

Financial Services Commission
Mauritius

***Awareness Session on the FSC Guidelines for the issuance of
Corporate and Green Bonds in Mauritius***

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Chairman

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The Honourable Mahen Kumar SEERUTTUN, Minister of Financial Services
and Good Governance

Mr Rajeshsharma RAMLOLL SC, Solicitor General and Vice Chairperson of the
Financial Services Commission

Mr Sarwansingh PURMESSUR, Permanent Secretary of the Ministry of
Financial Services and Good Governance and Board member of the Financial
Services Commission

Fellow members of the Board of the Financial Services Commission

Mr Dhanesswurnath THAKOOR, Chief Executive of the Financial
Services Commission

Representatives of the Industry,

Friends of the Press,

Distinguished Guests, including those following virtually

A very good afternoon to you all.

On 20 January 2022, last Thursday, a daily in Mauritius titled that the year 2021 has been one of the hottest ever registered. The floods we just had, are the result of climate change.

We have to reverse the course and do it soon. François Hollande, former President of France said, “*we have a single mission: to protect and hand over this planet to the next generation.*’ We need all to believe in this mission.

Ladies and Gentlemen

I am honoured to welcome you all to this awareness session on the FSC Guidelines on the issuance of Corporate and Green Bonds in Mauritius. The FSC issued these Guidelines a few weeks ago. The Guidelines provide guidance on the criteria that need to be met for debt instruments to qualify as green bonds. They complement the Guide to Sustainable Bonds issued by the Bank of Mauritius, in June 2021.

With this as backdrop, it is imperative that whoever we are, whatever we do and wherever we are, we put our efforts together to save our planet. The financial services sector has a crucial role to play in addressing climate change. All financial institutions have to assess and see how they can contribute to improve their impact on climate change. It is also the duty of regulators to ensure that they influence this struggle. It is all about saving the planet.

The financial services sector and related stakeholders should come together to allocate their capital to impact this transition, whether by providing funding to new climate solutions, for example by financing renewable energy projects, or by withdrawing capital from harmful activities, for instance by stopping coal-powered projects.

Investors are now aware of the risks of climate change to their portfolios. Stakeholders are pressuring the investment community to use heightened environmental, social and governance policies, commonly known as ESG. It is precisely here that green bonds come into play as they address some of these changes to the new landscape. Green bonds offer investors a platform to engage in good practices, providing a means to hedge against climate change risks while achieving at least comparable, if not higher returns on their investment. The growth in green bonds and green finance indirectly works to disincentivize high carbon-emitting projects.

Sustainable finance bond issuance totalled US\$859 billion in 2021, the highest ever, I understand, compared to US\$534.3 billion in 2020. More and more companies are issuing green or sustainable debt to demonstrate a commitment to a reduction of their carbon footprint. Green bonds are estimated to have grown by nearly 49 per cent in the five years before 2021. According to the CEO of Climate Bonds Initiative, Sean Kidney, *“The green finance revolution is underway with a powerful beginning to a pivotal decade for climate action... Trillions towards clean technologies, transition and building climate resilience can become a reality.”*

2021 has been a year of pledges to a large extent, though we know work on green finance started well before. Governments, regulators and policymakers have been taking actions to catalyze sustainable finance to meet climate change targets. Further commitments to reduce the carbon footprint were taken by jurisdictions at the November 2021 conference of COP26 with the signing of the Glasgow Climate Pact. Rich countries are expected to deliver on their promises to mobilise US\$100 billion every year in climate finance until 2025 and to agree on a new goal beyond that point.

After a year of pledges, 2022 is expected to be one of action.

Ladies and gentlemen, we at the FSC are well aware of the challenges ahead. We are gearing up to face them and seize opportunities which arise. Capital markets have an important role to play in sustainable finance through an efficient allocation of capital towards sustainable development and to achieve the United Nations' Sustainable Development Goals (SDGs). Global sustainability issues are intrinsically linked to innovative capital market products like green bonds, social bonds, renewable energy investments and sustainable funds.

Sustainability and green finance have been the priority of the FSC since the beginning, with the signing of the Marrakech Pledge in 2019 at the Institut Francophone de la Regulation Financière organized by the FSC.

The FSC hopes that this event will successfully create awareness on the framework and encourage all stakeholders, issuers and investors alike, to go green. The guidelines, set the framework on the procedures and processes to

issue green bonds either through private placement or publicly and are in line with international best practices. Other than that, the document, considers:

- The components of Green Bond Principles, which have been endorsed by the International Capital Market Association to help bring transparency to the market (including the use of proceeds, process for project evaluation and selection, management of proceeds and reporting); and
- External Review (namely, how issuers appoint external review provider(s) to confirm the alignment of their issuance with the core components of green bonds and ongoing compliance).

Stakeholders, these Guidelines are not intended to replace or override any provisions of the law and should be read in conjunction with the existing legislation governing issuance of securities. They are intended to diversify our service range and enhance the jurisdiction's visibility.

Before I conclude, I wish to congratulate CIM Financial Services, the first issuer of green bonds, following the release of the guidelines. I invite other issuers to join us in our mission to make our capital market sustainable and to exploit the opportunities ahead.

"There's one issue that will define the contours of this century more dramatically than any other and that is the urgent threat of a changing climate.", Barack Obama.

Trees can beat the rising heat. A green planet is better than a warm planet. The climate is changing, so should we.

We need to win this battle for the future of our children.

Ladies and Gentlemen, thank you for your attention.

25 January 2022