

Judging Panel findings

CRA 2012





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CRA 2012

Award Winners:

SEM-7

The Mauritius Commercial Bank Ltd

Banking, Insurance & Capital Markets

Swan Insurance Company Limited

Other Listed Companies

Air Mauritius Limited

Online Reporting:

The Mauritius Commercial Bank Ltd

Risk Management Disclosures

State Bank of Mauritius Ltd

Corporate Governance Disclosures

The Mauritius Commercial Bank Ltd

The PwC 'Corporate Reporting Awards' (CRA) is in its 14th year.

Our aim in holding the CRA is to encourage management of listed entities and Public Interest Entities to raise the quality of the communication to their stakeholders in their annual reports and via their websites. We would like them to go beyond the legal requirements and provide complete, relevant and neutral information to their readers.

PwC Mauritius reviewed 70 annual reports. Between three and six reports per Award were submitted to an external Judging Panel for final assessment.

We congratulate all nominees and winners of the CRA 2012.

The Awards

Category Awards

- SEM-7 Companies
- Banking, Insurance & Capital Markets
- Other Listed Companies (inc. the DEM market)
- Public Interest Entities (non-listed large entities, inc. Parastatals)

Cross-category Awards:

- Risk Management Disclosures *sponsored by the Mauritius Institute of Directors*
- Corporate Governance Disclosures *sponsored by the National Committee on Corporate Governance*
- Online Reporting

Listed entities are automatically considered for the CRA whereas unlisted entities only compete if they submit their Annual Reports for review.

The Process



The Judging Panel

Mr Jean-Paul de Chazal

Former audit partner, Chairman of the Judging Panel

Dr Raj Daliah

National Committee on Corporate Governance Representative

Mr James Benoit

CEO, AfrAsia Bank Limited

Mr Richard Wooding

CEO, Phoenix Beverages Ltd

Mr Stéphane Henry

CEO, IPRO Growth Fund

Members of our Judging Panel come from a varied background, providing diverse views on annual reports.

Those Panel members who had a potential conflict of interest did not participate in the final decision.

Risk Management Disclosures



Assessment criteria

Criteria used go beyond legal requirements of the Code of Corporate Governance and we looked for best practices in risk management.

We based our assessment on the requirements of the Enterprise Risk Management framework developed by COSO II

- Risk identification and assessment process
- Focus on key risks and the way these are managed
- Methods by which internal controls and risk management are integrated with each other
- Effectiveness of risk management processes
- Requirements of the Code of Corporate Governance and best practices
- Presentation aspects

Comments from the Judging Panel

We liked...

- Risk awareness initiatives
- Improved interaction of risk management function with other departments
- Details of stress testing
- Good mix of narratives and illustrations
- Generally banks are above the rest

Suggestions

- Significance of risks
- Discussion around risk appetite and risk management strategy
- Independent review/audit
- Risk measurement scores
- Ongoing activities to improve management of risks

Best Practices

We liked...

State Bank of Mauritius Ltd's analysis of its top credit risk exposure by customer group and the sensitivity test that followed.

RISK MANAGEMENT REPORT

As at 30 June 2011 no regulatory limit was exceeded in respect of credit concentration risk.

The following table provides a breakdown of the Bank's top credit exposures that are over 10% of the Bank's capital base after netting off of deposits. The main credit exposures include credit advances, guarantees, acceptances and other similar commitments extended by the Bank.

The Bank's portfolio has remained adequately diversified with the top twenty credit risk-weighted exposures now accounting for 27% of its total credit exposures as at 30 June 2011, (2010: 31%) and representing 16.8% of its core capital as at 30 June 2011 (2010: 15.1%).

Country risk exposure

Country risk is an aspect of credit concentration risk.

