

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

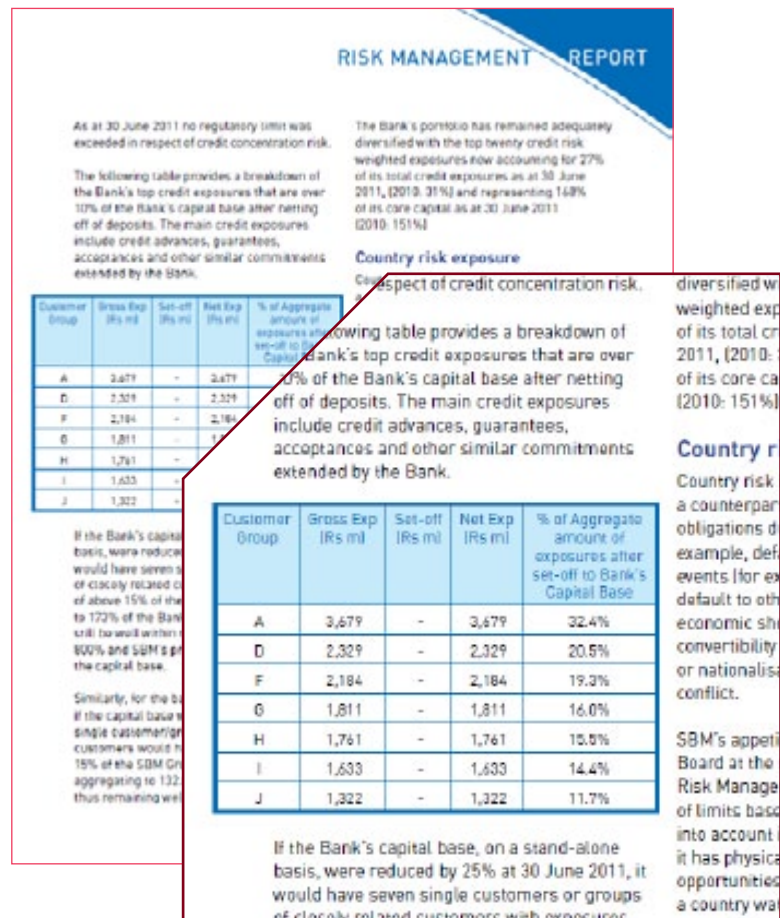
Suggestions

- 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.



Best Practices

We liked...

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



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

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.

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



Corporate Governance Disclosures



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 latter 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, deepen relationships with stakeholders and increase opportunities in the international finance arena. After being initially approved 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 notable progress already made at the strategic and operational levels to strengthen our state of the art, the Bank will adopt the Equator Principles which stand as an international principle of the Environmental and Social Policy. The Equator Principles relate to evolutionary and internationally-recognised standards which are used by many financial institutions to determine, appraise and manage the social and environmental risk in project financing.

Corporate Social Responsibility

After being officially launched in 2007, the MCB has been and efficiently manage the CSR activities of the Bank, the MCB has adopted as a point of convergence of specific initiatives to further our proposition of the Foundation to

Overall, pursuant to the Government's request to set up an annual CSR fund repaid during the preceding year, the Bank has contributed to a fund of Rs 439 million for FY 2011/12. The contribution by the MCB Ltd and its subsidiaries for administrative costs, a global sum on a total of 65 projects. Of these, 45 projects submitted following the launch of the MCB in September 2010 and the 20 projects by the Foundation with some 80 NGOs (NGOs) to listen to their difficulties and their needs more effectively.

Besides, the Foundation has, during the year, continued its work in the following areas:

• **Environment:** the Foundation and public sector entities, the Bank has been actively engaged in various international bodies such as the United Nations and the European Union. In the same vein, with a view to bolstering its capacity to discharge its duties, the Foundation set up two dedicated platforms on the themes of 'education' and 'substance abuse' which resulted in strong networking with private sector institutions and fostered the sharing of knowledge on best practices. A perceptible achievement thereof is the setting up, in association with various other companies and NGOs, of a Technical NGO Platform to advocate for the formulation by Government of a National Drug Control Masterplan. Looking beyond such collaboration, the Foundation anchored its involvement with its stakeholders on fitting enablers, notably (i) the empowerment of fund beneficiaries via specialist training to NGOs in order to equip them with the right tools to successfully complete projects for which they are responsible, and (ii) the leveraging on the network of branches across the country to sensitize staff on social realities and to encourage them to get involved in projects alongside doing the utmost to comprehensively reach out to the community.

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

MCB Facts

Vision	To be internationally social, innovative, community
Mission	To develop and to benefit of the community

54 MCB Group | annual report 2011

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 2010, 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 set up an international department to market Swan 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 second line segment of our business and have during the year launched a new range of general insurance products with unique and innovative features under the Oxygen brand launched by Anglo Mauritius in 2007. This is a concrete evidence of the strategy adopted while the Group which was one of our strategic initiatives. The Oxygen Insurance Group, named at the beginning of 2011, is a further testimony of this drive.

In addition, Anglo Mauritius acquired the life insurance portfolio of Sun Insurance in 2010, a move which we believe consolidates our existing clients' database.

SHORT TERM OPERATIONS

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 gap protection. We are pursuing our forward-thinking

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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.



Mr Anthony Withers, Chief Executive - Banking of The Mauritius Commercial Bank Ltd, receiving the Corporate Governance Disclosures Award from Dr Raj Daliah, Judging Panel Member

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...

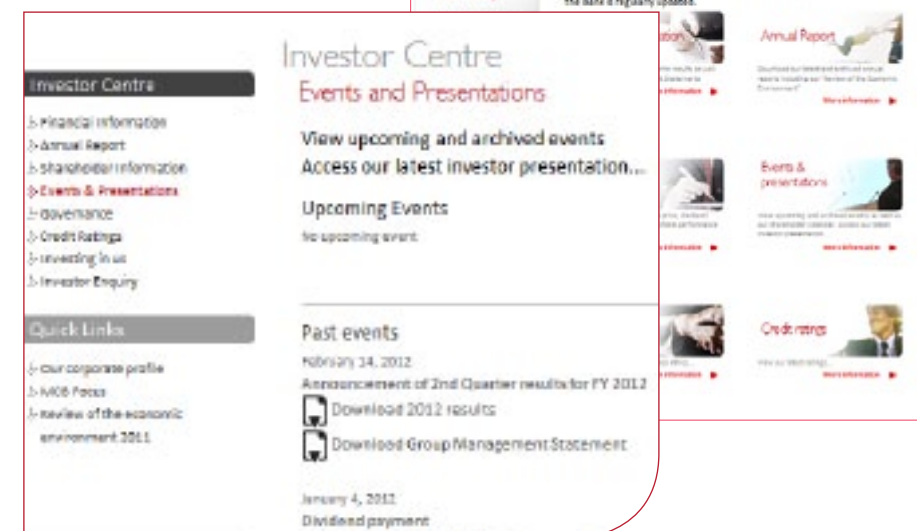
The Investors' centre can be readily identified from the homepage of *Harel Frères Limited*, *State Bank of Mauritius Ltd* and *The Mauritius Commercial Bank Ltd*.



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.



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.

Mr Anthony Withers, Chief Executive - Banking of The Mauritius Commercial Bank Ltd, receiving the Online Reporting Award from Mr Jean-Paul de Chazal, Chairman of the Judging Panel



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

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.



*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*

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

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
- Omnicane 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 Hurnag 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
(MIO) & 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 Lutchmeenaraidoo (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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