should be elected or re-elected every year at the Annual Meeting of shareholders.

Although being of the opinion that the holding of office by Directors relies on their experience and knowledge of the Group's activities to ensure that they exercise the appropriate degree of leadership, skill and judgement required to achieve a sustainable performance

over the years, the Corporate Governance Committee has decided to comply with the Code and to include the re-election of all Directors at the agenda of the Annual Meeting of shareholders of the Company. In addition, the Board continuously encourages its members to acquire new skills.

DIRECTORS' PROFILES

Please refer to Directors' Profiles on pages 10 to 13 for an update of their profiles.

DIRECTORS' DIRECTORSHIPS

The directorships of the Directors of the Company in other companies listed on the Official Market of the Stock Exchange of Mauritius Ltd at June 30, 2017 were as follows:

	AL	BLL	BMHL	IBLL	IGF	LUX	MEI	PBL
Directors								
Marc Freismuth			●					
Yann Duchesne				●				
Laurent de la Hogue						●	●	
Arnaud Lagesse	●	● *		●		● *		● *
Stéphane Lagesse						●		
Thierry Lagesse	●			●		●		●
E. Jean Mamet					●			

* : *Chairman*

Abbreviations:

AL – Alteo Limited
 BLL – BlueLife Limited
 BMHL – Belle Mare Holding Ltd
 IBLL – IBL Ltd

IGF – Ipro Growth Fund Ltd
 LUX – LUX* Island Resorts Ltd
 MEI – Mauritian Eagle Insurance Co. Ltd
 PBL – Phoenix Beverages Limited

The other Directors of the Company did not have any directorships in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd at June 30, 2017.

Corporate governance **report**

DIRECTORS' AND SENIOR OFFICERS' INTERESTS AND DEALINGS IN SHARES

The Directors' and Senior Officers' interests in the ordinary shares of the Company are set out in the table on page 74 of Other Statutory Disclosures.

In June 2016, the Share Dealing Policy of the Company was endorsed by the Board. This document sets out the Group's policy in respect of dealings in the shares of the Group's companies by Directors, designated employees and their associates. The purpose of the policy is to provide clear guidance on the practice to be followed when dealing in the shares of the Group's companies, connected by business or common shareholding, to avoid any beneficial misuse of price-sensitive information. In accordance with its terms, the Share Dealing Policy is currently being reviewed to ensure that it is effective in ensuring accurate and timely compliance with the relevant prevailing laws in Mauritius.

The Directors of the Company use their best endeavours to abide by the principles set out in the Share Dealing Policy of the Company and in the Model Code on Securities Transactions by Directors as stipulated in Appendix 6 of the Listing Rules of the Stock Exchange of Mauritius Ltd. All newly appointed Directors are required to notify the Company Secretary in writing about their direct and indirect holdings in the shares of the Company although, as per the Company's Constitution, a Director is not required to hold shares in the Company.

Subsequently, any Director willing to deal in the shares of the Company should notify the Chairman of the Board and obtain a written acknowledgement before proceeding further.

The Directors and Senior Officers of the Company are prohibited from dealing in the shares of the Company for a period of one month preceding the publication of the group's quarterly and yearly financial statements and prior to the announcement of a dividend payment or other distribution and more generally, at any time when in possession of unpublished price-sensitive information relevant to the Company.

During the year under review, Mr François Boullé acquired 26,270 shares from his associate whereas one of the associates of Mr E. Jean Mamet transferred 1,900 shares to another of his associates. Except for the aforesaid transactions, none of the Directors dealt in

the shares of the Company, either directly or indirectly, as shown in the table on page 74 of Other Statutory Disclosures.

Furthermore, pursuant to the provisions of The Securities Act 2005, the Company is registered as a reporting issuer with the Financial Services Commission (FSC) since 2008 and its insiders are identified according to the definitions within the Act. All insiders and their associates are required to disclose their interest in the shares of the Company and in those of the associates of the Company. Any movement thereon is being recorded and notified to the Commission as and when they occur. In addition, the abridged group quarterly financial statements and the audited financial statements for the year are sent to the Commission in accordance with Section 88 of the Act.

DIRECTORS' AND SENIOR OFFICERS' INSURANCE AND INDEMNIFICATION

The Directors and the Secretary of the Company benefit from an indemnity insurance cover for liabilities incurred while performing their duties, to the extent permitted by law.

BOARD EVALUATION

At the initiative of the Corporate Governance Committee, a Board evaluation, in the form of a questionnaire inspired from the MIOd model and covering the key aspects of the Board's function, was carried out this year. The questions were mainly categorised as follows:

- The functions of the Board
- The size, composition and independence of the Board
- Board meetings and Chairman's appraisal
- Directors' individual evaluation
- The financial and operating reporting
- Compliance and ethical framework
- Risk assessment
- Shareholder and corporate communications

All the members of the Board were consulted and the duly analysed results were communicated to enable the Board to take appropriate actions to improve its effectiveness and its functioning.

BOARD MEETINGS

The Chairman and the Chief Executive Officer, assisted by the Company Secretary, are responsible for fixing the agenda and the date for each Board meeting. Certain matters are considered at all Board meetings such as the latest available management accounts, business and operations updates and where applicable, reports from the Corporate Governance Committee, the Audit Committee and the Risk Monitoring Committee. In addition to standing agenda items, there may be discussions on some specific topics related to the Company's business or strategy. The Board promotes open discussions and constructive debates during meetings. Special meetings may also be called from time to time as required. The minutes of proceedings of each Board meeting are recorded and entered in the Minutes Book by the Company Secretary and are submitted for approval at each following meeting of the Board.

The quorum for Board meetings is 4 Directors when the Board consists of 7 members and 5 Directors when the Board consists of more than 7 members. In case of equality of votes, the Chairman has a casting vote.

Directors are expected to spend the time and effort necessary for them to properly discharge their responsibilities. Accordingly, they are expected to regularly prepare for and attend meetings of the Board and all Committees on which they sit with the understanding that, on occasion, they may be unable to attend a meeting. The attendance record of Board meetings for the year under review is as shown on page 63.

