

**ASSESSING THE READINESS OF MAIN ECONOMIC SECTORS IN MAURITIUS TO FULFILL THE SUSTAINABILITY REPORTING REQUIREMENTS ARISING FROM THE EUROPEAN GREEN DEAL (EGD).**

**LOT 2 : ANALYSIS OF SUSTAINABILITY REPORTING MECHANISMS FROM EU GREEN DEAL DIRECTIVES AND REGULATIONS, IMPACTING EXPORT-ORIENTED COMPANIES.**

**TECHNICAL ASSISTANCE  
FOR THE IMPLEMENTATION OF SUNREF III  
PROGRAMME - MAURITIUS**



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**Consultant : Mazars LLP**

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## Executive summary

As companies in the European Union (EU) increasingly incorporate sustainability considerations into their assessment and decision-making processes, engagement with non-EU counterparties would be impacted. The EU is one of Mauritius main trading partners in terms of tourism (around 60%) and exports (65% of agricultural exports and 36% of manufacturing).<sup>1</sup> Customer requests can be seen as an integral driver for sustainability reporting as European companies face new reporting requirements through the European Sustainability Reporting Standards which include a strong value chain perspective. Subsequently the demand for sustainability-related data and information from their supply chains is increasing. Mauritius companies should therefore be in position to provide sustainability information and metrics required by EU counterparties so as not to negatively affect their trading relationship.

The AETS – ARTELIA and Business Mauritius consortium, mandated by the French Development Agency (AFD) as Technical Assistance for the implementation of the SUNREF III Programme, appointed Mazars LLP to assess readiness of main economic sectors in Mauritius to fulfil the sustainability reporting requirements arising from the European Green Deal (EGD). The study focused on the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). These are the main instruments used to implement EGD goals in corporate sustainability reporting. Section 3 indicates the expected impacts of these instruments and their alignment with international sustainability reporting standards and relevant Mauritius regulations.

The main economic sectors reviewed were agriculture (particularly sugar cane), agri-food (particularly fishing and seafood processing) and manufacturing (particularly textiles). Section 4 provides an overview of the main economic sectors examined.

The study analyzed the reporting practices of a sample of eight companies to take stock of existing sustainability reporting practices with these sectors. To gather information about existing practices among the sampled companies, a multi-pronged approach was adopted: preliminary desktop research, interviews, and a self-assessment questionnaire. Section 5 sets out the assessment methodology.

Based on information gathered and subsequently analyzed, strengths and areas of improvement across the main economic sectors were identified. Findings were structured across four dimensions i.e. Governance, Reporting process, Data and Controls. A risk rating was assigned to the areas of improvement based on its severity to affect companies' ability to meet sustainability reporting requests from EU counterparties. Section 6 details findings from the gap analysis performed.

To address the identified areas of improvement, the report sets out recommended corrective actions different stakeholders should take. It covers actions for policy makers, regulatory bodies, Mauritius companies, business association and the EU delegation to the Republic of

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<sup>1</sup> Statistics sourced directly from the Request for Proposal: SUNREF & AFD GROUPE: Consultation to carry out the assessment of risks and opportunities for the Mauritian private sector, stemming from the EU Green Deal - Mauritius . Ref : EU Green Deal – 2023 Consultation file.

Mauritius. Section 7 details the recommended corrective actions and Section 8 provides a high-level roadmap which consolidates these actions.

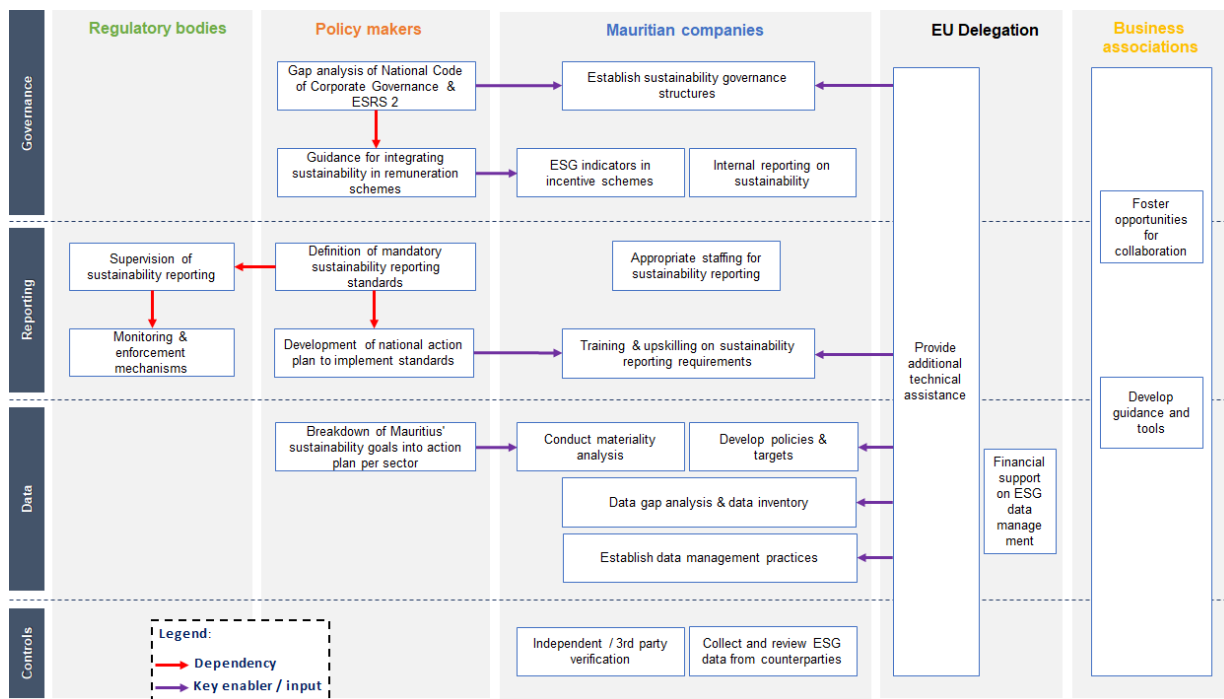
### **Key conclusions from the study**

CSRD/ESRS requires a significant breadth of information as it is based on the double materiality principle, which covers financial materiality and impact materiality. To meet the EU's requirements, Mauritius companies will need to have robust governance arrangements and sound data management practices around their sustainability reporting.

Some of the key findings identified from the study are:

- **Knowledge of sustainability reporting** – There were varying degrees of sustainability reporting practices within the sectors analyzed. Some sample companies in the agriculture and manufacturing sectors adopt voluntary sustainability reporting e.g. Global Reporting Initiative (GRI) standards. Such companies have a good starting point for meeting the expected requirements from CSRD/ESRS. However, there is limited awareness throughout the companies on sustainability reporting requirements. This results in gaps and inconsistencies in reporting across various Environmental Social Governance (ESG) topics.
- **Sustainability governance** - Majority of companies sampled adopt the Mauritius National Code of Corporate Governance and/or are eligible under the Mauritius Stock Exchange's SEM Sustainability Index (SEMSI). While this has translated into these companies establishing sustainability governance structures, there is limited reporting about these structures. There is therefore insufficient information to demonstrate adherence to the sustainability governance requirements of CSRD/ESRS.
- **Materiality assessment** – Some of the sample companies have carried out assessments to identify material sustainability topics. However, there was inadequate explanation for sustainability topics assessed as being material. There was also insufficient information on how sustainability topics were identified, prioritized and determined as being material or not material.
- **Data on topical standards**: Majority of the sampled companies are collecting and analysing some ESG data. However, the ESG data collected do not sufficiently cover all relevant data points required by ESRS topical standards. There were also limitations in the existing data management practices and control / assurance procedures for ongoing quality of ESG data.

Below high-level roadmap outlines corrective actions different stakeholders can take to ensure the main economic sectors are able to meet CSRD/ESRS requirements.



To facilitate the implementation of actions in the high-level roadmap, section 9 delves into capacity building mechanisms that can be put in place, particularly to support Mauritius companies:

- **Training:** Programs and initiatives to equip with the necessary skills and knowledge for effective sustainability reporting.
- **Tools:** Resources and templates to simplify and streamline the sustainability reporting process.
- **Technology:** Solutions and tools to automate data collection, analysis, and reporting.

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# 1. Introduction

The European Union (EU) is one of Mauritius most important markets in terms of tourism (around 60%) and exports (65% of agricultural exports and 36% of manufacturing exports). The EU is among the most advanced economic players in the transition to a low-carbon economy and its efforts towards this transition are reflected in the EU Green Deal (EGD). It is important for Mauritian main economic actors as well as the Mauritian policymakers to understand the impact of the EGD on the exporting sectors, and the risks and opportunities arising from it. Business Mauritius launched a study to examine the EU legislation and EGD directives that would have the greatest impact on the Mauritian economy.

Business Mauritius appointed Mazars LLP (“Mazars” / “our” / “we”) to assess readiness of key sectors in Mauritius to fulfil the sustainability reporting requirements arising from the EGD and wider European regulatory framework. Mazars’ engagement is structured into the following lots:

- Lot 2 – which covers the impact on Mauritius main economic sectors.
- Lot 3 – which covers the impact on Mauritius financial sector.

The specific purpose of Lot 2 is to assess the readiness of Mauritius’ main economic sectors to satisfy the sustainability reporting requirements brought about by the EGD. This final report details the approach, and key findings from the readiness assessment performed by Lot 2. It also sets out a high-level roadmap of recommended corrective actions for key stakeholders in Mauritius as well as capacity building measures to support the implementation of this roadmap. This report builds on from the Inception Report and Preliminary Report earlier produced. It provides further information on the assessment methodology, conclusions, and key recommendations.

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## 2. Overview of our approach

To assess the readiness for corporate sustainability reporting of the Mauritian economy, the study was structured around the following dimensions:

### 2.1. Corporate sustainability reporting requirements

The study focused on the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). These are the main instruments the EU used to implement EGD goals in corporate sustainability reporting. Section 3 sets out the key requirements and expected effects of CSRD/ESRS.

### 2.2. Sectors in scope

The Mauritian main economic sectors directly covered by the study were agriculture (specifically, sugar cane), agri-food (specifically, fishing sector and seafood processing) and manufacturing (specifically, textile). Section 4 provides an overview of these sectors.

### 2.3. As-is assessment

The study examined the current sustainability reporting practices of a sample of Mauritian companies to assess readiness across their respective sectors. Section 5 sets out the methodology and key steps taken. Section 6 indicates key findings from the assessment.

### 2.4. Corrective actions and roadmap

The study identified corrective actions that various stakeholders can undertake to address the areas of improvement identified. These stakeholders include:

- Policy makers in Mauritius
- Regulatory bodies in Mauritius
- Mauritius companies within the main economic sectors
- Business associations and bodies relevant to the main economic sectors
- EU Delegation to the Republic of Mauritius

The recommended corrective measures were summarised in a high-level roadmap.

Section 7 and 8 details the recommended corrective actions and high-level roadmap. Section 9 sets out capacity building mechanisms to support implementation of the roadmap.



### 3. Expected effects of the EGD on sustainability reporting in Mauritius

The goal of the EGD is to transition Europe to a green economy, with a target to reduce greenhouse gas (GHG) emissions by 55% by 2030 compared to 1990 levels and become climate neutral by 2050. The breadth of the EGD underlines the need for a holistic and cross-sectoral approach in which all relevant policy areas contribute to the ultimate climate-related goal. The package includes initiatives covering the climate, the environment, and social matters, and spans across the energy, transport, industry, agriculture and finance industries.

For non-EU economies wishing to continue trading with the EU and attracting investments and capital flows from the bloc, it is critical to understand the different components of the EGD. Non-EU economies should assess readiness of their local economic sectors<sup>2</sup> and be ready to address existing gaps to deliver against the EU's reporting requirements<sup>3</sup>.

