



## PUBLIC NOTICE

### THE BANK OF MAURITIUS PUBLISHES ITS CLIMATE CHANGE PLEDGE

3 November 2021

In the context of the 2021 United Nations Climate Change Conference of the Parties (COP26), the Bank of Mauritius (Bank) has published today its pledge pertaining to climate change.

Through this pledge, the Bank, which has recently launched its Climate Change Centre, reaffirms its commitment to addressing climate change and environmental issues, and mitigating the risks they pose to the financial system. The pledge can be accessed on the Bank's website on <https://www.bom.mu/bank-mauritius-climate-change-pledge>.

The Bank's pledge runs concurrent with the release today of the Glasgow Declaration by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), of which the Bank is a member. The Glasgow Declaration spells out the NGFS' plan of action regarding climate change and environmental issues.

Following the publication of the pledge, Mr Harvesh Seegolam, Governor of the Bank of Mauritius, stated: *"In line with its climate agenda, the Bank of Mauritius reiterates its commitment to mitigating the impact of climate-related risks on the stability and soundness of the financial system. We are determined to actively pursue our efforts by leveraging our recently-launched Climate Change Centre."*

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#### **About the Network of Central Banks and Supervisors for Greening the Financial System**

The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) is a group of Central Banks and Supervisors willing, on a voluntary basis, to share best practices and contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy. Its purpose is to help strengthening the global response required to meet the goals of the Paris agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development. To this end, the NGFS defines and promotes best practices to be implemented within and outside of the Membership of the NGFS and conducts or commissions analytical work on green finance.

#### **Link to the NGFS Glasgow Declaration:**

<https://www.ngfs.net/sites/default/files/medias/documents/ngfsglasgowdeclaration.pdf>

# **The Bank of Mauritius Climate Change Pledge**

## **Background**

It has been recognised worldwide that, after the COVID-19 pandemic, the next major threat that will likely affect the global financial system is climate change. The nature of climate change is such that if actions are not taken now, its effect on the economy would be devastating. Economies worldwide and economic growth would be impacted, with snowballing effects on livelihood.

As regards Mauritius' vulnerability to climate risks, the country has been listed in the World Risk Report 2021 as 51<sup>st</sup> out of 181 countries with the highest disaster risk. Extreme weather events, such as flash floods, are being experienced and are becoming more severe. Mauritius is also experiencing climate change-induced sea-level rises to the order of 5.6mm per year and has witnessed beach erosion of nearly 20 meters over the past decade. On the flip side, despite experiencing increasingly severe flash floods, the overall rain precipitation in Mauritius has been on the decreasing trend and, in the coming years, the island may become a water-stressed area.

In this respect, the Bank of Mauritius (Bank) recognises that climate-related and environmental risks constitute economic threats. Thus, they may have important impact on the safety and soundness of financial institutions and pose risks to financial stability. In light thereof, the Bank has incorporated climate-related and environmental risks on its agenda to ensure that these financial risks are identified, addressed and mitigated. It is underscored that the stance of the Bank is in line with the United Nations Sustainable Development Goals and the Paris Agreement.

The Bank became a member of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) in July 2020 to keep abreast of latest developments in the field as well as to participate in the sharing of experience and expertise. This membership also translates the Bank's focus on sustainable development and on embedding the concept of a greener banking sector in Mauritius.

On 14 October 2021, the Bank established its Climate Change Centre to facilitate the achievement of its objectives regarding climate change and environmental issues.

## **Commitments of the Bank in line with the NGFS' recommendations in the Guide for Supervisors:**

- (i) The Bank will provide its full support to the Climate Change Centre to achieve its objective vis-à-vis climate change and environmental issues**
- (ii) The Bank will continue its outreach sessions with the financial sector players and relevant stakeholders to build awareness and knowledge on climate-related and environmental risks and their impact on the financial system; and**
- (iii) The Bank will issue a Guideline on Climate-related and Environmental Financial Risk Management by the first quarter of 2022.**