



Ability to navigate the crisis and resilience depend on a sustainable agile risk response.

**VIVIAN MASSON**  
Chairman – Risk Management and Audit Committee

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# 1. Overview

The risk landscape in which the Rogers Group operates has been impacted by three major events, namely the pandemic (“COVID-19”), the decision of the European Union (“EU”) to classify Mauritius as a High-Risk Jurisdiction and the oil spill caused by a bulk carrier in Mauritian waters. The oil spill has adversely impacted the reputation of Mauritius as a prestigious tourist destination and raised international concerns over the preservation of our natural resources. These unprecedented events have brought much uncertainty and challenges across most sectors of the economy in Mauritius. Rogers incurred significant negative financial impacts in the Hospitality, Property (shopping malls – Ascencia) and FinTech (consumer finance business) served markets following the lockdown and closure of our borders due to COVID-19. The downgrading of the country’s rating by the EU has brought an additional layer of uncertainty and is likely to have an adverse impact on the reputation of the country.

The management team of Rogers has demonstrated much agility with the launch of the Vivacis Resilience Programme before lockdown with the aim to contain the health, social and economic effects of the pandemic. An initial assessment of the potential impact and evaluation of the relevant risk response was performed. Much focus was placed on areas such as safety, liquidity, advocacy as well as support to economic and social causes that helped alleviate the sufferings of the most exposed persons and communities in Mauritius. The strategic thinking process launched last year was reignited and revamped in view of the changing risk landscape, risk appetite and long-term sustainable goals of the Group. This was an opportunity for Rogers to redefine a clear plan to address the new challenges posed by the crisis. We strongly believe that the Group’s ability to navigate the pandemic and economic crises and remain resilient depends on a sustainable, agile risk response from management.

## Management response to the crisis

The Vivacis initiative was launched before lockdown with the aim to stay resilient during the crisis and be prepared to face unforeseen headwinds. So far, the initiative has achieved the following:

<p><b>Actions</b></p> <p><b>Mobilised work streams</b></p>	<ul style="list-style-type: none"> <li>• Setting up of task forces at the Group and sector levels for impact assessment, mitigation and business continuity measures;</li> <li>• Provision of essential services in the country for activities like port services, distribution and the indispensable food and agro-industry;</li> <li>• Hotels were made available as quarantine sites; and</li> <li>• Ascencia malls operated during the lockdown period in a safe environment for essential services.</li> </ul>
<p><b>Arrangements</b></p> <p><b>Prevention and protection</b></p>	<ul style="list-style-type: none"> <li>• Provision of protective equipment and hygiene products to employees;</li> <li>• Creation of a Solidarity Fund for vulnerable persons and employees;</li> <li>• Donation of Rs 2m to the National COVID-19 Solidarity Fund;</li> <li>• Donation of masks to hospital and police station;</li> <li>• Protocols developed for a safe working environment; and</li> <li>• Work-from-home arrangements.</li> </ul>
<p><b>Awareness</b></p> <p><b>Communication and education</b></p>	<ul style="list-style-type: none"> <li>• Regular communication from the CEO of Rogers and CEOs of sectors to employees;</li> <li>• Use of collaborative tools for continuous awareness sessions on leadership and priorities during the lockdown period; and</li> <li>• Employee education on changes in laws.</li> </ul>
<p><b>Evaluation</b></p>	<ul style="list-style-type: none"> <li>• The Directors held two online Board meetings to discuss and evaluate:                             <ul style="list-style-type: none"> <li>- the estimated impact of the crisis on current and future financial performance;</li> <li>- relevant mitigating actions;</li> <li>- opportunities cropping up; and</li> <li>- the revised strategic plan.</li> </ul> </li> </ul>

## The Way Forward

Risk management is critical to the survival of the business during a crisis. The Vivacis programme initiated by management can be a catalyst to rebuild business, fuel growth, tap into relevant opportunities and better manage risks. The Risk Management and Audit Committee (“RMAC”) will also continue to play a major role in Risk Governance (as described in the next section). Last but not least, I would like to thank the RMAC members as well as the Group’s Chief Executive Officer, the Group’s Chief Finance Executive, the management team, external auditors and the Risk & Audit Department for their constant support and commitment throughout the year.

