



FROM **STONE TO STRENGTH**, THE BUILDING  
BLOCKS OF TOMORROW WERE LAID.

Over time, the company's engineers and experts pushed the boundaries, developing blocks that were stronger and more efficient. From the classic concrete block to the revolutionary Ecoblock, with its groundbreaking thermal and acoustic insulation properties, **UBP**'s innovations became synonymous with quality and progress.



## STRATEGY

## GROUP CEO's INTERVIEW

### BUILDING A ROCK-SOLID FUTURE

**In last year's report, you anticipated a challenging FY2024 due to a VUCA environment. How did these challenges materialise, and how did they impact the Group?**

As expected, challenges abound in FY2024. High inflation kept interest rates on the rise throughout the year, significantly increasing our borrowing costs for newly acquired entities. Meanwhile, raw material prices continued their upward trajectory, casting a shadow over UBP's operations and affecting players along the entire value chain. Although we maintained strong sales volumes from larger clients, the individual segment, including SMEs and small businesses who are central to our ecosystem, experienced a slowdown. These more price-sensitive players were forced to either delay, reconsider, or even cancel their construction or renovation projects. Additionally, the industry is grappling with labour shortages and escalating labour costs, which particularly affected Espace Maison's operations, undermining its ability to maintain service excellence.

Despite this difficult operating background, the Group delivered an improved performance over the previous year, with most of our metrics seeing appreciable increases. Notably, Premix achieved a remarkable turnaround, delivering its best year on record. The finalisation of the acquisition in Reunion Island marked a major milestone, strengthening both our core business and regional footprint. All things considered, we have much to be proud of, and I consider FY2024 a year of progress for the Group.

**What operational achievements in the Building Materials cluster stood out to you this year? Did the consolidation of Premix and FAST meet expectations?**

The Building Materials cluster—comprising UBP, Premix, and Drymix—has not entirely recovered since the pandemic, as a result of both external factors and recent Capex investments that are critical for future growth but currently reflect poorly on the bottom line. To counterbalance these pressures, we continued to focus on innovation and operational excellence to drive product differentiation and efficiency across all businesses.

The full consolidation of FAST and Premix into UBP has, in many respects, exceeded our expectations, delivering value beyond their financial contributions. FAST, now in its first full year of integration, achieved results that far exceeded our initial projections, despite incurring some exceptional expenses. The synergies and cross-fertilisation between our sites at UBP St Julien and FAST have boosted production capacities, supported by a modernisation project at St Julien that is yielding significant gains. We are carefully evaluating the effectiveness and impacts of the new system, with plans to replicate these improvements at our Plaine Magnien site in FY2024 to further optimise plant efficiency.

UBP, on the other hand, faced a difficult year. Its activities were impacted by a combination of factors, including adverse weather conditions and new environmental regulations for stone-crushing plants.

On a positive note, UBP pursued its innovation drive and introduced a new product, the "Bloc à Bancher" (BAB), which offers significant benefits while projecting a 15-25% reduction in construction costs. Equally, UBP's ongoing Digitisation and Automation Journey (refer to our Intellectual Capital on pages 84 is already enhancing operational excellence and is expected to yield improved results in the upcoming financial year.

The acquisition of Premix presented itself as an opportunity that we seized with enthusiasm. This is why we take even greater pride in its remarkable turnaround, which has positioned Premix as the crucial link in our Building Materials operations. After a transition year of investments in upgrading its fleet, equipment and brand visibility, Premix delivered a standout performance, which was no easy feat given that the brand was largely unfamiliar to customers over a year ago. This success is a testament to the dedication of the team, which worked tirelessly and diligently to secure every contract and execute our roadmap. This team cohesion has put Premix on solid ground. Investments in modernising its equipment and infrastructure, from its truck mixers to its production plants, along with the attainment of the ISO 9001:2015 certification, have enhanced high productivity levels and maintained Premix's competitive edge.

Drymix began the year with strong momentum but was impacted by a shortage of rocksand during the last three months of the financial year. Nonetheless, the team stayed focused on future-proofing through digital transformation and R&D. The implementation of a Laboratory Information Management System is reinforcing our quality control capabilities and streamlining data management, enabling us to maintain accurate data for future analysis and initiatives. Drymix also set up its own in-house hotline to ensure high levels of customer service.

**Could you explain the strategic importance of Bazalt Réunion for UBP Group?**

We are thrilled to announce the successful "acquisition" of Bazalt Réunion as a subsidiary of Bazalt Limited, a wholly-owned subsidiary of UBP, on July 01, 2024—coinciding with UBP's own incorporation exactly 71 years ago on July 01, 1953. This timing feels particularly symbolic, heralding not just the beginning of a new financial year, but also the dawn of a new era for the Group.

Bazalt Réunion was established as the holding company for the acquisition of 10 companies that were previously part of another holding company in Reunion Island, all of which are on a positive growth trajectory and demonstrating consistent profitability. These companies operate in two areas of the construction sector: concrete and construction aggregates,

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# GROUP CEO'S INTERVIEW

as well as the trading of 'VRD' products ("Voirie et Réseaux Divers"). This strategic move strengthens UBP's Building Materials cluster on the sister island, allowing us not only to operate in a familiar geography, but also to leverage our core competencies and deep expertise.

Strategically, this acquisition enhances our regional presence, a critical component of UBP's vision, while also providing access to the Eurozone market—a stable environment characterised by stringent regulations and high standards. This makes Bazalt Réunion a perfect strategic fit and a significant milestone in creating a strong, unified Building Materials cluster. Shared values have also been essential to this partnership. We are pleased to be collaborating with businesses that fully align with our core principles. Much like UBP, they prioritise employee welfare, which is evidenced by their employee longevity, reflecting a strong culture of trust and stability.



## "UBP finds itself at an exciting crossroads, having achieved significant growth and solidified its leadership position in the construction industry"

Supporting this growth has also involved building the right bridges and pathways to facilitate a seamless transition. A key step in this direction was the restructuring of the Corporate Office in Mauritius to ensure the right resources are filling the right roles and drive greater agility in this new phase of growth. New key positions have been introduced, such as a Head of Corporate Services, responsible for streamlining our corporate support services and improving overall efficiency. We are also in the process of appointing a Chief Operating Officer for the Building Materials cluster, responsible for overseeing the operations of UBP, Premix and Drymix. This will bring a focused leadership perspective for the cluster and will be instrumental in driving synergies.

### What opportunities do you see for creating synergies between UBP and Bazalt Réunion?

The completion of this transaction marks just the beginning of our journey. Now, our energies are fully directed towards making this venture a success. During the first year, which is especially critical in setting the foundation for long-term success, I intend to take a hands-on approach, actively engaging on the ground to make sure that we operate in a collaborative environment that taps into our collective strengths.

First and foremost, our approach to synergy creation prioritises the human element. In Reunion, we have inherited strong teams and processes that operate like a well-oiled machine. Our focus is on continuity. We have been intentional in not making any changes to the teams or imposing our ways of working. Instead, Bazalt Réunion operates with full autonomy, while we provide support in enhancing their existing strengths. As the saying goes, 'why change a winning team?'

Both businesses share many similarities, from operating the same machinery and equipment, to dealing with similar projects and clients. This alignment opens doors for resource sharing and standardising processes, with the potential for substantial productivity gains and economies of scale. However, the real value of this partnership lies in the cross-fertilisation of know-how and knowledge that will make all entities involved even stronger. This is especially relevant when it comes to environmental standards. Bazalt Réunion operates in a regulated landscape, with frequent and rigorous audit processes, and requiring compliance with strict environmental criteria to obtain operating permits. UBP stands to benefit from these high standards, as well as from the efficiency of our Reunion cluster, where lean processes and automation are driving performance.

Conversely, we are eager to share our growing knowledge in sustainability, particularly regarding carbon management and traceability, an area where we are making steady progress. We also intend to bring our expertise in matters of governance. As a listed company, UBP has a wealth of experience in compliance, reporting, and best practices which we believe could significantly benefit our partnership.

### Could you provide an update on the Retail segment's performance?

Espace Maison maintained its turnover but saw a decrease in operating profit due to multiple challenges. Firstly, we incurred significant pre-operational costs relating to the refurbishment and extension of our outlet in Cap Tamarin, aimed at elevating the store layout and customer experience. While we initiated a supplier switch plan last year to address ongoing global supply chain challenges—exploring various procurement and sourcing avenues, without compromising on quality—the implementation has taken longer than anticipated.

Compounding this, heightened labour expenses and a severe shortage of workers added further complexities. Espace Maison faced a 42% shortfall in sales representatives, considerably impacting sales volumes and service quality. To address the decline in customer service, we reclaimed our after-sales support back from UBP, bringing it in-house to provide a more responsive customer experience. This involved establishing a dedicated team of technicians and supervisors to manage repairs and customer inquiries, offering attentive service to Espace Maison's clients.