#### 3.1. The Corporate Sustainability Reporting Directive (CSRD)

##### 3.1.1. Background

As part of the EGD, the EU has introduced the Corporate Sustainability Reporting Directive (CSRD), a comprehensive sustainability reporting legislation, requiring disclosure on material value chain information. The CSRD sets forth the European Sustainability Reporting Standards (ESRS) that provide disclosures requirements on a comprehensive set of topics in environmental, social, and governance areas. The CSRD aims to improve the quality and comparability of sustainability information, elevating it to the disclosure level of financial information, across all major economic sectors. The ESRS will replace the current Non-Financial Reporting Directive (NFRD), with EU companies that were already subject to the NFRD being the first ones to report under the CSRD in 2025 on the financial year 2024. Details on the overlap between CSRD and other internationally recognised sustainability reporting standards can be found in section 3.2 Alignment and/or integration of other sustainability reporting standards.

The CSRD requires a significant breadth of information as it is based on the double materiality principle which consists of both financial materiality and impact materiality. It therefore requires the disclosure of a broader scope of information that extends throughout the entire value chain.

The CSRD includes an “extra-territoriality” principle which widens the population subject to sustainability reporting to companies outside the EU with the aim of maintaining a level playing field for all the economic players operating in the European market. In that context, non-EU groups or companies will be affected by the CSRD in three ways:

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<sup>2</sup> see 6 *Findings from the gap assessment performed on the selected sample – Key strengths and areas of improvement*

<sup>3</sup> see *Section 7 Corrective measures and roadmap*

- a. when they have securities listed in the EU
- b. when they have significant activity in the EU
- c. when they are parent companies of in-scope EU subsidiaries

Determining whether a non-EU group or an EU subsidiary is in the scope of the CSRD, and to what extent they should report, will often be a complex exercise that may require legal counsel.<sup>4</sup>

The CSRD considers the whole value chain perspective to enable companies to adequately understand their material Environment Social and Governance (ESG) impacts. EU companies are required to include value chain information where they have assessed there to be material impacts, risks and opportunities connected with activities of upstream and/or downstream value chain. An example is the calculation of the carbon footprint, as most carbon emissions for many companies originate from activities in their value chain. Therefore, it is expected that companies and suppliers (including Small and Medium Enterprises (SMEs)) in non-EU exporting economies, such as Mauritius, will be faced with more detailed data requests on ESG topics.

As the CSRD is based on double materiality, its reporting requirements are more extensive than other regulatory expectations and international standards based on financial materiality only.

In Mauritius, the CSRD will largely have an indirect effect on companies located in the European supply chains, which this study analyses. Mauritius companies will therefore need to set up efficient data collection processes and improve governance and internal management of sustainability reports and disclosures.

### 3.1.2. The impact of the CSRD on Mauritius economic sectors

The EU is one of Mauritius main export partners as it accounts for more than half of all exports, especially for agriculture (sugar in particular), manufacturing (textiles in particular), fishing and seafood.<sup>5</sup> EU companies to comply with ESRS and align with other EGD regulations will need to gather accurate sustainability information from their suppliers, including those in Mauritius. This means Mauritius companies will need gather more data to meet the sustainability reporting requests from EU companies.

The ESRS is structured across two cross-cutting standards and 10 topical standards. The table below indicates our assessment of the level of prioritisation the ESRS standards will have across the main economic sectors in scope. It is based on requirements EU companies would broadly expect from upstream value chain, considering the phase-in options given by the EU. The applicability of this prioritisation to specific companies would largely depend on results of the materiality analysis carried out by their EU trading partners.

<sup>4</sup> Source: [Impact of the Corporate Sustainability Reporting Directive \(CSRD\) on non-EU groups and their EU subsidiaries - Mazars - Deutschland](#)

<sup>5</sup> Source: Trading Economics. Mauritius Exports - [Mauritius Exports \(tradingeconomics.com\)](#)

ESRS Standards	Manufacturing	Agriculture (sugar)	Agri-food (fishing and seafood)
Cross cutting standards – mandatory			
ESRS 1 General Requirements	High	High	High
ESRS 2 General Disclosures	High	High	High
ESRS Topical Standard Disclosures – based on materiality assessment			
E1 Climate Change	High	High	High
E2 Pollution	High	Medium	Medium
E3 Water and Marine Resources	Medium	Medium	High
E4 Biodiversity and Ecosystems	Medium	Medium	High
E5 Resource Use and Circular Economy	High	Low	Low
S1 Own Work Force	Medium-High	Medium-High	Medium-High
S2 Workers in the Value Chain	Medium	Low	Low
S3 Affected Communities	Low	Low-Medium	Low
S4 Consumers and End Users	Low-Medium	Low	Low
G1 Business Conduct	High	High	High

**High priority:** data is expected to be required from companies exporting to the EU in the first 1-2 years of the standard implementation starting 2024 for the listed European Companies that fell under the Non-Financial Reporting Directive (NFRD) previously and 2025 for the companies that were not required to report under the NFRD in the past.

**Medium priority:** data is expected to be required from companies exporting to the EU in the first 3-5 years of the standard implementation (considering the phase-in options given by the ESRS) starting 2024 for the listed European Companies that fell under the NFRD previously and 2025 for the companies that were not required to report under the NFRD in the past.

**Low priority:** data requirements are expected to be less relevant for companies exporting to the EU.

## 3.2. Alignment and/or integration of other sustainability reporting standards with the CSRD

This study also considered internationally recognized voluntary sustainability reporting standards. Companies often adhere to these frameworks for strategic positioning in the market and to foster investor relations. The integration of these frameworks into regular reporting cycles not only establishes a comprehensive inventory of globally reported sustainability information and metrics, but also prepares and equips companies with the necessary data collection practices to meet regulatory sustainability requirements.

The alignment between ESRS and the sustainability reporting requirements outlined in these standards and regulations has been assessed to gauge the existing readiness of companies that already report in accordance with these frameworks.

### 3.2.1. Global Reporting Initiative (GRI)

The ESRS is constructed upon established frameworks like the Global Reporting Initiative (GRI), which stands out as the most widely applied sustainability reporting standard globally. However, unlike GRI, the ESRS mandate companies to disclose sustainability information

not only pertaining to their own business and operations but also concerning their material value chain. GRI and ESRS have confirmed<sup>6</sup> that there is a high level of interoperability, especially in impact reporting. The main difference between these reporting frameworks lies in their approach and methodology, rather than in the indicators themselves. Part of that is the expansion of materiality to double materiality, which includes financial materiality.<sup>7</sup> ESRS also require more detail on the management of impacts, risks, and opportunities, as well as disclosure of potential financial impacts and significant resource allocation.

Companies currently reporting under GRI are well prepared to report against the ESRS. However, they would need to improve on:

- Explanations of management approach and evaluation of sustainability issues.
- Reporting on the process for identifying and managing material impacts, risks and opportunities.
- How they incorporate the higher level of disclosures required by the ESRS into their integrated reporting (IR) framework in a coherent and cohesive way.

### 3.2.2. Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board (SASB) standards focus on industry-based disclosures about sustainability-related risks and opportunities that could over time potentially affect an entity's cash flows, access to finance, or cost of capital. Below is a summary of how the SASB standards for the main economic sectors in scope of our study align with the ESRS:

- Manufacturing (textile, plastic, chemical): There are SASB metrics for the textile industry that overlap with the ESRS topical standards pollution (E2), water resources (E3) and use and management of chemicals (E5) for environmental impact as well labour conditions in the supply chain (S2) for social impacts.
- Agriculture (sugar cane) and Agri-food (fisheries and sea food): These industries have the highest number of SASB disclosure requirements. The main SASB overlapping areas are with ESRS environmental standard topics, particularly GHG scope 1 emissions and energy consumption (E1), water use and consumption (E3) as well as land use and biodiversity impacts (E4).

Companies that measure and monitor SASB metrics will be well prepare to meet indicators required in ESRS topical standards, particularly those around the environment.

### 3.2.3. Climate-related disclosure standards

The main voluntary climate-related disclosure standards are the International Sustainability Standards Board (ISSB) S2 standards, the Task Force on Climate-related Financial Disclosures (TCFD) and CDP reporting. These standards are broadly consistent with the

<sup>6</sup> Source: GRI and EFRAG joint statement of interoperability - <https://www.globalreporting.org/news/news-center/efrag-gri-joint-statement-of-interoperability>

<sup>7</sup> The double materiality concept refers to the CSRD's requirement for companies to not only report on financially material sustainability matters (financial materiality), but also on those that have a material impact on people and the environment (impact materiality).

ESRS topical standard E1 Climate change. They all require companies to report GHG emissions data (Scope 1, 2, and 3), climate-related targets as well as their climate-related physical and transitional risks and opportunities. They require detailed management disclosures on how climate risks and opportunities are addressed, including explaining governance roles and oversight, and processes in place to identify, assess, and manage these risks and opportunities. ISSB and TCFD focus on the financial effects of these risks and opportunities, while in ESRS E1 and CDP, disclosures on climate and environmental impacts and their management are also required.

Companies that report under any of these climate-related disclosures are well prepared to meet ESRS E1 Climate change reporting requirements

### **3.2.4. Corporate Sustainability Due Diligence Directive (CSDDD)**

A key EGD instrument, interrelated with the CSRD, is the Corporate Sustainability Due Diligence Directive (CSDDD). Business Mauritius requested that Lot 2 considers CSDDD given the relationship between this Directive and the CSRD.

The CSDDD aims to anchor human rights and environmental considerations in companies' operations and corporate governance. It sets out a duty for companies to identify, prevent, mitigate and account for external harm resulting from adverse human rights and environmental impacts arising from companies' own operations, their subsidiaries and value chains. Sectors specifically referenced under the CSDDD include textile manufacturing, agriculture, forestry, fisheries (including aquaculture), and manufacture of food products. While it does not currently set out specific metrics or information that should be collected or reported as part of due diligence processes, the CSDDD is expected to complement reporting under the ESRS. The European Commission is expected to publish and adopt delegated acts on the content and criteria for annual statements for companies in scope of this Directive.

Therefore, companies in Mauritius should consider how they can identify and report on any potential gaps vis-a-vis the expectations set in the CSDDD. They should also assess any reporting obligations that can arise once the expected delegated acts are published

## **3.3. Alignment of relevant Mauritius regulations**

### **3.3.1. Mauritius National Code on Corporate Governance**

The Mauritius National Code on Corporate Governance focuses on reporting on governance structure, risk management, and engagement with shareholders and stakeholders. It also provides guidance on what elements to include on ESG issues, though these are all recommendations. The Code has no specific ESG disclosure requirements and little guidance on how to report on management of ESG topics. Except for Corporate Social Responsibility (CSR)<sup>8</sup>, the main recommendations on environment, health and safety,

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<sup>8</sup> The Government of Mauritius has established a policy mandating that registered companies pay 2 percent of their profit towards programmes that contribute to the social and environmental development of the country. Source: [the-national-code-of-corporate-governance-for-mauritius\\_2016.pdf \(nccg.mu\)](#)

charitable and political contributions, social and governance aspects overlap on a basic level with the ESRS. Therefore, Mauritius companies that adopt recommendations in the Code have a starting point in gathering information required by the ESRS.

### **3.3.2. Mauritius Stock Exchange's SEM Sustainability Index**

Mauritius Stock Exchange's SEM Sustainability Index (SEMSI) is a robust measure of listed companies against a set of ESG criteria which are aligned with GRI's G4 Guidelines and consider locally relevant imperatives. Therefore, companies eligible under SEMSI criteria have a good starting point for their ESRS reporting.

## **3.4. Beyond sustainability reporting, opportunities that Mauritius can explore – Other key implications of the EGD that are relevant to Mauritius**

### **3.4.1. Renewable energy**

The EU's ambition, as reflected in the EGD, encourages investments in renewable energy sectors, aiming to generate employment opportunities and decrease reliance on imported fossil fuels within the bloc. This commitment extends beyond the EU through the Africa-Europe Green Energy Initiative<sup>9</sup>, a collaborative effort involving European and African public and private sector stakeholders. The initiative's objectives encompass increasing electricity production and energy access, promoting energy efficiency, facilitating regulatory reforms to attract private investment, and fostering market integration. As a participant in the Team Europe Initiative<sup>10</sup>, Mauritius actively engages in this endeavour and has been designated a Green Recovery program. The program encompasses various modalities and tools, including technical assistance, grants, loans, guarantees, and blending mechanisms, with defined key deliverables. One noteworthy objective is the augmentation of renewable energy within the overall energy mix.

