

Second-Party Opinion Republic of Mauritius Sustainable Finance Framework



Evaluation Summary

Use of Proceeds Instruments

Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023

Sustainalytics is of the opinion that the Republic of Mauritius' Sustainable Finance Framework is credible and impactful and aligns with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, and Social Loan Principles 2023. The eligible categories for the use of proceeds – Renewable Energy, Clean Transportation, Green Buildings, Energy Efficiency, Sustainable Water and Wastewater Management, Environmentally Sustainable Management of Living Natural Resources and Land Use, Terrestrial and Aquatic Biodiversity Conservation, Pollution Prevention and Control, Climate Change Adaptation, Access to Essential Services (Healthcare, Education and Emergency Relief), Affordable Housing, Employment Generation, Socioeconomic Advancement and Empowerment, Food Security and Sustainable Food Systems – are aligned with those recognized by the applicable principles and are expected to lead to positive environmental and social impact.

Sustainability-Linked Instruments

Sustainability-Linked Bond Principles 2023

Sustainability-Linked Loan Principles 2023

Sustainalytics is of the opinion that the Republic of Mauritius Sustainable Finance Framework is aligned with the Sustainability-Linked Bond Principles 2023 and Sustainability-Linked Loan Principles 2023.

Overview of KPIs and SPTs:

KPI	Strength of KPI	SPT	Ambitiousness of SPT
Absolute GHG emissions (including from LULUCF) ¹	Very Strong	Reduce absolute GHG emissions (including from LULUCF) by 19.39% by 2030 from a 2021 baseline	Ambitious
Share of renewable energy in electricity generation	Strong	Increase the share of renewable energy in electricity generation to 60% by 2030 from a 2022 baseline	Highly ambitious
Gross tertiary enrolment rate	Very Strong	Increase the gross tertiary enrolment rate to 60% by 2030 from a 2021 baseline	Ambitious

Evaluation Date	20 July, 2023
Issuer Location	Port Louis, Mauritius

The UoPs and SPTs contribute to the following SDGs:



¹ Land use, land-use change and forestry.

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Scope of Work and Limitations

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent² opinion on the alignment of the Republic of Mauritius Sustainable Finance Framework dated July 2023 (the "Framework") with current market standards. As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, Social Loan Principles 2023, Sustainability-Linked Bond Principles 2023, and Sustainability-Linked Loan Principles 2023 (the "Principles");^{3,4}
- The credibility and anticipated positive impacts of the use of proceeds and SPTs;
- The issuer's sustainability strategy, performance and sustainability risk management;

As part of this engagement, Sustainalytics held conversations with various representatives of the government of Mauritius to understand the sustainability impact of the core components of the Framework. Mauritius representatives have confirmed that:

- (1) They understand it is the sole responsibility of Mauritius to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information;
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Mauritius.

Sustainalytics' Second-Party Opinion assesses alignment of the Framework with current market standards, but does not provide any guarantee of alignment nor warrants alignment with any future versions of such standards. Regarding the portion of the Second-Party Opinion which assesses:

- use of proceeds categories, Mauritius is encouraged to update the associated parts of the Framework after 24 (twenty-four) months from the evaluation date, if necessary, and seek an update to this Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.
- sustainability-linked instruments, this Second-Party Opinion is valid for issuances aligned with the Framework for up to 24 (twenty-four) months or until one of the following occurs: (1) a material change to the external benchmarks against which targets were set; (2) a material corporate action (such as a material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs.

For use of proceeds instruments, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics' expertise as an ESG research provider. This Second-Party Opinion:

- addresses the anticipated impacts of eligible projects but does not measure their actual impact. Reporting and measuring impact of projects financed under the Framework is the responsibility of the Framework owner.
- opines on the potential allocation of proceeds but does not guarantee their realized allocation towards eligible activities.

For sustainability-linked instruments, the Second-Party Opinion:

- addresses the anticipated SPTs of KPIs but does not measure progress on the KPIs. Measuring and reporting on KPIs is the responsibility of the Framework owner.

No information Sustainalytics provides under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related circumstances that Mauritius may have disclosed to Sustainalytics for the purpose of this Second-Party Opinion.

² When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

³ The bond-related principles, guidelines and handbooks are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁴ The loan-related principles and guidelines are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: https://www.lsta.org/content/?_industry_sector=guidelines-memos-primary-market

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Introduction

Mauritius is an island nation located in the south-west of the Indian Ocean, 2,000 km from the east coast of Africa. The country spans approximately 2,040 km² and is considered the most densely populated country in Africa. Mauritius had an estimated population of 1,262,523 in July 2022⁵ and 41% of the population lived in urban areas in 2021.⁶ The country became an independent state within the Commonwealth in 1968.⁷

The Government of Mauritius (the “Issuer”) has developed the Republic of Mauritius Sustainable Finance Framework, under which it intends to issue use of proceeds (green, social and sustainability) bonds or loans and sustainability-linked bonds or loans. The Government of Mauritius engaged Sustainalytics to review the Framework and provide a second-party opinion on the Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023,⁸ Green Loan Principles 2023, Social Loan Principles 2023,⁹ Sustainability-Linked Bond Principles 2023 and Sustainability-Linked Loan Principles 2023. The Framework has been published in a separate document.¹⁰

Under use of proceeds instruments, the proceeds will finance or refinance, in whole or in part, existing or future projects intended to support Mauritius’ sustainable development. The Framework defines eligibility criteria in the following areas:

1. Renewable Energy
2. Clean Transportation
3. Green Buildings
4. Energy Efficiency
5. Sustainable Water and Wastewater Management
6. Environmentally Sustainable Management of Living Natural Resources and Land Use
7. Terrestrial and Aquatic Biodiversity Conservation
8. Pollution Prevention and Control
9. Climate Change Adaptation
10. Access to Essential Services (Healthcare, Education and Emergency Relief)
11. Affordable Housing
12. Employment Generation
13. Socioeconomic Advancement and Empowerment
14. Food Security and Sustainable Food Systems

Under sustainability-linked instruments, the financial characteristics of the bonds and loans will be tied to the achievement of sustainability performance targets for three KPIs: i) Absolute GHG emissions including LULUCF; ii) Share of renewable energy in the electricity generation; and iii) Gross tertiary enrolment rate.

Tables 1 and 2 below describe the KPIs and SPTs defined by the Government of Mauritius.

Table 1: KPIs

KPI	Description
Absolute GHG emissions (including LULUCF)	The KPI is defined as absolute GHG emissions measured in kilo tonnes of CO₂ equivalent (ktCO₂e) and covers 100% of Mauritius’ national GHG emissions inventory. • The national GHG emissions inventory includes emissions from the following sectors: Energy; Industrial Processes and Product Use; Agriculture, Forestry and Other Land Use; and Waste. • The calculation methodology is consistent with the 2006 IPCC Guidelines for National GHG Inventories and Good Practices Guidance and the 2019 Refinement to the 2006 IPCC Guidelines.

⁵ Statistics Mauritius, “Population and Vital Statistics - Republic of Mauritius January – June 2022”, at: https://statsmauritius.govmu.org/Pages/Statistics/ESI/Population/Pop_Vital_Jan-Jun22.aspx

⁶ World Bank, “Urban population (% of total population) – Mauritius” (2021), at: <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=MU>

⁷ Government of Mauritius, “About Mauritius”, at: <https://govmu.org/EN/Pages/exploremauritius.aspx>

⁸ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁹ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

¹⁰ The Republic of Mauritius Sustainable Finance Framework is available on the Government of Mauritius’ website at: <https://govmu.org/EN/Pages/default.aspx>

Share of renewable energy in the electricity generation	The KPI measures electricity generated from renewable energy as a percentage of Mauritius' total electricity generated. Renewable energy sources include: i) solar; ii) wind; iii) hydropower; iv) landfill gas; v) biomass; vi) tidal and wave energy; vii) green hydrogen; and viii) waste to energy.
Gross tertiary enrolment rate	The KPI is defined as the enrolment for tertiary education expressed as a percentage of the corresponding Mauritian population within the age group of 20 to 24 years old, except international students. Data on students enrolled for the tertiary education in Mauritius will be collected from all higher education institutions, publicly funded institutions and private higher education institutions registered with the Higher Education Commission, self-study examination centres, ACCA Mauritius,¹¹ and students registered directly with an overseas awarding body. Additionally, data on Mauritians pursuing higher studies overseas shall be collected from the Embassies and Mauritian missions overseas through the Ministry of Foreign Affairs, Regional Integration and International Trade, which acts as the liaison point.

Table 2: SPTs and Past Performance

KPI	2018	2019	2020	2021	2022	SPT 2030 ¹²
KPI 1: Absolute GHG emissions (including LULUCF) (ktCO ₂ e)	5,152.9	5,194.7	4,973.5	5,135.7 (baseline)	N/A	SPT 1: Reduce absolute GHG emissions (including LULUCF) by 19.39% by 2030
KPI 2: Share of renewable energy in the electricity generation (%)	20.7	21.7	23.9	21.5	19.2 (baseline)	SPT 2: Increase the share of renewable energy in the electricity generation to 60% by 2030
KPI 3: Gross tertiary enrolment rate (%)	46.4	48.9	47.8	48.3 (baseline)	N/A	SPT 3: Increase the gross tertiary enrolment rate to 60% by 2030

¹¹ Association of Chartered Certified Accountants, at: <https://www.accaglobal.com/gb/en/footer-toolbar/contact-us/global-offices.html>

¹² Annual SPTs (for each year) for the entire term of loan, as per the SLLP 2023, will be set in the specific loan document, as and when the Government of Mauritius decide to pursue a sustainability-linked loan.

Sustainalytics' Opinion

Section 1: Alignment of the Framework with Relevant Market Standards

Alignment with Use of Proceeds Principles

Sustainalytics is of the opinion that the Republic of Mauritius Sustainable Finance Framework is credible, impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023. For detailed information, please refer to Appendix 1: Sustainability Bond / Sustainability Bond Programme External Review Form. Sustainalytics highlights the following elements of Mauritius' Framework:



Use of Proceeds

Overall Assessment of Use of Proceeds

Use of Proceeds	Activity	Description and Sustainalytics' Assessment
1. Renewable Energy	Development, acquisition, purchase, construction, maintenance of renewable energy as well as the manufacturing of related infrastructure and components	- Investments in: i) solar photovoltaic, onshore and offshore wind energy, and hydropower plants; ii) production of bioenergy, green hydrogen and green ammonia; and iii) support infrastructure dedicated to the renewable energy projects such as transmission and distribution, smart energy meters and smart grids. - Hydropower projects contemplated under the Framework will be limited to those that have a capacity below 25 MW and meet one of the following criteria if operational prior to 2019: i) life cycle emissions below 100 gCO₂e/kWh; or ii) power density greater than 5W/m²; or iii) are run-of-river without artificial reservoir. - Projects becoming operational after 2019 will have i) life cycle emissions below 50 gCO₂e/kWh or ii) a power density of over 10 W/m² or iii) are run-of-river without artificial reservoir. - For all new hydropower projects invested in under the Framework, the Government of Mauritius will require an environmental and social impact assessment to be conducted by a credible body and will exclude projects associated with significant controversies. - The Government of Mauritius has confirmed to Sustainalytics that feedstock for bioenergy generation will be limited to forestry or agricultural residues including bagasse and cane straw. - The Issuer has confirmed that the production of hydrogen or green ammonia will be by electrolysis, powered by renewable energy. - The Government of Mauritius has confirmed to Sustainalytics that electricity transmission and distribution infrastructure, smart grids and battery storage financed will be dedicated to connecting renewables to the power grid. - Sustainalytics notes the exclusion of financing transmissions or distribution network connected or dedicated to fossil fuel power or nuclear power plants. - Sustainalytics considers these activities to be aligned with market expectations.
	R&D on green hydrogen or green ammonia	- The Issuer may finance research and development costs on green hydrogen or green ammonia and limited to close-to-market development projects such as development of the pilot plants and it excludes any testing or demonstration projects, where the expected impact has a higher probability of being realized compared to early-stage projects. The Government of Mauritius communicated to Sustainalytics that it intends to use

		energy generated from offshore wind to produce hydrogen through the use of appropriate electrolyzers and for use in fuel cells to produce electricity. In addition, the Issuer intends to research and integrate all applicable safety measurements for handling hydrogen. - Sustainalytics considers these activities to be aligned with market expectations.
2. Clean Transportation	Low-carbon passenger or freight vehicles, public transportation, and related infrastructure	- Investments in: i) vehicles with zero tailpipe emissions, such as electric cars, electric lorries and electric buses; ii) public transport or passenger vehicles with direct emissions below 50 gCO₂e/pkm; and iii) electrified rail transportation for passengers and freight. - Sustainalytics notes that the Framework excludes new construction or existing road infrastructure retrofits including roads, bridges or parking facilities. - Sustainalytics notes that the Framework excludes infrastructure dedicated to the transport or storage of fossil fuels. - Sustainalytics considers investments under this category to be aligned with market practice.
3. Green Buildings	Construction, acquisition, or renovation of low carbon buildings and building-related energy efficiency projects	- Investments related to the purchase, construction or acquisition of residential or commercial buildings that meet one of the following criteria: - o Buildings that have achieved or are expected to achieve one of the following levels of green building certification: EDGE certified;¹³ LEED (Gold or above);¹⁴ HQE (Excellent or above);¹⁵ BREEAM (Excellent or above);¹⁶ or Africa Green Star (5 star or above).¹⁷ - Expenditures related to retrofit, renovation or refurbishments of buildings that result in: - o Achieving a minimum 30% improvement in energy efficiency over initial or pre-retrofit performance; or achieving one of the above-mentioned green building certification levels, as a result of retrofit. - Sustainalytics considers investments under this category to be aligned with market practice.
4. Energy Efficiency	Energy efficiency technologies and products	- Expenditures related to energy efficiency systems or equipment according to the following criteria: - o Activities resulting in a 20% energy efficiency improvement relative to pre-investment levels and excluding technologies designed or intended for processes that are inherently carbon intensive or that are primarily driven or powered by fossil fuels, such as oil or gas-fired boilers, cogeneration and combined heat and power units, as well as production processes in heavy industries, such as steel, cement or aluminium - o Installation, maintenance or upgrade of energy efficient equipment, such as energy efficient windows, HVAC systems, LED lights.¹⁸ - Sustainalytics views expenditures under this category to be aligned with market expectations.
5. Sustainable Water and Wastewater Management	Improvement in water use efficiency, water recycling and reuse	- Investments in: i) desalination plants that are powered by electricity with an average carbon intensity equal to or below 100 gCO₂e/kWh over the residual asset life; and ii) rainwater harvesting systems.

¹³ EDGE: <https://edge.gbci.org/>

¹⁴ LEED: <https://www.usgbc.org/leed>

¹⁵ HQE: <https://www.greenbuilding.saint-gobain.com/hqe-international>

¹⁶ BREEAM: <https://bregroup.com/products/breeam/>

¹⁷ Africa Green Star: <https://gbcsa.org.za/certify/green-star-sa/green-star-africa/>

¹⁸ Equipment financed under this category shall be rated amongst the highest two classes of Mauritius' national energy efficiency label system, created under the Mauritius Energy Efficiency Act. The two highest categories are A+++ and A++, but the system has 10 levels ranging from A+++ (highest) to G (lowest).