### What are some ways to counter these labour challenges?

These labour trends are worrying for both the retail and construction industries, underscoring the need for effective and innovative strategies to retain and engage talent. In addressing these labour challenges, we recognise the need to retain and nurture our local talent, more than ever. To that effect, we have proposed a retention plan to the Board, outlining innovative ways to foster the loyalty of our Mauritian

workforce—who have long been the backbone of UBP's success. I look forward to sharing further progress on these initiatives in next year's report.

We also continue to focus on professional training and personal development to foster knowledge-sharing across the Group and offer opportunities for growth. Our training initiative, The Path, was launched in 2023 to focus both on technical and soft skills training, tailored to the needs of each department, and encouraging on-the-job learning. Team members also participate in workshops and peer sessions to discuss emerging trends such as AI and environmentally conscious practices. This past year, significant emphasis was placed on strengthening Safety & Wellbeing and unifying Service Excellence training across the Group. We are already witnessing positive developments, with our General Managers adopting a more forward-thinking mindset and better anticipating training needs.

### Gros Cailloux showed promising signs last year. How has this activity evolved?

While the figures may not fully reflect this progress, Gros Cailloux continued to gain momentum, achieving remarkable advancements across most segments. This success stems from a people-focused agenda that has delivered results beyond our expectations. While operations were more siloed in the past, the teams have embraced a culture of cross-functional collaboration, inspired by the "Sak Roupi compté" challenge, meaning 'Every Rupee matters.' This initiative has empowered individuals to contribute their diverse skills and ideas, promoting an environment where team members wore multiple hats, and reacted quickly in pursuit of common objectives. As a result, we have seen a shift at Gros Cailloux, where employees no longer feel confined to a specific department or role but view themselves as members of the larger Gros Cailloux family.

An improved organisational structure, with a manager dedicated to each cluster—Leisure, Agriculture, Nursery, and Landscaping,—has allowed us to narrow our strategic focus on each activity. At the beginning of the year, each Manager is made to develop an action plan outlining opportunities, challenges, and priority areas, while allocating budgets for their segments. This structured approach has allowed us to pinpoint and prioritise the most high-performing activities. Notably, agricultural and vegetable production activities grew significantly during the year.

This is a true demonstration of agility and UBP's philosophy—the ability to stay flexible and course-correct in the face of unexpected situations, rather than rigidly following a fixed roadmap or strategy.

## STRATEGY

# GROUP CEO'S INTERVIEW

## Can you provide an update on UBP's subsidiaries in Madagascar and Sri Lanka? Were the planned exits completed as intended?

I am pleased to announce that we have successfully completed the sale of our subsidiary in Madagascar, marking a positive conclusion to our adventure there. A comprehensive transition plan is in place to ensure a smooth handover over the coming year. In contrast, due to ongoing challenges in Sri Lanka, our planned exit from this market is currently on hold. In the interim, we plan to transition the company to a dormant status until market conditions become more favourable for a potential sale.

These developments align with our strategic focus to redirect our efforts and resources on our core business in the region. This brings me to our long-standing presence in Rodrigues, where we've had a meaningful presence for over 30 years. I would like to extend my heartfelt appreciation to Jean-Pierre Rose, our dedicated manager, whose efforts have consistently ensured the smooth operations of our subsidiary.

## What key milestones has the Group achieved so far in its sustainability journey?

Decarbonisation remains a central pillar of the Group's sustainability strategy. Several impactful projects have been launched as part of this initiative, as detailed in the 'Natural Capital' section on pages 64. A significant milestone on this journey has been the creation of the Corporate Sustainability Committee (CSC), a dedicated sub-committee of the Board. The CSC plays a crucial role in shaping our sustainability agenda, ensuring that our decisions and operations are aligned with our ambition to drive greater impact. Supporting this effort is the newly formed Transformation and Innovation Office (T&IO), tasked notably with implementing sustainability initiatives, tracking progress, and ensuring that all activities align with the Group's overarching objectives.

The T&IO was set up with a clear, forward-thinking mission: to prepare our teams for future challenges and opportunities. By focusing on long-term, strategic initiatives rather than getting caught up in daily operational tasks, the T&IO ensures that we remain agile and prepared, and never lose sight of the bigger picture. Its mandate cuts across departments and functions, challenging the status quo by asking critical questions that identify key issues that could affect the Group's future-readiness. Backed by in-depth research and data-driven analysis, the T&IO develops well-rounded dossiers, presenting actionable recommendations on high-impact projects that ensure we navigate the evolving landscape with clarity, confidence and foresight.

## What are your top priorities for the next 12 months, and what is your outlook for the coming year?

UBP finds itself at an exciting crossroads, having achieved significant growth and solidified its leadership position in the construction industry following the landmark acquisition of Bazalt Réunion. As we look ahead to the next 12 months, we are posed to seize numerous opportunities. Our reorganised and reinforced Top Management Team, combined with a sharper focus on our strengths and areas for improvement, equips us to make well-informed, strategic decisions. While we remain vigilant of broader economic conditions that could pose financial and operational challenges, we have every reason to be optimistic about the factors within our control.

We are now guided by clear priorities leading into FY2025. Central among these is an extensive, in-depth reflection on the reorganisation of the Group's structure, aimed at enhancing our market position, streamlining operations, and driving sustainable growth.

## Do you have any special acknowledgments and closing remarks?

During this transformative period, fostering a strong team spirit has been more crucial than ever. We feel fortunate to have team members who are fully invested in our journey, and who have gone to great lengths to make the integration with Reunion a positive experience for everyone involved. For this, I would like to express my heartfelt gratitude to all our people. You all hold a vital place in this transformation, and we wouldn't be where we are without your agility, dedication and tireless efforts.

I would also like to extend my sincere thank you to our Board of Directors for their strategic guidance and insights, which are steadily guiding us towards a stronger and better-governed organisation.

To our valued customers, thank you for your continued support and confidence in us. We are committed to deepening our understanding of your needs and expectations, so we continue to earn your trust and loyalty.

As this past year has shown, the future belongs to those who dream big and act with purpose. By continuing to unite our strengths and placing our people at the heart of our strategy, we aim to build a future that stands firm on the power of collaboration and teamwork. This is the essence of building a 'rock-solid' foundation that stands the test of time.