Mauritius boasts substantial potential for the development of solar and wind energy, along with opportunities in biomass, wave, and waste-to-energy. Aligned with a commitment to environmental sustainability, the government has formulated an energy policy that promotes the adoption of renewable and clean energy sources<sup>11</sup>. This strategic direction aims to curtail the nation's reliance on fossil fuels and contribute to the reduction of greenhouse gas emissions. As part of this green energy transition, the government has set forth ambitious plans to elevate the share of electricity generated from renewable sources from the current 21 percent to an impressive 35 percent by the year 2025<sup>12</sup>.

### **3.4.2. Circular economy**

Implementing circular economy principles could offer opportunities for resource efficiency, waste reduction, and innovative new businesses.

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<sup>9</sup> Source: [https://international-partnerships.ec.europa.eu/policies/global-gateway/africa-europe-green-energy\\_en](https://international-partnerships.ec.europa.eu/policies/global-gateway/africa-europe-green-energy_en)

<sup>10</sup> Source: [https://capacity4dev.europa.eu/resources/team-europe-tracker\\_en](https://capacity4dev.europa.eu/resources/team-europe-tracker_en)

<sup>11</sup> Source: <https://sdgs.un.org/partnerships/mauritius-renewable-energy-roadmap-2030>

<sup>12</sup> Source: <https://www.trade.gov/country-commercial-guides/mauritius-energy>



The European Commission adopted the new circular economy action plan (CEAP) in March 2020<sup>13</sup>. It is one of the main building blocks of the EGD. The EU's transition to a circular economy will reduce pressure on natural resources and will create sustainable growth and jobs. It is also a prerequisite to achieve the EU's 2050 climate neutrality target and to halt biodiversity loss. The new action plan announces initiatives along the entire life cycle of products. It targets how products are designed, promotes circular economy processes, encourages sustainable consumption, and aims to ensure that waste is prevented and the resources used are kept in the EU economy for as long as possible.

Its action plan focuses on the sectors that use most resources and where the potential for circularity is high such as: electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, water and nutrients<sup>14</sup>.

Mauritius can capitalize on the EU's expertise and support in this area. For instance, the European Commission has put forth a comprehensive EU Strategy for Textiles<sup>15</sup>. Here the Mauritian policymakers and the textile industry can delve into the forward-looking actions outlined by the European Commission, encompassing policies, incentives and implementation measures. These measures include:

- the Ecodesign for Sustainable Products Regulation<sup>16</sup>, proposed in 2022, establishing a framework to set eco-design requirements for products, including textiles.
- the Waste Shipment Regulation<sup>17</sup>, proposed in 2021, aiming to restrict the export of textile waste.
- the Transition Pathway for the Textiles Ecosystem<sup>18</sup>, published in 2023, and the European Circular Economy Stakeholder Platform<sup>19</sup> (since 2018) that promote and foster cooperation between industry, public authorities, social partners and other stakeholders.
- the calls launched under Horizon Europe<sup>20</sup> to further develop technologies and processes increasing the circularity and sustainability of the textiles sector.
- the plan launched in 2023 to update and revise the Textile Labelling Regulation<sup>21</sup>.

In the 9th Political Dialogue between the EU and Mauritius<sup>22</sup>, the EU expressed appreciation for Mauritius' efforts in advancing sustainable practices. The EU welcomed the Circular Economy forum organized under the Switch Africa Green programme<sup>23</sup> and commended Mauritius for enacting crucial legislation to ban single-use plastics. Recognition was given to the positive outcomes of the Sustainable Island Mauritius project, particularly in promoting sustainable tourism. The EU affirmed its willingness to collaborate further with Mauritius, building on the successes and insights gained, in the shared goal of fostering a circular economy.

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<sup>13</sup> Source: [https://environment.ec.europa.eu/strategy/circular-economy-action-plan\\_en](https://environment.ec.europa.eu/strategy/circular-economy-action-plan_en)

<sup>14</sup> Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0098>

<sup>15</sup> Source: [https://environment.ec.europa.eu/strategy/textiles-strategy\\_en](https://environment.ec.europa.eu/strategy/textiles-strategy_en)

<sup>16</sup> Source: [https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/sustainable-products/ecodesign-sustainable-products-regulation\\_en](https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/sustainable-products/ecodesign-sustainable-products-regulation_en)

<sup>17</sup> Source: [https://environment.ec.europa.eu/topics/waste-and-recycling/waste-shipments\\_en](https://environment.ec.europa.eu/topics/waste-and-recycling/waste-shipments_en)

<sup>18</sup> Source: [https://single-market-economy.ec.europa.eu/sectors/textiles-ecosystem/textiles-transition-pathway\\_en](https://single-market-economy.ec.europa.eu/sectors/textiles-ecosystem/textiles-transition-pathway_en)

<sup>19</sup> Source: <https://circulareconomy.europa.eu/platform/en>

<sup>20</sup> Source: [https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/horizon-europe\\_en](https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/horizon-europe_en)

<sup>21</sup> Source: [https://single-market-economy.ec.europa.eu/sectors/textiles-ecosystem/regulation-eu-10072011\\_en](https://single-market-economy.ec.europa.eu/sectors/textiles-ecosystem/regulation-eu-10072011_en)

<sup>22</sup> Source: [https://www.eeas.europa.eu/delegations/mauritius/eu-mauritius-partnership-green-recovery-food-sovereignty-health-resilience-and-maritime-security\\_en?s=110](https://www.eeas.europa.eu/delegations/mauritius/eu-mauritius-partnership-green-recovery-food-sovereignty-health-resilience-and-maritime-security_en?s=110)

<sup>23</sup> Source: <https://www.switchtogreen.eu/home/switchafricagreen/>

### 3.4.3. Sustainable agriculture

The EGD aspires to foster a more sustainable food system, necessitating trade policies that align with and actively support the EGD's objectives. A range of legislative and other initiatives has been introduced or proposed to leverage trade policy measures, both within the EU and globally, to advance higher sustainability standards in the food system. Proposed measures include mandatory due diligence requirements for companies to ensure the integrity of their supply chains. Mirror clauses have also been suggested in agri-food trade, mandating that imported products adhere to regulatory standards akin to those of EU producers. The promotion of this agenda stands as a key focus during the French EU Presidency in the initial half of 2022. The implementation of elevated sustainability standards and associated trade measures is anticipated to exert a considerable influence on the competitiveness of EU producers and international trade in food. Matthews (2022) undertook a preliminary assessment of this discourse, with specific attention to vulnerable developing countries reliant on the EU market<sup>24</sup>.

Mauritius agri-food stakeholders should pursue existing efforts to promote sustainable agriculture, creating potential for collaboration and knowledge exchange, and securing trade relationship with the EU.

### 3.5. Further considerations for Mauritian policymakers and business associations in terms of working further with the EU

The Mauritian government and the business association can engage and work further with the EU in several ways to maximize the benefits and minimize the challenges of the EGD:

#### 3.5.1. Deepening cooperation on trade and sustainability

- **Explore collaborative initiatives and technical assistance programs** to aid Mauritian businesses in aligning with EU sustainability regulations and standards. This could encompass capacity building, technology transfer, and facilitating green investments through access to finance.

Team Europe's Official Development Assistance (ODA) to Mauritius entered into effect in 2021. Through Global Gateway, the EU with the active participation of France and La Reunion, and supported by the European Investment Bank (EIB), the AFD and the Development Bank of Austria (OeEB) have committed to provide technical assistance to Mauritius with regards to the following initiatives:

- Ecological transition for a green recovery
  - Reduce pollution
  - Resilient clean, and sustainable energy system
  - Improved regulatory environment
  - Waste management strategy
- Integrated management of ecosystems, "From ridge to reef approach (EU) – solutions to global warming trends
  - Reforestation programmes

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<sup>24</sup> Source: Matthews, Alan, 2022. "**Implications of the European Green Deal for agri-food trade with developing countries**," 96th Annual Conference, April 4-6, 2022, K U Leuven, Belgium 321162, Agricultural Economics Society - AES



- Ocean-based climate smart approach (renewable energy, shipping and transport, “blue-carbon” ecosystems, low-carbon protein sources from the ocean)
- Satellite observation technology for environment protection
- Transition towards sustainable agri-food systems, “From farm to fork approach (EU, AFD 2050 facility)
  - Support the adoption of climate smart agricultural practices for food security
  - Assist Mauritius to be more self-sufficient in food crops, livestock and dairy products
  - Support the large-scale dissemination of sustainable production practices and adaption to climate constraints
  - Dissemination of innovations for production and marketing and promotion of digitalisation
  - Strengthen education and vocational training in the sector<sup>25</sup>

Mauritius should proactively leverage Team Europe's ODA, seeking support to navigate the implications of the EGD, particularly in key sectors of its economy.

- **Explore opportunities for green trade partnerships** and preferential access to the EU market for sustainable Mauritian products. This could incentivize further investment in sustainable practices and green technologies within Mauritius.

In November 2022, the 9<sup>th</sup> Political Dialogue between the Republic of Mauritius and the EU took place<sup>26</sup>. The Parties took note of the concrete results of the bilateral partnership since the last session in promoting financial governance, cybersecurity, health resilience, food security as well as trade and investment. They agreed to continue working together in these areas as well as in other areas of common interest such as maritime security, sustainable fisheries, biotechnology and pharmaceutical sector, digital economy, climate change and circular economy.

Specifically, the EU-Mauritius Sustainable Fisheries Partnership Agreement<sup>27</sup> is beneficial to the seafood industry and supports the promotion of sustainable fisheries management in Mauritius waters. The EU encouraged the authorities to take advantage of the sectoral support for the implementation of relevant projects for the development of the country's fisheries sector. The EU highlighted the important work being undertaken at the national and regional level, with EU support, to address Illegal, Unreported and Unregulated (IUU) fishing and encouraged Mauritius to continue to actively take part in this initiative.

### 3.5.2. Strengthening collaboration on knowledge sharing and capacity building

- **Establish regular dialogues and exchange programs** between Mauritian and EU experts on sustainable development, circular economy, and climate change. This can facilitate knowledge transfer and best practice sharing.

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<sup>25</sup> Source : Global Gateway. Mauritius – Environment and climate change for a green recovery from COVID-19 pandemic.

<sup>26</sup> Source: [https://www.eeas.europa.eu/delegations/mauritius/eu-mauritius-partnership-green-recovery-food-sovereignty-health-resilience-and-maritime-security\\_en?s=110](https://www.eeas.europa.eu/delegations/mauritius/eu-mauritius-partnership-green-recovery-food-sovereignty-health-resilience-and-maritime-security_en?s=110)

<sup>27</sup> Source: [https://oceans-and-fisheries.ec.europa.eu/fisheries/international-agreements/sustainable-fisheries-partnership-agreements-sfpas\\_en](https://oceans-and-fisheries.ec.europa.eu/fisheries/international-agreements/sustainable-fisheries-partnership-agreements-sfpas_en)

- **Support joint research and development projects on innovative solutions** for decarbonization, renewable energy, and resource efficiency. This can help Mauritius leapfrog technologies and accelerate its own sustainability transition.
- **Invest in training and education programs for Mauritian stakeholders**, including businesses, policymakers, and civil society, on EU sustainability standards and best practices. This can build awareness and capacity for effective implementation.
- **Explore the possibility of benefitting from technology transfers**, such as in the areas of Energy Efficiency, deployment of Renewable Energies or increasing the circularity of production processes.