Government of Mauritius, "The Energy Efficiency Act", (2017), at:

[https://publicutilities.govmu.org/Documents/2020/Legislation/Energy%20Efficiency/energyefficiency\(Labellingofregulatedmachinery\)regulation2017updated1.pdf?csf=1&e=xQkAdn](https://publicutilities.govmu.org/Documents/2020/Legislation/Energy%20Efficiency/energyefficiency(Labellingofregulatedmachinery)regulation2017updated1.pdf?csf=1&e=xQkAdn)

		- The Government of Mauritius has confirmed to Sustainalytics that desalination projects will require appropriate brine disposal as per the country's EIA Guidelines for Proposed Desalination Plants.¹⁹ - Sustainalytics notes that the projects, systems and equipment dependent on fossil fuels or that provide water for fossil fuel operations, fracking, nuclear and mining are excluded from financing under the Framework. - Sustainalytics views these projects to be aligned with market practice.
6. Environmentally Sustainable Management of Natural Living Resources and Land Use	Sustainable management of natural living resources land use	- Investments related to reforestation, afforestation and rehabilitation of degraded forests projects, such as sustainably managed tree-planting activities. The investments in this category are not intended to be directed towards agricultural initiatives or commercial forestry. - The Government of Mauritius has confirmed to Sustainalytics that plant and tree species used for afforestation activities will be well adapted to the local site conditions and will include a sustainable management plan, in accordance with the country's National Forestry Policy.²⁰ Additionally, afforestation projects will have FSC²¹ or PEFC²² certification. - Sustainalytics considers these projects to be aligned with market practice.
7. Terrestrial and Aquatic Biodiversity Conservation	Biodiversity conservation and protection of ecosystem	- Investment related to conservation and restoration of terrestrial and marine ecosystems and habitats such as tidal marshes, seagrasses and biodiversity such as wildlife, megafauna and endangered or threatened species in accordance with Mauritius' National Biodiversity Strategy and Action Plan 2017-2025.²³ - The Government of Mauritius has confirmed to Sustainalytics that these activities will be accompanied by a sustainable management plan. - Sustainalytics considers these activities to be aligned with market practice.
	Aquaculture	- Investment in aquaculture projects related to marine ranching, seed production of new commercial fish species, fish breeding, and live feed production certified by GLOBAL G.A.P Certification for aquaculture, Aquaculture Stewardship Council or Marine Stewardship Council. - Sustainalytics views these certification schemes as robust and credible.
8. Pollution Prevention and Control	Purchase of equipment to counter oil spills in oceans, including floating tanks, heavy-duty skimmers, power packs and sea booms	- Investment in oil-spill cleaning products and technologies, such as floating tanks, heavy duty skimmers, power packs and sea booms. - The Government of Mauritius confirmed that these products and technologies will be deployed by specialized cleaning companies and such companies are not responsible for the consequence of oil spill. - Sustainalytics views these activities to be aligned with market practice.
	Afforestation projects within the context of the Greening Mauritius programme, such as the planting of trees on major roads and motorways to increase carbon sink	- Afforestation projects such as the planting of trees in urban areas with the aim of increasing carbon sequestration. - Such activities will: i) use tree species well adapted to the site condition; and ii) have a sustainable management plan in place. - Sustainalytics considers these activities to be aligned with market practice.
	Projects to reduce pollution of coastal or marine environments	- Investment in projects such as the rehabilitation of beaches, the restoration of coral reefs, the implementation of control

¹⁹ Government of Mauritius, "Environment Impact Assessment", (2022), at: <https://environment.govmu.org/Pages/Environmental-Impact-Assessment.aspx>

²⁰ Government of Mauritius, "National Forestry Policy", (2006), at: <https://forestry.govmu.org/Documents/National%20Forestry%20Policy.pdf>

²¹ Forest Stewardship Council (FSC): <https://connect.fsc.org/>

²² Programme for the Endorsement of Forest Certification (PEFC): <https://www.pefc.org/standards-implementation/standards-and-guides>

²³ Government of Mauritius, "National Biodiversity Strategy and Action Plan 2017 – 2025", (2017), at: <https://www.cbd.int/doc/world/mu/mu-nbsap-v2-en.pdf>

		measures for the population of crown of thorns starfish in Mauritius and the plantation of mangroves. - Sustainalytics views these activities to be aligned with market practice.
	Waste reduction, recovery and recycling facilities	- Investment in projects related to waste reduction, waste sorting units and recycling facilities in accordance with the Mauritius Waste Management hierarchy. - The Government of Mauritius has confirmed to Sustainalytics that: i) under waste collection and management activities, expenditures under the criteria will support source segregation and do not support unsegregated waste collection at source; ii) the criteria may include plastic recycling, where recycling of plastic will be limited to mechanical recycling of plastic, and chemical recycling of plastics will not be financed under the Framework; and iii) e-waste recycling supported by a robust electronic waste management plan. - Sustainalytics views these activities to be aligned with market practice.
	Waste-to-Energy facilities	- Investments related to construction, operation and maintenance of waste-to-energy projects (using municipal solid waste) with life cycle GHG emissions lower than 100 gCO₂e/kWh. - The Government of Mauritius confirmed to Sustainalytics that it will ensure that recyclables, including plastics, will be separated from the municipal solid waste before energy conversion.²⁴ - Sustainalytics views these activities to be aligned with market practice.
	R&D of Waste-to-Energy facilities	- The Issuer may finance research and development costs related to waste-to-energy facilities and limited to close-to-market development projects to pilot waste-to-energy plants, where the expected impact has a higher probability of being realized compared to early-stage projects. - Sustainalytics views these activities to be aligned with market practice and encourages the Issuer to report on the impact of the projects.
9. Climate Change Adaptation	Projects to increase resilience and adaptive capabilities of Mauritius	- Projects aimed at increasing Mauritius' resilience to climate change, such as: i) the implementation of flood protection systems, storm water systems and structures to protect against torrential rains and storms; ii) landslide rehabilitation works across the island and beach rehabilitation works at Pointe aux Feuilles to Grand Sable, providence to Grand Port, Bois des Amourettes, Petit Sable to Anse Jonchée; iii) coastal rehabilitation in line with the government's coastal zone management division's plans; iv) landslide prevention projects along the riverbed Riviere des Creole; and vi) countermeasure works to prevent slope failure at Souillac Bridge and Batelage souillac. - The Government of Mauritius has confirmed that proceeds diverted towards activities under this category will be based on vulnerability assessments and adaptation plans in accordance with Mauritius' Climate Change Adaptation Strategy²⁵ and National Disaster Reduction Strategy to identify risks and address them. In addition, the Issuer will exclude investments towards renovations and retrofits of flood defences.

²⁴ Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that, due to current constraints of recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends Republic of Mauritius to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.

²⁵ UNDP, "Republic of Mauritius – national Climate Change Adaptation Policy Framework", (2012), at: <https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database/MAURITIUS%29%20National%20Climate%20Change%20Adaptation%20Policy%20Framework%20for%20the%20Republic%20of%20Mauritius.pdf>

		- Sustainalytics views these activities to be aligned with market practice.
10. Access to Essential Services (Healthcare, Education and Emergency Relief)	Access to public, free, subsidised or non-profit health care	- The Government of Mauritius may finance or refinance eligible assets that support the construction, maintenance or refurbishment of hospitals, clinics, healthcare centres, rehabilitation centres and elderly care facilities. - Additionally, projects may include the production of equipment (including medicines and vaccines) and medical supplies to be provided for all regardless of their ability to pay and with the aim to treat and prevent infectious diseases or pandemics. - The Government of Mauritius confirmed that healthcare facilities and services will be accessible to all regardless of ability to pay. Sustainalytics considers that investments under this category will help enhance Mauritius' universal healthcare system.
	Access to public, free, subsidised or non-profit education services	- The Issuer may finance or refinance: i) schools (pre-school, primary and secondary) and universities for the general public; or ii) vocational training facilities for higher or tertiary education in line with Mauritius' Higher Education Strategic Plan.²⁶ - The Government of Mauritius confirmed that education is accessible to all regardless of ability to pay. In addition, these projects aim at enhancing the access and quality of education in a country where education is free and compulsory for all children up to age 16.
	Emergency relief	- The Government of Mauritius may finance emergency relief projects in the context of a natural or health disaster, including the provision of medical products and supplies, medical equipment, disease control services, vaccines, safe drinking water, sanitary facilities, temporary housing and food. - The projects are dedicated to natural disaster prevention and mitigation measures for better preparation ahead of natural disasters. - Sustainalytics considers these projects to be aligned with market practice.
11. Affordable Housing	National Housing Development Co (NHDC) Social Housing Program	- The Government of Mauritius may finance the construction, maintenance or renovation of social housing units under the NHDC Program which targets household income of up to Rs 30,000.²⁷ The housing units are sold to beneficiaries meeting the eligibility criteria with a subsidy from the Government of up to 2/3.²⁸ - While Sustainalytics considers it to be market practice for targeting to fall within 80% below the median income of Mauritius,²⁹ Sustainalytics recognizes the income-based targeting for low and medium households to be common for government schemes and considers the subsidy provided by the Government to be reasonable. Therefore, Sustainalytics considers that investments made under this program may enhance access to affordable housing for the target population and thereby creating positive social impacts.
	New Social Living Development (NSLD)	- The Government of Mauritius may finance the construction, maintenance or renovation of social housing units under the NSLD, a subsidiary of the National Housing Development Co. Ltd and incorporated as a special-purpose vehicle with the mandate to build 8,000 residential units. The NSLD targets households with an income of up to MUR 30,000 (USD 662) and

²⁶ Mauritius Higher Education Commission, "Higher Education Strategic Plan 2022-2025", at:

https://www.hec.mu/pdf_downloads/StrategicPlan/HEC_Strategic_Plan_2022_2025.pdf

²⁷ Mauritius defines household income in line with ILO recommendations as receipts (both in cash and in kind) which are regular and recurring. Statistics Mauritius, "Household Budget Survey", (2018), at:

<https://statsmauritius.govmu.org/Pages/Censuses%20and%20Surveys/Surveys/HBS.aspx>

²⁸ Government of Mauritius, Ministry of Housing and Land Use Planning, "Housing", at:

<https://housing.govmu.org/Pages/Dept%20and%20Org/Divisions/Housing.aspx>

²⁹ As per the latest government statistics, the median income in Mauritius was MUR 28,250 (USD 623) in 2017.

Statistics Mauritius, "Household Budget Survey - Survey Analytical report", (2018), at:

<https://statsmauritius.govmu.org/Pages/Censuses%20and%20Surveys/Surveys/HBS.aspx>

		applies the same eligibility criteria as the NHDC Program with a subsidy from the Government of up to 2/3. - Sustainalytics considers it to be market practice to target populations earning less than 80% of the local median income;³⁰ but recognizes the income-based targeting for low and medium households to be common for government schemes and considers the subsidy provided by the Government of Mauritius to be reasonable. Therefore, Sustainalytics considers that investments made under the NSLD programme may make it more affordable and accessible for the target population, and therefore create a positive social impact by enabling access to access housing.
	National Empowerment Fund (NEF)	- The Issuer may finance the construction, maintenance or renovation of social housing units under the National Empowerment Fund (NEF) which oversees housing schemes targeting landowners and non-landowners who are eligible under the Social Register of Mauritius (SRM). The housing schemes include: i) the Fully Concrete Housing (FCH) scheme for owners or lessees of land, which provides units of up to 50 m² each for families living in absolute poverty and who are owners or lessees of a plot of land but do not have the means to build a housing unit; ii) the NHDC scheme for landless households to promote social integration within the community; and iii) Upgrading Housing Scheme to cater for minor renovation works, provision of toilet and bathroom amenities, replacement of roof, partitioning, extension and repairs to Corrugated Iron Sheet housing units, and plastering and flooring for incomplete houses. - Sustainalytics notes that the construction cost of social housing units is subsidized by the Government of Mauritius.³¹ - Recognizing the income-based targeting, the SRM eligibility criteria, and the subsidy provided by the government, Sustainalytics considers that investments made under this program may enhance access to housing for the target population thereby creating a positive social impact.
12. Employment Generation	Programmes focused on employment generation	- The Issuer may invest in employment generation projects that aim to support: i) the employment of youth (18-35 years old) and women (18-50 years old); ii) micro, small and medium enterprises (MSMEs)³² facing natural disasters or health pandemics; iii) training, reskilling and apprentice programs for unemployed youths to improve their employability; and iv) reskilling programs for unemployed persons (16 to 59 years old) to enable reintegration in the labour market. - Mauritius may also invest in MSMEs that are owned by women with either: a) more than 50% of shares belong to women or b) ownership is up to 50% but at least 20% women and at least one woman occupies a senior management position and at least 30% of the board of directors is composed of women, where a board exists. - Sustainalytics considers the intent to increase access to financial services for MSMEs in a developing economy, such as Mauritius, to be impactful and aligned with market practice.
13. Socioeconomic Advancement and Empowerment	Programmes focused on advancing education, capacity building, and improving living conditions of vulnerable groups	- The Government of Mauritius may provide: i) financial grants to incentivize education through schemes pertaining to child allowance, school materials, school premium and free examination fees;³³ and to upscale the foster care programme³⁴

³⁰ Idem.

³¹ For beneficiaries eligible under the SRM, the Government provides a subsidy of up to 80% of the total cost of a housing unit. For households with an income below MUR 30,000 (USD 662), the Government provides a subsidy of 67%. In addition, beneficiaries are provided mortgage facilities up to 35 years. Age and down payment are also considered to lower monthly mortgage repayments.

³² Government of Mauritius, "Small and Medium Enterprises Act", (2018), at: <https://enterbusiness.govmu.org/Documents/Useful%20Documents/Updated%20Small%20and%20Medium%20Enterprises%20%28SME%29%20Act.pdf>

³³ Mauritius Ministry of Social Integration, Social Security and National Solidarity, "Schemes", at: <https://socialintegration.govmu.org/Pages/About%20Us/Schemes.aspx>

³⁴ Government of Mauritius, "Children Welfare", at: <https://govmu.org/EN/infoservices/family/Pages/childwel.aspx>

		for eligible applicants under the Social Register of Mauritius (SRM); ii) finance projects that aim at capacity building of small-scale farmers or small planters, artisanal fishers; and iii) financial grants to artisanal fishers, including the Bad Weather Allowance.³⁵ - Beneficiaries of the schemes or projects will be eligible applicants under SRM,^{36,37} women, children, small-scale farmers,³⁸ artisanal fishers, irrespective of their ability to pay. - Sustainalytics views the targets to be credible and the programmes to have the potential to create positive social impact.
14. Food Security and Sustainable Food Systems	Development of agriculture sector for sustained food safety and security	- The Government of Mauritius may invest in: i) climate-resilient agricultural practices, including sheltered farming systems, hydroponics and organic farming; ii) production of seeds and high yielding crop varieties; iii) schemes aimed at improving sustainability in the fishing industry and diversifying livelihoods by allowing artisanal fishermen to fish off-lagoon. Such schemes include financial assistance for the purchase of canottes and semi-industrial fishing vessels,³⁹ iv) training for and development of bee reserve zones. - Sustainalytics notes that the beneficiaries of the schemes or projects will be small-scale farmers⁴⁰ and artisanal fishers. - Mauritius communicated to Sustainalytics that it will exclude genetically modified seeds and crops. - Sustainalytics views activities under this category to be aligned with market practice.