The Board met six times this year to examine, consider, discuss or approve, inter alia the following items listed chronologically:

- the activity reports of the Chief Executive Officer;
- the performance of our investment in Zambia and the proposed increase in stake;
- the review of our operational strategy in Sri Lanka;
- the potential investment opportunities within the Group;
- the audited group financial statements, the audited abridged group financial statements and the Annual Report for year ended June 30, 2016;
- the review of the remuneration of Directors and members of Board Committees;
- the abridged group financial statements for the quarters to September 30, 2016, December 31, 2016 and March 31, 2017;
- the risk management and business continuity framework for the Group;
- the restructuring of the Group;
- the recommendations of the Corporate Governance Committee, the Risk Monitoring Committee and the Audit Committee;
- the new Group Remuneration Policy, Environment and Community Policy and Succession Planning Policies for employees and Directors;
- the appointment of a Non-Executive Director;
- the Risk Monitoring Committee Charter;
- the declaration of a dividend; and
- the operating and capital expenditure budgets for the financial year 2017–2018.

BOARD COMMITTEES

In order to fulfil its obligations and duties, the Board delegates certain duties and responsibilities to Board Committees to ensure a more comprehensive evaluation of specific matters. This delegation does not however reduce the overall responsibilities of the Board.

In line with the requirements of the Code, the Corporate Governance Committee and the Audit Committee were set up in 2005 with clearly defined terms of reference. In November 2015, a Risk Monitoring Committee was also constituted to focus on risks within the Group. These Board Committees report regularly to the Board on their activities and make recommendations thereof for its approval.

The Board Committees are authorised to obtain, at the Company's expense, professional advice both within and outside the Company in order for them to perform their duties.

The minutes of each Board Committee meeting are submitted for consideration and approval at the following meeting and are accessible to all members of the Board of Directors.

Corporate governance **report**

CORPORATE GOVERNANCE (NOMINATION AND REMUNERATION) COMMITTEE

The composition of the Corporate Governance Committee is as follows:

Chairman	Joël Harel
Members	Marc Freismuth Thierry Lagesse

As per the Code's aspiration, the Corporate Governance Committee is chaired by an Independent Non-Executive Director whilst the members are Non-Executive Directors.

The mandate of the Corporate Governance Committee is to devise the policy on Corporate Governance in accordance with the principles of the Code, to advise and make recommendations to the Board of Directors on all aspects of Corporate Governance and to report to shareholders on compliance with the provisions of the Code.

The Corporate Governance Committee is also responsible for Nomination and Remuneration aspects of the Code and its functions are as follows:

- In its role as Nomination Committee, it reviews the structure, size and composition of the Board, it ensures the right balance of independence, skills and expertise on the Board, it assesses and evaluates the role and independence of each current and potential Director and makes recommendations to the Board for the election and re-election of Directors and for matters relevant to succession planning.
- In its role as Remuneration Committee, its terms of reference include inter alia the development of the Group's general policy on executive and senior management remuneration including the definition of performance measurement criteria and specific remuneration packages for Executive Directors and senior management and the making of recommendations to the Board on all aspects of remuneration.

In accordance with the Code, the Committee considers an Independent Director as one who:

- is not a representative or member of the immediate family of a shareholder who has the ability to control or significantly influence the Board or management;
- has not been employed by the Company or the group of which the Company currently forms part in any executive capacity for the preceding three financial years;
- is not a professional advisor to the Company or the group of which the Company currently forms part other than in a Director capacity;
- is not a significant supplier to, debtor or creditor of, or customer of the Company or the group of which the Company currently forms part, or does not have a significant influence in any group related company in any one of the above roles;
- has no significant contractual relationship with the Company or the group of which the Company currently forms part;
- is free from any business or other relationship which could be seen to materially impede the individual's capacity to act in an independent manner.

The Committee met seven times during the financial year 2016-2017 to, inter alia,:

- determine, discuss and approve the remuneration of the Chief Executive Officer, Senior Officers, Directors, Committee members and the staff in general;
- examine and take decisions on corporate governance compliance issues;
- consider the key issues applicable to the Company and to the Group under the new National Code of Corporate Governance 2016 and approve a work plan related thereto;
- recommend a Board evaluation exercise;
- follow-up claims made for constructive dismissal by ex-employees of the Company;
- consider and recommend to the Board for approval the Succession Planning Policy for executives and Directors, the Group Remuneration Policy and the Group Environmental and Community Policy;
- consider and approve the position statements for key governance positions;

- approve and monitor the recruitment of a Group Business Development Manager and a Group Procurement and Asset Manager;
- recommend to the Board the nomination of a Non-Executive Director;
- consider and recommend to the Board for approval the Risk Monitoring Committee Charter;
- consider a review of the pension scheme for the Group; and
- consider and recommend to the Board the following facilities to shareholders:
 - Dividend direct credit facility;
 - Receipt of Annual Report and corporate communications in soft copy.

The Corporate Governance Committee confirms that it has assumed its responsibilities in accordance with its terms of reference for the year under review.

The attendance record of Committee meetings for the year under review is as shown on page 63. A quorum of two members is currently required for a Corporate Governance Committee meeting. The two Executive Directors are in attendance at almost all meetings of the Committee.

The remuneration of the Chairman and of each member of the Corporate Governance Committee for the year ended June 30, 2017 amounted to Rs 100,000 (2016: Rs 100,000) and Rs 75,000 (2016: Rs 75,000) respectively.

AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

Chairman	E. Jean Mamet
Members	François Boullé Joël Harel

As recommended by the Code, the Chairman of this Committee is an Independent Non-Executive Director similarly to the two members. The Board of Directors is of the view that the members of the Committee have sufficient financial management knowledge and experience to discharge their responsibilities properly.