### 3.5.3. Leveraging EU funding and financial mechanisms

- **Access EU grants and funds for green projects and initiatives in Mauritius.** This can support infrastructure development, technology adoption, and capacity building efforts.
- **Explore opportunities for public-private partnerships between Mauritian and European entities** to mobilize resources for green investments. This can attract additional funding and expertise to accelerate sustainability projects, in particular large-scale projects, such as the Mauritius Renewable Energy Roadmap 2030. Supporting Mauritius' target of achieving 60% of renewable energy, together with the phasing out of coal in the generation of electricity, by 2030, would subsequently benefit the EU entities by decarbonising their supply chains.

### 3.5.4. Fostering regional collaboration on sustainability

- **Play an active role in regional initiatives and forums under the EGD**, such as the Africa-EU Green Deal Partnership, to share experiences and best practices with other African countries facing similar challenges and opportunities.
- **Collaborate with other island nations** and relevant regional organizations on developing sustainable solutions for common challenges, such as waste management, marine pollution, and climate change adaptation. This can strengthen regional resilience and accelerate collective progress towards sustainability goals.

### 3.5.5. Demonstrating Mauritius commitment to sustainability

- **Continue to develop and implement ambitious national climate change strategies and policies** that align with the EGD's objectives. This will showcase Mauritius' commitment to sustainability and strengthen its position in negotiations with the EU.
- **Promote transparency and stakeholder engagement** in decision-making related to the EGD. This will build trust and ensure that Mauritian communities are actively involved in shaping their sustainable future.
- **Showcase success stories and achievements** in green initiatives and sustainable development to attract further investment and partnerships from the EU and other international actors. This can demonstrate Mauritius' progress and potential as a leader in sustainable development.

By actively pursuing these avenues of cooperation, the Mauritian government can leverage the opportunities of the EGD to accelerate its own transition towards a sustainable and resilient future, while minimizing the potential trade disruptions and challenges. A successful partnership will require ongoing dialogue, mutual respect, and a shared commitment to building a greener and more prosperous future for both Mauritius and the EU.

## 4. Overview of economic sectors examined

Our work focused on assessing the sustainability reporting mechanisms within Mauritius' main economic sectors i.e., agriculture (particularly, sugar cane), agri-food (particularly the fishing and seafood processing sectors) and manufacturing (particularly textiles).

### 4.1. Mauritius main economic sectors examined

#### 4.1.1. Manufacturing sector - Textiles, plastics and chemicals

The manufacturing sector in Mauritius, encompassing textiles, plastics, and chemicals, plays a pivotal role in the nation's structural transformation of the economy. This sector faces significant ESG challenges, encompassing environmental impacts, circularity concerns, and labour issues. There's great demand for the manufacturing industry to incorporate sustainable production practices to maintain competitiveness in the global (and EU) market. Understanding and addressing these challenges are crucial for the sector's sustainable development and alignment with international standards.<sup>28</sup>

#### 4.1.2. Agriculture – Sugar cane sector

Sugar cane is a cornerstone of the Mauritian's economic development, contributing substantially to the nation's GDP. Its economic significance is reflected in its role as a major export commodity and a source of revenue<sup>29</sup>. The sector can make an important contribution to the national commitment to reduce GHG emissions by 40% by 2030.

Despite its promising trajectory, the sugar cane sector faces challenges due to climate change. Erratic weather patterns and extreme events pose a threat to crop yields, while the ongoing reliance on sugar cane monoculture (80% of arable land) impacts biodiversity<sup>30</sup>. The sector is proactively embracing circular economy principles, leveraging the inherent circularity of sugar cane production. Additionally, companies are implementing internal environmental initiatives, aligning with the Mauritius Renewable Energy Roadmap 2030 and the coal phase-out by 2030. However, strong public sector support remains crucial to empower companies to effectively contribute to national sustainability goals.

#### 4.1.3. Agrifood – Fishing /fisheries and seafood sector

The fishing and seafood industry in Mauritius is a vital component of its economic landscape, reflecting a delicate balance between environmental sustainability, labour considerations, and global market demands. The blue economy contributes 10.5% of Mauritian's GDP<sup>31</sup>. This sector faces multifaceted challenges, including the impacts of climate change, marine pollution, and overfishing partially due to Illegal, Unreported, and Unregulated Fishing (IUU), all which have led to fish scarcity.<sup>32</sup>

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<sup>28</sup> Source: <https://www.uneca.org/events/sro-sa/national-policy-dialogue-manufacturing-sector-mauritius>

<sup>29</sup> Source: <https://bonsucro.com/the-mauritian-sugarcane-industry-united-behind-sustainability/>

<sup>30</sup> Source: [Fairtrade-Mauritius-sugar-cane-sector-study-Executive-Summary-March-2023.pdf](https://www.fairtrade-mauritius.org/wp-content/uploads/2023/03/Fairtrade-Mauritius-sugar-cane-sector-study-Executive-Summary-March-2023.pdf)

<sup>31</sup> Source: [Mauritius Blue Economy | Nairobi Convention Secretariat | Country Profile](#)

<sup>32</sup> Source: [Value Chain Assessment of the Artisanal Fisheries - Mauritius](#)

## 4.2. Sampled companies

The table below lists the eight sampled companies involved in this study. Engaging and working with these companies offered a valuable snapshot of sustainability reporting practices across their respective sectors and the overall Mauritian economy.

Due to the relatively small sample, drawing definitive conclusions at the industry level requires a cautious approach. Despite this limitation, insights gained from these companies provided invaluable information to form a view of the level of readiness of the overall economy for CSRD/ESRS requirements.

To address the limited representation of the agri-food (fishing and seafood) sector in the sample, additional desktop research was performed. This research assessed the status of sustainability reporting across a broader selection of comparable fishing and seafood processing companies. Combining these two data sets allowed for a better understanding of sustainability reporting practices within this sector.

Company Name	Sector	Sustainability Reporting Maturity*	Adherence to Sustainability Reporting Standards	Carried out a materiality analysis?
Textile company 1	Manufacturing (Textile)	Intermediate	GRI	Yes
Textile company 2	Manufacturing (Textile)	Intermediate	GRI, CDP	No, but have a risk analysis
Chemical company	Manufacturing (Chemicals)	Beginner	None	Yes
Plastics company	Manufacturing (Eyewear)	Beginner	None	Yes**
Sugar cane company 1	Agriculture (Sugar cane)	Intermediate	GRI	Yes
Sugar cane company 2	Agriculture (Sugar cane)	Beginner	None	Yes
Sugar cane company 3	Agriculture (Sugar cane)	Intermediate	GRI	Yes
Fishing company	Agri-Food (Fishing)	Beginner	None	No

*\*Judgement of sustainability reporting maturity is based on the information collected during the introductory interviews, as well as the assessed availability of sustainability-related information and metrics, use of reporting standards, and existence of a materiality analysis.*

## 5. Assessment tools and methods

This section summarises key steps taken to assess the ability of sampled companies to provide sustainability information required by their EU partners. Refer to the appendix for more details on these steps.

### 5.1. Preliminary desktop research

This research provided insights into:

- Mauritian private sector and the current sustainability reporting mechanisms, including reporting frameworks being adopted.
- Sample companies' business models and nature of business relationships with EU counterparties.
- Sustainability information and reports publicly disclosed by the sample companies.

This information helped to better understand the sustainability reporting requirements that could be deemed material for the sample companies. It was also a useful input into the self-assessment questionnaire subsequently used.

### 5.2. Engagement with the selected sample companies and information gathering

Initial interviews with the companies were carried out to introduce the goal, approach, expected involvement and estimated timeline for the study. The companies were then provided with a self-assessment questionnaire and document request list. The aim of the questionnaire was for companies to assess the extent to which they had the available information and metrics required across the different ESRS topical standards. Documents subsequently received from the companies were used to substantiate questionnaire responses and assess the granularity of the available information. Further interviews were held with the companies to confirm understanding of information received, address any questions and validate gap analysis findings.

### 5.3. Gap assessment and key findings on the main sectors' status of preparedness

Information received from the interviews, self-assessment questionnaire, and provided documents, were compared with the disclosure requirements of each ESRS standard. The ESRS gap assessment tool was used to assess the level of fulfilment for each topic disclosure across three key parts of the value chain – the upstream, own operations, and downstream. This gap analysis was used to identify strengths and areas of improvement in the sustainability reporting practices of the Mauritius main economic sectors.

The key findings per sector were categorised along the following dimensions which represent key elements in implementing sustainability reporting:

- **Governance:** Definition and allocation of roles and responsibilities for effective oversight and accountability regarding sustainability information
- **Reporting process:** Extent to which current sustainability information and metrics align with requirements set forth in the EGD

- **Data:** Availability of data necessary for sustainability reporting
- **Controls:** Implemented controls for ongoing data integrity

To reflect the risks and severity of the areas of improvement identified, a rating was assigned based on the below definition:

Rating	Rating description
<b>High</b>	Critical gap which could negatively impact companies' ability to meet EU counterparties request for sustainability information
<b>Medium</b>	Major gap which could negatively impact companies' ability to meet EU counterparties request for sustainability information
<b>Low</b>	Gap may not have a significant negative impact but would support companies' ability to meet EU counterparties request for sustainability information

## 5.4. Corrective actions and roadmap build

To address the identified areas of improvements, pragmatic corrective actions were recommended. These recommendations were to guide key stakeholders on what they can do to ensure Mauritius main economic sectors meet CSRD/ESRS requirements. A high-level implementation roadmap was developed to consolidate the recommended corrective actions. This roadmap considered dependencies across the actions, level of prioritisation as well as the potential timelines to implement the actions.

## 5.5. Limitations of the study

### 5.5.1. Size of the sample

This study was based on a small number of firms across each examined economic sector. Therefore, practices observed may not be a representative reflection of all companies within each sector. Notwithstanding, the conclusions reached, and actions recommended in this report will provide useful insights for companies to prepare for the sustainability reporting requirements arising from EGD.

### 5.5.2. Involvement of the agri-food (fishing / seafood processing) sector

The one sampled company from this sector did not provide supporting documents requested or respond to requests for follow-up interviews. This meant there was limited information on the internal availability of sustainability information and ESG data within the company. Reliance was placed on publicly available information on their website, self-assessment questionnaire responses and information received during the introductory review to gain insights into the company's sustainability reporting practices. The lack of response for follow-up interviews also meant findings identified were not validated by the company. As other

companies in the wider fishing and seafood industry<sup>33</sup> do not currently disclose any sustainability-related information and metrics, it a material change on conclusions reached for this sector is not expected.

### **5.5.3. Manufacturing – Textile company**

One of the sampled textile companies did not respond to request for follow-up interviews. This meant that findings identified were not validated by the company. However, this is not expected to significantly impact the findings presented, given the company's existing disclosures on sustainability information and ESG data points.

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<sup>33</sup> This judgement is based on the performed preliminary research on the exporting companies in Mauritius from the sectors in focus. Upon analyzing two other leading fishing/seafood processing companies (not selected for the study), Mazars concluded that the industry in Mauritius does not, so far, report on sustainability-related information and metrics. There were no sustainability reports available and websites focused on environmental and product quality, and traceability certification (working towards eliminating illegal, unreported and unregulated (IUU) fishing).



## **6. Findings from the gap assessment performed on the selected sample – Key strengths and areas of improvement**

This section outlines the key findings from evaluating preparedness of the Mauritius main economic sectors to fulfil the sustainability reporting mandates stemming from the EGD. It indicates the key observations, strength and areas of improvements identified from our assessment.

### **6.1. Governance**

#### **6.1.1. Observations**

##### **6.1.1.1. Sustainability governance structure**

- Manufacturing (textile, plastic, chemical): All four sampled companies have established sustainability governance structures. However, each company discloses varying levels of information about these sustainability governance structure and expertise.
- Agriculture (sugar cane): All three sampled companies have established sustainability governance structures. However, two companies only partially disclose their sustainability governance structure and expertise, and one provided a comprehensive disclosure.
- Agri-food (fishing/seafood): There is no disclosure of sustainability governance (no sustainability or annual report available).