Additional Considerations on Use of Proceeds

- The Framework defines criteria to exclude activities related to fossil fuel production or power generation, technologies that may result in fossil fuel lock-in and projects associated with hard-to-abate sectors. In addition, nuclear power generation, alcohol, gambling, tobacco, weapons and related equipment are excluded under the Framework. Sustainalytics considers these criteria to strengthen the Framework.
- Eligible expenditures may take place in the form of medium- to long-term bonds, private debt placements, notes and loans, including direct or indirect investment, tax expenditures, operational investments and subsidies. Eligible expenditures may be financed through special funds⁴¹ established to finance specific planned expenditures. Sustainalytics recognizes the use of a variety of fiscal tools as aligned with market practice for a sovereign issuer.
- The Framework defines a look-back period of 24 months, which is aligned with market practice.

³⁵ A "bad weather day" is defined in the Framework as a day when the sea is moderate to rough. The Government of Mauritius has confirmed to Sustainalytics that as of November 2022, the number of registered fishers in the country stood at 1739, of whom 1585 benefitted from the Bad Weather Allowance.

³⁶ Eligible applicants under the SRM will be identified by a proxy mean test (PMT) and poverty threshold. A household may be considered eligible under the Framework if both its PMT and total verified income is lower than the poverty threshold.

³⁷ The Government of Mauritius will apply the PMT method that provides a formula for predicting the living standard of each household based on demographic and socioeconomic characteristics, including age, gender of head, number of individuals in the household, as well as housing conditions and asset ownership.

³⁸ Government of Mauritius, "Small Farmers Welfare Fund Act", (2002), at: <https://sfwf.govmu.org/sfwf/wp-content/uploads/2020/11/SFWF-ACT-2020-1.pdf>

³⁹ The schemes are run by the Mauritius Ministry of Blue Economy, Marine Resources, Fisheries and Shipping since 2014. The Canotte Scheme provides a grant to registered artisanal fishers to acquire better equipped fishing boats, namely canottes and semi-industrial fishing vessels to venture off-lagoon.

⁴⁰ Government of Mauritius, "Small Farmers Welfare Fund Act", (2002), at: <https://sfwf.govmu.org/sfwf/wp-content/uploads/2020/11/SFWF-ACT-2020-1.pdf>

⁴¹ The Government of Mauritius communicated to Sustainalytics that expenditures already financed will not be refinanced using proceeds from bonds issued under the Framework.



Project Evaluation and Selection

- The Republic of Mauritius has established a Sustainable Finance Working Group (SFWG) which is responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. The SFWG is composed of representatives from Mauritius' Ministry of Finance, Economic Planning and Development, Ministry of Environment, Solid Waste Management and Climate Change, Ministry of National Infrastructure and Community Development, Ministry of Energy and Public Utilities, and Ministry of Local Government and Disaster Risk Management. Representatives of other Ministries, government departments, local authorities and wholly owned government entities may co-operate as needed.
- The Government of Mauritius, through its ministries, will be responsible for identifying and managing environmental and social risks associated with their respective eligible projects as well as compliance with applicable national and international environmental and social standards and regulation in line with Mauritius' Environmental Protection Act (EPA) 19 of 2002 and Environmental Protection (Amendment of Schedule) Regulations 2006.^{42,43} Sustainalytics considers these environmental and social risk management systems to be aligned with market expectation. For additional detail, refer to Section 2.
- Based on the cross-functional oversight for project evaluation and selection, and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.



Management of Proceeds

- The Government of Mauritius will manage the proceeds using a Sustainable Finance Register. The SFWG, led by the Ministry of Finance, Economic Planning and Development, will oversee the allocation and the tracking of proceeds.
- The Issuer intends to fully allocate net proceeds within two years of issuance, on a best-efforts basis. Pending allocation, an amount equivalent to the unallocated proceeds will be temporarily held in cash, cash equivalents or other short-term market instruments and managed as per Mauritius Treasury's general cash management policies.
- Sustainalytics notes that unallocated proceeds will not be allocated to GHG intensive or controversial activities as per the exclusion criteria defined in the Framework.
- Based on the use of a tracking system and the disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.



Reporting

- Mauritius commits to report on the allocation and corresponding impact of proceeds in a separate document on an annual basis. The annual report will be published on the Ministry of Finance, Economic Planning and Development's website on an annual basis until full allocation.
- In case the instrument is a loan or private placement, the annual report may be provided to lenders or investors directly instead of being shared publicly.

⁴² Government of Mauritius, "Environment Protection Act", (2002), at: <https://attorneygeneral.govmu.org/Documents/Laws%20of%20Mauritius/A-Z%20Acts/E/Environment%20Protection%20Act-I9.pdf>

⁴³ UNEP, "Environment Protection (Amendment of Schedule) Regulations 2006", at: <https://leap.unep.org/countries/mu/national-legislation/environment-protection-amendment-schedule-regulations-2006-gn-no>

- Allocation reporting may include details such as the total amount allocated to eligible green or social projects, the total amount allocated per category, the balance of unallocated proceeds, the amount of financing versus refinancing, and a brief description of eligible expenditures and the amounts allocated.
- Impact reporting may include, subject to feasibility, relevant impact metrics, such as total installed capacity (in MW), annual renewable energy generated (in MWh), annual GHG emissions avoided (measured in tCO₂e), area of forest rehabilitated (in ha) and the number of beneficiaries in social inclusion programmes.
- Based on the intention to report on both allocation and impact of projects financed, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability-Linked Principles

Sustainalytics is of the opinion that the Republic of Mauritius Sustainable Finance Framework aligns with the Sustainability-Linked Bond Principles 2023 and Sustainability-Linked Loan Principles 2023. For detailed information, please refer to Appendix 2: Sustainability-Linked Bond External Review Form. Sustainalytics highlights the following elements of the Framework:



Selection of Key Performance Indicators

Relevance and Materiality of KPIs

In assessing materiality and relevance of a KPI, Sustainalytics considers: i) whether the KPI speaks to a material impact of the issuer's activities on environmental or social issues; and ii) to what portion of impact the KPI is applicable.

KPI 1 – Absolute GHG emissions (including LULUCF) and KPI 2 – Share of renewable energy in the electricity generation

Sustainalytics considers KPI 1 and KPI 2 to be material and relevant given the following:

- To limit global warming to 1.5°C above pre-industrial levels in accordance with the commitments of the Paris Climate Agreement, global CO₂ emissions need to reach net zero by approximately 2050. Accordingly, the UN Sustainable Development Goals identify the integration of climate change measures into national policies, strategies and planning as a target for achieving SDG 13: Take urgent action to combat climate change and its impacts.⁴⁴ In alignment with SDG 13, climate change is a material issue for Mauritius due to the country's high vulnerability to physical climate risks, such as storms and floods.⁴⁵ Mauritius has committed to mitigating climate change, has established a variety of policies, frameworks and bodies, and has deployed a series of actions, including its Nationally Determined Contribution (NDC) as well as its Renewable Energy Roadmap 2030 For the Electricity Sector and Long-Term Energy Strategy 2009-2025.
- Renewable electricity plays an important role in Mauritius' strategy to reduce its overall GHG emissions; as at 2021 electricity accounted for 46.7% of the country's total GHG emissions.⁴⁶ The IEA's Net Zero Emissions by 2050 Scenario (NZE) identifies the electricity sector's decarbonization targets as the fastest and largest of any sector, indicating significant opportunity for renewable energy expansion in advanced and emerging economies.⁴⁷

In terms of applicability, KPI 1 considers Mauritius' complete GHG inventory and KPI 2 considers 100% of the country's electricity generation. Therefore, Sustainalytics considers KPIs 1 and 2 to have a high scope of applicability.

KPI 3 – Gross tertiary enrolment rate

⁴⁴ UN Department of Economic and Social Affairs, Sustainable Development, "13 – Take urgent action to combat climate change and its impacts", at: <https://sdgs.un.org/goals/goal13>

⁴⁵ World Bank, at: <https://climateknowledgeportal.worldbank.org/country/mauritius/vulnerability>

⁴⁶ World Bank, "Climate Change Knowledge Portal For Development Practitioners and Policy Makers – Mauritius", at: <https://climateknowledgeportal.worldbank.org/country/mauritius/vulnerability>

⁴⁷ IEA, "Net Zero by 2050 A Roadmap for the Global Energy Sector", at: https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050ARoadmapfortheGlobalEnergySector_CORR.pdf

Sustainalytics considers KPI 3 to be material and relevant given the following:

- Equitable and universal education are a fundamental pillar to achieving sustainable economic development in the UN Sustainable Development Goals framework. In this context, SDG 4 defines goals to address inclusive and equitable quality education and promote lifelong learning opportunities for all.
- Sustainalytics' Country Risk Rating Report for Mauritius considers the management of human capital to be a core ESG factor for Mauritius' long-term prosperity and economic development.^{48,49}
- The Government of Mauritius regards education as an important parameter to position the country as a regional knowledge hub, and to establish Mauritius as a high-income country by 2030.⁵⁰ In 2019, Mauritius made tertiary education in public institutions free for its citizens,⁵¹ as identified in the Higher Education Commission Strategic Plan 2022-2025.⁵²

In terms of applicability, KPI 3 encompasses the entire population aged between 20 and 24 years on the Island of Mauritius and the Island of Rodrigues without exceptions. Therefore, Sustainalytics considers KPI 3 to have a high scope of applicability.

Overall, Sustainalytics considers the KPIs to be material to Mauritius' climate, energy and education targets.

KPI Characteristics

In assessing KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used; ii) whether it follows an externally recognized definition; iii) whether the KPI is a direct measure of the performance of the issuer on a material environmental or social issue; and, if applicable, iv) whether the methodology can be compared to an external, contextual benchmark.⁵³

KPI 1 – Absolute GHG emissions (including LULUCF)

Sustainalytics considers Mauritius' definition and methodology to calculate KPI performance to be clear given that it follows the IPCC guidelines for national GHG inventories and consistent as it has been used for its historical reporting since the year 2000.⁵⁴ The KPI is also viewed as a direct measure of the country's sustainability performance on GHG emissions. In addition, as the KPI is consistent with Mauritius' NDC submission, it enables comparison against an external benchmark.

KPI 2 – Share of renewable energy in the electricity generation

Sustainalytics considers Mauritius' definition and methodology to calculate KPI performance to be clear given the ease of calculation of the formula⁵⁵. Additionally, the sources that are considered renewable⁵⁶ are clearly stated and Mauritius has provided details on how such data is collected. Sustainalytics further considers the definition and methodology to be consistent as it has been used for its historical reporting since the inception of Mauritius' Central Electricity Board (CEB). In addition, Sustainalytics views the calculation methodology to support benchmarking against science-based targets, such as the IEA's Net Zero Emissions by 2050 Scenario. Sustainalytics recognizes that electricity generation is the largest contributor to the country's GHG emissions and considers KPI 2 to be an indirect measure of the country's performance on the material environmental issue of emissions.

KPI 3 – Gross tertiary enrolment rate

Sustainalytics considers Mauritius' definition and methodology to calculate KPI performance to be clear based on the ease of calculation and replicability. It is also consistent, having been used for Mauritius' historical

⁴⁸ Sustainalytics' Country Risk Rating is a measurement of risk to a country's long-term prosperity and economic development. The rating is determined by combining the country's Wealth Score and its ESG Factors Score.

⁴⁹ Sustainalytics, "Mauritius – Country Risk Rating".

⁵⁰ Republic of Mauritius, "Pursuing Our Transformative Journey", (2018), at: https://govmu.org/EN/infoservices/finance/Documents/2018_193-YearPlan.pdf

⁵¹ Mauritius Ministry Of Education and Human Resources, Tertiary Education and Scientific Research, "Free Education in Tertiary Education Institutions", (2019), at: <https://education.govmu.org/Documents/educationsector/Documents/2019/Communique%20250119.pdf>

⁵² Government of Mauritius, "Higher Education Commission Strategic Plan 2022-2025", (2018), at: https://www.hec.mu/pdf_downloads/StrategicPlan/HEC_Strategic_Plan_2022_2025.pdf

⁵³ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

⁵⁴ This refers to the 2006 IPCC Guidelines for National GHG Inventories and Good Practices Guidance as well as the 2019 Refinement to the 2006 IPCC Guidelines.

⁵⁵ Gross electricity generation from renewable energy (in kWh) divided by total gross electricity generation (in kWh)

⁵⁶ Solar, wind, hydro, landfill gas, biomass, tidal or wave, green hydrogen, waste

reporting since 1999. In addition, Sustainalytics notes that the KPI is calculated in accordance with the external methodology recognized by UNESCO and the World Bank and considers the KPI to be directly linked to the performance of the country in social indicators.^{57,58} Sustainalytics notes that there are no external benchmarks for assessing performance against KPI 3. Nevertheless, Sustainalytics notes that the KPI is consistent with SDG 4 Quality Education, particularly, target 4.3 which seeks to ensure equal access for all women and men to affordable and good quality technical, vocational and tertiary education, including university by 2030.

Overall Assessment

Sustainalytics considers KPI 1 – Absolute GHG emissions (including LULUCF) to be very strong given that: i) it is a direct measure of Mauritius’ performance on a relevant and material environmental issue; ii) it has a high scope of applicability; iii) it follows an externally defined methodology that is clear and has consistently been used; and iv) it is comparable to an external benchmark.

Sustainalytics considers KPI 2 – Share of renewable energy in the electricity generation, to be strong given that: i) it is an indirect measure of Mauritius’ performance on a relevant and material environmental issue; ii) it has a high scope of applicability; iii) it follows an externally defined methodology that is clear and has consistently been used; and iv) it is comparable to an external benchmark.

Sustainalytics considers KPI 3 – Gross tertiary enrolment rate, to be very strong given that: i) it is a direct measure of Mauritius’ performance on a relevant and material social issue; ii) it has a high scope of applicability; iii) it follows a clear and consistent methodology; and iv) there are no external benchmarks for assessing performance against KPI 3.

KPI	Strength of KPI			
KPI 1: Absolute GHG emissions (including LULUCF)	Not Aligned	Adequate	Strong	Very strong
KPI 2: Share of renewable energy in the electricity generation	Not Aligned	Adequate	Strong	Very strong
KPI 3: Gross tertiary enrolment rate	Not Aligned	Adequate	Strong	Very strong



Calibration of Sustainability Performance Targets

Alignment with Mauritius’ Sustainability Strategy

Mauritius has set the following SPTs for its KPIs:

- SPT 1: Reduce absolute GHG emissions (including LULUCF) by 19.39% by 2030 from a 2021 baseline
- SPT 2: Increase the share of renewable energy in the electricity generation to 60% by 2030 from a 2022 baseline
- SPT 3: Increase the gross tertiary enrolment rate to 60% by 2030 from a 2021 baseline

Sustainalytics considers the SPTs to be aligned with Mauritius’ sustainability strategy (please refer to Section 2 for an analysis of the credibility of Mauritius’ sustainability strategy).