The main duty of the Committee is to ensure the integrity of accounting and financial reporting and to review internal control systems and procedures in order to assist the Board of Directors in carrying out its responsibilities. The Committee also monitors the role and scope of work of internal and external auditors and ensures compliance with legal and regulatory provisions. The Committee has the authority to conduct or authorise investigations into any matter within its scope of responsibilities and to engage any firm of professionals it deems fit to provide independent expert advice. The Committee has full access to all management personnel and can call upon any member of management and staff or any member of the Board to attend its meetings.

The Committee met five times during the financial year 2016-2017, mainly to:

- review and recommend to the Board for approval the audited group financial statements, the Annual Report and the audited abridged group financial statements for year ended June 30, 2016;
- review and approve the Internal Audit Plan presented by Messrs BDO & Co. for 2016-2018;
- review and consider IBL Treasury Management Agreement;
- review and consider the rotation of external auditors;
- re-appoint and fix the remuneration of Messrs Ernst & Young as external auditors;
- review and recommend to the Board for approval and publication the unaudited abridged group quarterly financial statements to September 30, 2016, December 31, 2016 and March 31, 2017;
- review the second Compliance Report from Abax Corporate Services Ltd which listed various Acts and Regulations to which the Company and the Group should abide;
- review the internal audit reports of Messrs BDO & Co.; and
- review the external audit Management Letters from Messrs Ernst & Young for 2016.

In so doing, the Committee reviewed internal control systems and procedures in place at all the subsidiary companies within the Group.

Corporate governance report

AUDIT COMMITTEE (CONT'D)

The Audit Committee confirms that it has assumed its responsibilities in accordance with its terms of reference for the year under review.

The attendance record of Committee meetings for the year under review is as shown on page 63. A quorum of two members is currently required for an Audit Committee meeting. The Group Finance Manager is in attendance at all meetings of the Committee whilst the Chief Executive Officer, the internal and external auditors and some members of the management attend the meetings by invitation depending on the agenda.

The remuneration of the Chairman and of each member of the Audit Committee for the year ended June 30, 2017 amounted to Rs 150,000 (2016: Rs 150,000) and Rs 100,000 (2016: Rs 100,000) respectively.

RISK MONITORING COMMITTEE

The composition of the Risk Monitoring Committee is as follows:

Chairman	François Boullé
Members	E.Jean Mamet Christophe Quevauvilliers Stéphane Ulcoq

As recommended by the Code, the Risk Monitoring Committee is chaired by an Independent Non-Executive Director. Its members comprise of an additional Independent Non-Executive Director and two Executive Directors, namely the Chief Executive Officer and the Group Finance Manager, the latter also acting as the Risk Officer.

The revised version of the Risk Monitoring Charter was approved by the Board in May 2017. The role of the Committee is to assist the Board in the discharge of its duties relating to the setting up and monitoring of the risk governance process, including setting the risk appetite and monitoring relevant risk portfolios and management's performance against such risk appetite. The Committee is mainly responsible for the approval of risk management policies for recommendation to the Board, the review and assessment of the integrity of risk control systems and

the assurance that the risk policies and strategies are effectively managed. The Committee shall also provide to the Board an independent and objective oversight of the financial, business and strategic risks of the Company and of the Group.

The key duties of the Risk Monitoring Committee include the monitoring of the Group's risk portfolios against the risk appetite set by the Board, the review of the adequacy, implementation and overall effectiveness of the Group's risk function including management and both internal and external auditors, the assessment of legal matters that could have a significant impact on the Group's operations and the review of internal and external auditors' reports on significant exposures to risk.

The Committee is also responsible for the review of key risks such as industry risks, operational risks, technology risks, country risks and financial risks. Operational risks include human resources risks, fraud risks, physical risks, business continuity risks and reputational risks.

The Committee has access to all relevant information it requires to fulfil its responsibilities and is authorized to seek professional advice, both inside and outside the Company, as considered necessary to perform its duties.

The Committee met four times during the financial year 2016-2017, mainly to:

- define its Charter;
- assess and review the Group's risks;
- receive and consider the report of Messrs BDO & Co. on the Group's 'Enterprise Risk Management' and 'Business Continuity Plan' exercise; and
- consider the risk heat maps for presentation to the Board.

The attendance record of Committee meetings for the year under review is as shown on page 63. A quorum of three members is currently required for a Committee meeting.

The remuneration of the Chairman and of each member of the Committee for the year ended June 30, 2017 amounted to Rs 75,000 (2016: Rs 75,000) and Rs 50,000 (2016: Rs 50,000) respectively.

INTERNAL AUDIT FUNCTION

The internal audit function is responsible for providing independent, objective assurance to the Board regarding the implementation, operation and effectiveness of internal control systems and risk management. The objective is to ascertain the extent of compliance to procedures, policies, regulations and legislation, to facilitate proper risk management practices and to recommend improvements in control, performance and productivity within the Group.

In April 2015, Messrs BDO & Co. were engaged to assume the internal audit function within the Group. The 2-year internal audit plan, as approved by the Audit Committee, sets out the extent of coverage attributable to each business process cycle within the organisation depending on the degree of risk. The methodology used is based on the selection of specific business cycles, the identification of inherent risks, the verification of key controls in place in view of eliminating or reducing the risks to an acceptable level, the verification of the said controls to ensure they are operating satisfactorily, the performance of walkthrough tests on procedures and processes and the formulation of necessary recommendations.

This year again, no material financial problems were identified which would materially affect the figures reported in the financial statements. The recommendations are being implemented gradually by management under the close follow-up of our internal auditors.

Further to recommendations from the Audit Committee, the Board of Directors has reiterated its intention to have its own internal audit team to ensure a more extensive coverage of all business process cycles and better assess the effectiveness of recommended procedures and controls within the Group.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors recognises effective risk management as a core competency and is ultimately responsible for the setting up and monitoring of the risk governance process, including setting the risk appetite, and the adequacy and effectiveness of the internal control system which is designed to manage the risk of failure to achieve business objectives.

