

# **Financial Services Commission**

## *Awareness Session on the FSC Guidelines on the issuance of Green Bonds*

### **Speech by Mr D.Thakoor - Chief Executive**

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

**Mr Mardayah KONA YERUKUNONDU**, Chairperson of the Financial Services Commission and First Deputy Governor of the Bank of Mauritius,

**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,

Board members of the Financial Services Commission,

**Mr Mark Van Beuningen**, Executive Director and Group CEO, CIM Financial Services Ltd

Representatives of the Industry,

Members of the Press,

Distinguished Guests,

Ladies and Gentlemen,

All protocols observed.

I wish you all a very good afternoon.

I am delighted to welcome you to this Awareness Session on the FSC Guidelines on the issuance of Green Bonds in Mauritius and, I also seize this opportunity to extend my very best wishes for 2022. I am pleased to highlight that in addition to this audience, we also have over 220 attendees who are following this event virtually through our live streaming today, including 80 from 31 different countries.

We have, since at least a decade, been talking about sustainable development, climate change and green initiatives. Development in any such area requires funding and this is where and why green bonds or other similar labelled bonds help the climate or green issue.

Green bonds, unlike normal bonds have what we call “*a use of proceeds clause*” so that these are used for green investments only. It is interesting to note that, the first bond of this kind was issued by the World Bank in cooperation with the Swedish bank - SEB in 2008. Since then the global green bond market has grown and as of 16 December 2021, stood at 952 billion US dollars, that is very close to 1 trillion US Dollars. Yet according to the Bloomberg article “*Bonds to save the planet*” by Emily Chasan, this Green Bond Market represents just over 1% of the total global bond market.

It is not surprising therefore that, sustainable finance and green bonds have become one of the main focus of policy makers, market intermediaries and governments. There is potential for growth and to create alternative and attractive ways to invest and above all, invest in projects that would help the green cause.

Michael Rubens Bloomberg, the United Nations Secretary General’s Special Envoy for Cities and Climate Change has beautifully conceptualized the potential of Green Bonds in the document ***“Green Bonds: Mobilising the debt capital markets for a low-carbon transition”*** and has mentioned:

[I quote]: *“Financial markets can help solve the climate challenge by meeting the growing demand for low carbon projects around the world, from urban transit infrastructure to renewable energy facilities. New financial tools like green bonds are helping drive more capital to these projects, clear standards and better market data will accelerate the use of green bonds by making them an even more attractive way to invest.”*[End of Quote]

A number of initiatives are under way across the international fora by governments, G20, G7, regulators for banking and non-banking Institutions, academics and private sector stakeholders to strengthen the global response to meet the United Nations Sustainable Development Goals and the Paris Agreement. The role of the financial system cannot be underestimated in meeting these goals by mobilising capital to support sustainable investments and sustainable development.

The Government of Mauritius is accordingly fully committed to contributing environmentally sustainable development and to the UN "2030 Agenda for Sustainable Development". Financing SDGs is a key element in the Mauritius roadmap towards SDG implementation.

Ladies and Gentlemen,

As a forward looking regulator, the FSC is invited to play a crucial role in the development of the ecosystem to finance SDGs.

In June 2021, the Bank of Mauritius published a Guide for the Issue of Sustainable Bonds in Mauritius. The Guide was issued with a view to assisting potential issuers in better understanding the legal and regulatory requirements for the issue of sustainable bonds and the listing of these bonds on exchanges licensed in Mauritius.

I would like to remind that, at the level of the FSC, work on green finance started 2 years back when it became the signatory of the Marrakech Pledge.

The year 2021 has obviously been shaped by a double challenge, the ongoing impact of the pandemic and our action plan to exit the FATF grey list. But, as difficult as this has been, it has, in no way slowed down the pace of delivery of the FSC or affected the engagement with its stakeholders - and here I extend my thanks to the Industry for the valuable comments and views that we received during the consultation in helping to frame and finalise the FSC Guidelines.

As such, in December last year, the FSC issued its Guidelines for the Issue of Corporate and Green Bonds in Mauritius ('FSC Guidelines'). The FSC Guidelines supplement the Guide issued by BOM by providing on various regulatory requirements to be met by the Issuers in line with international best practices for the issuance of Green Bonds. This event today is aimed at sensitizing the investment community, corporate issuers and the public at large of the importance of the worldwide climate change initiative.

Ladies and gentlemen,

The FSC Guidelines elaborate on various regulatory requirements to be adopted by the Issuers, in line with international best practices for the issuance of Green Bonds.

The Guidelines, *interalia*, cater for:

- (a) Definition of green bonds in line with international best practices;
- (b) The Issuance Process;
- (c) Pre- issuance review by an external reviewer;
- (d) Ongoing disclosures by issuers; and
- (e) The role of FSC in mitigating the risk of Greenwashing.

My colleague will later explain what is green washing.

Ladies and gentlemen,

You will all agree with me that the issue of these guidelines marks another milestone in making Mauritius a capital markets destination. It adds to the sophistication of its offerings as an IFC and makes the jurisdiction more attractive to our neighbours in Africa.

Before I close, I would like to announce that we have among us today, one of our licencees which is in the process of issuing the first green bonds in Mauritius and its 1<sup>st</sup> tranche of 500m Rupees of a 3.0 Bn programme over 5 years.

As a final word, I would like to thank everyone for their presence and contribution and for the good reference and use of the Guidelines. I will conclude here by saying that a new year has just started and there are many projects ahead and, as the Regulator we are conscious of the need to deliver at pace while keeping abreast of new developments and changes in the financial landscape.

On this, I thank you for your attention

25 January 2022