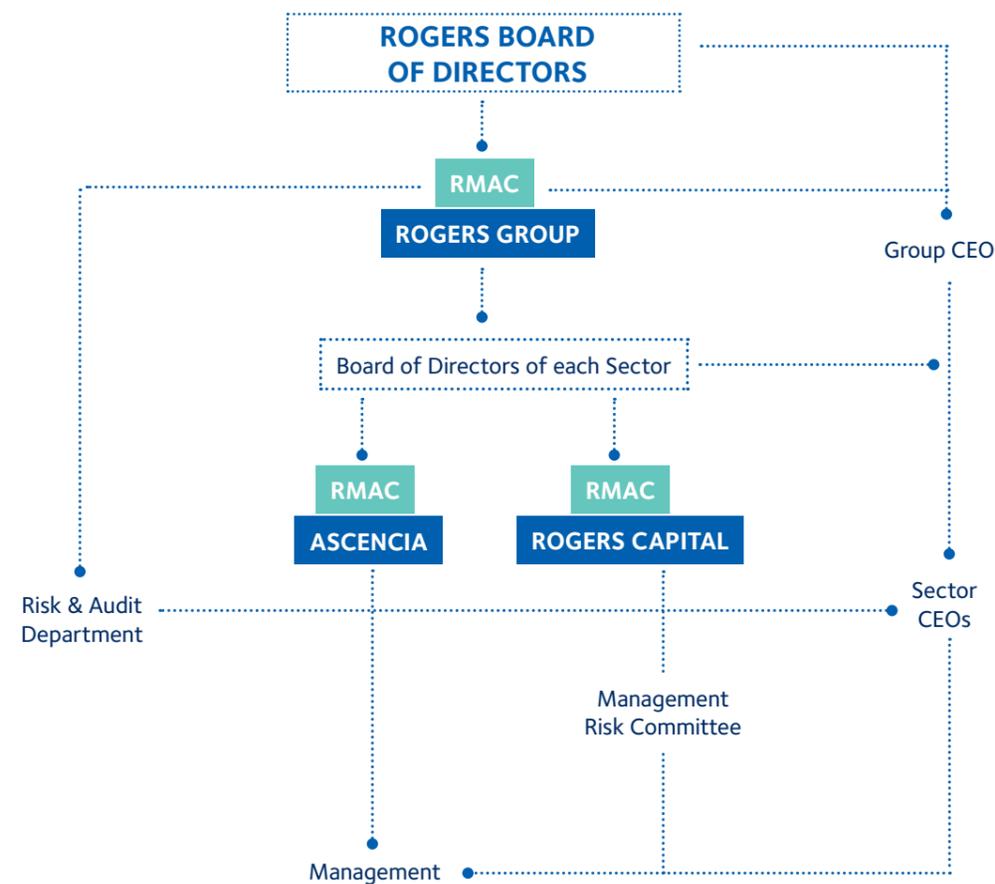
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# 2. Risk Framework

## 2.1 Risk Governance

The Board of Directors of Rogers is responsible for the governance of risks and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk governance has been delegated to three established RMACs within the Group. These sub-committees, which consist mainly of Independent Directors, are governed by the terms of reference contained in their charters in line with the new Code of Corporate Governance for Mauritius (2016).



## Risk Management and Audit Committees ("RMACs")

The three RMACs of the Group have continued to play a key oversight role for the Boards of Directors. The members of the committees are financially well-versed and experts in their respective fields. The composition of the RMAC and attendance at its meetings are disclosed in the Corporate Governance section on page 44.