The Group promotes a risk culture, whereby the related set of objectives, policies and practices are shared across the organisation. The management is responsible for the implementation of internal control and risk management systems under the supervision of the Risk Monitoring Committee to ensure their effectiveness. Such systems must ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented. The Board relies on the internal and external audit functions to report on any weaknesses and to make recommendations via the Audit Committee and as relevant, to the Risk Monitoring Committee, the objective being to ensure the effective and efficient use of available resources and ascertaining the accuracy of information used in the preparation of financial statements.

Enterprise Risk Management Framework

The Board of Directors engaged Messrs BDO & Co. to implement an Enterprise Risk Management (ERM) framework and a Business Continuity Management (BCM) plan within the Group with a view to fully identify, measure, assess and mitigate our exposure to risks. The aim of this mission is to enable the Group to manage risks in an efficient and effective manner, to deliver increased shareholder value and to promote a performance culture and effective decision-making.

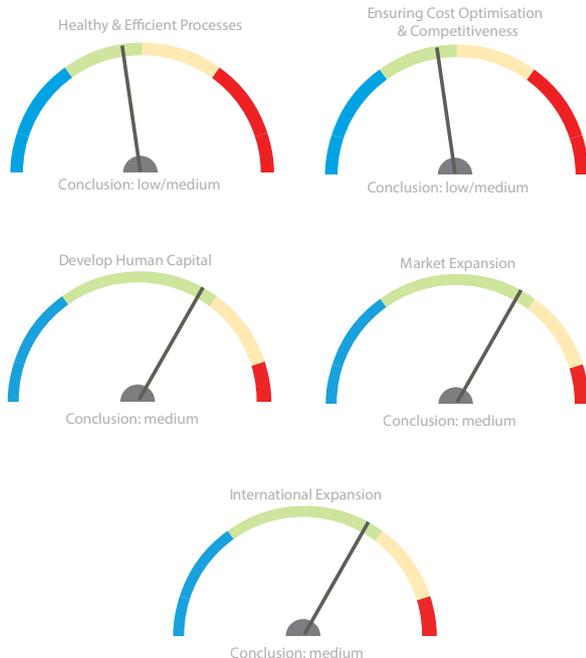
The Group followed “ISO 31000/2009 Risk Management Principles and Guidelines” in designing its ERM framework and strives to adopt a forward-looking, strategy-centric approach to managing the risks inherent in decision-making.

Corporate governance report

INTERNAL CONTROL AND RISK MANAGEMENT (CONT'D)

Enterprise Risk Management Framework (cont'd)

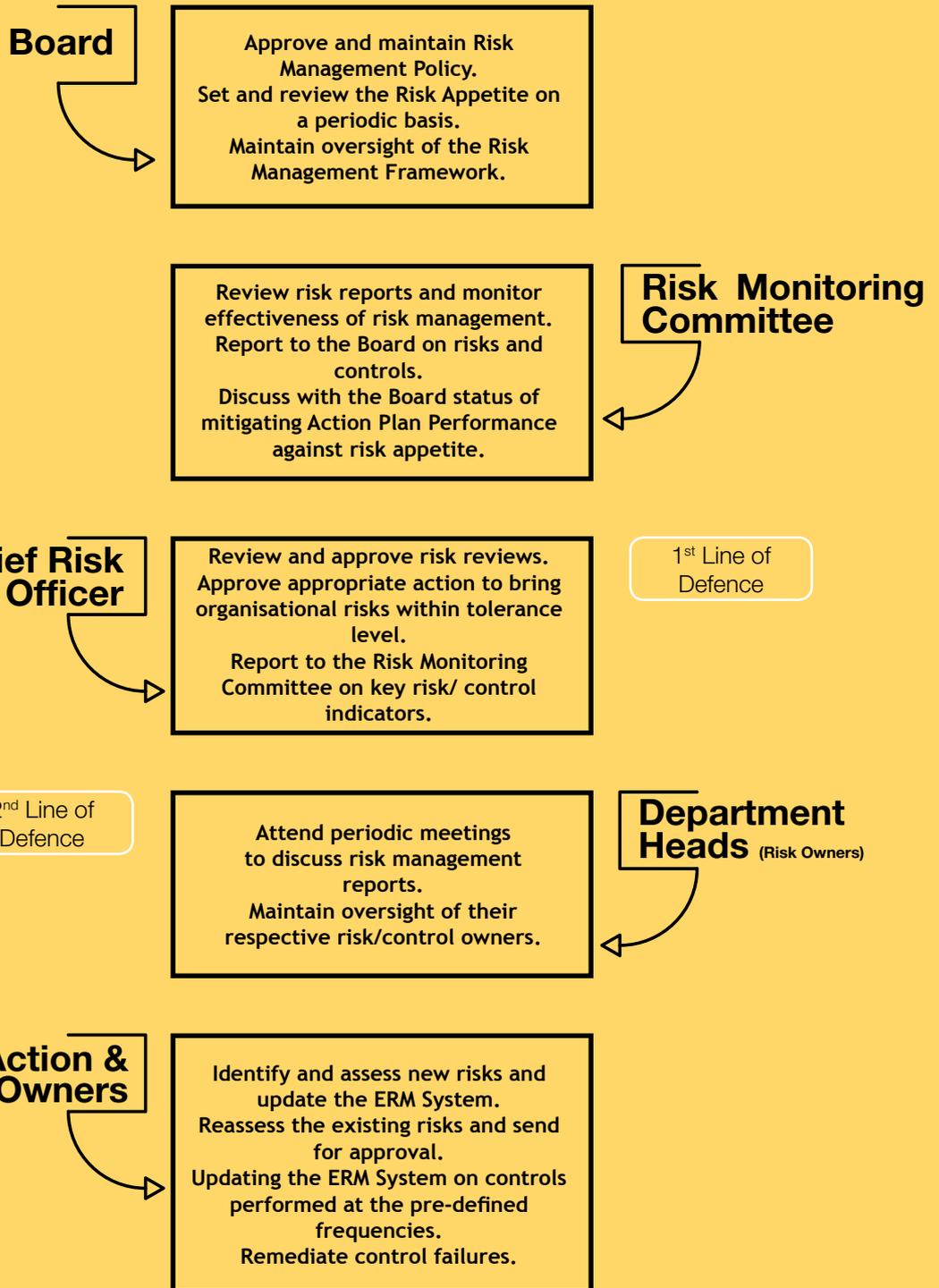
Messrs BDO & Co. conducted a strategic workshop with the Board of Directors and senior management to define the Group's strategic objectives and determine a risk appetite for each of these objectives based on a group-wide approach by considering risks across all departments, functions and activities. A clearly defined risk appetite provides the Board, management and staff with a benchmark that facilitates the identification and management of both risks and opportunities. In so doing, a risk tolerance was determined on a scale of 1 to 25 for each of the five Board's objectives as detailed below:



Colour	Significance
Blue- Opportunities	The Group/Company is either taking too little risk, which might represent missing out on potential opportunities, or overdoing it in terms of controls. If the pointer falls in the blue region, the Company needs to take more risks or relax on controls. The risk is tolerable.
Green- Comfort Zone/Acceptable	The Group/Company is comfortable with the risks taken when in this region. The risk is acceptable.
Yellow/Amber- Warning Zone/Tolerable	The Group/Company is taking risks that are slightly outside its risk tolerance level and needs to start taking actions to bring back its risk exposure within the green region. The risk is tolerable but may need a treatment plan.
Red- No-go Zone/Intolerable	The Group/Company is adventuring far beyond its risk tolerance and needs to take immediate actions to get back in the yellow region. The risk is intolerable.

As such, our risk appetite represents the types and aggregate levels of risk the Group is willing and prepared to take on to actively pursue its strategic objectives.

RISK HIERARCHY



3rd Line of Defence

1st Line of Defence

2nd Line of Defence

GROUP INTERNAL AUDIT

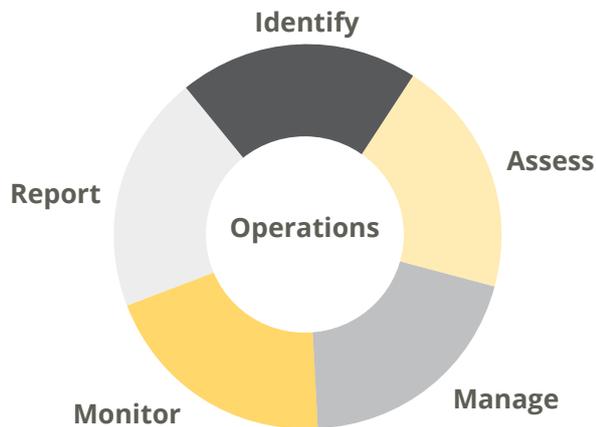
- Carry out internal audits on a risk basis
- Provide assurance on adequacy of controls across specific risk areas including risk management

Corporate governance **report**

INTERNAL CONTROL AND RISK MANAGEMENT (CONT'D)

Risk Management Process

The Group's risk management process operates to ensure a comprehensive evaluation of risks is performed and is subject to continuous improvement. The risk management cycle operates as follows:



In line with the above, the Group's risk register was completed through interactive working sessions where a comprehensive list of threats and opportunities were identified and discussed based on those events that might enhance, prevent, degrade, accelerate or delay the achievement of Board's objectives. In so doing, the following factors were taken into consideration:

- the nature and extent of risks facing the Group, including emerging risks;
- the risk appetite and risk tolerance;
- the likelihood of the risk materialising;
- the impact in the event that the risk materialises;
- the existing controls in place to mitigate the risks;
- the risk treatment plans implemented; and
- the monitoring processes in place to determine and respond to the effectiveness of existing controls.

Management was required to assess all risks which could have an impact on the current or future operation of their business and to document these risks in a standardised template. Risks are assessed in terms of their financial, operational, people and customer impacts should they occur and their likelihood of occurrence, using a defined risk scoring methodology.

Through the extensive risk identification and assessment phase, a list of 233 risks were identified for the Group. The key risks categories relevant to the Group, at this stage are as follows:

- Health and safety risks: risks associated with all events that can cause serious injury and harm to the Group's workforce and customers;
- Operational risks: risks defined as risks of loss resulting from inadequate or failed internal processes and procedures, human error or system failure or from external events. They include all processes and sub processes from the time the raw materials are extracted and the manufacturing process up to the point of receipt by the customer;
- Financial risks: risks linked to liquidity, interest rates, foreign currency exchange rates, capital structure and profitability;
- Technology risks: risks that hardwares and softwares are not operating as intended thereby compromising the integrity and reliability of data and information and exposing significant assets to potential loss or misuse or exposing the Group's ability to maintain a high standard in its main business processes. They include all IT and telephony systems and the use of latest technologically-prone equipments;
- Business environment and market risks: risks relating to macro-economic evolution, politics, foreign investments and climatic conditions that are outside our control;
- Marketing and customer risks: risks associated with maintaining the quality and reputation of our branded products and innovation in our offer to customers;
- Strategic risks: risks associated with uncertainties and opportunities embedded in the Group's strategic plan and the manner in which they are executed;

- People risks: risks associated with recruitment and retirement, on-going talent management and succession planning, relations with trade unions and regulatory bodies and staff disciplinary issues; and
- Legal and regulatory risks: risks linked to the legislations and regulations surrounding the operations and functioning of the Group e.g. competition laws, the Employment Rights Act, health and safety regulations and the Code of Corporate Governance.