Customer Group	Gross Exp (Rs m)	Set-off (Rs m)	Net Exp (Rs m)	% of Aggregate amount of exposures after set-off to Bank's Capital Base
A	2,679	-	2,679	
B	2,329	-	2,329	
F	2,184	-	2,184	
G	1,811	-	1,811	
H	1,761	-	1,761	
I	1,633	-	1,633	
J	1,322	-	1,322	

If the Bank's capital base, were reduced by 25% at 30 June 2011, it would have seven single customers or groups of closely related customers with exposures of above 15% of the Bank's capital base, aggregating to 17.3% of the Bank's capital base. SBM Group would be the largest customer with 16.0% of the Bank's capital base.

Similarly, for the bank, if the capital base of single customers or groups of closely related customers would be reduced by 25% at 30 June 2011, it would have seven single customers or groups of closely related customers with exposures of above 15% of the SBM Group's capital base, aggregating to 13.2%, thus remaining well

below the 15% limit.

Customer Group	Gross Exp (Rs m)	Set-off (Rs m)	Net Exp (Rs m)	% of Aggregate amount of exposures after set-off to Bank's Capital Base
A	3,679	-	3,679	32.4%
B	2,329	-	2,329	20.5%
F	2,184	-	2,184	19.3%
G	1,811	-	1,811	16.0%
H	1,761	-	1,761	15.5%
I	1,633	-	1,633	14.4%
J	1,322	-	1,322	11.7%

If the Bank's capital base, on a stand-alone basis, were reduced by 25% at 30 June 2011, it would have seven single customers or groups of closely related customers with exposures of above 15% of the Bank's capital base, aggregating to 17.3% of the Bank's capital base. SBM Group would be the largest customer with 16.0% of the Bank's capital base.

diversified with the top twenty credit risk-weighted exposures now accounting for 27% of its total credit exposures as at 30 June 2011, (2010: 31%) and representing 16.8% of its core capital as at 30 June 2011 (2010: 15.1%).

Country risk

Country risk is a counterpart risk to a counterparty's obligations. For example, default by a counterparty to an economic or convertible or nationalisation or conflict.

SBM's approach to risk management is set out in the Risk Management Policy. The policy sets out the limits based on risk tolerance, taking into account the risk profile of the bank. It has physical, operational and strategic risk management processes in place to manage risk.

Best Practices

We liked...

Bank One Limited's quantitative analysis of its Stress Testing.

2010 BANCA CREDIT ANALYTIC REPORT 69

Nominees

Risk Management Disclosures

Air Mauritius
Limited



State Bank of
Mauritius Ltd



The Mauritius
Commercial
Bank Ltd



Winner

Risk Management Disclosures



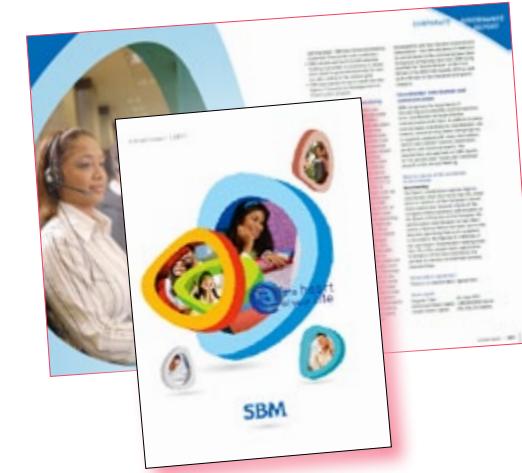
Winner

State Bank of Mauritius Ltd

Mr Gautam Vir, Chief Executive Officer of the State Bank of Mauritius Ltd, receiving the Risk Management Disclosures Award from Mr Stéphane Henry, Judging Panel Member

The bank has its own credit rating system. It provided an analysis of its top credit exposure by customer group and performed sensitivity analysis of the impact of a worsening of its capital. Narratives were supplemented by informative graphs and tables.

The risk management report has been re-designed and allows for an easier read.





Assessment criteria

In assessing entities for this Award, we tried to move away from compliance and a checklist approach. We looked for genuine behaviours of good corporate governance.