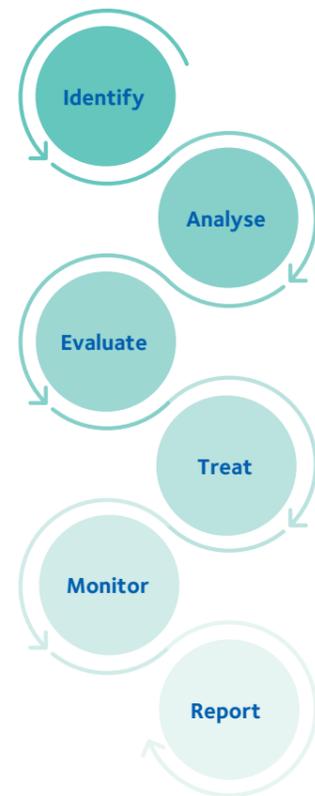


The three committees ("RMACs") met during this financial year to acknowledge and review the following:

<b>Principal risks and uncertainties</b>	The principal risks and uncertainties which impact Rogers were reviewed by the RMACs and evaluated with the Group CEO, CFE and other Directors. Special RMAC meetings were held to discuss high-risk areas and turnaround plans post-financial year end. The main risks discussed are described in the Principal Risks section on pages 76-79.
<b>Internal audit</b>	<b>21</b> reports from internal auditors were reviewed and covered the following risk areas: <ul style="list-style-type: none"> <li>• Compliance with internal policies;</li> <li>• Health &amp; Safety;</li> <li>• Credit;</li> <li>• Fraud; and</li> <li>• Safeguard of Assets.</li> </ul>
<b>External audit</b>	The audit approach was reviewed with the recently appointed audit firm (KPMG) and the following were discussed: <ul style="list-style-type: none"> <li>• Significant audit matters;</li> <li>• Impact of recently introduced International Financial Reporting Standards;</li> <li>• Significant accounting judgements and estimates; and</li> <li>• Impact of COVID-19.</li> </ul>
<b>Other matters</b>	<ul style="list-style-type: none"> <li>• Integrity of quarterly abridged and annual financial statements;</li> <li>• Related party transactions;</li> <li>• Fair value of investment properties (Ascencia Limited); and</li> <li>• Impact of IFRS 9, 15 and 16.</li> </ul>

## 2.2 Integrated Risk Management Process

Our risk management process for the identification, analysis, evaluation, treatment and monitoring of risks is as follows:



### Identification, Analysis and Evaluation

- Regular meetings are held at operational level to identify, analyse and evaluate emerging and current risks.
- Compliance and Health & Safety Officers perform regular checks for the identification, analysis and evaluation of risks.
- Internal auditors perform regular audits in accordance with the approved audit plans reviewed by the RMAC on an annual basis.
- Analysis and evaluation of risks periodically with Senior Management and CEOs.

### Treatment and Monitoring

- Significant inherent risks are treated in line with the risk appetite. Risks are transferred to insurance companies where applicable, otherwise risks are mitigated by additional controls or other measures.
- Monitoring is done by management in sectors either in meetings held on a regular basis or in Risk Committees.

### Reporting

- Risks are reported to RMACs and Boards of Directors by CEOs, CFOs, Head of Risk and Senior Management with relevant risk responses and opportunities that have been thoroughly evaluated. A full review of risks is also reported on a half-yearly basis.
- External auditors report risks noted during their audit to Senior Management and RMACs.

## 2.3 Our Four Lines of Defence

At Rogers, the four lines of defence provide assurance to the RMAC and Board of Directors on the effectiveness of the Risk Management Framework.

### 1 People, Process and Technology

Controls are set at operations level in day-to-day activities. The adequacy and relevance of internal controls is supported by the Rogers Guidelines and Policies Manual and specific operating procedure manuals in each sector.

### 2 Management and Oversight

- Health & Safety checks;
- Compliance checks; and
- Management review.