The Risk Monitoring Committee and the Audit Committee via the internal audit function ensures that the significant risks above are managed and kept at an acceptable level as follows:

- our health and safety function ensures that all necessary measures are taken to protect our employees and the environment;
- the supply of our core business raw materials is partly ensured by our own quarrying services to avoid any threat from outside suppliers although we maintain very good relationships with them. In addition, we own several acres of land at Gros Cailloux and St Julien to ensure our own supplies;
- our core business production is scheduled as per an adequate planning to avoid any disruption in production whilst our plant and machinery are regularly serviced by our workshop to avoid any breakdown;
- our customer service staff are regularly trained and provided with best logistics to better serve our customers;
- our internal auditors do regular testing aimed at detecting any potential weaknesses in our internal control systems and any likely risk of fraud and preventing same to recur through new procedures and controls;
- our IT function ensures that latest technologies are used for our tailor-made ERP, that our systems are secured by latest versions of antivirus, that a complex password policy is in place, that daily back-ups are kept, that our database is secured via a disaster recovery plan and that our communication networks are duplicated;
- our sales, marketing and operations staff follow closely the actions of our existing or potential competitors;

- the quality of our core business products are tested daily in our laboratory to ensure that they are of the required standard whilst the majority of our plant and machinery are of latest technology;
- our operational managers follow closely the political events in Madagascar and Sri Lanka to avoid any risk of business failure;
- our assets are insured against fire and allied perils and other all risks insurance cover as relevant to the type of asset whilst our offices and operational sites are all equipped with fire extinguishers and security systems; and
- our HR function manages human resources risks via proper and adequate recruitment, training, coaching, job reviews, performance evaluation and succession planning.

For financial risks management, please refer to note 4 of the Notes to the Financial Statements on pages 115 to 119.

Risks Monitoring

In line with our ongoing focus on continuous process improvement, risks are assessed by management on an inherent basis (prior to existing controls) and a residual basis (post existing controls). Where the risk score is outside the Board's tolerance level, appropriate mitigation strategies are implemented to bring the residual risk to a level which is within risk appetite. On a going forward basis, the Risk Monitoring Committee shall review the risk appetite and tolerance framework on an annual basis.

The Group acknowledges that risk management is a dynamic process resulting from the constantly changing external and internal environments. Consequently, the support of Messrs. BDO & Co. was sought for the initial ongoing monitoring and review of risks and the effectiveness and adequacy of existing controls, risk treatment plans and the implementation process management.

The Group's monitoring and review processes encompass all aspects of the risk management process for the purposes of:

- ensuring that controls are effective and efficient in both design and operation;
- obtaining further information to improve risk assessment;
- analysing and learning lessons from risk events, including near-misses, changes, trends, successes and failures;

Corporate governance **report**

INTERNAL CONTROL AND RISK MANAGEMENT (CONT'D)

Risks Monitoring (cont'd)

- detecting changes in the external and internal context, including changes to risk criteria and to the risks, which may require revision of risk treatments and priorities. For example, if there are changes to internal or external objectives or regulations, the risk owner will update the corresponding information in the risk registers and use this information to re-analyze all affected risks; and
- identifying emerging risks.

Risk Reporting

In terms of reporting, a quarterly reporting will be tabled to the Risk Monitoring Committee by the Chief Risk Officer. The contents of the report shall detail the top risks for the Group and the key concerns for the different units, the resultant Group Matrix and the status of risk treatment plans.

Business Continuity Management Plan

Linked with its risk management framework, the Company recognises that it is vital that, as an organisation, it should be able to ensure that the most critical services and functions are maintained and that resources are protected at a reasonable level during incidents and disruptions. Thus, the Business Continuity Management (BCM) plan was designed to assist the Group through disruptions in order to protect its staff, customers, resources, infrastructure and intellectual property. As part of the implementation process, the following was achieved:

- identifying, assessing and putting in place measures for the prudent management of threats to the continuity of the business;
- identifying key business processes that are required for delivery of products and services to consumers, maintaining of reputation and ensuring continuity of income stream and, for each of these processes, agreeing the implications of failure in the hours, days and weeks following an incident;

- identifying recovery time objectives (RTOs) for each of the key processes in the event of incidents, based on an understanding of the implications of downtime, together with the people, processes and technology required to achieve resumption of business;
- identifying and assessing, on the basis of cost-effectiveness, the options available to allow resumption of key business processes;
- defining procedures to be put in place, where appropriate, based on selected recovery strategies, to protect the interests of the Group and its stakeholders;
- ensuring that key staffs are familiar with the BCM plan through induction training and their role, if applicable, within it;
- ensuring compliance with both national and local legal business continuity requirements; and
- defining the adequate business continuity in place, which will safeguard the interests of interested parties including customers, staff and suppliers.

Following its first cycle of Business Impact Analysis, the Group has developed a BCM plan and a Crisis Communication plan for each of the following functions/entities:

- the Company's Head Office and Production sites;
- Espace Maison Limitée; and
- Dry Mixed Products Ltd.

Recovery procedures were detailed with regards to two scenarios applied during the design of the BCM plans, namely, a complete loss of IT & telephony systems and the loss of our workshop services. Management is planning to test and validate the relevant plans in a near future.

MEETINGS ATTENDANCE

	Board	Corporate Governance Committee	Audit Committee	Risk Monitoring Committee	Annual Meeting of Shareholders
Marc Freismuth	6 out of 6	7 out of 7			1 out of 1
François Boullé	6 out of 6		5 out of 5	4 out of 4	1 out of 1
Yann Duchesne*	2 out of 6				0 out of 1
Joël Harel	5 out of 6	7 out of 7	5 out of 5		1 out of 1
Laurent de la Hogue	6 out of 6				1 out of 1
Arnaud Lagesse	5 out of 6				0 out of 1
Stéphane Lagesse	4 out of 6				1 out of 1
Thierry Lagesse	5 out of 6	5 out of 7			1 out of 1
Jean Claude Maingard	5 out of 6				1 out of 1
E. Jean Mamet	5 out of 6		5 out of 5	4 out of 4	1 out of 1
Christophe Quevauvilliers	6 out of 6			4 out of 4	1 out of 1
Stéphane Ulcoq	6 out of 6			3 out of 4	1 out of 1

* On February 8, 2017, Mr Yann Duchesne was appointed Director to the Board.

MANAGEMENT AGREEMENT

There is no management agreement between any third party and the Company or its subsidiaries. However, the Company itself has management agreements with subsidiaries and associates within the Group.