##### **6.1.1.2. Board oversight of sustainability reporting**

- Manufacturing (textile, plastic, chemical): All sampled companies indicated that their Board and management review sustainability-related metrics and reports. Two out of four companies disclose how their Board and management are informed on sustainability matters and how these sustainability matters are addressed.
- Agriculture (sugar cane): Two out of the three companies indicated that their Board and management review sustainability-related metrics and reporting. These two companies partially disclose how their Board and management are informed on sustainability matters and how these sustainability matters are addressed.
- Agri-food (fishing/seafood): There was little to no information on whether the Board and management review sustainability related metrics. None of the companies discloses how their Board and management are informed on sustainability matters and how these sustainability matters are addressed.

##### **6.1.1.3. Incentive schemes**

- Manufacturing (textile, plastic, chemical): Only one company (textile company) discloses how sustainability-related performance is integrated into incentive schemes. This disclosure is part of their CDP climate questionnaire submission but not included in their sustainability report.

- Agriculture (sugar cane): There was no integration of sustainability-related performance into incentive schemes.
- Agri-food (fishing/seafood): There was no integration of sustainability-related performance into incentive schemes.

## 6.1.2. Key strengths

### 6.1.2.1. Existing sustainability governance structures

**Applicable sectors:** Manufacturing; Agriculture

All sampled companies in these sectors have established sustainability governance structures, demonstrating a clear understanding of their significance. This suggests that companies in these sectors have a solid foundation to provide the information required by CSRD/ESRS concerning the role of the Board and management in sustainability matters.

## 6.1.3. Key areas of improvement

### 6.1.3.1. Insufficient information on ESG governance structure

**Risk rating:** Medium

**Applicable sectors:** All sectors

For the manufacturing and agriculture (sugar cane) sectors, there was insufficient disclosed information on existing sustainability governance structures. For the fishing/seafood sector, there was no indication that sustainability governance structure has been set up.

Overall, companies did not sufficiently detail the following information on their Board and management required by CSRD/ESRS:

- Composition and diversity of its members
- Roles and responsibilities in exercising oversight for managing material sustainability-related impacts, risks and opportunities.
- Expertise of its members on sustainability matters or their access to such expertise and skills.

### 6.1.3.2. Insufficient information on reporting of ESG information to the Board

**Risk rating:** Medium

**Applicable sectors:** All sectors

Most sampled companies lacked an established process for periodically reporting sustainability-related information to their Board and management. In cases where reporting occurred, particularly in the manufacturing and sugar cane sectors, it was mostly on an ad hoc basis. For the fishing/seafood sector, there was insufficient information on how the board and management were informed about sustainability matters. Additionally, there was limited disclosed information across all sectors regarding how reported sustainability matters were considered and addressed by the Board and management.

### 6.1.3.3. No integration of ESG-related performance in incentive schemes

**Risk rating:** Low

**Applicable sectors:** All sectors

Most of the sampled companies did not disclose details about how their incentive schemes for the Board and management integrate the company's sustainability-related performance. This suggests that these companies have not included key sustainability goals, such as progress on GHG emissions reduction targets, in their remuneration policies. Additionally, it indicates a lack of sufficient integration of sustainability matters into the company's overall business strategy, which is an essential aspect of ESRS disclosure.

## 6.2. Reporting

### 6.2.1. Observations

#### 6.2.1.1. Knowledge of sustainability reporting standards

- Manufacturing (textile, plastic, chemical): Among the four companies, one expressed being "very familiar" with sustainability reporting standards and frameworks, while the remaining three claimed to be "partially familiar." Two companies mentioned adopting the recommendations of the Mauritius National Code on Corporate Governance. Both textile companies stated that they report "in accordance with GRI," with one exclusively reporting to GRI for environmental indicators.
- Agriculture (sugar cane): One of the three companies indicated they were "very familiar" with sustainability reporting standards and framework, while the remaining two companies indicated they were "partially familiar." All companies stated they have used GRI as a reporting framework, with one only "informed" by the standards. Out of these, only one tagged GRI indicators throughout the report. Two companies indicated they adopt the recommendations of the Mauritius National Code on Corporate Governance.

#### 6.2.1.2. Group sustainability reporting

- Manufacturing (textile, plastic, chemical): Two of the four companies (the non-textile companies) only report through their group company and do not maintain a separate sustainability report of their own. In this reporting process, they provide requested data and metrics to be incorporated into the group report.

#### 6.2.1.3. Integrated reporting

- Manufacturing (textile, plastic, chemical): Two sampled companies presented an integrated report for its annual report, with one of them explicitly stating alignment with the integrated reporting framework.
- Agriculture (sugar cane): All three companies presented an integrated report with sustainability information incorporated in the annual report. One company further maintains a supplementary sustainability report where additional ESG metrics and information is presented. Two companies explicitly stated alignment with the Integrated Reporting framework.

- Agri-food (fishing/seafood): There was no sustainability report or integrated report disclosed.

#### 6.2.1.4. ESG data collection

- Manufacturing (textile, plastic, chemical): All sampled companies have processes to collect specific sustainability-related data.
- Agriculture (sugar cane): Two out of three companies indicated that they have processes in place to collect specific sustainability-related data; one said they have no established data collection processes for reporting.
- Agri-food (fishing/seafood): There was no identified established process to collect ESG data. However, there was disclosed information to suggest monitoring of some key environmental metrics (e.g. energy use) in processing facilities.

#### 6.2.1.5. Personnel for sustainability reporting

- Manufacturing (textile, plastic, chemical): Majority of the sampled companies highlighted a lack of personnel dedicated to coordinating and managing the data collection process.
- Agriculture (sugar cane): All sampled companies have dedicated sustainability functions responsible for coordinating the reporting process and ensuring compliance with reporting frameworks. Data and information collected is undergoing a validation process at central level to ensure accuracy and compliance with the methodological framework defined by the company.

### 6.2.2. Key strengths

#### 6.2.2.1. Use of integrated reporting

**Applicable sectors:** Manufacturing; Agriculture

Companies that align with the Integrated Reporting framework establish a strong foundation for reporting the potential effects of material impacts, risks, and opportunities on business value and strategy. This alignment positions them well to report on resource allocation to sustainable activities, addressing crucial components of ESRS disclosures. Importantly, these practices also intersect with considerations related to double materiality and EU Taxonomy requirements.

#### 6.2.2.2. Existing data collection process

**Applicable sectors:** Manufacturing; Agriculture

Companies that already have processes in place for collecting ESG data are well-positioned to effectively gather the necessary data for CSRD/ESRS reporting. Some of the identified data collection processes include the use of excel-based templates and the utilization of ESG data management tools.

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### **6.2.3. Key areas of improvement**

#### **6.2.3.1. Limited knowledge of sustainability reporting standards**

**Risk rating:** High

**Applicable sectors:** All sectors

Companies exhibited limited knowledge of the diverse information and metrics mandated by sustainability reporting standards. While certain manufacturing and sugar cane companies already adhere to the GRI reporting standard, they acknowledged limited awareness throughout their organization regarding sustainability reporting requirements. This lack of awareness encompassed the need for comprehensive and high-quality reported information, as well as a full understanding of the importance of monitoring ESG data. Consequently, this resulted in gaps and inconsistencies in reporting across various ESG topics.

#### **6.2.3.2. Inadequate staffing for sustainability reporting**

**Risk rating:** Medium - High

**Applicable sectors:** All sectors

Most companies expressed a deficiency in personnel with dedicated responsibilities for coordinating and managing the collection and reporting of ESG data. This shortfall encompasses challenges in ensuring:

- Involvement of individuals with the requisite knowledge and skills in the sustainability reporting process.
- Adequate staffing levels in pertinent teams to handle the workload associated with gathering data and producing sustainability reports.

### **6.3. Data**

#### **6.3.1. Observations**

##### **6.3.1.1. Materiality assessment**

- Manufacturing (textile, plastic, chemical): Three out of the four companies have carried out an assessment to identify material sustainability topics. The remaining sampled company carried out a general risk assessment.
- Agriculture (sugar cane): Two out of three companies have carried out an assessment to identify material sustainability topics. The remaining one sampled company carried out an internal assessment on the relevance of sustainability-related matters.”

##### **6.3.1.2. Financial effects of environmental impacts**

- Manufacturing (textile, plastic, chemical): One of the four companies has quantified financial effects related to material climate or environmental impacts, risks, and opportunities as part of their CDP climate disclosure.

### 6.3.1.3. Data availability on ESRS topical standards

The table below shows the extent to which data for key metrics under each ESRS topical standard is not only available to the sampled companies but also reported by the companies.

ESRS Standard	Level of available and reported data*		
	Manufacturing (textile, plastic, chemical)	Agriculture (sugar cane)	Agri-food (fishing/sea food)
E1 Climate Change	Moderate	Low	None
E2 Pollution	Low	Moderate	None
E3 Water and Marine Resources	Good	Moderate	None
E4 Biodiversity	None	Moderate	None
E5 Resource Use and Circular Economy	Low	Moderate	None
S1 Own Workforce	Moderate	Moderate	None
S2 Workers in the Value Chain	Low	Low	None
S3 Affected Communities	None	Moderate	None
S4 Consumers and End-Users	Moderate	None	None
G1 Business Conduct	Low	Good	None

*\*The data availability per ESRS standard reflects an average of companies that assessed the standard-specific data as “available and reported” In some cases data is available but not processed and prepared for reporting yet.*

## 6.3.2. Key strengths

### 6.3.2.1. Good data availability

The below provides further information on the areas where each sector has good data availability.

#### **Manufacturing (textile, plastic, chemical)**

Generally, there was good availability of data on the E3 Water and Marine Resources Standard. Textile companies published a high amount of data on water use, pollution (water effluents), and resource use, including waste amounts and management (E2 Pollution, E3 Water and Marine Resources, E5 Resource Use and Circular Economy). This heightened data disclosure is attributed to customer requirements imposed on textile companies. However, other companies in the manufacturing sector did not exhibit a similar level of available data for E2 and E5 standards, as they are not currently facing similar customer requests.

### **Agriculture (sugar cane)**

Companies in this sector demonstrated good availability of data on the G1 Business Conduct Standard. They reported information on business conduct policies, corporate culture, and addressed topics such as corruption and bribery, protection of whistle-blowers, and political influence and lobbying activities.

However, these companies often faced challenges in covering all aspects of disclosures related to the impact and management of risks and opportunities, targets, actions, and resources. Despite having a moderate internal availability of data, their limitations in reporting may be attributed to internal awareness gaps regarding the extent of transparency required for each topic.

### **Agri-food (fishing/seafood)**

Data on environmental and social aspects, as well as food safety, is partially available due to the existing focus on compliance with EU regulations, including the IUU Fishing regulation. However, this data is not currently publicly reported.

Additionally, data on environmental and social aspects is internally available because of the company's voluntary participation in sustainability certifications, namely Global G.A.P. – Integrated Farm Assurance for Aquaculture and Friends of the Sea Sustainable Aquaculture Certification. The company noted that this data is "available but not reported."

## **6.3.3. Key areas of improvement**

### **6.3.3.1. Inadequate materiality assessment**

**Risk rating:** Medium-High

**Applicable sectors:** All sectors

Companies did not provide adequate explanations of the sustainability topics identified as material to their business. Furthermore, they lacked sufficient information on how these topics were identified, prioritized, and determined as being material or not material. This lack of information extends across mandatory cross-cutting disclosures in ESRS 2 and for each topical standard.

ESRS reporting is grounded in the double materiality principle, necessitating companies to assess impacts, risks, and opportunities throughout their value chain. This assessment helps determine which ESG matters, and disclosure requirements are pertinent for reporting, recognizing that not all standards will be equally material.

An adequate materiality assessment is crucial for companies to accurately identify, prioritize, monitor, and report on material sustainability topics.