### 3 Internal Audit

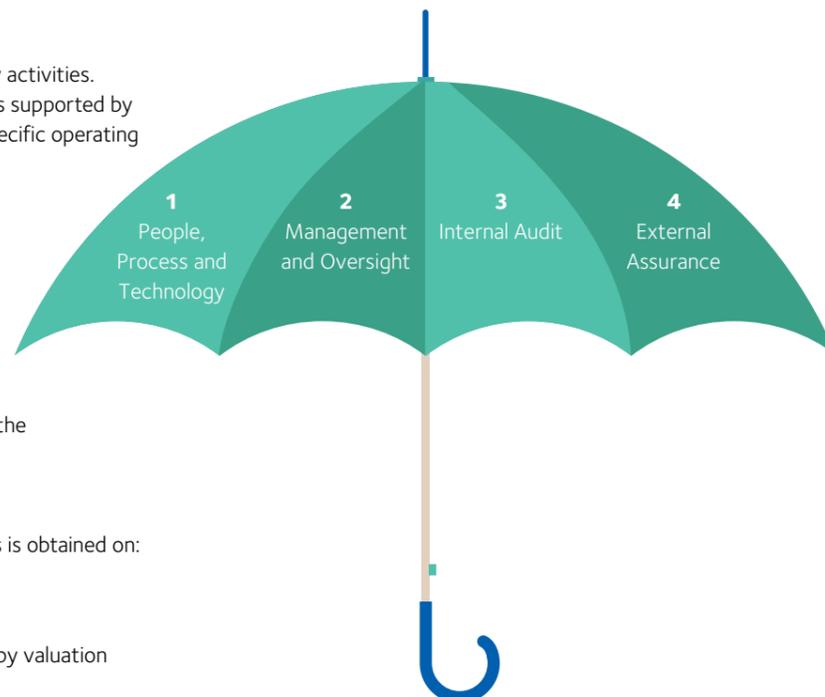
Independent in-house function which reports to the RMACs and Boards of sectors.

### 4 External Assurance

Assurance from independent external consultants is obtained on:

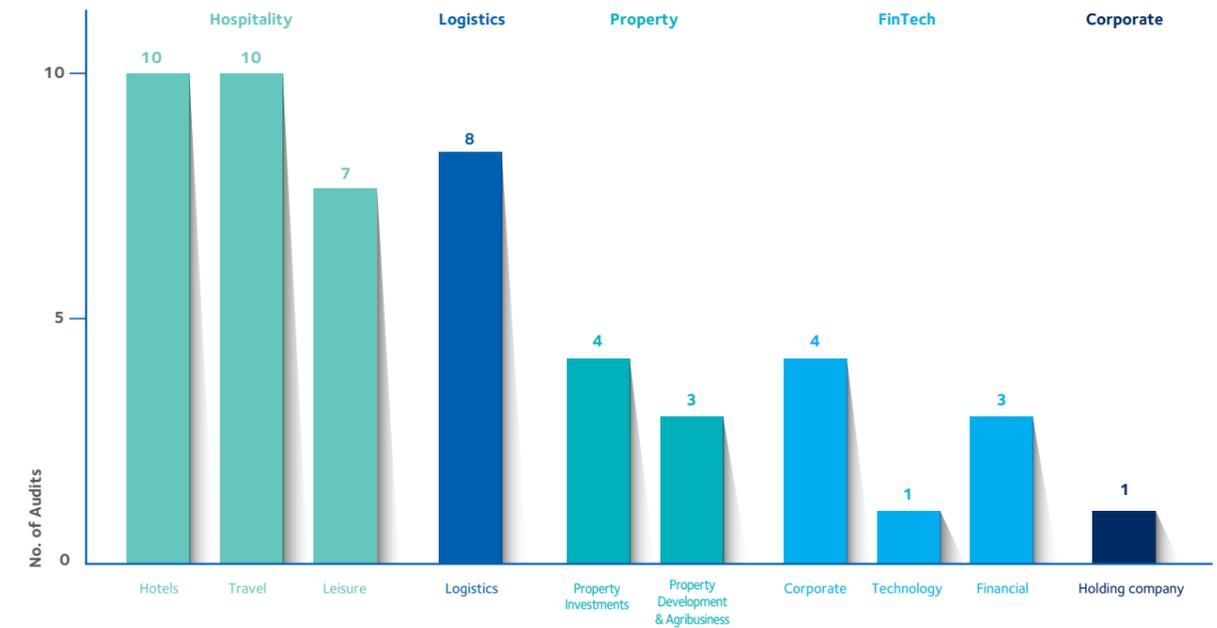
- fair value of investment properties;
- retirement benefit obligations; and
- significant related party transactions whereby valuation is independently performed.