REMUNERATION PHILOSOPHY STATEMENT

The Corporate Governance Committee in its role as Remuneration Committee is responsible for making recommendations to the Board with regard to the definition and development of the Group's general remuneration policy, including determining performance measurement criteria and specific remuneration packages for executive Directors and senior management and the level of remuneration of non-executive Directors, taking into consideration the market trend and the Group's performance.

In December 2016, the Board has endorsed the Group Remuneration Policy set out to ensure equity, transparency and consistency in the remuneration practices across the Group

in an aim to favour greater alignment between remuneration and performance objectives. The methodical application of the remuneration policy will ensure that the Group attracts and retain talents who are engaged and committed in the long term value creation for its stakeholders.

Please refer to Other Statutory Disclosures on page 73 for a table of total emoluments and benefits received by Directors from the Company and subsidiary companies. Although it acknowledges that the Code requires that the remuneration received by Directors should be disclosed on an individual basis, the Corporate Governance Committee, in its role as Remuneration Committee, has recommended that the remuneration be disclosed by category of Directors only in view of the confidentiality and sensitivity of this information.

The current remuneration package of the Chief Executive Officer comprises a basic salary, an annual performance bonus and other benefits in kind. The proportion of variable pay to fixed pay is significant and aims at aligning the interests of the Chief Executive Officer to those of the Group.

Corporate governance **report**

INTEGRATED SUSTAINABILITY REPORTING

The Board embeds corporate responsibility as a core tenet of its activities and believes that it is in the long-term economic interest of the Company to conduct itself as a responsible corporate citizen, that is in a manner which is non-exploitative, non-discriminatory and respectful of human rights.

In terms of ethics, the Company has adopted its own Code of Ethics based on the core values of the Company which are namely: integrity, respect, citizenship, innovation, professionalism and excellence. The Code sets out the standard of conduct required by employees for both internal relations and external interactions. The Company strongly believes that it is essential that all its employees act with honesty, integrity and respect and extend the highest courtesy to colleagues, suppliers, visitors, customers and all other stakeholders, thereby nurturing long-lasting and transparent relationship and ensuring the good reputation of the Company.

In terms of the environment, the Group's Environment and Community Policy has been endorsed by the Board in February 2017 in view of promoting good environmental practices and the well-being of the community at large. Hence, the Company aims at operating in a sustainable manner.

Furthermore, the Company is continuously making significant investments in appropriate equipment aimed at reducing dust emission from its production plants. Our largest plant at Geoffroy Road is the first eco-friendly plant of its kind in Mauritius. Furthermore, a few years ago the Company launched a concrete recycling project aimed at reducing the level of demolition waste dumping.

In terms of health and safety, the Company's Health and Safety Officer performs regular risk assessments to ensure that all our production units are equipped to run safely thereby minimising the risk of causing damage to the environment and to the community within which it operates. Concerning the health and safety of employees, regular training initiatives are undertaken to enhance the level of health and safety practices in the workplace and to help increase the awareness of employees regarding security and health issues by insisting on the use of protective clothing and accessories. Furthermore, all our workers undergo full health tests on a yearly basis to detect any illnesses and ensure adequate remedial and preventive treatments.

In terms of social responsibility, our policies and practices are as detailed in our Corporate Social Responsibility (CSR) report on pages 68 and 69.

DONATIONS

Please refer to Other Statutory Disclosures on page 75 for details of donations made during the year.

EMPLOYEE SHARE OPTION PLAN

The Company has no employee share option plan.

PROVISION FOR PENSION BENEFITS

Please refer to note 21 of the Notes to the Financial Statements on pages 138 to 141 for details of total provisions booked or otherwise recognised by the Company and the Group for the payment of pension benefits.

RELATED PARTY TRANSACTIONS

Please refer to note 29 of the Notes to the Financial Statements on page 144 for details on related party transactions.



BHOONESHI NEMCHAND

Company Secretary

September 21, 2017

New national code of corporate governance 2016

PROGRESS REPORT

The Company is committed to upholding high standards of corporate governance within the Group in view of ensuring sustainable value creation for its stakeholders. To this end, the Corporate Governance Committee has assessed the Group's governance established practices and has set up a work-plan to strengthen its governance framework and implement the principles of the new National Code of Corporate Governance 2016 enunciated below:

- Principle 1: Governance Structure
- Principle 2: The Structure of the Board and its Committees
- Principle 3: Director Appointment Procedures
- Principle 4: Director Duties, Remuneration and Performance
- Principle 5: Risk Governance and Internal Control
- Principle 6: Reporting with Integrity
- Principle 7: Audit
- Principle 8: Relations with Shareholders and Other Key Stakeholders

The key initiatives undertaken by the Company during the financial year 2016-2017 included, inter alia:

- the implementation of an Enterprise Risk Management and a Business Continuity Framework within the Group;
- the reinforcement of the internal audit function of the Group;
- the adoption of the Group Remuneration Policy, the Succession Planning Policy for Executives and Directors and the Environment and Community Policy;
- the review of the Share Dealing Policy; and
- the approval of the position statements of senior governance positions.

The Company will pursue its endeavours in paving the way to sound and sustainable governance practices within the Group. Additional policies and practices will be formulated and implemented during the financial year 2017-2018 to reinforce the Company's commitment to good governance practices. Furthermore, the Board acknowledges that the implementation of the above captioned principles entails effective reporting to the stakeholders of the Company. To this end, the Company is in the process of revamping its website to ensure that key documents and salient information are easily accessible to its stakeholders. The Company is also considering espousing an Integrated Reporting approach which will contribute positively to sustainable value creation for all stakeholders.

“ Sharing our knowledge
and skills with the young
generation. ”



Corporate Social Responsibility (CSR) Report

OUR PLEDGE

Our current environmental and social climate is a testament to the challenging times we live in, and UBP Group is determined to play its part in addressing common problems and improving lives. We view Corporate Social Responsibility ('CSR') as a way to grow our business in harmony with the planet and its people. We are deeply aware that we have a responsibility towards our citizens, and we pledge to leverage our resources, reach and expertise to drive sustainable change in our communities. Through this lens, we seek to bring value to our current stakeholders and for generations to come.