A two-pronged approach was adopted for this review. First, we checked for compliance with the requirements of the Code for Corporate Governance; the 10 best scoring entities were then reviewed in detail.

We looked for inconsistencies between the corporate governance disclosures and what was said by the directors and management throughout the report, including the financial statements. We assessed whether the whole report was giving an objective and fair view, and whether management was telling the story as it is.

We placed more emphasis on section 8.2 of the Code focussing on whether the annual report presents a comprehensive and objective assessment of the activities of the entity to give a full and fair view of the entity's performance.

Comments from the Judging Panel

We liked...

- Risk management disclosures
- Roles and responsibilities
- Description of the internal audit function
- Sustainability reporting

Suggestions

- Improve attendance at board meetings
- Non-audit services provided by auditors and safeguards in place to maintain auditor objectivity and independence
- Clearer disclosures on executives' remuneration
- Be comprehensive and objective
- Ensure consistency between the different parts of the annual report

Best Practices

We liked...

The Mauritius Commercial Bank Ltd's sustainability reporting. It estimated the impact of projects financed on the environment.

Corporate governance report

From another perspective, in line with its own philosophy and following commitments taken with international financial partners, the MCB has developed an Environmental and Social Policy. The purpose of the policy is to set out the principles, policies, roles and responsibilities whereby the Bank should ensure that the social and environmental impacts of any specific project - i.e. one to which loans of an aggregate amount greater than or equal to USD 2 million and with a maturity of at least 24 months have been provided - are being identified and evaluated in a systematic manner. This should assist in adopting a more holistic approach to risk management, develop relationships with stakeholders and increase opportunities in the international finance arena. After being extensively appraised by the Supervisory and Monitoring Committee in January 2011, the policy is set to be fully implemented during the course of FY 2011/12. At the same time, building on our progress already made at the strategic and operational levels to strengthen our social and environmental management framework, the Bank will adopt the Equator Principles which stand as an international principle of the Environmental and Social Policy. Equator Principles relate to voluntary and internationally-recognised standards. In this regard, the MCB has been in discussions with the Equator Principles Association, which are used by many financial institutions, in determining, appraising and managing the environmental and social risks in our projects.

Corporate Social Responsibility
After being officially launched in 1999, the Bank has been able to effectively and efficiently manage the Corporate Social Responsibility activities of the Bank, the MCB has reached an adequate point of emergence to take specific initiatives to further our contribution to the proposition of the Foundation.

Page 10

Vision	To be instrumental in social, environmental and community development
Mission	To develop and implement projects in the benefit of the community

54 MARCH 2000

The following table provides an overview of the breakdown of expenditure by activity for the total amount of R\$ 40.9 million spent by the Foundation as previously mentioned. This figure only relates

Best Practices

We liked...

Swan Insurance Company Limited's cause and effect explanations in the CEO's report.

group chief executive's review



STRATEGIC REVIEW

In 2005, we consolidated a number of our strategic initiatives started four years ago and these now give us a solid foundation which enables us to further our ambitions for the future. In this regard, we have now set up an international department to support Smith Group's products and services globally and to develop business opportunities for the Group in selected foreign markets. We also continue on our drive to develop the personal lines segment of our business and have devised a year launched a new range of general insurance products with unique and innovative features under the Oregon brand launched in Angle Brookville in 2007. This is a remarkable evidence of the strength achieved within the Group which is one of the strengths highlighted in the Oregon Insurance Show, opened at the beginning of 2011, by the Oregon legislature of this state.

In addition, Andra Huat has acquired the life insurance portfolio of Sunlife Insurance. In 2019, a move which we believe demonstrates our clients' confidence.