Assurance is obtained on financial statements from the external auditors.



## Internal Audit

The three-year internal audit plan covers financial years 2019-21. The number of audits completed by sector over the period is as follows:



There were no significant deficiencies in the Group's system of internal controls and no major limitations or restrictions in the audit scope, access to records, management and employees of audited entities.

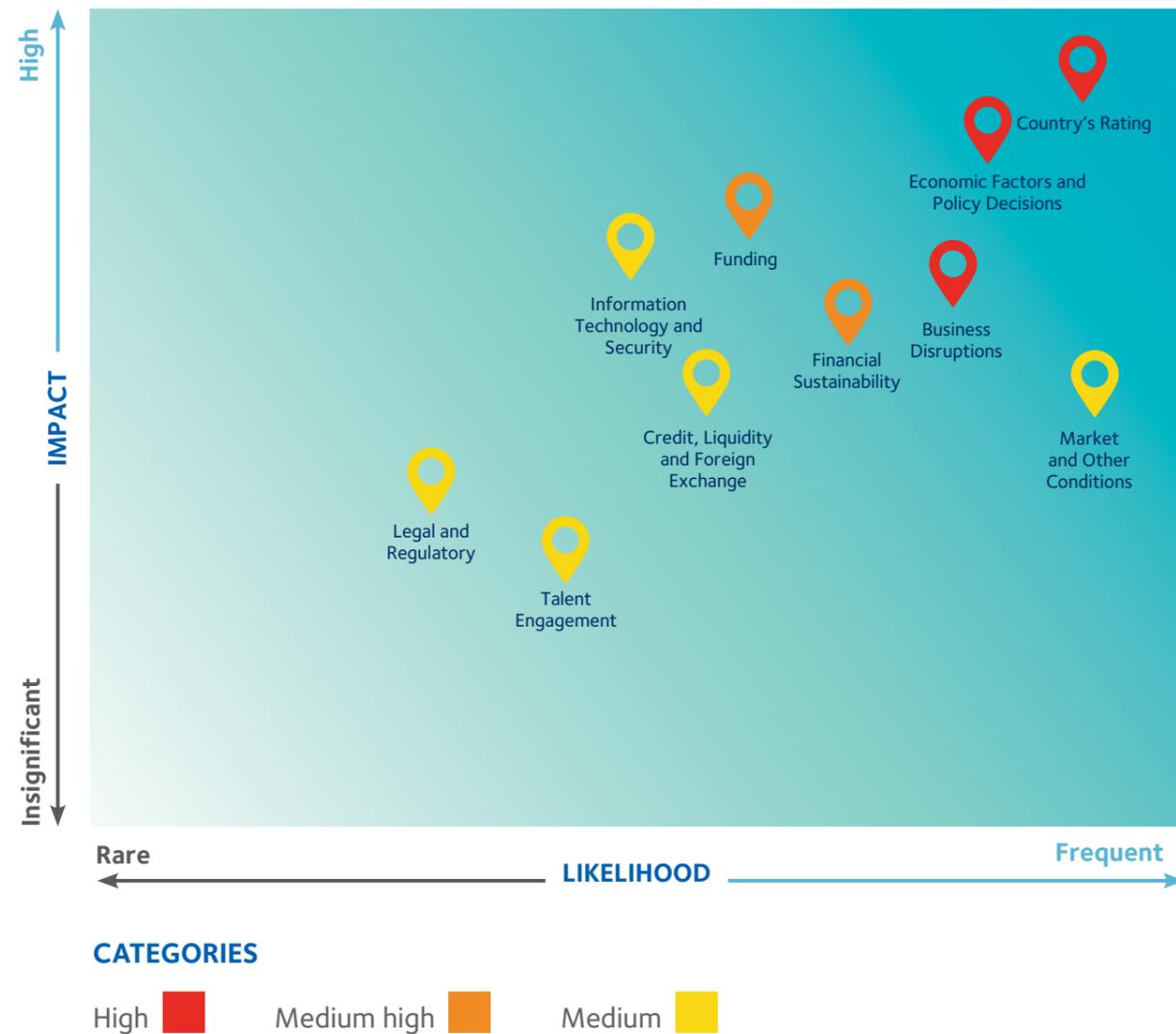
### Internal Audit Team

There were no major changes in the composition of the team during the year. 50% of the team are qualified accountants and the average relevant experience is 6.5 years.

Information on the composition and qualifications of the Internal Audit team is detailed on the website: [www.rogers.mu](http://www.rogers.mu)

# 3. Principal Risks

The Risk Heat Map below provides an overview of the 10 principal residual risks identified for the Group and how these risks have evolved over the financial year under review.



The principal risks for the Group, which are classified as strategic, operational, financial and compliance risks, are monitored and evaluated by the RMACs and the Board of Directors. Mitigating actions and opportunities are identified across the served markets to enable the sound management of these risks. These are discussed on the next pages. The Group's served markets impacted by the principal risks are as follows:

	Principal Risks	Main Served Markets Impacted
A	Economic factors and policy decisions	FinTech, Hospitality, Logistics, Property
B	Country's rating	FinTech, Logistics, Property
C	Market and other conditions	FinTech, Hospitality, Logistics, Property
D	Financial sustainability	FinTech, Hospitality, Logistics, Property
E	Credit, liquidity and foreign exchange	FinTech, Hospitality, Logistics, Property
F	Funding	FinTech, Hospitality, Property
G	Business disruptions	FinTech, Hospitality, Logistics, Property
H	Information technology and security	FinTech, Hospitality, Logistics, Property
I	Talent engagement	FinTech, Hospitality, Logistics, Property
J	Legal and regulatory	FinTech, Hospitality, Logistics, Property