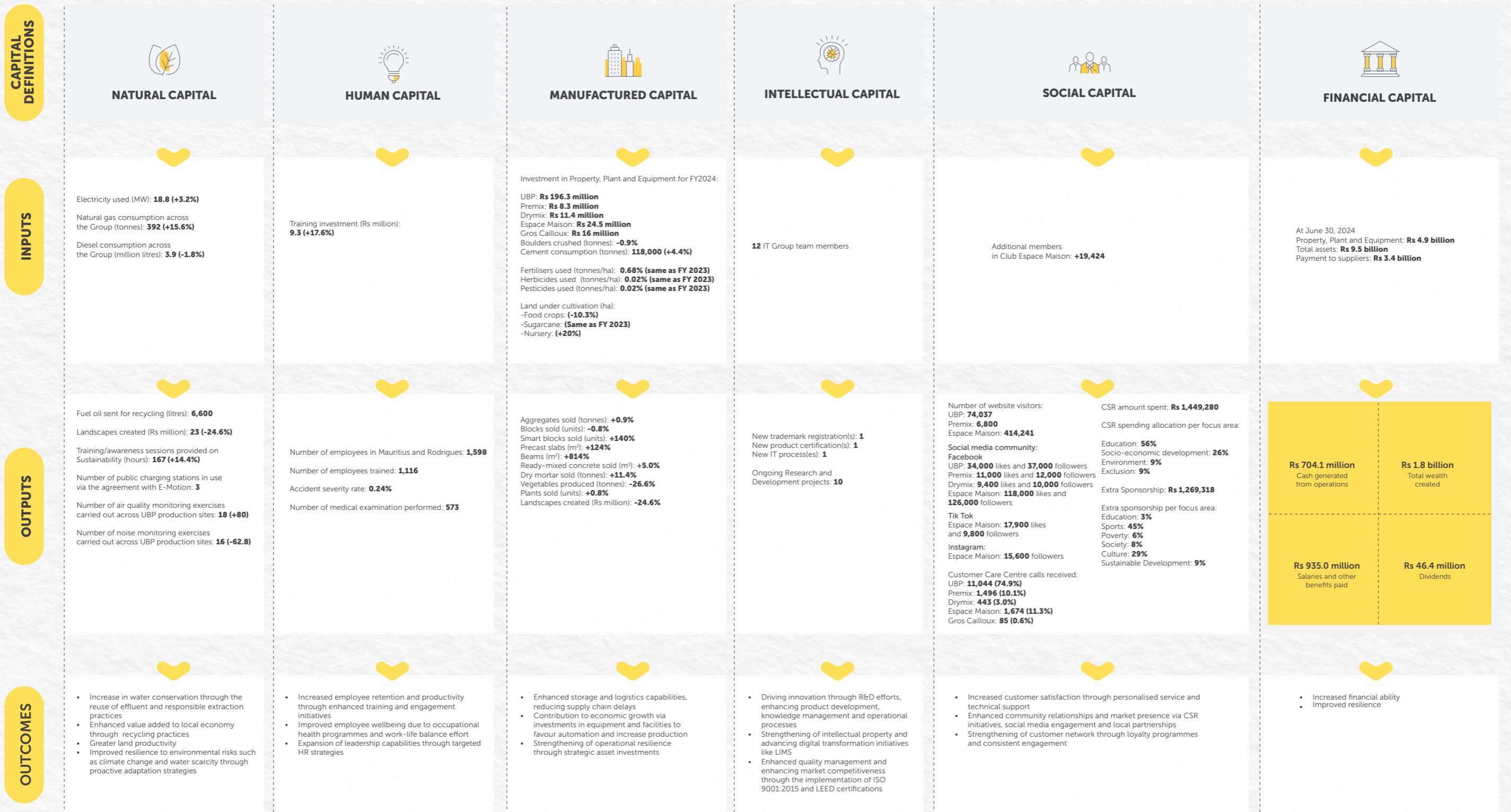


**Stéphane Ulcoq**  
Group CEO



# BUSINESS MODEL

UBP Group's integrated business model creates significant value for all its stakeholders through the synergies of its operations and the strategic use of various capitals. We leverage inputs such as raw materials, skilled labour, and technological resources, transforming them into valuable outputs—such as high-quality construction materials and solutions—and meaningful outcomes like job creation, economic growth and enhanced social wellbeing.



STRATEGY

# OPERATING ENVIRONMENT

## THE INTERNATIONAL CONTEXT OF THE CONSTRUCTION SECTOR

The global construction industry is currently navigating a complex and rapidly evolving landscape, shaped by critical environmental, social, and economic challenges. As one of the key contributors to global greenhouse gas emissions, the sector is under growing pressure to combat climate change by adopting sustainable practices and supporting the global transition towards decarbonisation. This push for greener, more sustainable construction methods is not only a necessity, but it also opens doors to new opportunities, with the growing demand for sustainable infrastructure and buildings expected to drive considerable growth in the industry worldwide.

Global trends in the construction industry

Output per region	2022	2023	2024*	2025*	Global output per subsector	2022	2023	2024*	2025*
NORTH AMERICA	-5.1	1.8	3.5	2.9	CONSTRUCTION TOTAL	0.6	3.7	2.0	1.8
ASIA-PACIFIC	2.1	6.3	1.7	0.6	RESIDENTIAL	0.8	0.3	0.0	2.4
EUROPE	2.1	1.7	1.0	2.5	NON-RESIDENTIAL	1.0	5.5	2.8	1.4
MIDDLE EAST / AFRICA	4.1	2.5	2.7	3.3	CIVIL ENGINEERING	0.4	6.8	4.4	1.5

Year-on-year, % change /\*Forecast - Source: Oxford Economics

Source: Construction industry trends March 2024 | Atradius

The global construction market is projected to grow from US\$9.7 trillion in 2022 to US\$13.9 trillion by 2037, with much of this growth driven by superpower markets like China, the United States, and India. While China is expected to regain momentum by 2025 after resolving recent real estate challenges, India is poised to be the fastest-growing construction powerhouse. In contrast, the United States is facing a downturn in residential construction, which could result in a US\$150 billion gap in its market, and dampening overall growth. Moreover, central bank mismanagement of interest rates poses the risk of reducing global construction output by US\$2 trillion by 2027, potentially shaving nearly 1% off global growth.

Economically, the construction sector is grappling with volatile material costs due to supply chain disruptions and inflation, impacting project feasibility and profitability, particularly in unstable economies. However, Southeast Asia is expected to see significant expansion, led by the Philippines, Vietnam, Malaysia, and Indonesia. In Western Europe, the UK's construction growth continues to be fuelled by ongoing investments in infrastructure and housing.

Socially, the industry is struggling with labour shortages and the need to upskill workers to meet the demands of a more digital and sustainable sector. Although digital technology integration stands as a crucial driver of productivity and sustainability, its adoption remains uneven across regions. Geopolitical factors, including a US\$1 trillion reconstruction in Eastern Europe following the Russia-Ukraine conflict and rebuilding efforts in Turkey, will also significantly shape future trends.

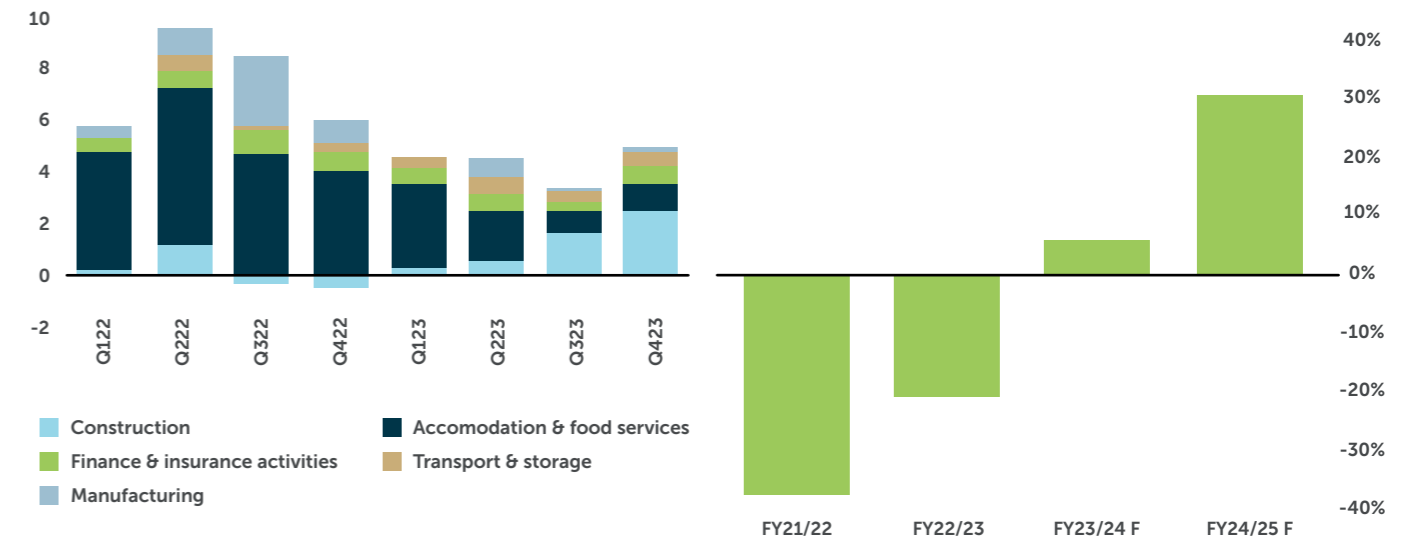
In summary, the global construction landscape presents both challenges and opportunities. UBP must navigate these dynamics by focusing on sustainability, optimising resources, and leveraging technological innovations to maintain its competitive edge and contribute to regional economic growth.

## THE MAURITIAN CONTEXT

According to Fitch Solutions (2024), the construction sector in Mauritius is set to remain a key driver of economic expansion in 2024, albeit at a slower pace than the significant 28.6% increase seen in 2023. The 18.1% rise in 2024 reflects ongoing momentum in the sector, buoyed by a mix of both public and private projects, with substantial investments in the social housing contributing to this positive outlook.

Construction activity to bolster growth

Selected Sectors - Contribution to real GVA Growth, pp (LHC) & Capital Expenditure Growth, % y-o-y (RHC)



F = Official forecast. Source: Statistics Mauritius, Ministry of Finance, BMI

Source: Growth in mauritius to remain above trend in 2024 on strong construction activity (fitchsolutions.com)

Despite this anticipated growth, the sector is facing significant hurdles. Climate change impacts and demographic shifts, including an ageing population and difficulties in attracting skilled talent, may result in skill shortages and reduced productivity. In parallel, local companies are also contending with labour shortages and fierce competition, further strained by a heavy reliance on imported materials. This dependence is likely to maintain high demand for capital goods imports, and in turn, negatively impact net exports and overall GDP growth.