Mauritius has ratified the Paris Agreement and announced its first NDC in 2015. The country’s Climate Change Act 2020 which entered into force in April 2021 provides a legal framework that seeks to transform Mauritius into a resilient and low-emissions country. The framework is divided into seven pillars and lays out initiatives, responsibilities and functions related to setting national objectives as well as the development and coordination of policies, projects, strategies, programmes and action plans to address the adverse effects of climate change. Please see Section 2 for further information.

⁵⁷ UNESCO, “Gross enrolment ratio”, at: <https://uis.unesco.org/en/glossary-term/gross-enrolment-ratio>

⁵⁸ World Bank, “Metadata Glossary”, at: <https://databank.worldbank.org/metadata/glossary/gender-statistics/series/SE.TER.ENRR.MA#:~:text=Gross%20enrollment%20ratio%20for%20tertiary,education%2C%20and%20multiplying%20by%2010>

Additionally, SPT 2 is imbedded in Mauritius' NDC⁵⁹ under the Paris Climate Agreement. In 2019, Mauritius established its Renewable Energy Roadmap 2030 For the Electricity Sector,⁶⁰ which lays out a strategic plan and respective measures to achieve 60% of electricity generation from renewable energy by 2030. The roadmap includes forecasts for electricity consumption as well as necessary investments to achieve the country's target, which are currently estimated at USD 1.35 billion.

Regarding SPT 3, Mauritius' Higher Education Commission has put in place a Strategic Plan for the years 2022 to 2025 that lays out a vision and strategy to address challenges in Mauritius' higher education system. This plan includes a roadmap with five strategic themes, including objectives, key action plans and KPIs.

Strategy to Achieve the SPTs

Mauritius intends to achieve the SPTs through the following strategy:

SPT 1 – Reduce absolute GHG emissions (including LULUCF) by 19.39% by 2030 from a 2021 baseline

Mauritius plans to achieve SPT 1 through measures within different industries and sectors as follows:

- **Energy:** Mauritius plans to increase the share of renewable energy in its energy mix and phase out coal by 2030. Initiatives include greening Mauritius' electricity grid (see SPT 2 for further information), developing a framework for the use of biomass⁶¹ and the production of green hydrogen and related infrastructure. Mauritius also plans to increase its energy efficiency across the country by 10% by 2030 compared to a 2019 baseline, for example, through the extension of mandatory energy labelling to washer, dryers and televisions and energy audits to control energy usage.
- **Transport:** Mauritius plans to modernize and upscale its public transport network and to increase subsidies for electric vehicles. Mauritius' 2023/2024 budget includes a scheme to support the decarbonization of the country's public bus transport system. The scheme subsidizes 30% of the cost for new buses⁶² to stimulate bus operators to replace their fleet with electric buses. In addition, Mauritius is also further investing in its metro express lines, aiming at reducing transport pollution and traffic congestion. These transport systems are planned to be partially powered by renewable energy sources, such as solar farms.
- **Waste:** Mauritius plans to divert 70% of its waste from landfill by 2030 through composting plants, sorting units, biogas plants, waste-to-energy plants and plans to use anaerobic digestion.
- **IPPU:** Mauritius plans to implement minimum energy performance standards for air conditioners by 2024 and to reduce GHG emissions from hydrofluorocarbons by 2030 by 10% compared to business-as-usual.
- **Agriculture:** Mauritius plans to set up biogas units and to adopt smart agricultural practices such as natural farming systems and agro-forestry, and to promote efficient irrigation techniques. Examples of such farming practices include natural farming, Zero Budget Natural Farming, permacultures, biodynamics and agro-ecology.
- **LULUCF:** The country plans to plant mangroves and other trees, and to restore native forests.

SPT 2 – Increase the share of renewable energy in the electricity generation to 60% by 2030 from a 2021 baseline

- Mauritius has put in place the following schemes: i) Greenfield Renewable Energy Scheme for public entities for projects with a cumulative capacity of 90 MW; ii) a solar PV scheme for charging electric vehicles for projects with a cumulative capacity of 10 MW, for educational institutions for projects with a cumulative capacity of 6 MW and for domestic households for projects with a cumulative capacity of 10 MW; iii) CEB Smart City Scheme for projects with a cumulative capacity of 20 MW, two CEB Small-Scale Distribution Generation schemes for renewable energy systems with capacities lower and higher than 50 KW, as well as schemes for the public sector (for projects with a cumulative capacity of 15 MW) religious bodies (for projects with a cumulative capacity of 4 MW), NGOs and charitable institutions (for projects with a cumulative capacity of 2 MW) and SMEs (for projects with a cumulative capacity of 9

⁵⁹ UNFCCC, "Mauritius First NDC (Updated Submission)", (2021), at: <https://unfccc.int/sites/default/files/NDC/2022-06/Final%20Updated%20NDC%20for%20the%20Republic%20of%20Mauritius%2001%20October%202021.docx>

⁶⁰ Central Electricity Board of Mauritius, "Renewable Energy Roadmap 2030 for the Electricity Sector", (2022), at: <https://ceb.mu/files/publications/RENEWABLE%20ENERGY%20ROADMAP%202030%20FOR%20THE%20ELECTRICITY%20SECTOR.pdf>

⁶¹ Mauritius had informed Sustainalytics that the objective of the framework is to increase bioelectricity production through more efficient use of sugarcane bagasse, the expansion of trash collection, the introduction of higher-fibre cane varieties, the cultivation of other energy crops and import of other biomass.

⁶² Up to MUR 3.5 million per bus.

- 4 MW); and iv) a loan scheme of up to MUR 1 million to SMEs where proceeds can be used to generate electricity from roof solar panels.
- Mauritius is planning to create a national biomass framework and a strategic plan to for the development and deployment of hydrogen. The Government of Mauritius is further investing in R&D for other renewable energy sources, such as waste-to-energy, offshore wind, wave and tidal energy for the production of electricity.
 - Mauritius is launching two solar PV power plants (10 MW each) that are expected to be operational by 2024. In addition, Mauritius is planning to install a 40 MW wind farm by 2024 and has a pilot project in place for floating solar PVs.
 - Mauritius is planning to install solar-powered streetlighting, establishing a technical committee to research the procurement of bulbs, lanterns and other related items. Mauritius has informed Sustainalytics that the scheme is still in the planning phase and under consultation with other stakeholders.
 - Mauritius will only renew power-purchase agreements (PPAs) related to coal with an expiration by 2030 and has already refrained from renewing two existing PPAs.

SPT 3 – Increase the gross tertiary enrolment rate to 60% by 2030 from a 2021 baseline

- Adopting a responsive and robust regulatory framework for tertiary education: The key actions identified under this include: i) establishing a new regulatory framework for higher education; ii) developing regulations, standards and guidelines for the establishment and registration of private education institutes and accreditation of programmes of tertiary education institutions, both public and private; iii) implementing budget measures and fiscal incentives; iv) adopting fast-track to process application from top-ranked universities; and v) conducting capacity building for HEC staff, external accreditation panel members, and public and private providers to use regulatory tools for compliance.
- Supporting tertiary education and research: Mauritius intends to achieve this by: i) funding research to address industrial and societal needs; ii) developing list of priority research aligned with national priorities; iii) encouraging institutions to conduct student need and demand analysis before offer programmes; iv) implementing minimum cohort sizes to ensure the financial sustainability of programmes; v) approving courses in line with labour market demand; vi) setting graduate employability guidelines; and vii) ensuring integration of work placements in full time undergraduate programs.
- Strengthening the resilience of the tertiary education system through internationalization and enhanced student experience: Mauritius aims to achieve this by: i) introducing a classification system of higher education institutes for tertiary education; ii) developing a framework for internationalization of tertiary education; iii) implementation of the Mauritius Africa Scholarships scheme; iv) implementing the free tertiary education scheme; v) developing and implementing a model code of conduct for students; and vi) implementing a framework for student welfare.
- Ensuring effectiveness and efficiency and financial sustainability of the public tertiary education sector: Mauritius intends to achieve this by: i) appointing consultants to develop funding mechanism; ii) developing a new funding mechanism linked to performance; iii) monitoring performance of public tertiary education institutions; iv) setting up an internal audit system at HEC; and v) inspection as per HEC Act.
- Promoting engagement, partnership and linkages in tertiary education: The government aims to achieve this by developing linkages and collaborations with local, regional and international bodies.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of an SPT, Sustainalytics considers: i) whether the SPT goes beyond a business-as-usual trajectory; ii) how the SPT compares to targets set by peers; and iii) how the SPT compares with science.⁶³

For SPT 1 and SPT 3, Mauritius has set the baseline at 2021 and for SPT 2 at 2022 since these are the most recent data points available for Mauritius' GHG inventory and gross tertiary enrolment rate as well as electricity generation respectively. Mauritius has informed Sustainalytics that recalculation of KPIs, SPTs or baselines may

⁶³ We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

be carried out due to change in KPI calculation methodologies, data accessibility, exceptional or extreme events which could significantly impact the regulatory, socioeconomic and political environment.

SPT 1 – Reduce the absolute GHG emissions (including LULUCF) by 19.39% by 2030 from a 2021 baseline

Sustainalytics was able to use Mauritius' past and peer performance to assess the ambitiousness of the SPT.

Sustainalytics considers the SPT to be beyond a business-as-usual trajectory as emissions have increased on average by 0.24% yearly from 2017 to 2021. Hence, the commitment to reduce emissions by 19.39% until 2030, which translates into a 2.15% yearly reduction, exhibits a continued and significant improvement compared to the country's past performance.

Analysing the performance of five of Mauritius' peers comparable in terms of geographical and economic factors,⁶⁴ the majority of the peers have a GHG emissions-related target in place. Sustainalytics notes that while these targets are not directly comparable, the nature of the targets served as a proxy based on which a meaningful comparison can be drawn. Hence, Sustainalytics considers Mauritius the target to be aligned with the targets set by peers.

For comparison with recognized decarbonization trajectories, Sustainalytics notes that alignment with a science-based target could not be determined due to the absence of science-based emissions reduction trajectories for sovereigns.

Based on this context, Sustainalytics considers SPT 1 to be ambitious.

SPT 2 – Increase the share of renewable energy in the electricity generation to 60% by 2030, from a 2021 baseline

Sustainalytics was able to use past performance, peer performance and a credible international climate trajectory to assess the ambitiousness of the SPT.

Sustainalytics considers the SPT to be beyond a business-as-usual trajectory as the share of electricity produced from renewable energy stood at 20.7% in 2018 and at 19.2% in 2022. Therefore, an increase to 60% translates into a 7.5% average annual increase from 2022 to 2030. This exhibits a continued and significant improvement compared to the country's past performance on renewable energy generation.

Analysing the performance of five of Mauritius' peers comparable in terms of geographical and economic factors, Sustainalytics notes that the one peer had already reached 100% of electricity generation from renewable energy with four others that have targets that were less ambitious than Mauritius' target. Therefore, Sustainalytics considers Mauritius' target to be above the targets set by peers.

The IEA's Roadmap to Net Zero 2050 outlines a target of 61% of global electricity sourced from renewable power by 2030. The roadmap's intermediate target for 2030 is consistent with the pathway of limiting the global temperature rise to 1.5 degrees. Hence, Mauritius' target to achieve 60% of renewable electricity by 2030 aligns with the trajectory.

Based on this context, Sustainalytics considers SPT 2 to be Highly ambitious.

SPT 3 – Increase the gross tertiary enrolment rate to 60% by 2030 from a 2021 baseline

Sustainalytics was able to use Mauritius' past performance and peer performance to assess the ambitiousness of the SPT.

Regarding past performance, Mauritius' gross tertiary enrolment rate declined between 2019 and 2021 by an average annual rate of 0.61%. Sustainalytics notes that achievement of the SPT implies an increase in gross tertiary enrolment rate up to 60% by 2030. This represents an average annual increment of 2.7% between 2021 and 2030. Therefore, Sustainalytics considers SPT 3 to represent a material improvement over the country's past performance.

Analysing the performance of five of Mauritius' peers comparable in terms of geographical and economic factors, Sustainalytics considers Mauritius' target to be aligned with the targets set by peers.

For comparison with recognized benchmarks, Sustainalytics notes that the alignment with credible references could not be determined due to the unavailability of such references that facilitate comparison for social KPIs.

Based on this context, Sustainalytics considers SPT 3 to be ambitious.

⁶⁴ Peers were selected based on geographical and economic factors such as GDP per capita and prevailing revenue-generating sectors in the respective economies.

Overall Assessment

Sustainalytics considers SPT 1 – Reduce the absolute GHG emissions (including LULUCF) by 19.39% by 2030 from a 2021 baseline, to be ambitious given that: i) it presents a material improvement compared to past performance; ii) it aligns with the nature of the targets of identified peers; but iii) it could not be determined to align with a science-based decarbonisation trajectory.

Sustainalytics considers Mauritius' SPT 2 – Increase the share of renewable energy in the electricity generation to 60% by 2030 from a 2022 baseline, to be highly ambitious given that: i) it presents a material improvement compared to past performance; ii) it is above similar targets compared to its peers; and iii) it is aligned with the clean electricity trajectory from the IEA's Net Zero Emissions by 2050 Scenario.

Sustainalytics considers Mauritius' SPT 3 – Increase the gross tertiary enrolment rate to 60% by 2030 from a 2021 baseline, to be ambitious given that: i) it presents a material improvement compared to past performance; and ii) it aligns with the targets set by the peers.

SPT(s)	Ambitiousness of SPT(s)			
SP1: Reduce the absolute GHG emissions (including LULUCF) by 19.39% by 2030 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SP2: Increase the share of renewable energy in the electricity generation to 60% by 2030 from a 2022 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3: Increase the gross tertiary enrolment rate to 60% by 2030 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Financial Instruments Characteristics

Mauritius intends to issue sustainability-linked bonds and loans under the Framework. The financial characteristics of the sustainability-linked instruments will be linked to the achievement of or failure to achieve the SPTs, resulting in a coupon step-up or step-down. Each sustainability-linked finance instrument may have one or more SPTs with an associated target observation date and financial implication. The information related to KPIs, SPTs, calculation methodologies, target observation dates and changes in financial characteristics, such as the amount, timing, mechanism for payment of the financial implications, and fallback mechanism will be specified in the corresponding legal documentation of the sustainability-linked finance instrument. Sustainalytics recognizes that the financial characteristics of the sustainability-linked instruments are aligned with the SLBP and SLLP but does not opine on the adequacy of the magnitude and structure of the financial penalty.