### **6.3.3.2. Limited information on management actions**

**Risk rating:** Medium

**Applicable sectors:** All sectors

Sustainability information provided by companies lacked sufficient information of management's approach to considering material impacts, risks and opportunities coming out from sustainability reporting. There was limited information on key policies or strategies put in



place to address material sustainability topics. Inability to provide this information implies companies would be unable to meet the CSRD/ESRS requirements to disclose on the:

- Effects of sustainability on companies' strategy and business model.
- Policies adopted to manage material sustainability matters.
- Actions and resources related to sustainability matters.
- Targets in place across each material sustainability matter and process to assess and monitor progress in meeting these targets.

### **6.3.3.3. Key data limitation across ESRS topical standards**

**Risk rating:** Medium – High

**Applicable sector:** All sectors

The ESG data collected by companies falls short of covering all the relevant data points required by CSRD/ESRS. This may be attributed to companies in the manufacturing and agriculture (sugar cane) sectors often selecting sustainability information for disclosure based on industry benchmarks or the reporting practices of peers. In the fishing/seafood sector, ESG data is primarily collected for specific ESG legal and certification audits, as well as for food safety and quality audits. This insufficient coverage could result in incomplete or missing sustainability information and metrics as per the requirements.

Below is a summary of the data gaps within each ESRS topical standard identified for each sector:

#### **Manufacturing (textile, plastic, chemical)**

- **E1 Climate change:** There is a notable absence of comprehensive reporting on climate mitigation targets, with minimal information available on transition plans. Data availability on GHG Emissions is limited: While three out of four companies – at least partially – report on Scope 1 and 2 emissions (own operations), only one company reports on parts of Scope 3 (value chain). The other organizations indicated no or limited availability for Scope 3 data.
- **E2 Pollution:** Differences in data availability on pollution-related topics were observed between the companies analysed. While the organizations from the textile industry were already covering large parts of the ESRS E2 requirements, management of the topic was less mature in the other industries. All companies had data on pollution metrics and use of chemicals at least partially available. There was a notable absence of targets on the use of hazardous chemicals in all but one company in the textile sector.
- **E4 Biodiversity:** No data was available to report on Biodiversity Metrics required by the ESRS. Given the complexity of the matter and the low maturity of managing biodiversity impacts with most European companies, it is recommended to await further standardization of the biodiversity management.
- **E5 Circular Economy:** While all organizations analysed had data on amounts of waste generated and material use at least partially available, the major risk is seen in setting up the required full inventories on resource inflows and outflows required by the E5 as this will require significant efforts.



- S1 Own Workforce: While there is high degree of availability of the data required by the S1 standard, not all the data is processed for external reporting yet.
- S2 workers in value chain: All companies had limited disclosures on S2 Workers in the Value Chain. Given that most companies operate upstream of the value chain, this topic was generally considered as having low materiality and consequently, rarely reported on. While some companies conduct supplier screening on environmental and social issues, few have established further engagement processes. Additionally, almost all companies have communication channels to engage with suppliers on various topics. However, there are no official channels specifically designated for handling grievances.
- S3 Affected Communities: Data availability is moderate with two companies already reporting on the impacts of their business activities on local communities.
- S4 Consumers and End-Users: Two out of three companies are already reporting on impacts of their products on end-users and consumers.
- G1 Business conduct: All had some degree of business conduct data available, but three out of four companies did not report on bribery and corruption matters.

### **Agriculture (sugar cane)**

- E1 Climate change: While information on climate mitigation is at least partially available for the companies surveyed, there is a lack of comprehensive reporting on transition plans for a net-zero transition. Data availability on GHG emissions is considered close to moderate. Two out of three companies report on Scope 1+2 emissions (own operations), the other one indicated partial availability. For Scope 3 emissions, two companies reported partial availability of data, one was already reporting on emissions from the value chain.
- E2 Pollution: The companies surveyed exhibited moderate availability of pollution-related data. Two out of three companies are reporting data on chemical use, and one is reporting relevant pollution metrics, while the other two have data partially available data. In addition, two of the companies analysed have already set targets on reducing the use of hazardous chemicals and pesticides.
- E3 Water and Marine Resources: Two out of three companies have data on water use and water efficiency measures available. The other company indicated availability of data, but it is not processed for external reporting.
- E4 Biodiversity: Availability of data on biodiversity management is considered moderate. While two out of three companies are reporting on biodiversity-related metrics, only one is publishing information on biodiversity measures and targets.
- E5 Circular Economy: While only one organization is reporting data on waste volumes generated, data on material use is available and reported for two of the three companies sampled in the sector. Beyond the reporting of waste data, the major risk is seen in setting up the required full inventories on resource inflows and outflows required by the E5 as this will require significant efforts.
- S1 Own Workforce: While there is a high degree of availability of the data required by the S1 standard, not all the data is processed for external reporting yet. Only one of the three companies discloses its policies on non-discrimination and human rights externally. The second company confirmed the presence of relevant own workforce

policies internally, while the third company confirmed the absence of workforce-related targets altogether.

- S2 workers in value chain – All companies had limited disclosures on S2 Workers in the Value Chain. Given that most companies operate upstream of the value chain, this topic was generally considered as having low materiality, and consequently, it was rarely reported on. While some companies conduct supplier screening on environmental and social issues, few have established further engagement processes. Additionally, almost all companies have communication channels to engage with suppliers on various topics, but there are no official channels specifically designated for handling grievances.
- S3 Affected Communities: All companies had very limited disclosures on this topical standard, beyond CSR engagement.
- S4 Consumers and End-Users: None of the companies is reporting on data regarding end-user impacts. While three out of four companies have no or only limited data available due to limited and or no contact with consumers, one company has data accessible but is not processing it for external reporting.
- G1 Business conduct – All companies reported on business conduct, having clear Codes of Conduct, policies on protection of whistle-blowers and corruption and bribery. But only one company had partially available information on management with suppliers and none had available information on payment practices.

### **Agri-Food (fishing/seafood)**

This company had some good ESG data availability but no external reporting of it. Other data was listed on the self-assessment as “partially available,” indicating the need to both externally disclose data and further monitor key ESG data internally.

- E1 Climate change: GHG emissions for all scopes were available but not reported. The company stated in the introductory interview that they have been calculating their carbon footprint since 2008. While the company holds a Friends of the Sea Sustainable Aquaculture Certification which requires participants to reduce their carbon footprint, the company confirmed that they have not set measures or targets for GHG reduction. The company also holds a Global G.A.P. certification focused on evaluating environmental impact along criteria such as electricity and diesel fuel use. The company’s energy consumption data was nonetheless reported as “partially available” and there were no measures or targets for improving energy efficiency available.
- E2 Pollution: Partially available. Data on processing plant and pollution from feeding may be possibly available. Both Global G.A.P and Friends of the Sea certifications require air and water pollution data.
- E3 Water and Marine Resources: Available but not reported. The company has data to meet the two criteria for the Friends of the Sea Sustainable Aquaculture Certification, namely “compliance with water quality parameters” and “no use of harmful antifouling nor growth hormones.” The company’s Global G.A.P for aquaculture certification also implies evaluations of its biodiversity impacts such as conversion of natural habitats, effects on native species, and water pollution.
- E4 Biodiversity: Available but not reported. Measures and targets to implement sustainable and/or organic farming methods were also available and not reported.

One of the criteria for Friends of the Sea Sustainable Aquaculture Certification is “no impact on critical habitat (e.g. mangroves, wetlands, etc.).” Similarly, the company’s Global G.A.P for aquaculture certification implies evaluations of its biodiversity impacts such as conversion of natural habitats, effects on native species, and water pollution.

- E5 Circular Economy: Available but not reported. No further information was given to clarify the coverage of the data.
- S1 Own Workforce: Available but not reported. Information on working conditions and worker’s rights (collective bargaining and social protection coverage), diversity, workplace safety, and training and skills development were only partially available, which is a high risk since this sector is known to have labour issues. A core topic in Global G.A.P certification is workers’ occupational health, safety, and welfare, confirming that the data is internally available.
- S2 workers in value chain: The company is at the beginning of the value chain. There was no information on any suppliers (e.g. for buying feed potentially)
- S3 Affected Communities: Partially available, but not reported. The company’s small size and lack of sustainability governance structure meant it did not focus on affected communities. It focuses on compliance in the food safety and product quality areas instead.
- S4 Consumers and End-Users: Partially available, but not reported. The company directly engages with its customers but not with the end users. Thus, there is limited availability of data.
- G1 Business Conduct: Partially available, but not reported. The company does not report on business conduct metrics and information but there is some internal availability of the data.

## 6.4. Controls

### 6.4.1. Observations

#### 6.4.1.1. Validation of sustainability information

- Manufacturing (textile, plastic, chemical): One of the four companies performs supplier, energy, health and safety, and waste management audits. One textile company audits environmental information and GHG targets, including a SBTi validated target. Nonetheless, three out of four companies highlighted challenges in ensuring ongoing quality of ESG data.
- Agriculture (sugar cane): One of the four companies indicated it conducts many internal reviews across different sustainability information. Nonetheless two out of three companies highlighted challenges in ensuring ongoing quality of ESG data.
- Agri-food (fishing/seafood): The identified internal audits on sustainability information related to certification schemes (e.g. Global G.A.P., Friends of the Sea). No further internal reviews of sustainability information have been identified.

#### 6.4.1.2. External assurance on sustainability information

- Manufacturing (textile, plastic, chemical): Two of the four companies obtain external assurance of their integrated report. For one company, this external assurance covers the financial statement but not sustainability information. For the other company, the external assurance covers its entire annual report, including a review of its compliance with the National Code of Corporate Governance.
- Agriculture (sugar cane): One of the three companies obtains external assurance of its integrated report. However, this covers the financial statement but not the sustainability information.

#### 6.4.2. Key strengths

##### 6.4.2.1. Validation of ESG data

**Applicable sectors:** All sectors

Third-party audits of ESG data were conducted, covering aspects such as energy, health and safety, and supplier evaluations. In the manufacturing and agriculture sectors, supporting documents provided by companies were largely derived from the outcomes of these third-party audits. These audits served to fulfil legal requirements for auditing operational facilities and to meet customer demands for environmental and product safety audits.

The reliance on third-party audits underscores their crucial role in maintaining the ongoing integrity of sustainability information, as these audits support companies in generating valuable and credible data.

#### 6.4.3. Key areas of improvement

##### 6.4.3.1. Lack of processes for ensuring quality & completeness of ESG data

**Risk rating:** High

**Applicable sectors:** All sectors

The manufacturing and agriculture sectors encounter challenges in maintaining the ongoing quality of ESG data, including manual handling during the data collection process, limited employee awareness of data quality, and a lack of a framework for assessing data quality. In the fishing/seafood sector, the external reporting process for ESG data needs to be established from the ground up, including the implementation of appropriate internal validation processes. The inability to ensure the ongoing quality of ESG data poses a significant challenge for Mauritian companies, as maintaining the integrity of reported ESG data is a key principle under CSRD/ESRS and is expected by EU counterparts.

##### 6.4.3.2. Lack of external assurance on sustainability information

**Risk rating:** Medium

**Applicable sectors:** All sectors

Most of the sampled companies do not undergo external assurance for the sustainability information they report. This poses a challenge for these companies in meeting the external assurance requirement of CSRD/ESRS reporting. Consequently, Mauritius companies may

face difficulties in providing verifiable information for EU counterparties to use in their CSRD reports, as the data would not be externally audited.

#### 6.4.3.3. Inability to verify data from third parties

**Risk rating:** Low

**Applicable sectors:** All sectors

Many companies highlighted challenges in ensuring the accuracy of ESG data received from customers, suppliers, and business partners. The inability to assess the sufficiency or validity of this data can make it challenging for companies to ensure the quality of the data collected. This, in turn, may impact their ability to provide sustainability reporting that meets external audit requirements.