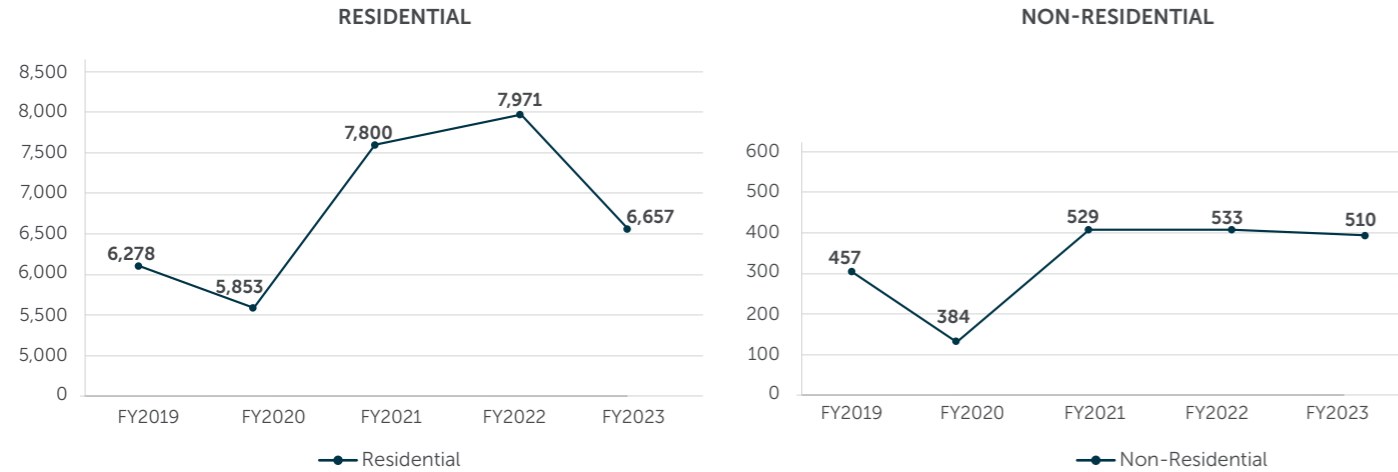
Inflation is projected to ease to 4.6% in the calendar year 2024, but tight monetary policy could restrict borrowing and curb private consumption, potentially affecting the residential construction market. The construction sector will need to skillfully navigate these compounded financial constraints, while also confronting the broader challenges posed by climate change and the lack of skilled labour.

Looking ahead to 2025, growth in the sector is expected to be moderate as major public projects near completion. To maintain long-term stability, the industry must not only focus on boosting its competitiveness, reducing its dependency on imports, and investing in the local workforce, but also on building climate-resilient infrastructure. Companies like UBP will be instrumental in adapting to these evolving conditions, ensuring the sector remains a key pillar of economic development in Mauritius.

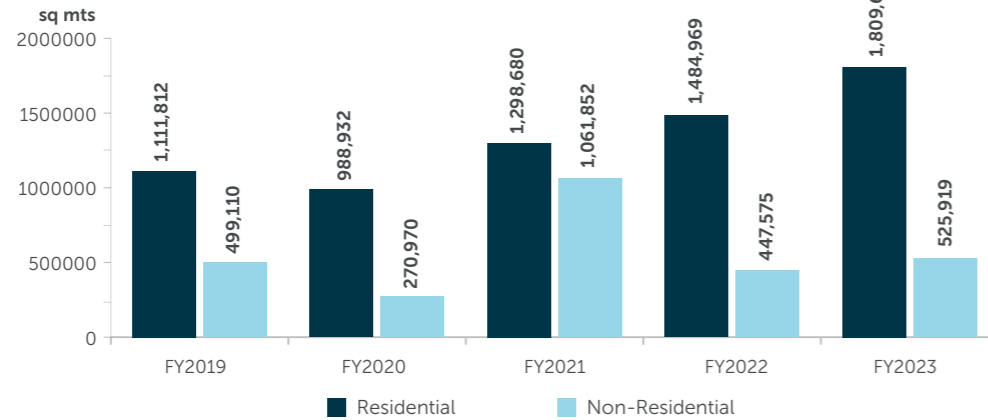
STRATEGY

# OPERATING ENVIRONMENT

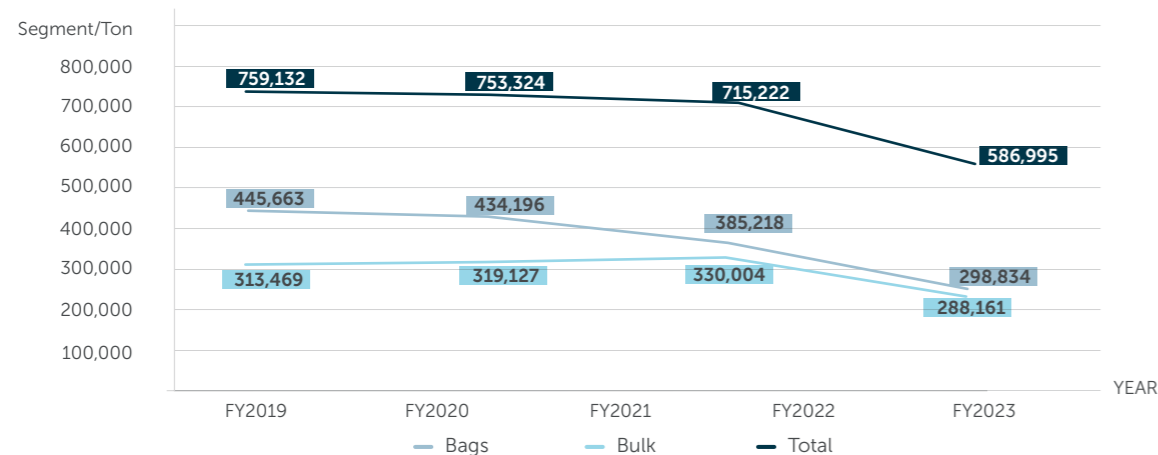
NUMBER OF BUILDING PERMITS FOR RESIDENTIAL AND NON-RESIDENTIAL BUILDINGS (2019-2023)



FLOOR AREA IN SQ MTS



IMPORTS OF TONS OF CEMENT IN MAURITIUS (SOURCE : MPA, MCCI.)



# OUR STRATEGIC VISION

**TO FOSTER READINESS, CONTINUOUSLY LEARN, ADAPT AND EVOLVE, AND DRIVE CHANGE TO SUPPORT LOCAL AND REGIONAL ECONOMIES.**

Building on last year's momentum, UBP Group is reinforcing its commitment to **four strategic priorities** that are crucial for navigating changing market dynamics. These areas of focus not only enhance the Group's operational effectiveness and innovation capacity, but also integrate our business objectives with the needs of our communities—ensuring that we drive growth that generates mutual benefits for all our stakeholders and creates a positive impact for the local and regional economies in which we operate.

## STAKEHOLDER ENGAGEMENT FOR INNOVATION

Engaging our stakeholders, including employees at every level, is vital for driving innovation. By empowering frontline employees and building strategic partnerships, the Group taps into the expertise of those directly involved in operations, ensuring that innovation is both practical and impactful. Training and development are equally crucial in building a skilled and adaptable workforce, capable of meeting the company's objectives.

## ORGANISATIONAL AGILITY AND EFFICIENCY

The Group is focused on enhancing its operational agility and efficiency through the strategic use of advanced technologies and process optimisations. Guided by a culture of continuous improvement, we refine and streamline our internal systems to remain responsive to market demands and well-positioned to seize new opportunities for growth.