Principal Risks		Strategic Response & Opportunities		Capital Impacted
Strategic Risks				
<b>Economic factors and policy decisions</b>	<p>Current crisis (due to COVID-19) has the following potential adverse effects:</p> <ul style="list-style-type: none"> <li>economic recovery globally is slower, uneven and uncertain with potential for prolonged scenarios in some sectors (e.g. Hospitality); and</li> <li>deterioration in main economic indicators such as GDP and consumption growth, inflation and unemployment rate.</li> </ul> <p>Decisions taken by the authorities that impact on businesses, such as:</p> <ul style="list-style-type: none"> <li>new legislations (Workers' Rights Act 2019);</li> <li>Government initiatives such as Minimum Wage and other budgetary measures like the new system of social contributions - Contribution Sociale Généralisée ("CSG"); and</li> <li>the Metro Express project that impacts access to Phoenix Mall.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Review current marketing strategies inclusive of target markets and emerging ones.</li> <li>Negotiations with authorities to review access to Phoenix Mall following work underway for Metro Express project (Ascencia).</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Building scale in the retail of local products (Property Development &amp; Agribusiness).</li> </ul>	
<b>Country's rating</b>	<ul style="list-style-type: none"> <li>Classification of Mauritius as a high-risk country by the European Commission may have major repercussions for our sectors, including FinTech - Corporate Services and Property.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>At national level, the authorities have reinforced legislations and taken measures to enhance supervision in order to address recommendations raised by the Financial Action Task Force.</li> <li>Strengthening the compliance function.</li> <li>Regular communication with clients.</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Strengthening the procedures to anticipate Enhanced Due Diligence requirements of foreign banks.</li> </ul>	
<b>Market and other conditions</b>	<ul style="list-style-type: none"> <li>Client expectations and behaviours are evolving and partly shaped by development in technology such as e-commerce. Should these expectations not be met, this may result in loss of market share and profitability.</li> <li>Increase in the level of competition due to better agility and resilience of main competitors.</li> <li>Lack of relevant and/or reliable information on local and foreign markets.</li> <li>Reliance on foreign markets that are impacted by the crisis.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Ensure marketing capabilities are adequate at sector level.</li> <li>Perform regular market surveys to devise appropriate response to changing customer demand patterns.</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Identification and evaluation of alternatives to reduce client concentration.</li> </ul>	
Financial Risks				
<b>Financial sustainability</b>	<ul style="list-style-type: none"> <li>Loss-making businesses that need turnaround.</li> <li>Loss of revenue due to the impact of COVID-19.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Appointment of a Project Manager to ensure implementation of strategy and turnaround of loss-making businesses.</li> <li>Review of progress and challenges at RMAC level.</li> <li>Cost reduction measures underway.</li> <li>Sustainable project in Bel Ombre with different stakeholders within the Group for better synergy.</li> <li>Looking for new partnership opportunities for Velogic France.</li> <li>Scaling up of vegetable production for progressive replacement of sugarcane.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Rethinking the business model.</li> <li>Availing of facilities provided by the authorities.</li> </ul>	
<b>Credit, liquidity and foreign exchange</b>	<ul style="list-style-type: none"> <li>Inappropriate credit assessments and default from debtors.</li> <li>Inability to meet operational and financial obligations as well as loan covenants.</li> <li>Insufficient cash for current/further planned investments.</li> <li>Inability to pay dividends, thus failure to meet shareholders' expectations.</li> <li>Inability of tenants to sustain their financial performance leading to an impact on Ascencia's ability to meet dividend payments.</li> <li>Loan or other liabilities denominated in an appreciating foreign currency.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Credit protection taken on debtors (Hospitality).</li> <li>Tighter treasury management policies.</li> <li>Tenant relief plan in place at Ascencia.</li> <li>Seeking alternatives for foreign currency loans and using hedging instruments.</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Review of the existing credit assessment model and debtors' management policy.</li> </ul>	
<b>Funding</b>	<ul style="list-style-type: none"> <li>Inability to obtain funding.</li> <li>Clients from FinTech - Corporate Services opting for lower risk jurisdictions may result in capital erosion, impacting on local banks' ability to lend money.</li> <li>Higher costs of capital due to liquidity crunch.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Converting money market loans/overdraft facilities into term loans.</li> <li>Securing additional loan facilities.</li> <li>Issue of bonds.</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Availing of facilities offered by the authorities.</li> </ul>	