SHORT TERM OPERATION

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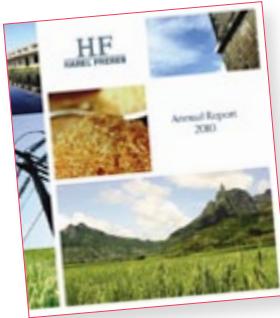
The motor sector performed well with a good loss ratio. This commendable achievement is the result of our rigorous pricing discipline and the moderate claims severity experienced. There are encouraging signs in personal motor business of some price stability on the part of some major players. It is unfortunately not the case regarding fleet motor business where market rates are either below technical price or marginally adequate. We are constantly monitoring our results and our risk appetite in view of the cyclical nature of this segment.

We have this year launched a new personal motor product under the Oxygen brand which offers unrivalled coverage and the widest choice of extra benefits. It is worth mentioning that we are the first insurance company in Mauritius to introduce the first party driver injury cover and the finance car protection. We are pursuing our forward-thinking

Nominees

Corporate Governance Disclosures

Harel Frères Limited



The Mauritius
Commercial Bank Ltd



Rogers and
Company Limited



Winner

Corporate Governance Disclosures



Winner

The Mauritius Commercial Bank Ltd

The bank complied with most of the disclosure requirements of the Code.

It has an elaborate report on CSR and provided comprehensive disclosures on its risk management with details on each key risk, as well as its audit and internal control features.



Online Reporting



Comments from the Judging Panel

We liked...

- Simple website structure
- Investors' centre link visible from home page
- Pop out windows
- Quicker downloads
- Historical share prices

Suggestions

- Dedicated microsite for investors and other stakeholders
- Improve search engines and tagging
- Avoid small fonts or use of grey fonts
- Avoid bulky pages and scroll down
- Up-to-date share prices
- Investor relations contacts, with links to emails

Assessment criteria

- Quality and usefulness of information in particular for investors
- Ease of navigation, web page structure and mapping
- Facility of downloads and use of web technology
- Availability of financial highlights
- Information not available in annual report

Best Practices

We liked...

The Investors' centre can be readily identified from the homepage of *Harel Frères Limited, State Bank of Mauritius Ltd and The Mauritius Commercial Bank Ltd.*



Best Practices

We liked...

The bank's investor centre information which is adequately segregated by type of information. The 'Events and Presentations' section contained additional information such as announcement of quarter results, annual meeting presentations and notices.

Investor Centre

Events and Presentations

View upcoming and archived events
Access our latest investor presentation... [View presentation](#)

Upcoming Events

No upcoming event.

Past events

February 14, 2012
Announcement of 2nd Quarter results for FY 2012
[Download 2012 results](#)

January 4, 2012
Dividend payment

Nominees

Online Reporting

Rogers and Company Limited



The Mauritius Commercial Bank Ltd



State Bank of Mauritius Ltd



Winner

Online Reporting



Winner

The Mauritius Commercial Bank Ltd

It was easy to navigate through the bank's website. Information was well structured.

The 'Events and Presentations' section had information that is not in the annual report. The bank is one of the few providing its credit rating.



The Category Awards

- Other Listed Companies
- Banking, Insurance & Capital Markets
- SEM-7

What was assessed?

Content

- Objectives and strategies
- Risk factors
- Mitigating processes
- Performance indicators (financial and non-financial)
- Progress, trends & prospects
- Issues (Market forces, resource constraints)
- Voluntary disclosures
- Website content

Clarity

- Depth of information
- Disclosures in financial statements
- Design, look and feel
- Narrative style
- Easy grasp of main messages
- Ease of navigation (websites)
- Use of graphics aids
- Navigation tabbing
- Cross referencing

Correlation

Common theme and messages

- within sections of the Annual report
- with other public documents released
- with website

General Comments

Small step forward ...
but awaiting the leap

The Judging Panel has seen some improvements over the past year. Some reports were lighter to read with improved design, choice of colours, fonts and text alignment. The Panel also noted that CEO reports were much more interesting. There was enough discussion of results, operations, risk and risk mitigating actions.