## IMPACT-FOCUSED OPERATIONS

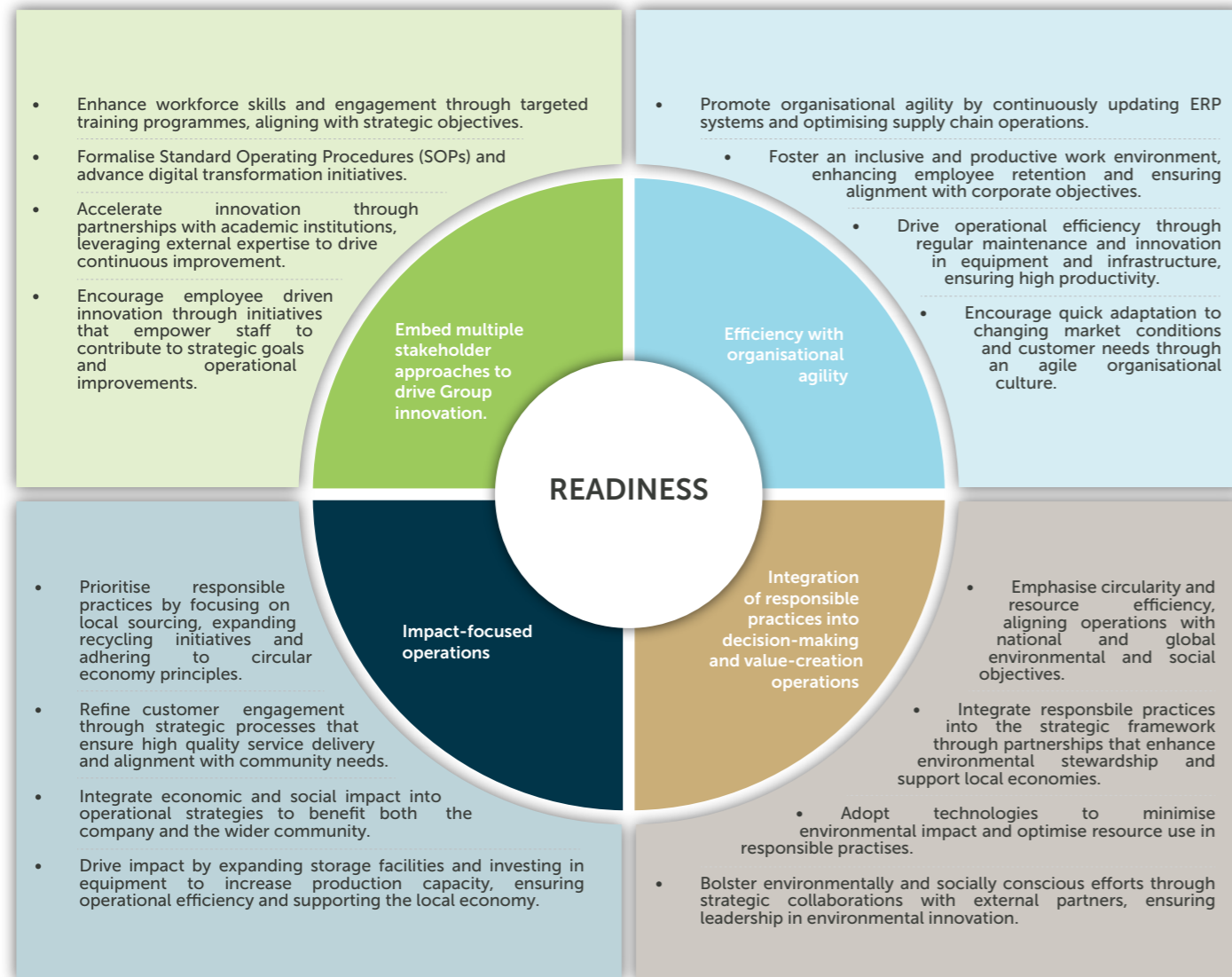
UBP Group strives to make a meaningful impact on the local and regional economy through resource-efficient operations and ethical, socially conscious practices. This approach ensures that we balance financial growth with environmental stewardship and social wellbeing, in keeping with our mission to be a responsible player in our industry.

## INTEGRATION OF RESPONSIBLE PRACTICES

Making responsible decisions at every turn is essential for achieving sustainable growth and delivering long-term value. The Group is diligent about incorporating responsible practices into its operations and stakeholder interactions.

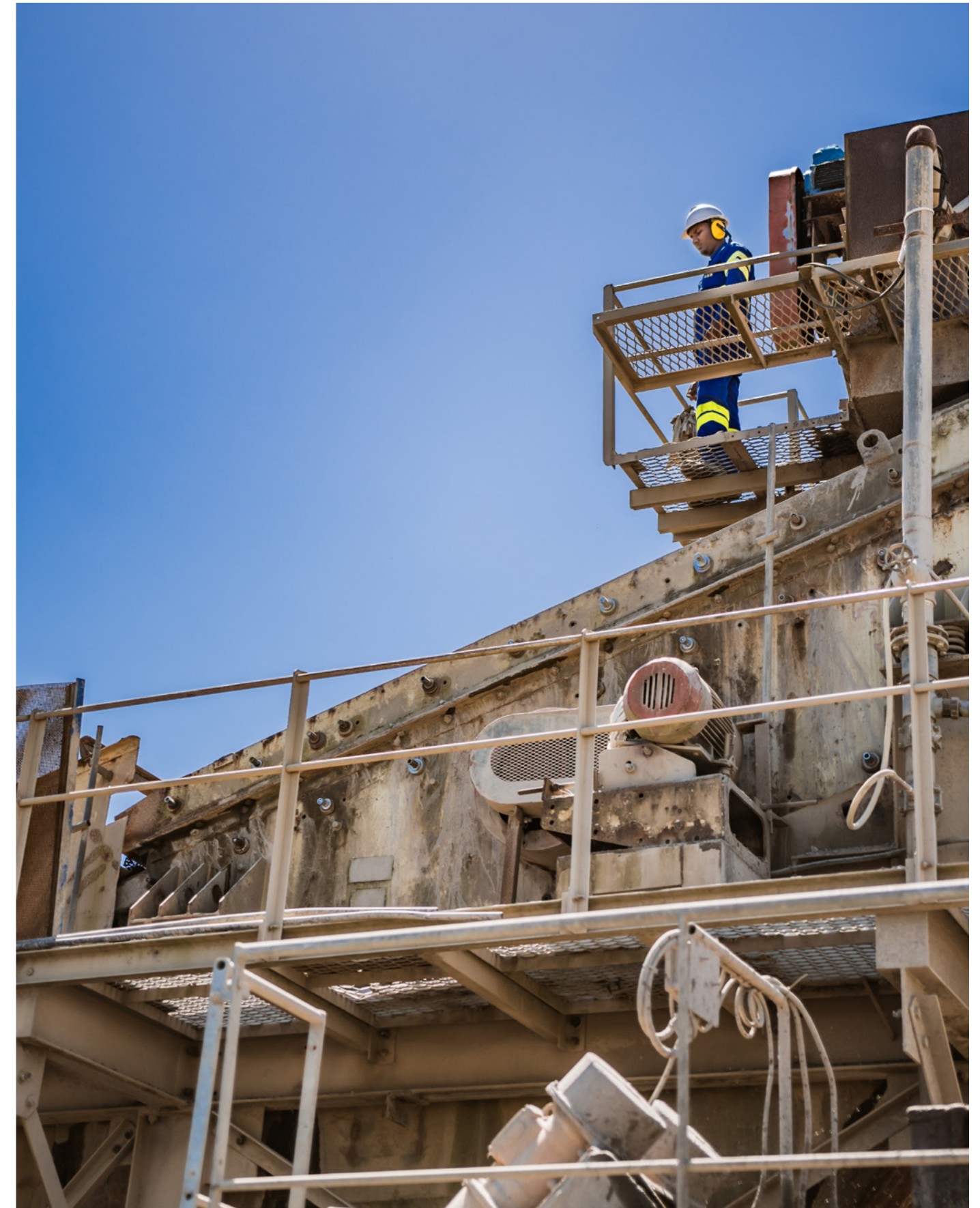
## STRATEGY

# OUR STRATEGIC VISION



To effectively pursue its strategic priorities, UBP Group made significant strides in **2024** by laying the necessary foundations for sustainable and responsible growth:

- **The establishment of a Corporate Sustainability Committee (CSC)** dedicated to embedding Environmental, Social, and Governance (ESG) principles into its decision-making processes. This Committee ensures that every product and solution is designed with the environment and community in mind, fostering a culture of sustainability across the Group.
- **A strategic organisational restructuring**, with the appointment of a COO to oversee the Construction Materials segment. This role is crucial as the Group expands in size and production capacity, allowing for a sharp focus on our core expertise.
- The creation of a **Transformation and Innovation Office (T&IO)**, whose principal mission is to ensure the Group's future readiness through transformation and innovation initiatives. This multifunctional team looks beyond daily operations, anticipating future trends and opportunities, and actively seeking innovative solutions across all areas of business. The T&IO also supports the CSC to enhance sustainability efforts.





STRATEGY

# RISK REPORT

The Risk Report provides an overview of the evolving risk landscape that impacts the Group. During this financial year, we faced a dynamic array of challenges that created a more complex and unpredictable environment, necessitating robust risk management strategies and proactive measures. This report aims to detail the key risks we encountered, how we evaluated their potential impact, as well as our approach to navigating these uncertainties. By understanding and addressing these risks, we can better position ourselves to adapt and thrive in an increasingly volatile world.

The responsibilities with regard to risks are clearly defined for all entities within the Group such that Risk Owners are accountable for Risk Management under the supervision of the Group Risk Management Function.

## RISK MANAGEMENT FRAMEWORK

In order to fully identify, measure, assess and mitigate our expose to risks, an Enterprise Risk Management ('ERM') framework and a Business Continuity Management ('BCM') plan were implemented within the Group starting in 2016.

The Group had set clear Board objectives and defined the acceptable level of risk, (or '*Risk Appetite*'), for each of these objectives based on a Group-wide approach considering risks across all departments, functions, and activities. In view of the continuously evolving environment, the strategic objectives and the risk appetite must be reviewed regularly.

### Risk Hierarchy



## RISK MANAGEMENT PROCESS

There are three stages in the Risk Management process, namely:

- Risk identification and assessment:** Risks are identified and rated based on their likelihood and impact.
- Risk mitigation:** Management establishes procedures and/or controls to reduce the likelihood and impact of major risks.
- Monitoring and reporting:** The procedures and/or controls are regularly monitored. Updates on risk mitigation measures, controls, and total risk exposure are communicated to the Audit and Risk Committee which in turn reports to the Board.