Our CSR report effectively communicates our sustainability priorities and practices, and how they impact our customers, employees and society at large.

To help us achieve the objectives we have set, an employee-led CSR Committee steers our initiatives. The Committee convenes regularly to discuss the most meaningful ways to give back to society, identifies areas of improvement and seamlessly integrates our CSR practices to our overall strategy. Above all, the Group takes pride in going beyond mere philanthropy and money donations: we invest time, skills, expertise and strategic thinking into every project, engaging only with those that resonate with our underlying values. By building a close relationship with organisations and individuals, we ensure that we offer long-lasting, purposeful support.

For our initiatives to bear results, we believe it is critical for our employees to play the role of positive influences in the larger community; at the same time, we create leadership opportunities for them outside of their job functions.

OUR AREAS OF INTERVENTION

UBP spent a total of Rs. 4.5 million on CSR, which includes contributions to IBL's Fondation Joseph Lagesse ('FJL') as well as UBP's own initiatives. Of the 26 projects we piloted last year, 11 have been in progress for over three years, 10 are new initiatives and 5 are a collaborative effort with FJL.

Five areas of focus form the cornerstone of our CSR strategy: the Welfare of Vulnerable Persons, Education, the Environment & Heritage, Sports and our "Coup de Coeur" Projects.

Welfare of Vulnerable Persons

Our focus last year was the Welfare of Vulnerable Persons, predominantly children, with 50% of our CSR budget allocated to them. This cause focuses on the support and well-being of socially-excluded communities who live below the poverty line. Our welfare programmes, which also comprise an education component, are geared at providing educational support, meals and stationery to underprivileged children, providing adequate salaries to teachers and renovating school buildings to upgrade learning conditions. We also participated in the upgrading of a shelter for women. Our objective is to create a more inclusive society in which all segments of the population are equal participants, regardless of age, disability, employment status, religious conviction or socio-economic group. Ultimately, we aspire to eradicate poverty.

Our efforts were particularly aimed at uplifting Mouvement Forces Vives Quartier EDC Rose Belle, Garderie Etoile, SOS Children Village, Solidarité Mamans, Small Step Matters, Caritas Centre d'Eveil in Bambous, Caritas Centre d'Eveil in Roche Bois, APEIM and Lovebridge.

Education

Education is the key to improving lives and unlocking a brighter future for our citizens. Taking this concept forward, we are determined to provide high-quality education to students by sponsoring those who demonstrate academic promise, renovating schools and their facilities, purchasing textbooks and providing emotional counsel. We believe that closing the education gap is the best way to ensure equal access to employment.

Les Joyeux Copains Pre-Primary School, Institut Cardinal Jean Margeot through the programme Les Amis de Zippy, Burrenchobay Government School, Collège Technique St Gabriel, Eugène Dethise RCA School and Mare d'Albert Government School all benefited from our initiatives. We also actively participated in helping Espérance 2000, an NGO that seeks to drive social change by imparting vital life skills to children in low-income communities.

Environment and Heritage

As a Group operating in the construction industry, we are aware of our responsibility towards the environment. We dedicated 9% of our

Budget 2016-17 **RS 4.5M**

Our Engagement

TO GROW OUR BUSINESS IN HARMONY WITH THE PLANET AND ITS PEOPLE

Our Pledge

WE PLEDGE TO LEVERAGE OUR RESOURCES, REACH & EXPERTISE TO DRIVE SUSTAINABLE CHANGE IN OUR COMMUNITIES

Our Approach

AN EMPLOYEE-LED CSR COMMITTEE STEERS OUR INITIATIVES



budget to promoting high environmental standards across our supply chain and protecting our natural resources and heritage. Restoring the Old Sugar Mill Chimney through SOS Patrimoine was at the core of our environmental initiative, as we are strong believers in preserving historic buildings to keep our national heritage alive.

Sports

Sports can have a profound impact on people's health and well-being, while teaching valuable lessons about dedication, discipline and teamwork - values that are in harmony with what UBP stands for. We have, to this end, assigned 16% of our CSR budget to the promotion and development of sports through the sponsorship of sporting events and the purchase of equipment.

Mauritius Tennis Federation, Faucon Flacq Sporting Club, Mangalkhan Sports Club and Club Sportif de Gros Cailloux were the primary beneficiaries of our endeavors in this segment.

Our "Coup de Coeur" Projects

All "Coup de Coeur" Projects are initiated by our employees, who are encouraged to come forward with a cause they deeply care about. We acknowledge that this is a powerful way to engage our employees in our CSR activities, fuel their creativity and improve their morale. Last year, we chose to contribute to the renovation of Crèche Coeur Immaculée de Marie; Kolectif Rivière Noire's children were provided school supplies; three families in Caritas Goodlands' slums were offered adequate living conditions; finally, we extended our initiatives beyond Mauritius' borders in Rodrigues' Lions Club, where four families were also provided better living conditions.

OUR CSR VISION

Through this report, we wish to inspire all our employees in proceeding down a path of greater accountability and transparency. Though there are significant challenges ahead, we strongly believe that solutions emerge when great minds come together. We therefore require more participation, collaboration and support from an active and engaged CSR Committee; but beyond the Committee, responsible practices must extend to all departments, roles and individuals. Implementing a CSR approach is a journey that requires continual learning and improvement, and UBP will continue identifying new issues that are aligned with our core values.

Our Areas of Focus



Welfare of Vulnerable Persons (50%)



"Coup de Coeur" (8%)



Education (17%)



Environment & Heritage (9%)



Sports (16%)

Our Achievements

- Employees volunteered in projects
- Better CSR policy conveyance

> 1,000
beneficiaries

Our Projects Piloted



26 projects piloted

- 10 new initiatives
- 4 "Coup de Coeur" projects