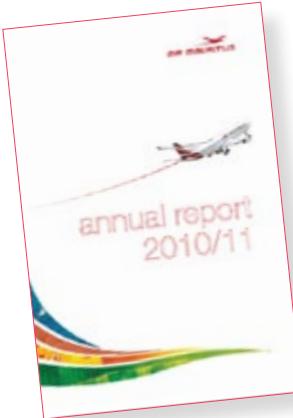
However, the '*quantum leap*' called for last year did not really happen. A lot was said on the state of the world economy and that of Europe in particular, when we expected more focus on the impact on the entities' operations and future results, and how they are reacting to these adverse conditions. There were still cases of spin doctoring, highlighting super profits as a result of nonrecurring gains when operating profits deteriorated. In some cases, management confused readers when they talked about the group's and company's performance within the same paragraph. The Panel's advice is that entities should talk from a group's perspective.

No award was attributed for the PIE category as the panel felt that the annual reports fell short of its expectations.

Nominees

Other Listed Companies

Air Mauritius
Limited



CIEL Investment
Limited



Winner

Other Listed Companies



Winner

Air Mauritius Limited

The company's report was easy to read and contained a good mix of charts, tables and text.

The messages from the Chairman and Acting CEO were consistent. While the financial performance improved, management did not hide the difficulties lying ahead.

The risk management discussions were appropriate and tailored. As usual there was a lot of operational statistics for the analysts.

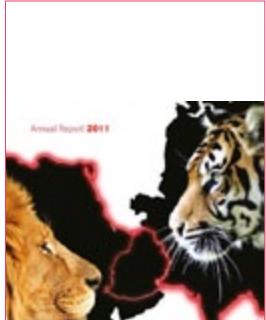
Mr Donald Payen, Director of Communications of Air Mauritius Limited, receiving the Other Listed Companies Award from Mr James Benoit, Judging Panel Member



Nominees

Banking, Insurance & Capital Markets

AfrAsia Bank Limited



Mauritius Union Assurance Company Limited



Swan Insurance Company Limited



Bank One Limited



Winner

Banking, Insurance & Capital Markets



Winner

Swan Insurance Company Limited

The CEO report was clear and detailed. The performance of each major line of business of the group was discussed and the discussion expanded on the risks lying ahead and actions the Group has taken to mitigate those risks and keep the group's performance up.

There was a real wish to communicate to the shareholders and investors what is happening in the Group.

Mr Maxime Rey, Group Finance Director of Swan Insurance Company Limited, receiving the Banking, Insurance & Capital Markets Award from Mr Richard Wooding, Judging Panel Member



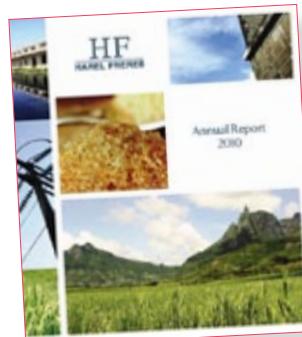
Nominees

SEM-7

The Mauritius
Commercial Bank Ltd



Harel Frères
Limited



State Bank of
Mauritius Ltd



Winner

SEM-7



Winner

The Mauritius Commercial Bank Ltd

Mr Anthony Withers, Chief Executive - Banking of The Mauritius Commercial Bank Ltd, receiving the SEM-7 Award from The Hon. C. G. Xavier-Luc Duval, our guest of honour

The bank explained the impact of world economy on the Mauritian economy and its business.

It analysed its results by excluding significant non-recurring gains.

The design, colour contrast and fonts use are marked improvements from last year. The index allowed the user to locate the information more easily.

The panel felt that management made a real effort in interpreting the performance and figures in the financial statements and that there was appropriate linkage to matters arising in previous years.