Reporting

Mauritius commits to report on its progress on the KPIs and on the information related to achievement of the SPTs in their respective observation years, on an annual basis, in a report which will be published no later than 30 June each year for data as of 31 December for the preceding year and made available on the Mauritius Ministry of Finance's website.⁶⁵ Mauritius further commits to disclose relevant information in the report that may enable investors to monitor the level of ambition of the SPTs and assess any required changes to the instrument's characteristics, and may include: i) performance of the relevant KPI and baselines; and ii) verification report outlining the performance of KPI against the SPTs. The report may also include information pertaining to: i) explanation of the main factors, national strategies and/or policies driving the performance of the KPI; ii)

⁶⁵ Mauritius Ministry of Finance, Economic Planning and Development, at: <https://mof.govmu.org/Pages/default.aspx>

sustainability impacts from performance improvement in the KPI; and iii) recalculation of KPIs, SPTs or baselines due to a change in KPI calculation methodologies, data accessibility, exceptional or extreme events.

In case of sustainability-linked loans, Mauritius commits to provide a sustainability confirmation statement with verification report attached, outlining the performance against the SPTs for the relevant year and the related impact, and timing of such impact, on the loan's economic characteristics. This is aligned with the SLBP and SLLP.



Verification

Mauritius commits to have an external independent verifier provide annual limited assurance on the progress on each KPI against each SPT. The verification report will be published on the Mauritius Ministry of Finance's website. The verification commitments are aligned with the SLBP and SLLP.

Section 2: Assessment of Mauritius' Sustainability Strategy

Republic of Mauritius' Sustainability Mandate

The Republic of Mauritius has achieved political stability over the past two decades and ranked 57 out of 180 countries on the 2022 Corruption Perceptions Index.⁶⁶ Mauritius ranked first among 54 African countries on the Mo Ibrahim Index for Overall Governance in Africa between 2012 and 2021.^{67,68} The country scored 81.5 points in the Ease of Doing Business index⁶⁹ in 2020, ranking 13th among 190 countries. In 2019, The World Economic Forum's Global Competitiveness Report ranked Mauritius as the most competitive country in Africa, and the 52nd most competitive country worldwide (out of 141 countries).⁷⁰ In 2015, Mauritius launched "Vision 2030 – Transforming Our Future for the Better", the country's National Development Plan (NDP) with the objective to set the country in the list of high-income economies by 2030.⁷¹ Vision 2030 is underpinned by a series of action plans set out in the Mauritius government's three-year strategic plans and has identified four key areas, including: 1) address unemployment; ii) alleviate, if not eradicate, poverty; iii) open up the country and implement new air access policies, and iv) foster sustainable development and innovation.

The country's current development objectives are expressed in the Mauritius Medium Term Strategy 2022-2025⁷² and the Mauritius' government budget 2022-23.⁷³ Under the Vision 2030, the Government of Mauritius has also established several sectoral plans and strategies. Those which are specifically relevant to the Framework include the Renewable Energy Roadmap 2030,⁷⁴ the National Climate Change Adaptation Policy Framework (NCCAPF),⁷⁵ the National Disaster Risk Reduction and Management Policy, National Biodiversity Strategy and Action Plan

⁶⁶ Transparency International, "Corruption Perceptions Index – Mauritius", (2022), at: <https://www.transparency.org/en/cpi/2022/index/mus>

⁶⁷ GOV.UK, "Overseas business risk: Mauritius", (2023), at: <https://www.gov.uk/government/publications/overseas-business-risk-mauritius/overseas-business-risk-mauritius>

⁶⁸ Mo Ibrahim Foundation, "Profile: Mauritius", (2022), at: <https://assets.iiaonline/2022/profiles/2022-IIAG-profile-mu.pdf>

⁶⁹ World Bank, "Doing Business 2020", at: <https://documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf>

⁷⁰ World Economic Forum, "The Global Competitiveness Report", (2019), at: https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

⁷¹ Government of Mauritius, "PM's Vision for Achieving the Second Economic Miracle and Vision 2030", (2015), at: <http://vision2030.govmu.org/English/Speech/Pages/default.aspx>

⁷² Government of Mauritius, "Medium Term Macroeconomic Framework, Fiscal Strategy and Debt Management Strategy", at: <https://budgetmof.govmu.org/estimates.html>

⁷³ Government of Mauritius, "Budget 2023-2024", at: <https://budgetmof.govmu.org/index.html>

⁷⁴ Central Electricity Board of Mauritius, "Renewable Energy Roadmap 2030 for the Electricity Sector", (2022), at: <https://ceb.mu/files/publications/RENEWABLE%20ENERGY%20ROADMAP%202030%20FOR%20THE%20ELECTRICITY%20SECTOR.pdf>

⁷⁵ Government of Mauritius, "National Climate Change Adaptation Policy Framework", (2012), at: <https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database/MAURITIUS%29%20National%20Climate%20Change%20Adaptation%20Policy%20Framework%20for%20the%20Republic%20of%20Mauritius.pdf>

(NBSAP),⁷⁶ the Industrial Policy and Strategic Plan 2020-25,⁷⁷ the National Productivity and Competitiveness Council's Strategic Plan 2021-25,⁷⁸ and Health Sector Strategic Plan 2020-24.⁷⁹

Mauritius is a signatory to the Paris Agreement since 2015 and aims to achieve carbon neutrality by 2070.⁸⁰ In its 2021 NDC update, the country raised its ambition to reduce 40% of its GHG emissions by 2030, from the initial NDC target of 30% by 2030 made in 2016.^{81,82} In this context, the country has identified key measures that include: i) production of 60% of energy needs from green sources by 2030; ii) phasing out the use of coal before 2030 and the development of the biomass framework; iii) increasing the country's overall energy efficiency by 10% based on a 2019 baseline; iv) promotion of a smart transport system that includes mass transit and electric vehicles; v) promotion of smart agricultural practices; and vi) protection and enhancing the carbon sink capacity.⁸³ In 2022, Mauritius raised its ambition to increase the share of renewable energy in the country's energy mix by 60% in 2030 as per the update of Renewable Energy Roadmap 2030, from the initial commitment of 35% made in 2019.⁸⁴ To accomplish its renewable energy targets, the country increased the installed capacity of renewable energy from 329.5 MW in 2015 to 378.1 MW in 2021.⁸⁵ In addition, Mauritius established the NCCAPF in 2012 and updated it in 2021, to address the climate related risks and natural disasters the country is subject to, owing to its geographical location in an active cyclone basin.⁸⁶ The NCCAPF aims at integrating climate change adaptation and mitigation into core development policies, strategies and plans in order to enhance the country's resilience, minimize risks and damages to human settlements and infrastructure, and to avoid the loss of lives due to extreme climatic events.⁸⁷ The National Disaster Risk Reduction and Management Strategic Framework,⁸⁸ together with the National Disaster Risk Reduction and Management Policy,⁸⁹ both launched in 2021, provide a pathway to achieve targets for climatic risks and natural disaster reduction by 2030 and incorporate the country's obligations and commitments under the African Union Programme of Action for the Sendai Framework,⁹⁰ and the Paris Agreement. Furthermore, Mauritius' Environment Master Plan (2020-2030) supports the country's transition to a green economy focused on eight thematic areas: i) environmental culture; ii) urban planning and environmental policy; iii) climate change; iv) coastal zones and marine environment; v) biodiversity and natural resources; vi) pollution control; vii) waste management; and viii) control of plastic waste.⁹¹ The Protected Area Network Expansion Strategy and the National Biodiversity Strategy and Action Plan, both launched in 2017, intend

⁷⁶ Government of Mauritius, "National Biodiversity Strategy and Action Plan 2017-2025", (2017), at: <https://www.cbd.int/doc/world/mu/mu-nbsap-v2-en.pdf>

⁷⁷ Mauritius Ministry of Industrial Development, SMEs and Cooperatives, "Industrial Policy and Strategic Plan 2020-2025", at: https://unctad.org/system/files/official-document/gdsinf2020d5_en.pdf

⁷⁸ Mauritius National Productivity and Competitiveness Council, "Strategic Plan 2021-2025", (2021), at: <https://www.npcmauritius.org/images/download/246.pdf>

⁷⁹ Government of Mauritius, "Health Sector Strategic Plan 2020-2024", at: <https://health.govmu.org/Communique/HSSP%20Final%2015%20September%202020.pdf>

⁸⁰ Government of Mauritius, "First Biennial Update Report (BUR1) to the UNFCCC", (2021), at: <https://unfccc.int/sites/default/files/resource/First%20Biennial%20Update%20Report%20-%20Republic%20of%20Mauritius.pdf>

⁸¹ UNFCCC, "NDC Registry", at: <https://unfccc.int/NDCREG>

⁸² UNFCCC, "NDC Registry: Mauritius Party Note", (2021), at: <https://unfccc.int/sites/default/files/NDC/2022-06/Mauritius%20Party%20Note.docx>

⁸³ UNFCCC, "Mauritius First NDC (Updated Submission)", (2021), at: <https://unfccc.int/sites/default/files/NDC/2022-06/Final%20Updated%20NDC%20for%20the%20Republic%20of%20Mauritius%2001%20October%202021.docx>

⁸⁴ Central Electricity Board of Mauritius, "Renewable Energy Roadmap 2030 for the Electricity Sector", (2022), at: <https://ceb.mu/files/files/publications/RENEWABLE%20ENERGY%20ROADMAP%202030%20FOR%20THE%20ELECTRICITY%20SECTOR.pdf>

⁸⁵ Ibid. <https://ceb.mu/files/files/publications/RENEWABLE%20ENERGY%20ROADMAP%202030%20FOR%20THE%20ELECTRICITY%20SECTOR.pdf>

⁸⁶ UNEP, "Mauritius sets goals to curb the triple planetary crisis", (2023), at: <https://www.unep.org/news-and-stories/story/mauritius-sets-goals-curb-triple-planetary-crisis#:~:text=The%20country%20is%20situated%20in,coastal%20erosion%20and%20coral%20bleaching.>

⁸⁷ Republic of Mauritius, "National Climate Change Adaptation Policy Framework", (2012), at: <https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database/MAURITIUS%29%20National%20Climate%20Change%20Adaptation%20Policy%20Framework%20for%20the%20Republic%20of%20Mauritius.pdf>

⁸⁸ Government of Mauritius, "National Disaster Risk Reduction and Management Strategic Framework 2020-2030", (2021), at: https://ndrrmc.govmu.org/Pages/NDRRM_Strategic%20Framework.pdf

⁸⁹ Government of Mauritius, "National Disaster Risk Reduction and Management Policy 2020-2030", (2021), at: <https://ndrrmc.govmu.org/Documents/Policy.pdf>

⁹⁰ United Nations, "Sendai Framework for Disaster Risk Reduction 2015 - 2030", at: <https://www.undrr.org/publication/sendai-framework-disaster-risk-reduction-2015-2030..>

⁹¹ Government of Mauritius, "Environment Master Plan (2020-2030)", at: <https://environment.govmu.org/DocumentsList/Masterplan%20for%20the%20Republic%20of%20Mauritius.pdf>

to create a protected area network to rehabilitate and restore the native species of Mauritius and to enhance the resilience of its ecosystems.^{92,93}

Beyond its environmental commitments and under Vision 2030, Mauritius is committed to promoting community welfare and socioeconomic development, including enhancing employment opportunities and access to high-quality education, affordable housing and healthcare.⁹⁴ To enhance the productivity of its workforce, Mauritius launched in 2022 the Higher Education Commission Strategic Plan with the goal of fulfilling the present and future needs of having a skilled workforce. The Industrial Policy and Strategic Plan 2020-25 envisions higher employment generation and targets to increase manufacturing-related employment from 103,411 in 2018 to 146,122 by 2030.⁹⁵ Additionally, the National Productivity and Competitiveness Council's Strategic Plan 2021-2025 sets forth the objectives, goals and strategies to increase the potential of industries, enable environment to scale up productivity to create high-value jobs and to enhance the productivity of the nation.⁹⁶ The Education and Human Resources Strategy Plan 2008-2020 aimed at ensuring access to education for all, improve completion rate at upper secondary level, streamline and facilitate the quality and relevance of technical and vocational education and training, and foster effective human resource development.⁹⁷ In addition, to ensure equal opportunity and quality of education, and to build a competent human resources base for Mauritius, the Government of Mauritius facilitates free education to its citizen from pre-primary and secondary to tertiary levels.⁹⁸ The number of students benefitting from free tertiary education increased threefold between 2018 and 2021.⁹⁹ To further strengthen its economic position, the National Gender Policy 2022-2030¹⁰⁰ aims to achieve gender equality and empowerment of women and girls in the social, economic and political domains. In line with the objectives of eradicating poverty under the Vision 2030, the Ministry of Housing and Land Use Planning aims to provide affordable housing to eligible households under the SRM.^{101,102} Mauritius provides free public health services for primary care.¹⁰³ In 2020, the Ministry of Health and Wellness launched the Health Sector Strategic Plan 2020-2024, which aims to enhance primary health care, promote health, preventive medicine and specialized services, and preparedness against the resurgence of communicable diseases.¹⁰⁴

Sustainalytics is of the opinion that the Republic of Mauritius Sustainable Finance Framework is aligned with the Vision 2030 and its associated plans, policies and strategies. The Framework may assist the country in meeting its sustainability targets by leveraging financing towards social and environmental projects. In view of the above, Sustainalytics considers Mauritius to be well positioned to issue social, green or sustainability financing instruments.

Environmental and Social Risk Management

Sustainalytics recognizes that the net proceeds from the financial instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impact. Additionally, the SPTs defined under the sustainability-linked component of the Framework are impactful. However, Sustainalytics is aware that such eligible projects and activities associated with achieving the SPTs

⁹² Government of Mauritius, "Protected Area Network Expansion Strategy", (2017), at: <https://npcs.govmu.org/Documents/Useful%20Documents/Protected%20Area%20Network%20Expansion%20Strategy%20202017%20-2026.pdf>

⁹³ Government of Mauritius, "National Biodiversity Strategy and Action Plan 2017-2025", (2017), at: <https://www.cbd.int/doc/world/mu/mu-nbsap-v2-en.pdf>

⁹⁴ Government of Mauritius, "Pursuing Our Transformative Journey", (2018), at: https://govmu.org/EN/infoservices/finance/Documents/2018_193-YearPlan.pdf

⁹⁵ Mauritius Ministry of Industrial Development, SMEs and Cooperatives, "Industrial Policy and Strategic Plan 2020-2025", at: https://unctad.org/system/files/official-document/gdsinf2020d5_en.pdf

⁹⁶ Mauritius National Productivity and Competitiveness Council, "Strategic Plan 2021-2025", (2021), at: <https://www.npcmauritius.org/images/download/246.pdf>

⁹⁷ Mauritius Ministry of Education, Culture and Human Resource, "Education & Human Resources Strategy Plan 2008-2020", (2009), at: <https://education.govmu.org/Documents/Documents/Publications/EHRSP%202008-2020.pdf>

⁹⁸ UNESCO, "Higher Education Report: Mauritius", (2022), at: [https://whcc2022.net/resources/Country_report_Mauritius_for_WHEC_2022_210322_MoE_\(1\).pdf](https://whcc2022.net/resources/Country_report_Mauritius_for_WHEC_2022_210322_MoE_(1).pdf)

⁹⁹ Ibid.