An essential component of the Risk Management process is the transfer of risks via insurance covers and the continuous improvement of our internal control system.

The Key Risk Categories relevant to the Group remain as follows:



#### 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 the recruitment and retirement of employees, ongoing talent management, succession planning, relations with trade unions and regulatory bodies, and staff disciplinary issues.

#### Health and Safety Risks

Risks associated with all events that can cause serious injury and harm to the Group's workforce and customers.

#### Legal Risks

Risks linked to the legislations and regulations surrounding the operations and functioning of the Group (E.g. Competition laws, the Workers' Rights Act, Environment Protection Act, Data Protection Act, Occupational Health and Safety Act and the Code of Corporate Governance).

#### Operational Risks

Risk of loss resulting from inadequate, 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 customers.

#### Financial Risks

Risks linked to liquidity, interest rates, foreign currency exchange rates, capital structure and profitability.

#### Technology Risks

Risks that hardware and software 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 equipment.

#### Business Environment and Market Risks

Risks relating to macroeconomic 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.

STRATEGY

# RISK REPORT

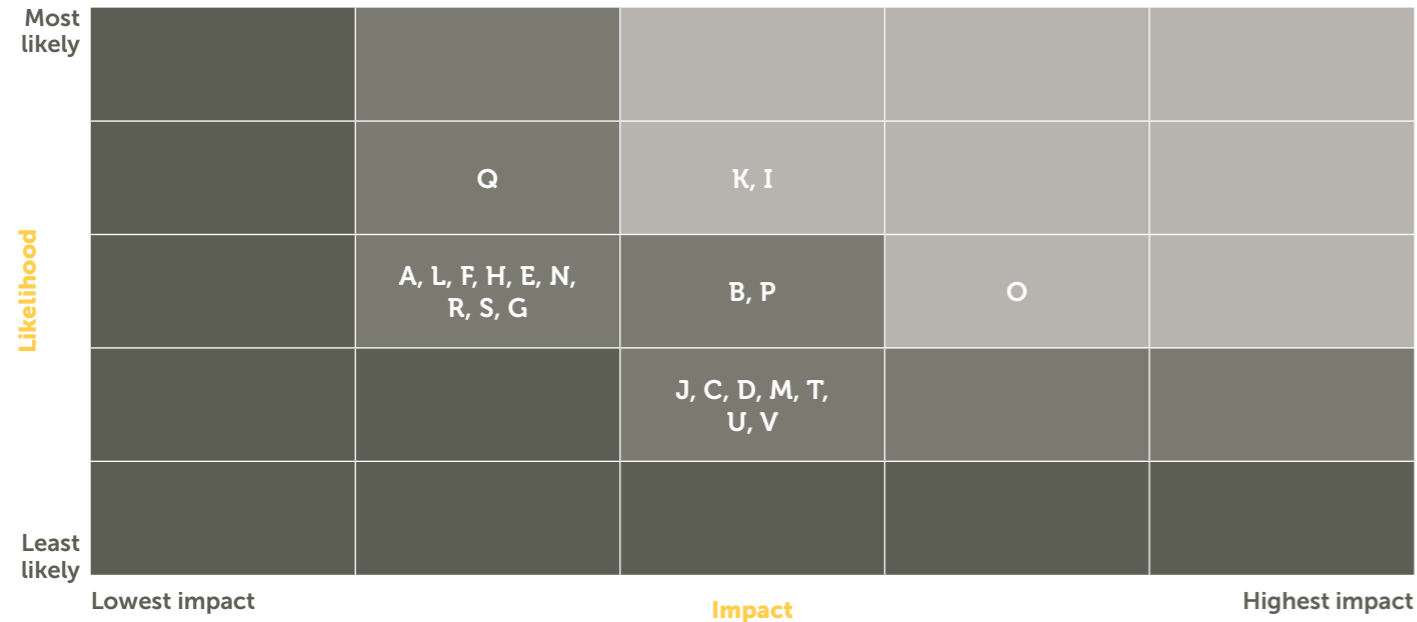
## GROUP RISK HEAT MAP

The Group Risk Heat map was prepared and submitted to the Audit and Risk Committee and to the Board to better visualise and manage the Group’s risk landscape.

Risks were assessed in terms of their likelihood and impact. The likelihood is based on qualitative estimates of frequency of the risks occurring, whereas the impact is based on a set of financial criteria and other factors like human resources, operations, and market.

The likelihood and impact of each risk before mitigating controls (also referred to as *‘Inherent Risk Score’*) were determined with their respective Risk Owners. Following the assessment of the effectiveness of the existing mitigating controls, the amount of risk remaining (or *‘Residual Risk Score’*) was then established.

The following Heat Map provides an overview of the risks that are within the Key Risk Categories described above:



The table below illustrates the changes in risk scores from previous year, as well as the inclusion of new risks in the list.

	Risk	Change in risk score	2023 Impact	2024 Impact	2023 Likelihood	2024 Likelihood
A	Erosion of brand loyalty - <b>New</b>		-	2	-	3
B	Supply chain disruption	↔	3	3	3	3
C	Credit (default)	↔	3	3	2	2
D	Customer concentration	↔	3	3	2	2
E	Competition	↔	3	2	2	3
F	Environmental	↔	2	2	3	3
G	Accidents causing injuries and damage to people/premises - <b>New</b>		-	2	-	3
H	Inadequate succession planning	↔	2	2	3	3
I	Inadequate monitoring of staff performance/productivity	↓	4	3	4	4
J	Failure to recruit and retain appropriate staff	↔	3	3	2	2
K	Disruption in production cycle due to external factors	↔	3	3	4	4
L	Delays in production and inability to meet customer demands	↔	2	2	3	3
M	Cyberthreat	↓	3	3	3	2
N	Failure to keep up with latest Information Technology developments	↔	3	2	2	3
O	Poor monitoring of overseas investment	↔	4	4	3	3
P	Money laundering - <b>New</b>		-	3	-	3
Q	Inability to maintain fixed asset registers - <b>New</b>		-	2	-	4
R	Price instability - <b>New</b>		-	2	-	3
S	Unfavourable macroeconomic conditions - <b>New</b>		-	2	-	3
T	Direct skin contact, ingestion, inhalation or explosion of dangerous chemicals - <b>New</b>		-	3	-	2
U	Fire/explosion - <b>New</b>		-	3	-	2
V	Drop in sales revenue risk - <b>New</b>		-	3	-	2

- - Decrease in riskiness
- - Increase in riskiness
- ↔ - No change
- ↓ - Lower risk

## STRATEGY

# RISK REPORT

## RISK MONITORING

The monitoring of the mitigating actions of the key risks to the Group is detailed below.

### Risk identification and assessment

### Risk monitoring and reporting

Risk identification	Risk assessment		Completed	Ongoing
<p><b>People Risks:</b></p> <p>The risk that the Group will not be able to find, hire, and keep talented employees.</p> <p><i>Inadequate succession planning risk (H)</i></p> <p><i>Inadequate monitoring of staff performance/ productivity risk (I)</i></p> <p><i>Failure to recruit and retain appropriate staff risk (J)</i></p>	<p>An inadequate succession plan poses a significant risk to the Group's stability and continuity. Without a clear strategy for developing and transitioning roles, disruptions and challenges could be faced.</p> <p>Without consistent and thorough performance tracking, we may struggle to identify issues early, address performance gaps, or recognise and reward high achievers. This can lead to decreased productivity and morale.</p> <p>Challenges in attracting top talent and maintaining employee engagement can lead to skill shortages, decreased productivity, and higher turnover rates.</p>		<ul style="list-style-type: none"> <li>A comprehensive succession planning framework that includes identifying key positions, developing talent pipelines, and providing targeted leadership development, was put in place.</li> <li>UBP introduced "The Path" initiative to promote ongoing employee development throughout their careers within the Group. Additionally, UBP is a registered training centre with the Mauritius Qualifications Authority.</li> </ul>	<ul style="list-style-type: none"> <li>A phased implementation of a Performance Management System is underway to reward employees, ensure regular evaluations, provide timely feedback, and support continuous improvement.</li> <li>A training plan is deployed to employees based on their needs and requirements.</li> <li>Welfare incentives and activities are undertaken to increase employee engagement.</li> <li>Relationships with trade unions are managed closely.</li> <li>Foreign workers are being hired.</li> </ul>
<p><b>Health and Safety Risks:</b></p> <p>The risk of injury or illness to individuals in the workplace or other environments. These risks include unsafe working conditions, exposure to harmful substances, inadequate safety protocols, and the potential for accidents or emergencies.</p> <p><i>Accidents causing injuries and damage to people/ premises risk (G)</i></p>	<p>The hazardous nature of operations, including heavy machinery and high noise levels, increases the likelihood of such incidents.</p> <p>Such a risk includes the possibility of injury, illness, or death of our employees as well as reputational damage for the Group that altogether may lead to the possibility of business interruption.</p>		<ul style="list-style-type: none"> <li>The Group addresses the impacts of the amendments in the Occupational Safety and Health Administration ('OSHA').</li> <li>All our personnel are provided with appropriate Personal Protective Equipment ('PPE') such as masks, gloves and protective clothing.</li> <li>Safety barriers, warning signs, and clear markings are put in place to delineate hazardous areas.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing training is provided to our employees on safe practices, proper equipment uses, and emergency procedures.</li> <li>Regular inspections are carried out on machinery and equipment, ensuring they are properly maintained to prevent malfunctions that could lead to accidents.</li> <li>Regular safety practices and compliance audits are performed on site. Any non-compliance issues are addressed promptly, and corrective actions are taken as needed to maintain a high standard of safety.</li> <li>Signs are visible, easily understandable, and updated regularly to reflect current safety conditions and regulations.</li> </ul>