Principal Risks		Strategic Response & Opportunities		Capital Impacted
<b>Operational Risks</b>				
<b>Business disruptions</b>	<p><b>Pandemic</b></p> <ul style="list-style-type: none"> <li>Risk of second wave of COVID-19, resulting in another lockdown.</li> <li>Border closure and travel bans impacting on the tourism industry and the Hospitality served market.</li> <li>Failure to provide a safe environment (sanitary/hygiene) for workers and clients.</li> </ul> <p><b>Climate and Environment</b></p> <ul style="list-style-type: none"> <li>Environmental risk – beach erosion, global warming, rising sea level, torrential rains and flash floods impacting activities.</li> <li>Man-made environmental disasters (e.g. oil spills due to shipwreck).</li> <li>Biodiversity loss in Mauritius, impacting the image of the country as a tourist destination.</li> <li>Extremely severe cyclonic conditions causing damages to hotels.</li> </ul> <p><b>Supply Chain Disruptions</b></p> <ul style="list-style-type: none"> <li>Restrictions in trade due to impact of border closures and lockdown in other countries.</li> <li>Supply chain disruptions in clients' businesses leading to decrease in demand for our services (Logistics Solutions).</li> </ul> <p><b>Other Disruptive Events</b></p> <ul style="list-style-type: none"> <li>Fire.</li> <li>Social unrest: Increasing level of unemployment, unpopular policy measures paving the way to protests, riots and looting.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Ensure adequate insurance cover.</li> <li>Purchase locally (Made in Moris) and reduce dependency on imported products.</li> <li>New health and safety policy and business continuity plan in place for epidemics/pandemics.</li> <li>Regular audits by external consultant for sustainability (Hospitality).</li> <li>Work in close collaboration with local authorities and other associations to devise a plan/strategy in case of man-made disasters.</li> <li>Utilisation of green energy (solar energy) in Ascencia malls.</li> <li>Diversify suppliers and local sourcing to reduce carbon footprint.</li> <li>Identification and evaluation of alternatives to reduce client concentration.</li> <li>Review and ensure a business continuity and crisis management plan is in place.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Opportunities for smart agriculture and local products (Property Development &amp; Agribusiness).</li> <li>Focusing on/promoting responsible and sustainable tourism activities.</li> </ul>	
<b>Information technology and security</b>	<p><b>Lack of Innovation</b></p> <ul style="list-style-type: none"> <li>Not leveraging innovation to sustain competitive advantage or lack of operational excellence.</li> </ul> <p><b>Information Security</b></p> <ul style="list-style-type: none"> <li>Cyberthreats such as fraudulent phishing attempts, spoofing e-mails, malware and/or ransomware.</li> <li>Inadequate security of data and privacy issues.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Transform innovation lab into digital factory to accelerate digitalisation initiatives.</li> <li>Partner with other organisations to widen the innovation circle and share costs.</li> <li>Cybersecurity maturity assessment performed by independent consultant (Rogers Corporate).</li> <li>Regular penetration and vulnerability assessments.</li> <li>Group cybersecurity plan in progress with external consultants (Ascencia).</li> <li>IT audit carried out to detect and prevent risks.</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Creation of a virtual mall with a "click-and-collect" facility in each mall (Ascencia).</li> </ul>	
<b>Talent engagement</b>	<ul style="list-style-type: none"> <li>Loss of key personnel and lack of succession plan for key executives and management.</li> <li>Lack of adequate/missing skills in business and capability gaps in current teams.</li> <li>Inability to adapt to challenges in a dynamic environment.</li> <li>Low engagement level of our workforce.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Adopt retention programmes that help boost employee morale and productivity.</li> <li>Maintain an appropriate communication plan for employees.</li> </ul>	
<b>Compliance Risks</b>				
<b>Legal and regulatory</b>	<ul style="list-style-type: none"> <li>Non-adherence to existing or new legislations and regulations such as Data Protection Act, General Data Protection Regulations, the Code of Corporate Governance for Mauritius (2016), Workers' Rights Act 2019 and the Quarantine ("COVID-19") Regulations 2020.</li> <li>Changes in laws and regulations not communicated and training not provided.</li> <li>Money Laundering and Terrorism Financing transactions not detected due to lack of visibility or internal procedures not followed.</li> <li>Non-compliance with internal controls leading to theft, frauds and misappropriation of assets.</li> </ul>		<p><b>Strategic Response</b></p> <ul style="list-style-type: none"> <li>Restructure organisations to ensure compliance at business and national levels.</li> <li>Communication and awareness session on impact of new legislations provided.</li> <li>Data protection gap analysis in the different sectors.</li> <li>Health &amp; Safety audits carried out in malls to ensure compliance with all relevant legislations (Fire Code, etc.) (Ascencia).</li> <li>Safe shopping measures implemented (Ascencia).</li> <li>Reinforce compliance function. Compliance checks and customer due diligence conducted on client transactions.</li> <li>Reinforce internal controls and adequate segregation of duties.</li> <li>Zero tolerance policy on risks of errors and fraud (FinTech).</li> <li>Code of ethics and whistleblowing policy in place.</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Training and awareness programme.</li> </ul>	