### 6.5. Summary of identified areas of improvement for sampled companies in Mauritius

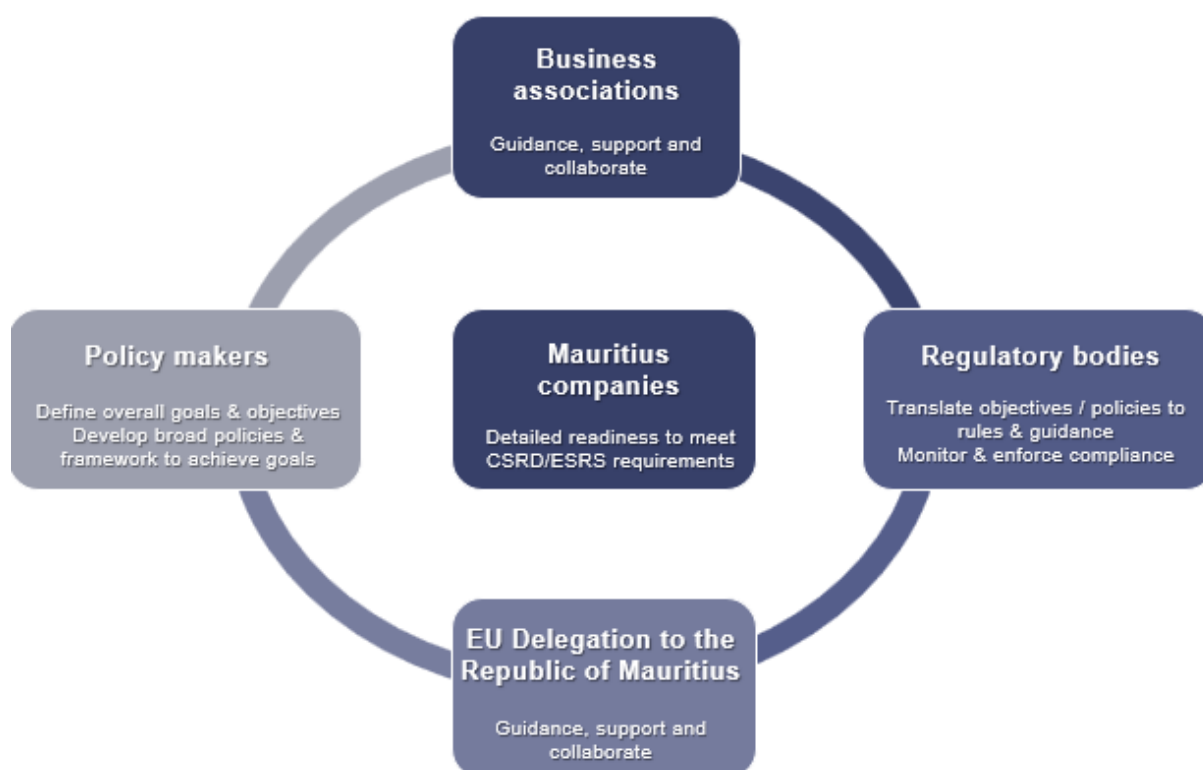
S/N	Areas of improvement	Risk rating
Governance		
1	Insufficient information on ESG governance structure	Medium
2	Insufficient information on reporting of ESG information to the board	Medium
3	No integration of ESG-related performance in incentive schemes	Low
Reporting process		
4	Limited knowledge of sustainability reporting standards	High
5	Inadequate staffing for producing and reviewing sustainability reporting	Medium-High
Data		
6	Non-comprehensive materiality assessment	Medium-High
7	Limited information on management actions	Medium
8	Key data limitation across ESRS topical standards	Medium-High
Controls		
9	Lack of processes for ensuring quality & completeness of ESG data	High
10	Lack of external assurance on ESG information	Medium
11	Inability to verify data from third parties	Low

## 7. Corrective actions

This section sets out recommended corrective actions the below stakeholders:

- **Policymakers in Mauritius**, including:
  - Minister of Finance, Economic Planning and Development
  - Minister of Environment, Solid Waste Management and Climate Change
  - Ministry of Agro Industry and Food Security
  - Ministry of Industrial Development, SMEs and Cooperatives
- **Regulatory bodies in Mauritius**, such as but not limited to the below parastatals:
  - Agricultural Marketing Board
  - Irrigation Authority (IA)
  - Mauritius Cane Industry Authority (MCIA)
- **Mauritius companies** within the main economic sectors
- **Business associations** and bodies relevant to the main economic sectors, including:
  - Mauritius Export Association (MEXA)
  - Mauritius Chamber of Agriculture
  - Mauritius Chamber of Commerce and Industry
  - Association of Mauritian Manufacturers
  - Mauritius Sugar Syndicate
- **EU delegation to the Republic of Mauritius**

Corrective actions are based on the below expected roles these stakeholders should play in addressing the identified areas of improvement and supporting the Mauritius main economic sectors meet the EU's sustainability reporting requirements.



## 7.1. Policymakers in Mauritius

### 7.1.1. Define and mandate mandatory sustainability reporting standards

**Observation** – The study reveals a disparity in sustainability reporting practices across the analyzed sectors, with some companies in manufacturing and agriculture adhering to GRI standards, while those in the Agrifood sector lack established reporting practices. As the ESRS emphasizes a robust value chain focus, there is an anticipated surge in data requirements for sectors engaged in EU exports.

**Recommendation** – Policymakers are encouraged to consider the establishment of mandatory sustainability reporting standards for Mauritian companies, utilizing CSRD/ESRS and ISSB standards as foundational frameworks. This proactive step would serve multiple purposes.

Policymakers should explore defining mandatory sustainability reporting standards for Mauritian companies, using CSRD/ESRS and ISSB standards as a starting point. Setting such mandatory standard would help to:

- **Drive the implementation** of Mauritian sustainability goals and targets.
- **Aid interoperability** with sustainability reporting requirements in the EU and other jurisdictions
- **Standardize sustainability reporting practices** and support cohesive implementation across the various sectors in Mauritius.
- Support **nation-wide understanding** of sustainability reporting expectations.
- Improve the **quality of sustainability-related information** Mauritian companies can produce and disclose.
- Effectively communicate the **management of risks and opportunities** to key decision makers, such as investors and risk management teams.

In developing this sustainability reporting standard, policy makers should consider the below:

- **Structure:** There should be general expectations for sustainability reporting and then more specific requirements based on sustainability topics and economic sectors, if relevant. Policy makers can start with developing reporting requirements for high priority sustainability topics. Topics that could be prioritized based on the EU's phase-in options for reporting requirements (as specified in ESRS 1, Annex C) and expected data demand for Mauritian sectors include:
  - Governance including requirements on Materiality Analysis
  - Climate change
  - Own workforce
  - Business conduct
- **Collaborative approach:** Policy makers should provide opportunities for various stakeholders to give comments and feedback during the development process. This will help ensure the requirements developed are useable and fit-for-purpose. Policy makers should also explore opportunities to collaborate with peers in other jurisdictions to share ideas, exchange experiences and discuss lessons learned.
- **Determine materiality lens:** Policy makers should consider the materiality lens that will be adopted i.e. whether financial materiality only (which will align with ISSB) or double materiality (which will align with CSRD/ESRS). This will help set a standard



framework Mauritian companies can apply to assess materiality of sustainability matters. Policy makers should ensure the materiality lens adopted align with expected objectives of the sustainability reporting standards.

- **Phase-in strategy:** Policy makers should consider defining a phase-in sustainability reporting policy to ease the implementation. This could be achieved by defining the employee number or revenue thresholds that would allow the companies to focus on sustainability reporting of its major daughter companies in the first place, before progressively integrating those that fall below the thresholds. Taking the EU's example, policy makers can consider permitting phase-in options for companies with fewer than 750 employees, and a later effective date for non-listed SMEs. The phase in strategy can also consider the level of sustainability information to be provided in first instance. For instance, Japan's Financial Services Agency mandated listed companies to include a new sustainability-related section in their annual report that sets out TCFD-aligned disclosures. A more comprehensive sustainability disclosures standard is expected at a later stage.
- **Define assurance levels:** Policy makers should determine the level of assurance / independent verification that should be applied. This would help set the tone on the internal controls Mauritian companies should put in place in ensuring quality, reliability and accuracy of their sustainability reporting.
- **Long-term review process:** Policy makers should regularly review and update sustainability reporting standards to stay relevant and effective in the evolving landscape of sustainability reporting. During this review process, policy makers can
  - Incorporate industry and user feedback to enhance the sustainability reporting standards and make it more useable and fit-for-purpose.
  - Develop and implement additional reporting requirements.
  - Consider potential impacts of any key developments to EU or international sustainability reporting standards.

**Rationale** – Defining mandatory sustainability reporting standards aligns with global best practices and provides a structured framework for companies to align with Mauritius' sustainability goals. The adoption of recognized standards facilitates interoperability with EU and other international reporting requirements, promoting a standardized approach across diverse sectors in Mauritius. This, in turn, enhances nationwide clarity on sustainability reporting expectations, fostering a cohesive and informed reporting landscape.

**Expected outcome** - The implementation of mandatory sustainability reporting standards is anticipated to catalyze the realization of Mauritius' sustainability goals and targets. By aligning with global standards, Mauritian companies can contribute to international best practices and ensure compatibility with EU reporting requirements. Standardizing reporting practices across sectors is poised to improve the overall quality of sustainability-related information produced and disclosed by Mauritian companies, enhancing transparency and accountability.

### **7.1.2. Develop a national action plan to implement sustainability reporting infrastructure**

**Observation** – The study highlights the need for a well-defined plan to implement sustainability reporting requirements in Mauritius, emphasizing the importance of establishing enabling infrastructure for effective execution.



**Recommendation** – Policymakers are advised to formulate and execute a comprehensive plan for the implementation of sustainability reporting requirements. Drawing inspiration from innovative approaches adopted by non-EU jurisdictions, as documented in Appendix 2, can provide valuable insights and practical examples for Mauritius to consider.

Below are key elements policymakers can consider including in this national plan.

- Phase-in approach - Policy makers should look to adopt a phase-in approach when implementing the sustainability reporting requirements. This is because companies should expect to see different requirements at varying levels of urgency based on their sector, size and entity structure. Adopting a phase-in approach will allow for smooth adaptation and help avoid overburdening companies, particularly SMEs.
- Communication strategy: There should be clear and comprehensive communication about the mandatory sustainability reporting standards. This includes sharing guidelines, frameworks, and expectations in a way that is easily understandable. Policy makers should also raise awareness among stakeholders about the importance and benefits of sustainability reporting to Mauritius sectors and wider economy. This will support in securing buy-in from stakeholders on value to be obtained from implementing these standards.
- Training and guidance: Policy makers should develop and disseminate documents that provide guidance on how companies can align their practices with the policy. This can serve as a practical resource for implementation. Training programs and workshops can also be offered help companies in understanding and implementing the reporting requirements. Training and education programs on sustainability reporting practices should also be developed for wider Mauritian stakeholders such as civil societies, business associations, government parastatals and agencies.
- Adoption incentive: To stimulate the adoption of sustainability reporting requirements, policy makers can offer incentives such as awards, grants and access to low-cost financing. Funds can also be allocated to support companies, particularly SME, in building the necessary capacity to meet compliance requirements. This could include funding for training programs, technology adoption, or sustainability initiatives.
- Technology infrastructure: Policy makers can explore creating databases for companies to upload their sustainability reporting. Developing such platforms will enable a wider variety of stakeholders to access and compare company ESG data. Policy makers can support research and development of innovative tools and technologies to improve ESG data collection, analysis and reporting efficiency.

**Rationale** – The development of a clear implementation plan is essential to ensure a systematic and organized rollout of sustainability reporting requirements. Learning from the experiences of other non-EU jurisdictions can offer practical lessons, best practices, and potential pitfalls to avoid, contributing to the effectiveness and efficiency of Mauritius' sustainability reporting framework.

**Expected outcome** – The adoption of a well-structured plan for sustainability reporting implementation, informed by successful practices from other jurisdictions, is anticipated to enhance Mauritius' readiness and capability in meeting reporting requirements. This approach can contribute to the establishment of a robust and effective sustainability reporting ecosystem in the country.