¹⁰⁰ Republic of Mauritius, "National Gender Policy 2022-2030", at: <https://gender.govmu.org/Documents/2022/NationalGenderPolicy2022-2030.pdf>

¹⁰¹ Mauritius Ministry of Housing and Land Use Planning, "Housing", at: <https://housing.govmu.org/Pages/Dept%20and%20Org/Divisions/Housing.aspx>

¹⁰² International Social Security Association, "Introduction of the Social Register of Mauritius", at: <https://www.issa.int/gp/162049>

¹⁰³ Universal Health Coverage Partnership, "Mauritius", at: <https://extranet.who.int/uhcpartnership/country-profile/mauritius#:~:text=The%20Mauritian%20government%20approaches%20healthcare,of%20a%20primary%20care%20provider.>

¹⁰⁴ Government of Mauritius, "Health Sector Strategic Plan 2020-2024", at: <https://health.govmu.org/Communique/HSSP%20Final%2015%20September%202020.pdf>

could also lead to negative environmental and social outcomes. Some key environmental and social risks could include those related to emissions, effluents and waste generated in construction; land use and biodiversity loss associated with large-scale infrastructure development; human and labour rights issues (including occupational health and safety); risks of increasing inequalities if social programmes are not appropriately targeted to beneficiaries or if universal access is not ensured, and risks related to bribery and corruption.

Sustainalytics is of the opinion that Mauritius is able to manage or mitigate potential risks through the implementation of the following:

- Mauritius is a signatory to the 1992 Convention on Biological Diversity (CBD) and 38 other multilateral environmental agreements.^{105,106} In accordance with CBD requirements, Mauritius has prepared national reports on the state of biodiversity, progress towards Aichi targets and thematic reports on protected areas.¹⁰⁷ In its National Biodiversity Strategy and Action plan for 2017-2025, Mauritius defines regional environmental priority areas and strategies, and establishes the institutional framework under which all environmental policies, programmes and initiatives are implemented.¹⁰⁸ Mauritius' Environment Master Plan for 2020-2030 institutes ten-year visions as well as five-year action plans for mainland Mauritius and Rodrigues island. Underpinned in 34 overarching and 45 thematic policies, the plan outlines the country's strategies in eight thematic areas common for mainland and Rodrigues as well as strategies for region-specific questions.¹⁰⁹ Mauritius' core environmental legislation is the Environmental Protection Act 2002 which addresses environmental protection and management and outlines the Country's administrative framework.¹¹⁰ The Act also sets procedures for environmental impact assessments and preliminary environmental reports required for major construction projects. Regarding waste management, the act sets standards for inventory, recycling and safe disposal of hazardous and non-hazardous waste, industrial waste and pesticide residues. At the regional level, the Local Government Act for Dumping and Waste Carriers establishes guidelines for safe waste management practices for local authorities.¹¹¹ Regarding environmental complaints or breaches of environmental laws, a decentralized environmental police unit called "Police De L'Environment" is responsible for enforcing the Country's environmental legislation.¹¹² In 2021, Mauritius updated its National Climate Change Adaptation Policy Framework, originally established in 2012.^{113,114} The framework updates the country's sectoral adaptation and investment plans taking into account the gaps in the previous policies, the updated NDC and new projected climate vulnerabilities. The framework combines the sector-specific approach with more holistic nature-based solutions, including agroforestry projects and mangrove restoration in the context of different climate scenarios.
- Mauritius has ratified seven of the UN international agreements on human rights, six optional protocols, four multilateral treaties and four regional human rights instruments.¹¹⁵ The Country has publicly reported on its human rights practices annually since 2014 and provides regular reporting for international human rights conventions.¹¹⁶ Between 1990 and 2019, the Mauritius' Human Development

¹⁰⁵ Mauritius Ministry of Agro-Industry and Food Security, "Convention on Biological Biodiversity", (1992), at: <http://muelex.govmu.org/portal/sites/muelex/cbd.htm>

¹⁰⁶ MUELEX, "Multilateral Environmental Agreements Cluster", at: http://muelex.govmu.org/portal/sites/muelex/introduc_mea.htm

¹⁰⁷ The Clearing-House Mechanism of the Convention on Biological Diversity, "6th National Report for the Convention on Biological Diversity", (2021), at: <https://www.cbd.int/doc/nr/nr-06/mu-nr-06-en.pdf>

¹⁰⁸ Mauritius Ministry of Agro-Industry and Food Security, "National Biodiversity Strategy and Action Plan 2017-2025", (2017), at: <https://www.cbd.int/doc/world/mu/mu-nbsap-v2-en.pdf>

¹⁰⁹ Government of Mauritius, "Environment Master Plan (2020-2030)", at: <https://environment.govmu.org/DocumentsList/Masterplan%20for%20the%20Republic%20of%20Mauritius.pdf>

¹¹⁰ Government of Mauritius, "Environment Protection Act 2002, Act 19, of 2002", (2002), at: <https://environment.govmu.org/Documents/EPA%20as%20amended%20in%202017.pdf>

¹¹¹ Government of Mauritius, "The Local Government Act, Government Notice NO. 193 of 2021", at: <https://environment.govmu.org/Documents/SWMD/Dumping%20and%20Waste%20Carriers%20Regulations%202021.pdf>

¹¹² Mauritius Ministry of Environment, Solid Waste Management and Climate Change, "Police De L'Environment", at: <https://environment.govmu.org/Pages/environment%20police.aspx>

¹¹³ Government of Mauritius, "National Climate Change Adaptation Policy Framework for the Republic of Mauritius", (2012), at: <https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database/MAURITIUS%29%20National%20Climate%20Change%20Adaptation%20Policy%20Framework%20for%20the%20Republic%20of%20Mauritius.pdf>

¹¹⁴ Government of Mauritius shared the Update of National Climate Change Adaptation Policy Framework 2021 with Sustainalytics confidentially.

¹¹⁵ Human Rights Division of Ministry of Foreign Affairs, Regional Integration and International Trade, "Human Rights", at: <https://humanrights.govmu.org/Pages/Human%20Rights/TreatyConvention.aspx>

¹¹⁶ Mauritius Human Rights Division of Ministry of Foreign Affairs, Regional Integration and International Trade, "Annual Reports of Human Rights", at: <https://humanrights.govmu.org/Pages/Media%20Library/Reports-and-Publications.aspx>

Index increased from 0.624 to 0.804, positioning itself above the regional average of 0.547 in Sub-Saharan Africa.¹¹⁷ As it relates to healthcare, the Country has a universal healthcare system covering nearly 73% of its national healthcare needs within the public system.¹¹⁸ The country also has a free and compulsory education system for children up to age 16. Under the Mauritius' Social Aid Act, the government provides financial assistance to specific groups, such as allowances for parents, orphans, workers and an unemployment hardship relief.¹¹⁹ Mauritius' Gini coefficient is 36.8, which is slightly above average in Sub-Saharan Africa.^{120,121}

- Mauritius has been a member of the International Labour Organization since 1969 and has ratified 52 ILO Conventions. Among the 39 in force, the Country applies all 10 Fundamental Conventions.¹²² In 2019, Mauritius passed its Workers' Rights Act which establishes workers' rights regarding working hours, vacation days, sick leave, insolvencies, compensation of years of service and protection in case of a termination of agreement.¹²³ In 2021, Mauritius became the seventh country in the world and the third African country to ratify ILO's Violence and Harassment Convention 2019 (No. 190).¹²⁴ The Convention is the first international treaty to address violence and harassment at work. Following the ILO Worst Forms of Child Labour Convention, Mauritius established the Children's Act 2020, which prohibits child labour.¹²⁵ Regarding gender inequalities at work, Mauritius' Workers' Rights Act establishes the right to equal pay, parental leave and maternity allowance. In addition, Mauritius passed the National Women Council Act in 1985 and updated it in 2016 to promote women's voice in national and regional decision-making processes.^{126,127} Mauritius has also adopted a National Gender Policy for the period 2022-2030 which aims to map strategies, develop governance tools and institutional approaches to improving gender equality in eight thematic areas: i) legislation and policy; ii) education and training; iii) governance and decision-making; iv) employment and economic empowerment; v) gender-based violence; vi) gender, health and well-being, vii) gender and the media, information communication and technology; and viii) environmental protection and climate change.¹²⁸
- Mauritius ratified the Southern African Development Community Protocol Against Corruption (SADAC) in 2001,¹²⁹ which aims to strengthen anti-corruption mechanisms in the SADAC Member States and foster harmonization of domestic corruption legislation. Implementation of the protocol led to the 2002 Prevention of Corruption Act¹³⁰ and Anti-Money Laundering Act.¹³¹ The Prevention of Corruption Act established the Independent Commission against Corruption in Mauritius (ICAC)¹³² to detect, investigate and monitor corruption in public bodies in the country and foster public support for combating corruption. The organization also maintains an anonymous whistleblower hotline and online form.¹³³

¹¹⁷ UNDP, "The Next Frontier: Human Development and the Anthropocene", (2020), at:

<https://www.undp.org/sites/g/files/zskgke326/files/migration/mu/HDR-2020—Mauritius-Country-Note.pdf>

¹¹⁸ Jeetoo J. et. al., (2022), "Willingness to Pay to Improve Quality of Public Healthcare Services in Mauritius", Healthcare Basel, at:

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8774898/>

¹¹⁹ Government of Mauritius, "Social Aid Act, 1983", (1983), at:

https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=88160&p_classification=15

¹²⁰ World Bank, "Gini Index – Mauritius", at: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=MU>

¹²¹ World Bank, "Gini Index –Sub-Sharan Africa excluding South Africa", at: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=A4>

¹²² ILO, "Ratifications for Mauritius", at: https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:103106

¹²³ Government of Mauritius, "The Workers' Rights Act 2019 – Act No. 20 of 2019", at:

https://labour.govmu.org/Documents/Legislations/THE%20WORKERS%20RIGHTS%20Act%202019/20_THE%20WORKERS%27%20RIGHTS%20Act%202019%20.pdf

¹²⁴ ILO, "Mauritius ratifies the Violence and Harassment Convention", (2021), at: https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/equality-of-opportunity-and-treatment/WCMS_809404/lang-en/index.htm

¹²⁵ Government of Mauritius, "The Children's Act 2020, Act No. 13 of 2020", at:

<https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/111989/139732/F253179154/MUS111989.pdf>

¹²⁶ Government of Mauritius, "National Women's Council Act", (1985), at:

<https://gender.govmu.org/Documents/legislations%202020/National%20Women's%20Council%20Act%201985.PDF>

¹²⁷ Government of Mauritius, "National Women's Council Act", (2016), at:

<https://gender.govmu.org/Documents/legislations%202020/National%20Women%E2%80%99s%20Council%20Act%202016.pdf>

¹²⁸ Ministry of Gender Equality and Family Welfare, "National Gender Policy 2022-2030", at:

<https://gender.govmu.org/Documents/2022/NationalGenderPolicy2022-2030.pdf>

¹²⁹ Southern African Development Community, "Protocol against Corruption", (2001), at: https://www.sadc.int/sites/default/files/2021-11/Protocol_Against_Corruption2001.pdf

¹³⁰ Government of Mauritius, "Prevention of Corruption Act 2002", at:

https://nssec.govmu.org/Documents/Legislations/The_Prevention_of%20Corruption%20Achct.pdf

¹³¹ Government of Mauritius, "The Financial Intelligence and Anti-Money Laundering Act 2002", at:

https://nssec.govmu.org/Documents/Legislations/The_Financial_Intelligence%20and%20Anti-Money%20Laundering%20Act.pdf

¹³² ICAC, "About the ICAC", at: <https://www.icac.mu/about-the-icac/>

¹³³ ICAC, "Report a case of corruption", at: <https://www.icac.mu/report-a-case-of-corruption/>

Mauritius has also ratified the United Nations Convention against Corruption (UNCAC) and the African Union Convention on Preventing and Combating Corruption in 2004.¹³⁴ Mauritius scored 50/100 and ranked 57 out of 180 countries on Transparency International's Corruption Perception Index in 2022 making it an average performer in the region.¹³⁵

Based on these policies, standards and assessments, Sustainalytics is of the opinion that the Government of Mauritius has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories for use of proceeds and with expenditures related to the achievement of the SPTs.

Section 3: Impact of the UoPs and SPTs

Importance of financing climate resilience in Mauritius

Despite contributing to only 0.01% of global emissions in 2021, Mauritius has been subjected to a multitude of physical and economic risks related to climate change and the resulting sea-level rise.^{136,137} Since 2009, an approximate 5.6 mm sea level rise per year has contributed to a nearly 20-metre loss of beach line in Mauritius. Precipitation in the country has also reduced by 8% since the 1970s, contributing to an agricultural production decline of 30% in the same period.¹³⁸ In this context, Mauritius is expected to become a water-scarce region by 2025.¹³⁹ Between 1960 and 2022, Mauritius experienced 22 extreme weather events each causing socioeconomic damages worth USD 160-245 million,¹⁴⁰ leading the government to dedicate 78% of its national climate change budget to adaptation.¹⁴¹ In spite of having slightly higher access to climate funds compared to other small island developing countries, Mauritius has a total financing gap of 0.9 % of GDP (approximately USD 162 million) per year until 2030 to cover the estimated costs of climate change adaptation.¹⁴²

Mauritius' updated NDC sets four key priority areas for climate change adaptation: i) expand the knowledge base on climate change risks; ii) develop strategic frameworks to address policy gaps and improve expertise in the health sector; and iii) enhance risk preparedness and response in critical sectors, such as construction; and iii) implement policy interventions for the most impacted sectors and areas, including fisheries (Blue Economy), tourism, biodiversity, forestry, agriculture and coastal zone.¹⁴³ In alignment with the updated NDC, Mauritius updated its Climate Change Adaptation Plan in 2021 which outlines sector-specific plans for adaptation together with cross-sectoral nature-based solutions, including watershed improvements, agroforestry and mangrove restoration.¹⁴⁴ In this context, Mauritius plans to dedicate additional support for the vulnerable population living in low coastal zones by constructing a refuge centre and a sea wall as well as desilting and cleaning rivers close to residential areas.¹⁴⁵ The Government plans to invest USD 15 million in the construction of drains and coastal rehabilitation programmes for priority eroded areas.¹⁴⁶ Furthermore, in 2021, Mauritius launched its National Disaster Risk Reduction and Management Policy and Action Plan for 2020-2030.^{147,148} The Plan aims to significantly improve the country's climate resilience by 2030 through the promotion of improved risk governance,

¹³⁴

¹³⁵ Transparency International, "Mauritius", at: <https://www.transparency.org/en/countries/mauritius>

¹³⁶ UNDP, "Mauritius", at: <https://www.adaptation-undp.org/explore/africa/mauritius>

¹³⁷ IMF, "Mauritius: Selected Issues", (2022), at: <https://www.elibrary.imf.org/view/journals/002/2022/224/article-A002-en.xml>

¹³⁸ Government of Mauritius, "25th meeting of the Conference of Parties to the United Nations Framework Convention on Climate Change", (2019), at: https://unfccc.int/sites/default/files/resource/MAURITIUS_cop25cmp15cma2_HLS_EN.pdf

¹³⁹ UN-OHRLS, "Small Island Developing States in Numbers 2015", at: https://sustainabledevelopment.un.org/content/documents/2189SIDS-IN-NUMBERS-CLIMATE-CHANGE-EDITION_2015.pdf

¹⁴⁰ IMF, "Mauritius: Selected Issues", (2022), at: <https://www.elibrary.imf.org/view/journals/002/2022/224/article-A002-en.xml>

¹⁴¹ Ibid.