Photo Gallery Awards Ceremony

Pre-selected Entities

SEM-7

Winner
*The Mauritius
Commercial Bank Ltd*

Short listed

- Harel Frères Limited
- State Bank of Mauritius Ltd
- Rogers and Co. Ltd

Banking, Insurance & Capital Markets

Winner
*Swan Insurance
Company Limited*

Short listed

- AfrAsia Bank Limited
- Bank One Limited
- Mauritius Union Assurance Co. Ltd

• *Robert Le Maire Ltd*

• *RHT Holding Ltd*

• *United Basalt Products Ltd*

Other Listed Companies

Winner
Air Mauritius Limited

Short listed

- CIEL Investment Limited

• *Robert Le Maire Ltd*

• *RHT Holding Ltd*

• *United Basalt Products Ltd*

Public Interest Entities

Winner
No Winner

Corporate Governance Disclosures

Winner
*The Mauritius
Commercial Bank Ltd*

Short listed

- Harel Frères Limited
- Rogers and Co. Ltd
- *Robert Le Maire Ltd*
- *RHT Holding Ltd*
- *United Basalt Products Ltd*

Risk Management Disclosures

Winner
*State Bank of
Mauritius Ltd*

Short listed

- Air Mauritius Limited
- The Mauritius Commercial Bank Ltd
- *Bank One Limited*
- *Shell (Mauritius) Limited*

Online Reporting

Winner
*The Mauritius
Commercial Bank Ltd*

Short listed

- Rogers and Co. Ltd
- State Bank of Mauritius Ltd
- *Mauritius Union Assurance Co. Ltd*
- *Omnicané Limited*

Photo Gallery Awards Ceremony



*The Hon. C. G. Xavier-Luc Duval, Vice Prime Minister
Minister of Finance & Economic Development and
André Bonieux and Michael Ho Wan Kau (PwC) with the CRA 2012 winners:*

*From left to right: Vicky Hurynag and Anthony Withers (MCB),
Donald Payen (Air Mauritius), Gautam Vir (SBM), Maxime Rey (Swan Insurance)*

Congratulations to all nominees and winners of the Corporate Reporting Awards 2012.

Award Winners:

SEM-7

The Mauritius Commercial Bank Ltd

Banking, Insurance & Capital Markets
Swan Insurance Company Limited

Other Listed Companies
Air Mauritius Limited

Online Reporting
The Mauritius Commercial Bank Ltd

Risk Management Disclosures
State Bank of Mauritius Ltd

Corporate Governance Disclosures
The Mauritius Commercial Bank Ltd

Photo Gallery Awards Ceremony



PwC Partners welcoming the guests



Michael Ho Wan Kau, PwC Partner, welcoming Sheila Ujoodha (Rogers)



*PwC Partners welcoming
The Hon. C. G. Xavier-Luc Duval*



Tim Redman (CIEL Properties), Jane Valls (MioD) & Vimla Ramphul Bacha (SBI)



Nathalie Gallet (GML), Vickram Ramful & Shameen Sookia (Stock Exchange of Mauritius)



André Bonieux, PwC Senior Partner, introducing our guest speaker, The Hon. C. G. Xavier-Luc Duval

Photo Gallery Awards Ceremony



The Hon. C. G. Xavier-Luc Duval, our guest speaker, addressing the floor



The floor listening to our guest speaker



Michael Ho Wan Kau, PwC Partner, presenting the Judging Panel's findings



The Floor



Mehtab Aly (PwC), Kevin Chan (Constance Group), Fabien Enouf (PwC), Pritila Joynathsing-Gayan (Lux Island Resorts)*



Kris Lutchmeenarraido (MUA), James Benoit (Judging Panel Member) and Aisha Timol (Mauritius Bankers Association)

www.pwc.com/mu

A number of publications and best practice examples are available from the following websites:

PwC Corporate Reporting dedicated site
www.corporatereporting.com

Building Public Trust Awards (UK)
www.bptawards.com

PwC's Corporate Reporting Blog
<http://pwc.blogs.com/corporatereporting>

IFRS Guidance
www.pwc.com/mu

Report Leadership
www.reportleadership.com

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