Navigating the FSC's new ESG Fund Disclosure
A transformative step for Mauritius' financial services sector

The global momentum towards more sustainable and responsible investment has reached a pivotal stage in Mauritius. The Financial Services Commission ("FSC") recently introduced new Disclosure and Reporting Guidelines for ESG Funds, underscoring the island's commitment to integrating Environmental, Social, and Governance ("ESG") principles throughout its financial services ecosystem. These guidelines are set to reshape how management companies, fund administrators, and corporate service providers structure and report on the funds they oversee.

These guidelines represent the FSC's effort to combat greenwashing – the practice of misrepresenting sustainability-related features of investment products – by providing a clear regulatory framework for ESG disclosures.

It is important to note that the guidelines came into effect on 24th March 2025, with 1st August 2025 as the deadline for existing ESG Schemes to submit their applications and revised offering documents to the FSC.

Why ESG matters

ESG considerations – once viewed as optional – have evolved into a central force behind investment decisions and corporate strategies. Investors, governments, and the public are increasingly aware of the significant impact that businesses have on communities, societies, and the environment. Aligning financial returns with sustainable outcomes is now indispensable, particularly as regulators worldwide introduce frameworks aimed at ensuring greater transparency and accountability.

Key highlights of the FSC Guidelines

Under the Disclosure and Reporting Guidelines for ESG Funds, the FSC places emphasis on:

Transparency
Funds labelled as "ESG" must clearly articulate the environmental or social objectives they pursue. This includes detailed disclosures about the methodologies and metrics used to measure performance against these objectives.

Governance and oversight
Strong internal structures are required to monitor ESG commitments, with clearly defined roles and responsibilities at board and senior management levels.

Periodic reporting
ESG funds will be required to produce regular, standardised reports, demonstrating progress towards stated environmental or social goals. This includes quantifiable data on how these goals are being achieved.

Risk management
The guidelines underline the need to identify, manage, and report ESG-related risks, advocating a proactive rather than reactive approach.

Implications for Fund Managers and Corporate Service Providers

For Fund Managers, these guidelines require a deeper integration of ESG considerations right from the initial stages of fund structuring. Beyond inception, ongoing monitoring and frequent reporting will be vital to ensure compliance. This development encourages fund managers to refine their strategies, focus on robust data collection, and embed sustainability metrics in performance assessments.

Two-thirds requirement

Importantly, the guidelines prescribe that ESG funds allocate at least two-thirds of their Net Asset Value (NAV) to ESG-focused investments. This is a stringent criterion that will require ongoing monitoring and a robust governance framework. Any shortfall below that threshold must be rectified within 90 days to maintain ESG fund status.

Certification obligations

The guidelines also introduce a certification requirement. New ESG funds (or existing funds transitioning to ESG strategies) must provide either an independent third-party certification or a self-certification that confirms alignment with the United Nations (UN) SDGs or other recognised ESG standards. This additional layer of scrutiny is designed to ensure the credibility and integrity of ESG claims, further safeguarding against greenwashing.

At ITL we anticipate a transformative period in which the sector will:

Revisit investment strategies

The new guidelines require the evaluation of investment portfolios to ensure alignment with ESG objectives and adherence to the FSC's disclosure requirements.

Strengthen due diligence

More advanced due diligence processes will be needed to identify ESG risks and opportunities, improving overall risk management.

Collaborate with stakeholders

Success in ESG integration demands close cooperation with external experts, regulators, and investors – be it for carbon footprint analyses, social impact assessments, or governance reviews.

Adopt technological solutions

Automation and specialist reporting software will play a growing role in processing and reporting the increasing volume of ESG-related data, thereby maintaining consistency and accuracy.

Seizing the opportunity

Rather than viewing these guidelines as mere compliance obligations, the financial services sector in Mauritius can regard them as an opportunity to stand out. By embracing ESG wholeheartedly, local fund managers may appeal to a rapidly expanding audience of impact-driven global investors who seek to combine financial returns with measurable social and environmental benefits. Moreover, a robust ESG record can enhance reputation and stakeholder confidence, giving Mauritian businesses a competitive edge.

How can ITL help?

We believe that sustainability and profitability are entirely compatible. We are dedicated to assisting clients in meeting the new FSC requirements.

ESG Compliance Gap Analysis and Action plan

We perform a comprehensive gap analysis of your ESG fund's offering documents, reporting procedures, website disclosures, and internal controls, in strict accordance with the FSC's Disclosure and Reporting Guidelines for ESG Funds.

Comprehensive Offering Document Development & Review

We assist in drafting and reviewing your offer document to ensure full compliance with the FSC guidelines. Our service covers Investment Objectives, Investment Strategy, Asset Allocation, Benchmark details, and risk disclosures, as required under Section 6.1.

ESG Monitoring & Evaluation Framework

We develop tailored policies and procedures for ongoing monitoring and evaluation of your ESG investments. Our framework ensures that your governance, reporting, and operational processes meet the continuous monitoring requirements detailed in Section 7 of the guidelines, including the timely notification procedures for any deviations from your stated ESG objective.

Annual Sustainability Reporting Support

We support the creation of your annual Sustainability Report to ensure comprehensive disclosure of how your fund meets its ESG focus. Our service includes benchmarking performance, explaining any non-compliance (per Section 6.2), and verifying that all reporting aligns with the requirements set forth in Section 9.2.

Website ESG Disclosure Optimisation

We assist in developing and updating your website disclosures to ensure full transparency of your ESG focus. This includes detailed explanations on how your ESG performance is measured, monitored, and maintained, as well as information on due diligence processes and data sources, in line with Section 6.3 of the guidelines.

Customised ESG Training Programmes

Our tailored training sessions are designed to equip your team with the skills and knowledge necessary to manage ESG investments effectively. The training covers the requirements and best practices as outlined in Section 8, ensuring that your staff are fully prepared to implement and maintain compliance with the FSC guidelines.

Self-Certification Guidance for ESG Compliance

We provide expert assistance in preparing the necessary self-certification documentation to confirm that your fund's investment objectives and strategies are aligned with the UN SDGs or other widely accepted goals, in full compliance with Sections 9.1 and 9.2 of the guidelines.

Looking ahead

The FSC's new guidelines signify more than just another regulatory requirement; they mark a crucial progression in shaping Mauritius' financial services landscape. By recognising the intrinsic connection between sustainable practices and long-term financial success, our jurisdiction stands ready to become a leader in ESG integration.

As these guidelines usher in an era of greater transparency and accountability, this is the moment for proactive engagement, strategic adaptation, and unwavering commitment to responsible growth.

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