¹⁴² Ibid.

¹⁴³ UNFCCC, "Mauritius First NDC (Updated Submission)", (2021), at: <https://unfccc.int/sites/default/files/NDC/2022-06/Final%20Updated%20NDC%20for%20the%20Republic%20of%20Mauritius%2001%20October%202021.docx>

¹⁴⁴ 2021 Climate Change Adaptation Plan

¹⁴⁵ UNFCCC, "Mauritius First NDC (Updated Submission)", (2021), at: <https://unfccc.int/sites/default/files/NDC/2022-06/Final%20Updated%20NDC%20for%20the%20Republic%20of%20Mauritius%2001%20October%202021.docx>

¹⁴⁶ UNEP, "Mauritius sets goals to curb the triple planetary crisis", (2023), at: <https://www.unep.org/news-and-stories/story/mauritius-sets-goals-curb-triple-planetary-crisis>

¹⁴⁷ Government of Mauritius, "National Disaster Risk Reduction and Management Policy 2020-2030", (2021), at: <https://ndrrmc.govmu.org/Documents/Policy.pdf>

¹⁴⁸ Government of Mauritius, "National Disaster Risk Reduction and Management Action Plan 2020 – 2030", (2021), at: https://ndrrmc.govmu.org/Pages/NDRRM_Action%20Plan.pdf

reduction, preparedness and a development of a multi-hazard, impact-based early warning system.¹⁴⁹ Mauritius estimates that the cost of implementing the Disaster Risk Reduction Action Plan over 10 years is approximately USD 9.5 million whereas the adaptation policies covered in NDC would require USD 4.5 billion in investment.^{150,151}

Based on the above, Sustainalytics is of the opinion that the Government of Mauritius' investments in projects that improve the Country's climate resiliency are expected to reduce the immediate and long-term multidimensional effects of climate change in Mauritius.

Importance of providing affordable housing in Mauritius

Mauritius is one of the world's most densely populated countries, with 621 inhabitants per km².¹⁵² Its location makes it highly susceptible to climate change impacts and natural disasters, with sea levels rising at a fast rate of 5.6 to 9 mm per year, compared to the global average of 3.3 mm per year.¹⁵³ Given Mauritius is a shrinking island country with approximately 25% of land covered by forests, land use and density become important factors when considering housing.¹⁵⁴ In 2017, only 50% of households in Mauritius were able to secure their residences through mortgages.¹⁵⁵ Despite the relatively low levels of informality in the economy (between 20% and 25%), affordable housing remains out of reach for many.¹⁵⁶ The inflation rate, rising construction costs, stagnant wages, demographic pressure and housing shortage makes housing unaffordable.¹⁵⁷

In an effort to expand affordable housing, the Ministry of Housing and Spatial Planning (MHLUP) and the National Housing Development Company (NHDC) of Mauritius are committed to providing social housing to all, with a particular focus on those who are underprivileged.¹⁵⁸ In addition, as part of the 2022-2023 national budget, the government has pledged to offer housing to 12,000 families.¹⁵⁹ Additionally, NHDC is set to construct 485 housing units in Wooton and Mare D'Albert, as well as 1,273 units in Mon Gout, Malherbes and La Valette by 2023.¹⁶⁰

Considering the above, Sustainalytics is of the opinion that investments in affordable housing programmes are expected to create a positive social impact by enhancing the accessibility of affordable housing in Mauritius and improving the living conditions and housing security among the Mauritian population.

Importance of decarbonizing Mauritius' economy, in particular its energy sector

To limit global warming to 1.5°C above pre-industrial levels in accordance with the commitments of the Paris Climate Agreement, global CO₂ emissions need to reach net zero by approximately 2050.¹⁶¹ Despite Mauritius only contributing 0.01% to global GHG emissions, the country is vulnerable to the impact of global warming due to its location and climate.¹⁶² As a signatory of the Paris Agreement, Mauritius has committed to achieve absolute GHG emissions of 4,140 ktCO₂e by 2030 under its most recent NDC, representing a 40% reduction to its BAU scenario,¹⁶³ and to achieve carbon neutrality by 2070.¹⁶⁴ Mauritius' GHG emissions increased by 82.4% between 2000 and 2021 and due to the use of fossil fuels as its largest source for primary energy generation, Mauritius' energy sector accounted for 79.3% of the total GHG emissions as of 2021.¹⁶⁵

¹⁴⁹ Ibid.

¹⁵⁰ Ibid.

¹⁵¹ UNFCCC, "Mauritius First NDC (Updated Submission)", (2021), at: <https://unfccc.int/sites/default/files/NDC/2022-06/Final%20Updated%20NDC%20for%20the%20Republic%20of%20Mauritius%2001%20October%202021.docx>

¹⁵² The Centre for Affordable Housing Finance in Africa (CAHF), "2022 Africa Housing Finance Yearbook – Mauritius Profile" at: <https://housingfinanceafrica.org/app/uploads/2022/12/Mauritius.pdf>

¹⁵³ Ibid.

¹⁵⁴ Ibid.

¹⁵⁵ Ibid.

¹⁵⁶ Ibid.

¹⁵⁷ Lemafrican.com, "Housing: An Affordability Crisis?", (2023), at: <https://www.lemauricien.com/le-mauricien/housing-an-affordability-crisis/548570/#:~:text=Rising%20construction%20costs%2C%20stagnating%20wages,vote%20for%20an%20additional%20budget.>

¹⁵⁸ Ibid.

¹⁵⁹ Mauritius Ministry of Finance, Economic Planning and Development, "Budget 2022-2023" at: https://mof.govmu.org/Documents/budget2022_23/2022_23budgetspeech_english.pdf

¹⁶⁰ Ibid.

¹⁶¹ IPCC, "Summary for Policymakers", at: <https://www.ipcc.ch/sr15/chapter/spm/>

¹⁶² UNDP, "Climate Promise – Mauritius", at: <https://climatepromise.undp.org/what-we-do/where-we-work/mauritius>

¹⁶³ This figure was derived from Mauritius' NDC to reduce emissions by 40% by 2030 compared to a BAU scenario.

¹⁶⁴ Government of Mauritius, "First Biennial Update Report (BUR1) to the UNFCCC", at: <https://unfccc.int/sites/default/files/resource/First%20Biennial%20Update%20Report%20-%20Republic%20of%20Mauritius.pdf>

¹⁶⁵ Government of Mauritius, "National Inventory Report (NIR) to the United Nations framework Convention on Climate Change", at: https://environment.govmu.org/Documents/CCIC%20Data%20Repository/2.%20Information%20%26%20Reports/Biennial%20Update%20Report/_National%20Inventory%20Report%20-%20Republic%20of%20Mauritius.pdf

Mauritius has set up a variety of policies, frameworks and bodies and has deployed a series of actions to meet its decarbonisation targets. In 2019, Mauritius established its Renewable Energy Roadmap 2030 For the Electricity Sector,¹⁶⁶ which lays out a strategic plan and respective measures to achieve 60% of electricity generation from renewable energy by 2030. In addition to increasing renewable energy capacity, Mauritius plans to reduce GHG emissions from electricity generation by phasing out coal from its energy mix by 2030.¹⁶⁷ With waste being the second largest source of emissions, accounting for 11% of the country's overall GHG inventory,¹⁶⁸ Mauritius has a legal framework for environmentally sound waste management that comprises the Environment Protection Act of 2002, as amended in 2008, and the Local Government Act of 2011 as amended in 2018, in addition to the Solid Waste Management Strategy.¹⁶⁹ The strategy consists of five areas: Adequate Technologies for Energy Recovery.¹⁷⁰ In addition, Mauritius intends to divert 70% of its waste from landfill by 2030 through composting plants, sorting units, biogas plants, waste-to-energy plants and plans to use anaerobic digestion.¹⁷¹

Considering the above, Sustainalytics is of the opinion that the issuance of sustainability-linked bonds and loans and subsequent investments will help to reduce the country's overall GHG emissions by achieving its carbon reduction targets and further facilitating the transition to a low-carbon economy.

¹⁶⁶ Central Electricity Board of Mauritius, "Renewable Energy Roadmap 2030 for the Electricity Sector", (2022), at: <https://ceb.mu/files/files/publications/RENEWABLE%20ENERGY%20ROADMAP%202030%20FOR%20THE%20ELECTRICITY%20SECTOR.pdf>

¹⁶⁷ UNFCCC, "NDC Registry", at: <https://unfccc.int/NDCREG>

¹⁶⁸ Government of Mauritius, "National Inventory Report (NIR) to the United Nations framework Convention on Climate Change", at: <https://environment.govmu.org/Documents/CCIC%20Data%20Repository/2.%20Information%20%26%20Reports/Biennial%20Update%20Report%20National%20Inventory%20Report%20-%20Republic%20of%20Mauritius.pdf>

¹⁶⁹ Government of Mauritius, "Legal Framework for Waste Management in Mauritius", at: <https://environment.govmu.org/Pages/swmd/SWMD-Legislation.aspx>

¹⁷⁰ Mauritius Ministry of Environment, Solid Waste Management and Climate Change, "Strategy and Action Plan on Resource Recovery and Recycling", at: [https://environment.govmu.org/Documents/SWMD/Brief%20on%20SW%20Strategy_06.01.22%20\(2\)%20\(1\).pdf](https://environment.govmu.org/Documents/SWMD/Brief%20on%20SW%20Strategy_06.01.22%20(2)%20(1).pdf)

¹⁷¹ UNFCCC, "NDC Registry", at: <https://unfccc.int/NDCREG>

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Republic of Mauritius Sustainable Finance Framework are expected to help advance the following SDGs and targets:

KPI	SDG	SDG Target
Renewable Energy	7. Affordable clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Green Buildings	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Sustainable Water and Wastewater Management	6. Clean water and sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
	11. Sustainable cities and communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Environmentally sustainable management of living natural resources and land use	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
	15. Life on Land	15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world
Biodiversity and Conservation	15. Life on Land	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species
Pollution Prevention & Control	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Climate Change Adaptation	1. No poverty	1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
	13. Climate action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Access to Essential Services	3. Ensure healthy lives and promote well-being for all at all ages	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Ensure inclusive and equitable quality education and promote	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

	lifelong learning opportunities for all	
Affordable Housing	10. Reduced Inequalities	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Employment Generation	5. Gender equality	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
	8. Decent work and economic growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
Socioeconomic Advancement and Empowerment	10. Reduce inequality within and among countries	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Food Security and Sustainable Food Systems	2. Zero hunger	2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
	2. Zero hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
Absolute Greenhouse Gas (GHG) Emissions including LULUCF (ktCO ₂ e)	13. Climate Action	13.2 Integrate climate change measures into national policies, strategies and planning
Share of Renewable Energy in the Electricity Generation (%)	7. Affordable clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Gross Tertiary Enrolment rate (%)	4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Conclusion

Mauritius has developed the Republic of Mauritius Sustainable Finance Framework under which it may issue use of proceeds and sustainability-linked bonds and loans.

Under the Sustainable Finance Framework, the Government of Mauritius intends to use the proceeds to finance environmentally, and socially beneficial projects intended to advance Mauritius' sustainable development. Sustainalytics considers that the projects eventually funded are expected to provide positive environmental and social impact. The Republic of Mauritius Sustainable Finance Framework outlines a process for tracking, allocating and managing proceeds, and makes commitments for the Government of Mauritius to report on their allocation and impact.

Under sustainability-linked instruments, the Issuer intends to tie the financial characteristics of the bond or loan to the achievements of the following SPTs:

SPT 1: Reduce absolute GHG emissions (including LULUCF) by 19.39% by 2030

SPT 2: Increase the share of renewable energy in the electricity generation to 60% by 2030

SPT 3: Increase the gross tertiary enrolment rate to 60% by 2030

Sustainalytics considers KPI 1 to be very strong as it is a direct measure of Mauritius' performance on a material sustainability issue with a clear and consistent methodology; it has a high scope of applicability and it is comparable to an external benchmark. Sustainalytics considers KPI 2 to be strong as it is an indirect measure of performance on a material issue with a clear and consistent methodology; it has a high scope of applicability and it is comparable to an external benchmark. Sustainalytics considers KPI 3 to be very strong given it is a direct measure of performance on a material sustainability issue with a clear and consistent methodology, and it has a high scope of applicability.

Sustainalytics considers SPT 1 to be ambitious given that it presents a material improvement compared to past performance, aligns with targets of identified peers, and does not enable comparison against external science-based decarbonisation trajectories. Sustainalytics considers SPT 2 to be highly ambitious given that it presents a material improvement compared to past performance; it is above similar targets established by peers and it is aligned with the IEA's Net Zero Emissions by 2050 Scenario. Sustainalytics considers SPT 3 to be ambitious given that it presents a material improvement compared to past performance, and it aligns with targets set by peers.

Sustainalytics further considers the reporting and verification commitments to be aligned with market expectations, and that the Republic of Mauritius Sustainable Finance Framework is aligned with the country's overall sustainability strategy.

Based on the above, Sustainalytics is confident that the Republic of Mauritius is well positioned to issue green, social and sustainability use of proceeds bonds and loans, and sustainability-linked bonds and loans; and that Republic of Mauritius Sustainable Finance Framework is in alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, Social Loan Principles 2023, Sustainability-Linked Bond Principles 2023 and Sustainability-Linked Loan Principles 2023.