# RISK REPORT

## Risk identification and assessment

## Risk monitoring and reporting

Risk identification	Risk assessment		Completed	Ongoing
<p><b>Health and Safety Risks (Continued):</b></p> <p><i>Direct skin contact, ingestion, inhalation or explosion of dangerous chemicals risk (T)</i></p> <p><i>Fire/explosion risk (U)</i></p>	<p>Dangerous chemicals pose significant risks through various exposure routes: direct skin contact can cause burns, allergic reactions, or systemic toxicity; ingestion may lead to poisoning, internal damage, or long-term health issues; inhalation can result in respiratory irritation, chemical pneumonia, or systemic toxicity; and explosions can cause severe physical injuries, fires, and toxic exposure.</p> <p>Fire and explosion risks can cause significant harm, including severe injuries, property damage, and environmental impact. Fires can lead to burns, respiratory issues, and structural damage, while explosions may result in trauma, shockwaves, and debris. Both can also release hazardous materials into the environment, creating further health risks and complicating emergency responses.</p>		<ul style="list-style-type: none"> <li>Chemical substances are stored safely and out of reach.</li> <li>All our personnel are provided with appropriate PPE such as masks, gloves and protective clothing.</li> <li>Safety barriers, warning signs, and clear markings are put in place to delineate hazardous areas.</li> <li>Fire alarms, extinguishers and smoke detectors are installed and maintained.</li> <li>Electrical systems are regularly inspected and flammable materials are properly stored.</li> <li>Safety procedures are developed and enforced to ensure compliance with relevant safety regulations and standards.</li> <li>A comprehensive emergency response plan was set up and enforced, including evacuation routes, assembly points, and procedures for dealing with fires and explosions. All personnel are trained to be familiar with the plan.</li> </ul>	<ul style="list-style-type: none"> <li>Regular inspections of storage areas, equipment, and PPE are carried out to ensure that everything is in good condition and functioning properly.</li> <li>Regular risk assessments are performed to identify potential fire and explosion hazards. Measures to address identified risks are implemented and safety practices are updated accordingly.</li> </ul>
<p><b>Legal Risks:</b></p> <p>The risk that laws and rules governing business conduct, such as those that address bribery, corruption, fraud, unfair competition, and illegal use of personal data, are not respected.</p> <p>It also includes costs associated with investigations, financial penalties, and reputational harm.</p> <p><i>Money laundering risk (P)</i></p>	<p>Lack of compliance with the evolving standards and regulatory landscape may lead to fines and penalties which could be detrimental to the reputation of the Group.</p> <p>Money laundering risks involve the potential for individuals or organizations to be used as conduits for illicit financial transactions, which can lead to severe legal and financial consequences. Risks include regulatory fines, legal penalties, and reputational damage.</p>		<ul style="list-style-type: none"> <li>An audit was conducted on our Data Protection Management Programme ("DPMP").</li> <li>All relevant certificates for the entities of the Group were renewed.</li> </ul>	<ul style="list-style-type: none"> <li>A review of the DPMP implementation was carried out across the entities of the Group by the Risk &amp; Compliance Officer.</li> <li>Changes in laws and regulations are tracked.</li> <li>Regular communications about new legislation and their impact on the Group's operations are made to relevant employees whenever required.</li> <li>Compliance audits are performed by all entities within the Group.</li> <li>An Anti-Money Laundering ('AML') framework is implemented within the Group.</li> </ul>

# RISK REPORT

## Risk identification and assessment

## Risk monitoring and reporting

Risk identification	Risk assessment		Completed	Ongoing
<p><b>Operational Risks:</b></p> <p>The risk of increased vulnerability to damage resulting from incidents disrupting the business operations.</p> <p><i>Disruption in production cycle due to external factors risk (K)</i></p> <p><i>Delays in production and inability to meet customer demands risk (L)</i></p>	<p>The negative impacts (financial, reputational, health and safety, security) of events may require the invocation of the Business Continuity Management Plan due to actual or potential interruption of business operations.</p> <p>External events (such as cyclones and flash floods) can also impede operational activities because of their temporary suspension.</p>		<ul style="list-style-type: none"> <li>Business Continuity Management Plans have been elaborated in case of incidents which could lead to business disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>The Group subscribes to insurance policies to mitigate the financial impact of business interruptions due to external factors.</li> </ul>
<p><b>Financial Risks:</b></p> <p>The risk that the Company may incur losses and be unable to meet its strategic goals if it fails to successfully identify market opportunities or carry out acquisitions, mergers, or divestments.</p> <p><i>Poor monitoring of overseas investment risk (O)</i></p> <p><i>Inability to maintain fixed asset registers risk (Q)</i></p>	<p>There is a risk that acquisitions do not meet the expected results.</p> <p>Following the disposal of our investment in Madagascar, it is essential to continually assess and manage any residual risks, including financial, regulatory, and reputational concerns.</p> <p>Inaccurate or outdated records may result in mismanagement of assets, difficulties in tracking asset depreciation, and compliance issues with accounting standards and tax regulations.</p>		<ul style="list-style-type: none"> <li>Our investment in Madagascar was disposed of in June 2024.</li> </ul>	<ul style="list-style-type: none"> <li>The performance of newly acquired entities in Reunion Island is being monitored continuously.</li> <li>Synergistic opportunities between entities of the Group are continuously explored.</li> <li>A service provider is being sought to conduct a comprehensive inventory of our fixed assets and ensure accurate records and effective asset management.</li> </ul>
<p><b>Technological Risks:</b></p> <p>The risk that important information technology systems become unavailable, and that data is lost or altered because of computer virus, cyberattack, network and infrastructure failures, natural catastrophes, or human error.</p> <p><i>Cyberthreat risk (M)</i></p>	<p>An information technology or cybersecurity incident may result in monetary loss, harm to the Group's reputation, safety concerns, or environmental effects.</p>		<ul style="list-style-type: none"> <li>A Software-Defined Wide Area Network ("SDWAN") is in place to monitor network traffic.</li> <li>Next-Generation Firewalls are installed.</li> <li>The implementation of Information Technology policies is pursued throughout the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Rigorous cybersecurity measures are implemented with a thorough approach, aiming to protect both digital systems and personnel from various threats.</li> <li>Preventive, detective and responsive cybersecurity checks are carried out.</li> <li>Our network traffic is constantly monitored for any suspicious activity.</li> <li>Financial resources are deployed to enhance information technology security.</li> </ul>