Appendix 1 Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Republic of Mauritius
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Republic of Mauritius Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	20 July, 2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> :	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Renewable Energy; Clean Transportation; Green Buildings; Energy Efficiency; Sustainable Water and Wastewater Management; Environmentally Sustainable Management of Living Natural Resources and Land Use; Terrestrial and Aquatic Biodiversity Conservation; Pollution Prevention and Control; Climate Change Adaptation; Access to Essential Services – Healthcare, Education, and Emergency Relief; Affordable Housing; Employment Generation; Socio Economic Advancement and Empowerment; and Food Security and Sustainable Food Systems – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that the eligible categories are expected to deliver positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| ☒ Renewable energy | ☒ Energy efficiency |
| ☒ Pollution prevention and control | ☒ Environmentally sustainable management of living natural resources and land use |
| ☒ Terrestrial and aquatic biodiversity conservation | ☒ Clean transportation |
| ☒ Sustainable water and wastewater management | ☒ Climate change adaptation |
| ☐ Eco-efficient and/or circular economy adapted products, production technologies and processes | ☒ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | ☐ Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

Use of proceeds categories as per SBP:

- | | |
|--|--|
| ☐ Affordable basic infrastructure | ☒ Access to essential services |
| ☒ Affordable housing | ☒ Employment generation (through SME financing and microfinance) |
| ☒ Food security | ☒ Socioeconomic advancement and empowerment |

- | | |
|---|---|
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | ☒ Other (please specify): Access to essential services including Education, Healthcare and Social Inclusion |
|---|---|

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Republic of Mauritius has established a Sustainable Finance Working Group (SFWG) which is responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. The Republic of Mauritius has in place processes for identifying and evaluating environmental and social risks associated with eligible projects. Sustainalytics considers these risk management systems and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| ☒ Credentials on the issuer's environmental sustainability objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☐ Summary criteria for project evaluation and selection publicly available | ☐ Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| ☒ Evaluation / Selection criteria subject to external advice or verification | ☐ In-house assessment |
| ☐ Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The Government of Mauritius will manage the proceeds using the Sustainable Finance Register. The SFWG, led by the Ministry of Finance, Economic Planning and Development, will oversee the allocation and the tracking of the proceeds. The Issuer intends to fully allocate net proceeds within two years of issuance, on a best-efforts basis. Pending allocation, an amount equivalent to the unallocated proceeds will be temporarily held in cash, cash equivalents or other short-term market instruments and managed as per Mauritius' Treasury and Finance general cash management policies. Sustainalytics considers this to be in line with market practice.

Tracking of proceeds:

- ☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other (*please specify*):

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☐ Allocation to a portfolio of disbursements

☒ Disclosure of portfolio balance of unallocated proceeds

☐ Other (*please specify*):

4. REPORTING

Overall comment on section (if applicable):

The Republic of Mauritius intends to report on the allocation of proceeds and corresponding impact in separate document which will be published on the Ministry of Finance, Economic Planning and Development's website on an annual basis until full allocation. Allocation reporting may include details such as the total amount allocated per category, the balance of unallocated proceeds and the amount of financing versus refinancing. Sustainalytics views Republic of Mauritius' allocation and impact commitments as aligned with market practice.

Use of proceeds reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (*please specify*):

Information reported:

☒ Allocated amounts

☐ Sustainability Bond financed share of total investment

☐ Other (*please specify*):

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

- ☐ Linkage to individual bond(s) ☐ Other (please specify):

Information reported (expected or ex-post):

- ☒ GHG Emissions / Savings ☒ Energy Savings
☐ Decrease in water use ☒ Other ESG indicators (please specify): Please refer the table below

Eligible Project Category	Impact Reporting Metrics
Green Project Categories	
Renewable Energy	• Total installed capacity (MW) • Annual renewable energy generated (MWh) • Annual GHG emissions avoided or reduced (tCO₂e)
Clean Transportation	• Number/Value of low carbon vehicles • Number of low carbon public transport vehicles • Number of electric transportation infrastructure built
Sustainable Water and Wastewater Management	• Annual treated water from desalination plants (m³) • Annual water treated (m³) • Number of rainwater harvesting systems installed
Green Buildings	• Number/Size of certified buildings and respective certification • Annual energy savings (MWh) • Annual GHG emissions avoided or reduced (tCO₂e)
Energy Efficiency	• Annual energy savings (MWh)
Environmentally Sustainable Management of Natural Living Resources and Land Use	• Area of forests rehabilitated (ha)
Terrestrial and Aquatic Biodiversity Conservation	• Number of ecosystems or habitats restored • Number of species protected before and after the project • Number of research projects implemented
Pollution Prevention and Control	• Recycling rate of post-consumer PET bottles (%) • Amount of hazardous waste collected (tons) • Amount of waste diverted from landfill (tons) • Number of trees planted
Climate Adaptation	• Number of beach sites and landslides rehabilitated • Number of beach enhancement projects • Number of systems implemented to enhance adaptive capabilities of Mauritius
Social Project Categories	
Access to Essential Services	• Number of education or healthcare infrastructure financed • Number of beneficiaries
Affordable Housing	• Number of beneficiaries • Number of housing units constructed
Employment Generation and Alleviation of Unemployment from MSME Financing	• Number of beneficiaries • Numbers of MSMEs positively impacted
Socioeconomic Advancement and Empowerment	• Number of beneficiaries • Number of women who benefit from welfare and empowerment programs • Number of children placed in foster care families • Number of small-scale farmers and MSMEs in the fishing industry supported
Food Security and Sustainable Food Systems	• Number of new resilient agriculture practice implemented • Number of new produce and better performing varieties introduced

	• Number of facilities constructed to produce seeds and breeding stock • Volume of honey produced (ton) • Number of beekeepers trained
--	--

Frequency

- ☒ Annual
 ☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report
 ☐ Information published in sustainability report
☐ Information published in ad hoc documents
 ☒ Other (please specify): Information published on Ministry of Finance, Economic Planning and Development's website
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

--

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- ☐ Consultancy (incl. 2nd opinion)
 ☐ Certification
☐ Verification / Audit
 ☐ Rating
☐ Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Appendix 2: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: Republic of Mauritius

Sustainability-Linked Bond ISIN:

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: 20 July, 2023

Independent External Review provider's name for post-issuance verification (section 4):

Completion date of post issuance verification:

Original completion date of post issuance verification *[please fill this out for updates]*.

At the launch of the bond, the structure is:



a step-up structure



a variable redemption structure

Section 2. Pre-Issuance Review

2-1 SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review:

- | | |
|--|--|
| ☒ assessed all the following elements (complete review) | ☐ only some of them (partial review): |
| ☒ Selection of Key Performance Indicators (KPIs) | ☒ Bond characteristics (acknowledgment of) |
| ☒ Calibration of Sustainability Performance Targets (SPTs) | ☒ Reporting |
| ☒ Verification | |
| ☒ and confirmed their alignment with the SLBP. | |

2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| ☒ Second Party Opinion | ☐ Certification |
| ☐ Verification | ☐ Scoring/Rating |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Mauritius has developed the Republic of Mauritius Sustainable Finance Framework under which it may issue use of proceeds and/or sustainability-linked bonds and loans.

Under the Sustainable Finance Framework, use the proceeds may finance environmentally and/or socially beneficial projects that will advance Mauritius' sustainable development. Sustainalytics considers that the project(s) funded by the use of proceeds bond and/or loans are expected to provide positive environmental and social impact. The Republic of Mauritius Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds.

Under the sustainability-linked instruments, the Issuer intends to tie the coupon to the achievements of the following SPTs:

- (1) Absolute GHG emissions including LULUCF (ktCO₂e): Reduce the absolute GHG emissions (including LULUCF) by 19.39% by 2030;
- (2) Share of renewable energy in the electricity generation (%): Increase the share of renewable energy in the electricity generation to 60% by 2030;
- (3) Gross tertiary enrolment rate (%): Increase the gross tertiary enrolment rate to 60% by 2030;

Sustainalytics considers KPI 1 to be very strong as it is a direct measure of Mauritius' performance on a material sustainability issue with a clear and consistent methodology, a high scope of applicability and comparable to an external benchmark; KPI 2 to be strong as it is an indirect measure of performance on a material issue with a clear and consistent methodology, a high scope of applicability and comparable to an external benchmark; and KPI 3 to be very strong given it is a direct measure of performance on a material sustainability issue with a clear and consistent methodology, and a high scope of applicability.

Sustainalytics considers SPT 1 to be ambitious given that it presents a material improvement compared to past performance, aligns with targets of identified peers, and does not enable comparison against external science-based decarbonisation trajectories; SPT 2 to be highly ambitious given it presents a material improvement compared to past performance, is above similar targets established by its peers and is aligned with the IEA's Net Zero Emissions by 2050 Scenario; SPT 3 to be ambitious given that it presents a material improvement compared to past performance, and aligns with targets set by the peers. Sustainalytics further considers reporting and verification commitments to be aligned with market expectations.

Furthermore, Sustainalytics believes that the Republic of Mauritius Sustainable Finance Framework is aligned with the country's overall sustainability mandate.

Based on the above, Sustainalytics is confident that the Republic of Mauritius is well positioned to issue green/social/sustainability use of proceeds bonds and/or loans and sustainability-linked bonds and/or loans and that Republic of Mauritius Sustainable Finance Framework in alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, Social Loan Principles 2023, Sustainability-Linked Bond Principles 2023, and Sustainability-Linked Loan Principles 2023.

The SPO has not been published as of the moment the form was filled in.

Section 3. Detailed pre-issuance review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

Overall comment on the section (if applicable): Sustainalytics considers KPI 1 – Absolute GHG emissions including LULUCF (ktCO₂e) to be very strong given that it: i) is a direct measure of Mauritius' performance on a relevant and material environmental issue; ii) has a high scope of applicability; iii) follows an externally defined methodology that is clear and has consistently been used; and iv) is comparable to an external benchmark.

Sustainalytics considers KPI 2 – Share of renewable energy in the electricity generation (%) to be strong given that it: i) is an indirect measure of Mauritius' performance on a relevant and material environmental issue; ii) has a high scope of applicability; iii) follows an externally defined methodology that is clear and has consistently been used; and iv) is comparable to an external benchmark.

Sustainalytics considers KPI 3 – Gross tertiary enrolment rate (%) to be very strong given that it: i) is a direct measure of the Mauritius’ performance on a relevant and material social issue; ii) has a high scope of applicability; iii) follows a clear and consistent methodology; and iv) there are no external benchmarks for assessing performance against KPI 3.

List of selected KPIs:

- Absolute Greenhouse Gas (GHG) Emissions including LULUCF (ktCO₂e)
- Share of Renewable Energy in the Electricity Generation (%)
- Gross Tertiary Enrolment rate (%)
-

Definition, Scope, and parameters

- | | |
|--|---|
| ☒ Clear definition of each selected KPIs | ☒ Clear calculation methodology |
| ☐ Other (please specify): | |

Relevance, robustness, and reliability of the selected KPIs

- | | |
|--|--|
| ☒ Credentials that the selected KPIs are relevant, core and material to the issuer’s sustainability and business strategy. | ☒ Evidence that the KPIs are externally verifiable |
| ☒ Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis | ☒ Evidence that the KPIs can be benchmarked |
| | ☐ Other (please specify): |

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable): Sustainalytics considers SPT 1 – Reduce the absolute GHG emissions (including LULUCF) by 19.39% by 2030, from a 2021 baseline to be ambitious given that it: i) presents a material improvement compared to past performance; ii) aligns with the nature of the targets of identified peers, but iii) could not be determined whether the target aligns with a science-based decarbonisation trajectory .

Sustainalytics considers Mauritius’ SPT 2 – Increase the share of renewable energy in the electricity generation to 60% by 2030, from a 2022 baseline to be highly ambitious given that it: i) presents a material improvement compared to past performance; ii) is above similar targets compared to its peers; and iii) is aligned with the IEA’s Net Zero Emissions by 2050 Scenario.

Sustainalytics considers Mauritius’ SPT 3 – Increase the gross tertiary enrolment rate to 60% by 2030, from a 2021 baseline to be ambitious given that it: i) presents a material improvement compared to past performance; and ii) aligns with the targets set by the peers.

Rationale and level of ambition

- | | |
|--|--|
| ☒ Evidence that the SPTs represent a material improvement | ☐ Credentials on the relevance and reliability of selected benchmarks and baselines |
| ☒ Evidence that SPTs are consistent with the issuer’s sustainability and business strategy | ☒ Credentials that the SPTs are determined on a predefined timeline |
| | ☐ Other (please specify): |

Benchmarking approach

- | | |
|--|--|
| ☒ Issuer own performance | ☒ Issuer's peers |
| ☒ reference to the science | ☐ Other (please specify): |

Additional disclosure

- | | |
|--|---|
| ☐ potential recalculations or adjustments description | ☐ issuer's strategy to achieve description |
| ☐ identification of key factors that may affect the achievement of the SPTs | ☐ Other (please specify): |

3-3 BOND CHARACTERISTICS

Overall comment on the section (if applicable): Mauritius intends to issue sustainability-linked bonds and loans under the Framework. The financial characteristics of the sustainability-linked instruments will be linked to the achievement of or failure to achieve the SPTs, resulting in a coupon step-up or step-down. Each sustainability-linked finance instrument may have one or more SPTs with an associated target observation date and financial implication. The information related to KPIs, SPTs, calculation methodologies, target observation dates and changes in financial characteristics such as the amount, timing, mechanism for payment of the financial implications, and fallback mechanism will be specified in the corresponding legal documentation of the sustainability-linked finance instrument. Sustainalytics recognizes that the financial characteristics of the sustainability-linked instruments are aligned with the SLBP and SLLP but does not opine on the adequacy of the magnitude and structure of the financial penalty.

Financial impact:

- ☒ variation of the coupon
- ☐ ...
- ☐ Other (please specify):

Structural characteristic:

- ☐ ...
- ☐ ...
- ☐ Other (please specify):

3-4 REPORTING

Overall comment on the section (if applicable): Mauritius commits to report on its performance on the KPIs and on the information related to achievement of the SPTs in their respective observation years, on an annual basis, in a report which will be published no later than 30 June each year for data as of 31 December for the preceding year and made available on the Ministry of Finance's website. Mauritius further commits to disclose relevant information in the report that may enable investors to monitor the level of ambition of the SPTs and assess any required changes to the instrument's characteristics, and may include: i) performance of the relevant KPI and baselines; and ii) verification report outlining the performance of KPI against the SPTs. The report may also include information pertaining to: i) explanation of the main factors, national strategies and/or policies driving the performance of the KPI; ii) sustainability impacts from performance improvement in the KPI; and iii) recalculation of KPIs, SPTs or baselines due to a change in KPI calculation methodologies, data accessibility, exceptional or extreme events.

In case of sustainability-linked loans, Mauritius commits to provide a sustainability confirmation statement with verification report attached, outlining the performance against the SPTs for the relevant year and the related impact, and timing of such impact, on the loan's economic characteristics. This is aligned with the SLBP and SLLP.

Information reported:

- | | |
|--|---|
| ☒ performance of the selected KPIs | ☒ verification assurance report |
| ☒ level of ambition of the SPTs | ☐ Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (please specify): | |

Means of Disclosure

- | | |
|---|---|
| ☐ Information published in financial report | ☐ Information published in sustainability report |
| ☒ Information published in ad hoc documents | ☐ Other (please specify): |
| ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the "useful links" section.

Level of Assurance on Reporting

- | | |
|---|---|
| ☒ limited assurance | ☐ reasonable assurance |
| ☐ Other (please specify): | |

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Section 4. Post-issuance verification

Overall comment on the section (if applicable): Mauritius commits to have an external independent verifier provide limited assurance on the performance of each KPI against each SPT, annually. The verification report will be published on the Ministry of Finance's website . The verification commitments are aligned with the SLBP and SLLP.

Information reported:

- | | |
|---|---|
| ☒ limited assurance | ☐ reasonable assurance |
| ☐ Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (please specify): | |

Material change:

- | | |
|---|--|
| ☐ Perimeter | ☐ KPI methodology |
| ☐ SPTs calibration | |

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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For more information, visit www.sustainalytics.com

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