# RISK REPORT

## Risk identification and assessment

## Risk monitoring and reporting

Risk identification	Risk assessment		Completed	Ongoing
<p><b>Technological Risks (Continued):</b></p> <p><i>Failure to keep up with latest information technology developments risk (N)</i></p>	<p>Outdated technology can hinder productivity, lead to compatibility issues, and limit access to advanced tools and features that drive innovation.</p> <p>Additionally, lagging in IT advancements may expose the Group to security breaches and compliance issues, ultimately affecting overall performance and market positioning.</p>		<ul style="list-style-type: none"> <li>An IT Committee is in place to cater for all IT-related matters.</li> <li>A Transformation and Innovation Office was created to help identify and implement innovative measures that drive progress and efficiency.</li> <li>A Group Chief Transformation and Innovation Officer has been appointed to lead the Transformation and Innovation Office.</li> </ul>	
<p><b>Business environment and Market Risks:</b></p> <p>The risk that the economic environment can significantly change and have an influence on demand for building materials.</p> <p>This also encompasses political risk, which is the risk of financial, market or personnel loss occurring because of political decisions or disruptions. Political risk is also referred to as 'geopolitical risk.'</p> <p><i>Supply chain disruption risk (B)</i></p> <p><i>Credit (default) risk (C)</i></p> <p><i>Customer concentration risk (D)</i></p>	<p>Supply chain disruption risk refers to the potential for interruptions in the flow of goods and services from suppliers to consumers. This risk can arise from various factors, including natural disasters, geopolitical tensions, pandemics, or logistical challenges. Disruptions can lead to delays, increased costs, and reduced availability of products, impacting a company's ability to meet customer demands and maintain operational efficiency.</p> <p>Bad debts impact the Group's ability to meet its financial obligations and dividend distribution.</p> <p>The loss of key customers can have an adverse impact on the Group's revenue and profitability.</p> <p>A diversification of the customers portfolio mitigates the risk arising from the loss of a major customer</p>		<ul style="list-style-type: none"> <li>Reinforced credit assessment procedures are in place for new credit requests.</li> </ul>	<ul style="list-style-type: none"> <li>A list of alternative suppliers is regularly updated to ensure that there is no disruption in the supply of goods and services.</li> <li>A due diligence of suppliers is performed systematically.</li> <li>Debtors are constantly monitored to identify any risk of default as early as possible by reviewing their financial performance, and the contracts they have in hand, and by ensuring a continuous line of communication.</li> <li>The credit status of the top customers of the Group is monitored on a weekly basis.</li> <li>We continually strive to build trust with our existing customers and take their changing needs into consideration when developing our new products and services.</li> </ul>

# RISK REPORT

## Risk identification and assessment

## Risk monitoring and reporting

Risk identification	Risk assessment		Completed	Ongoing
<p><b>Business environment and Market Risks (Continued):</b></p> <p><b>Competition risk (E)</b></p> <p><b>Environmental risk (F)</b></p> <p><b>Price instability risk (R)</b></p>	<p>The entry of new competitors or an increase in the market share of existing competitors would impact on the Group's revenue and overall profitability.</p> <p>Environmental risks pose significant challenges that can impact our operational integrity and reputation. These risks include potential environmental damage from our activities, compliance with evolving regulations, and the effects of resource scarcity.</p> <p>Compliance with Environmental Regulations: The introduction of the new Environment Act 2024 presents new compliance challenges that may require operational adjustments. Non-compliance with the new regulations could result in legal penalties, operational disruptions, and reputational damage. The need for additional investments in sustainable technologies and processes may also increase operational costs.</p> <p><b>Climate change impacts</b></p> <p>Climate change presents significant and evolving risks to our operations and long-term sustainability. As extreme weather events, regulatory changes, and shifts in market dynamics become more prevalent, we recognise the need to integrate climate risk considerations into our strategic planning.</p> <p>Price instability risk for a business involves fluctuations in the costs of raw materials, products, or services, which can lead to unpredictable financial outcomes. This volatility can impact profit margins, budgeting, and overall financial stability. Factors contributing to price instability include market demand changes, supply chain disruptions, and economic conditions.</p>		<ul style="list-style-type: none"> <li>An initial review of the new Environmental Act 2024 was carried out to assess our compliance requirements.</li> <li>Key areas requiring adjustments are identified to align our operations with the new regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic discussions are held at management and Board levels to analyse customer/market trends and competition.</li> <li>The Research and Development team is engaged in product innovation.</li> <li>The communication department regularly conducts surveys.</li> <li>A continuous monitoring of the Group's environmental performance is in place to ensure compliance with local norms and regulations.</li> <li>Solutions are assessed to enable climate resilience. Such solutions may include heightened connectivity and synergy (e.g., one subsidiary helping another store or utilising unused material).</li> <li>A continuous monitoring of market conditions is performed, and pricing strategies are amended to align with cost changes and maintain profitability.</li> <li>Cost control measures are implemented to optimize operational efficiencies, absorb price fluctuations and protect profit margins.</li> <li>Some companies within the Group have adopted a strategy to strengthen relationships with or switch to new suppliers from different regions around the globe to manage geopolitical risks and enhance cost-effectiveness of operations.</li> </ul>

# RISK REPORT

### Risk identification and assessment

### Risk monitoring and reporting


Risk identification	Risk assessment		Completed	Ongoing
<p><b>Business environment and Market Risks (Continued):</b></p> <p><i>Unfavourable macroeconomic conditions risk (S)</i></p> <p><i>Drop in sales revenue risk (V)</i></p>	<p>Unfavorable macroeconomic conditions, such as economic downturns, high inflation, or rising interest rates, can significantly impact a business by reducing consumer spending, increasing operational costs, and creating financial uncertainty. These conditions can lead to decreased revenues, tighter profit margins, and challenges in securing financing.</p> <p>A drop in sales revenue can significantly impact a business’s financial health, leading to reduced cash flow, lower profitability, and potential operational challenges. This decline may result from various factors such as market saturation, decreased consumer demand, or increased competition.</p>			<ul style="list-style-type: none"> <li>• Our pricing is regularly adjusted to reflect changes in cost and market conditions while maintaining competitiveness.</li> <li>• We stay informed about macroeconomic trends and adjust strategies based on forecasts and economic data.</li> <li>• Relationships are in place with multiple financial institutions to ensure access to credit and funding during economic downturns.</li> <li>• Sales performance is regularly reviewed to identify trends, customer preferences, and potential issues affecting revenue.</li> <li>• Targeted marketing campaigns and promotions are realised to attract new customers and retain existing ones.</li> <li>• Customers relations are strengthened through personalised service, loyalty programmes, and responsive support.</li> <li>• Pricing strategies are reviewed and adapted to remain competitive and align with market conditions.</li> <li>• Cost-cutting measures are implemented across all operations.</li> <li>• Cash flows and budgets are managed strictly.</li> </ul>



# RISK REPORT

## Risk identification and assessment

## Risk monitoring and reporting

Risk identification	Risk assessment		Completed	Ongoing
<p><b>Marketing and Customer Risks:</b></p> <p>Marketing and customer risks refer to potential threats or challenges that businesses face when promoting their products or services and engaging with their customers.</p> <p><i>Erosion of brand loyalty risk (A)</i></p>	<p>The erosion of brand loyalty poses a significant risk to a company, potentially leading to decreased customer retention and reduced market share. When brand loyalty weakens, customers may switch to competitors, resulting in a loss of revenue and diminished brand equity. This erosion can be driven by factors such as poor customer service, declining product quality, or ineffective marketing strategies.</p>		<ul style="list-style-type: none"> <li>Loyalty programmes are in place.</li> <li>A feedback mechanism is in place to actively engage with customers through surveys, social media, and personalised communication to understand and address their needs.</li> </ul>	<ul style="list-style-type: none"> <li>Market trends are monitored.</li> <li>Customer complaints or issues are addressed promptly.</li> </ul>
<p><b>Sustainability Risks:</b></p> <p>Risk that we may not successfully meet societal, investor, and regulatory expectations for business sustainability and environmental responsibility, including social responsibility.</p>	<p>Inadequate environmental, social and governance (ESG) performance may lead to penalties, disputes in the areas where we operate, severe commercial interruptions, and possibly the closing of a plant.</p> <p>Additionally, it may affect our license to operate and limit our access to fresh resources. It is anticipated that Mauritius will face a water stress situation by 2025 due to climate change and increasing demand for water resources.</p>		<ul style="list-style-type: none"> <li>A sustainability programme – ‘La Fresque du Climat’ was put in place to increase awareness about the causes and impacts of climate change, as well as strategies for mitigation.</li> <li>A wastewater reuse system for washing equipment was implemented at Premix to reduce reliance on fresh water.</li> </ul> <p> More details are available in the Natural Capital section of this report.</p>	<ul style="list-style-type: none"> <li>Projects to transform waste into resources are being implemented. For example, the reuse of wastewater for washing equipment and recycling glass into pool filters.</li> <li>Renewable energy projects are being pursued.</li> <li>Global sustainability standards are being embraced.</li> <li>A continuous monitoring of water usage and the effectiveness of the wastewater reuse system, is in place with regular reporting on the volume of water saved and the system’s impact on operations.</li> <li>Phreatic levels of groundwater are monitored to support sustainable water extraction practices.</li> <li>UBP holds licenses to extract water from boreholes at each of our sites, with strict quotas in place to ensure sustainable use.</li> </ul>

## Way Forward

In response to the dynamic changes within our operating environment, we are actively reviewing and enhancing our ERM Framework and its associated Risk Registers. This comprehensive review aims to ensure that our Risk Management practices remain up to date and effective in addressing emerging risks. To support this critical process, we have engaged Ernst & Young, leveraging their expertise to refine our risk management strategies through the identification of our top business risks. By integrating their insights and adopting updated methodologies, we are committed to strengthening our risk mitigation efforts, improving our resilience, and ensuring that our risk management framework aligns with best practices and industry standards.

Furthermore, with the recent acquisition of several entities in Reunion Island, our ERM Framework will be extended accordingly given the different business environment in which these entities operate.