### **7.1.3. Conduct a gap analysis between National Code of Corporate Governance of Mauritius and ESRS 2 GOV 1-5 requirements**

**Observation** - The study has highlighted deficiencies in the governance of sustainability matters within the analyzed sectors. While the Agrifood sector indicated a lack of established sustainability governance structures, the other sectors had governance frameworks in place but disclosed limited information about them.

**Recommendation** - In this light of these findings, policymakers are urged to set a framework for companies in Mauritius to develop and disclose sustainability governance practices. The recommendation further suggests evaluating the alignment between the National Code of Corporate Governance for Mauritius (“Code”) and the ESRS 2 GOV 1-5 requirements.

**Rationale** - This action is crucial as effective governance forms the cornerstone for successfully managing sustainability issues.

**Expected outcome** - Identifying and addressing gaps will lay the foundation for integrating sustainability governance into the existing corporate governance policy. If updates to the Code are deemed relevant and necessary, a comprehensive communication strategy should be implemented to inform companies under the Code’s purview, enabling them to comply with the updated requirements and meet the ESRS governance-related requirements effectively.

### **7.1.4. Develop guidance for integrating sustainability-related matters in remuneration schemes**

**Observation** - Across all sectors, there is a noticeable absence of information regarding the integration of sustainability-related incentives into corporate remuneration schemes. This lack of transparency raises questions about the maturity of non-financial data management and the attention given to non-financial aspects, which are pivotal for driving corporate sustainability agendas.

**Recommendation** - Policy makers are advised to conduct a comprehensive review of the existing guidance on remuneration provided in the Code. This review should focus on establishing a framework for incorporating non-financial indicators and criteria related to ESG factors into the remuneration policies of Mauritian companies.

**Rationale** - Linking remuneration to sustainability targets has proven to be a potent motivator for advancing corporate sustainability goals. By integrating non-financial key performance indicators (KPIs) into remuneration policies, companies are more likely to prioritize and achieve ESG-related targets. This approach aligns with the global trend of recognizing and rewarding sustainable business practices.

**Expected outcome** – The development and implementation of guidance in this regard will initiate a structured process for Mauritian companies to align remuneration schemes with sustainability objectives. By emphasizing high-priority areas such as energy and greenhouse gas emissions data and allowing for a transitional period that begins with qualitative targets and progresses to quantitative benchmarks, the envisioned outcome is a corporate landscape where sustainability is not only integral to business practices but is also incentivized through remuneration structures.

### **7.1.5. Break down Mauritius sustainability goals to action plans per sector**

**Observation** – The study reveals that companies have disclosed limited information regarding their policies and strategies for managing the Impacts, Risks, and Opportunities (IRO) associated with sustainability matters. Effectively addressing these material sustainability IROs not only provides a competitive edge but is also crucial for Mauritius to fulfill its sustainability objectives.

**Recommendation** – Policymakers are urged to delineate clear targets and action plans aligned with Mauritius' sustainability goals for the main economic sectors. This strategic approach will empower companies within these sectors to articulate their sustainability strategies, targets, and policies. The establishment of such a framework will enhance comparability of sustainability performance among companies, fostering transparency in their actions and progress toward adept sustainability management.

**Rationale** – Breaking down sustainability goals into specific targets and action plans offers a roadmap for both policymakers and companies to navigate the complexities of sustainability management. This approach promotes a more systematic and measurable approach, aligning sector-specific initiatives with overarching sustainability objectives. By enhancing transparency and comparability, it facilitates informed decision-making and fosters a collective commitment to sustainable practices.

**Expected outcome** - The proposed action plan should encompass a monitoring and reporting framework to track the progress made by economic sectors. Additionally, it should outline key measures that economic sectors can adopt to achieve sustainability goals. Importantly, the framework should guide companies in translating sector-level actions and targets into tailored, company-specific goals and strategies. This holistic approach is anticipated to drive comprehensive sustainability management and contribute significantly to the realization of Mauritius' sustainability agenda.

## 7.2. Regulatory bodies in Mauritius

### 7.2.1. Introduce supervision of sustainability reporting

**Observation** – The study underscores the crucial role of regulatory supervision in ensuring the successful implementation of mandatory sustainability reporting in Mauritius.

**Recommendation** – Regulators are encouraged to establish a dedicated supervisory body (or bodies) responsible for enforcing sustainability reporting requirements across sectors in Mauritius. This supervisory body can either be integrated into the responsibilities of an existing regulatory entity or be newly established for this purpose.

Examples of responsibilities that can be included in the supervisor(s) mandate are:

- Map existing regulations and initiatives in Mauritius to confirm the coverage of existing data. This would be useful to avoid duplication and ensure consistency.
- Provide clear guidance on the criteria for evaluating comprehensiveness of companies' sustainability reporting.
- Collaborate with Mauritius financial reporting regulator, i.e. the Financial Reporting Council (FRC), on assurance standards on sustainability reporting and integration of sustainability information into financial reporting.
- Develop clear mechanisms for reporting and communicating with other regulators and policy stakeholders across Mauritius.

- Create avenues for coordinated multi-stakeholder collaboration and dialogue on best practices and learnings around sustainability reporting.

**Rationale** – The implementation of regulatory supervision is essential for providing clarity on expectations and ensuring compliance with sustainability reporting requirements. Allocating sufficient financial resources and staffing the supervisory body with individuals possessing the requisite knowledge and skills in sustainability reporting standards are critical factors for effective oversight.

**Expected outcome** – The establishment of a dedicated supervisory body is anticipated to enhance the regulatory framework for sustainability reporting in Mauritius. This proactive measure will contribute to more effective enforcement, increased transparency, and better alignment with international reporting standards, fostering a culture of sustainability across the main economic sectors.

## 7.2.2. Introduce monitoring and enforcement mechanism

**Observation** – Effective monitoring and enforcement mechanisms are pivotal for ensuring compliance with mandatory sustainability reporting requirements in Mauritius.

**Recommendation** – Supervisors should be empowered with a range of impactful consequences, and policy makers are urged to define and implement robust monitoring and enforcement mechanisms.

Examples of enforcement mechanisms around mandatory sustainability reporting used in other jurisdictions include:

- The **European Commission** proposes three enforcement mechanisms:
  - administrative supervision and sanctions e.g. fines and compliance orders
  - civil liability
  - financial incentive plans by linking the variable remuneration of directors of EU companies to their contribution to fulfilling sustainability-related targets.
- The **French** Government has introduced financial penalties for non-compliance to the CSRD with infringements up to €75,000 and up to five years imprisonment.
- **New Zealand** enforcement provisions for failure to comply with the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill involve:
  - infringement fines of up to \$50,000 for any entity which fails to keep proper records, fails to have the records available for inspection, or fails to lodge statements with the Registrar.
  - proposed civil pecuniary penalties of up to \$5m where an entity (or \$1m for individuals) fails to keep relevant records, fails to prepare or lodge climate statements at all, or fails to satisfy the relevant assurance requirements.
  - significant penalties for directors including up to five years in prison and/or a fine of up to \$500,000 for every director who knowingly fails to comply with the climate standards (and up to \$2.5m for every entity)
- **Some other jurisdictions** chose to mandate compliance more gradually, such as

- by introducing voluntary reporting and delaying mandatory compliance until 2026 (examples include **South Korea and Brazil**),
- bringing mandatory sustainability disclosure requirements in varying stages (as seen in **Japan**),
- first mandating a sustainability-related information section in the statutory reports for all listed companies, before introducing the second stage of mandatory sustainability disclosures. This is expected to reflect alignment with other internationally recognized sustainability reporting standards.

**Rationale** – Establishing clear consequences for non-compliance is essential to motivate companies to take prompt and meaningful actions to rectify shortcomings in their sustainability reporting. Empowering supervisors with the authority to impose consequences contributes to the credibility and effectiveness of the regulatory framework.

**Expected outcome** – The implementation of rigorous monitoring and enforcement mechanisms, coupled with meaningful consequences, is expected to create a strong deterrent against non-compliance. This, in turn, will foster a culture of accountability and responsibility among companies, ensuring the integrity and reliability of sustainability reporting practices.

## 7.3. Business associations and bodies

### 7.3.1. Develop guidance and tools

**Observation** – Business associations can play a crucial role in supporting companies to meet sustainability reporting requirements.

**Recommendation** – Business associations are encouraged to develop sector-specific toolkits, guidance documents, and tools tailored to help companies improve the quality of their ESG data, with a particular emphasis on meeting the requirements of environmental standards.

Examples of areas business associations can focus on include:

- **Governance implementation:** Establishing the right organizational structure is crucial for effectively managing and reporting on material sustainability impacts, risks, and opportunities. This recommendation emphasizes the foundational aspect of sustainability governance.
- **Topical standards:** Building knowledge on high and medium priority topical standards is essential for ensuring that companies are well-informed and aligned with the specific requirements of their respective sectors.
- **Internal controls framework:** The emphasis on developing an internal controls framework, including third-party verification and assurance, highlights the significance of maintaining the ongoing integrity of sustainability reporting. This aligns with the core principles of transparency and reliability. We recommend starting with assurance practices following the “limited assurance” approach to limit capacities required in the implementation phase. With the sustainability reporting practices becoming more mature, an emphasis on building internal control systems for non-financial KPI is recommended in order to limit external assurance efforts.

- **Develop tools:** Providing knowledge and tools, particularly for SMEs, is a practical approach. The specified areas of focus, such as Greenhouse Gas Inventory, Pollution & Hazardous Substances, Water and Effluents, and Circularity, cater to the diverse needs of different sectors, showcasing a nuanced understanding of sustainability challenges.

**Rationale** – Providing companies with sector-specific resources will enhance their capacity to meet diverse and evolving sustainability reporting standards. Business associations, by creating targeted tools, contribute to the sector's overall readiness and compliance with ESG reporting requirements.

**Expected outcome** – The development and dissemination of sector-specific toolkits and resources are expected to empower companies, ensuring they have the necessary tools and knowledge to meet environmental standards. This collaborative effort will foster a more unified and effective approach to sustainability reporting within each sector.

### 7.3.2. Foster opportunities for collaboration

**Observation** – Business associations and bodies can play a crucial role in facilitating knowledge sharing and collaboration within and across industries to address common challenges related to sustainability reporting.

**Recommendation** – Establish working groups within business associations focused on the most relevant topics for their respective sectors. These working groups can serve as valuable platforms for stakeholders to enhance their understanding of reporting requirements and share best practices.

**Rationale** – Creating avenues for stakeholders to participate in working groups enables them to collaborate, exchange methodologies, and share information. This collaborative approach addresses the challenges associated with sustainability reporting and provides a structured platform for collective problem-solving.

**Expected outcome** – The establishment of working groups is anticipated to result in increased knowledge sharing, improved understanding of reporting requirements, and the dissemination of best practices within each sector. Additionally, the information and insights gathered from these working groups can contribute to the business association's advocacy efforts, enhancing their ability to address sustainability-related matters relevant to the sector effectively.

## 7.4. EU Delegation to the Republic of Mauritius

### 7.4.1. Provide additional technical assistance

**Observation** – While some companies in the sampled sectors have partially adopted reporting practices based on GRI standards, none were sufficiently equipped to provide the quantity and quality of information needed for ESRS value chain reporting.

**Recommendation** – EU's technical support to Mauritius on sustainability reporting should focus on addressing identified weaknesses in the study. Specifically, the focus areas should include:

- **Governance Implementation:**



- Setting up the right organizational structure to govern and report on material sustainability Impacts, Risks, and Opportunities (IROs).
- **Topical Standards:**
  - Building knowledge on high and medium priority topical standards for sectors, including:
  - Materiality: Guidance on conducting a materiality assessment for EU-based reporting requirements.
  - Climate change: Greenhouse Gas Accounting (Scopes 1, 2, and 3), climate risk management, and defining a transition plan.
  - Own workforce: Managing social matters related to the own workforce.
  - Business conduct: Establishing processes and systems for managing material IROs arising from bribery and corruption prevention, political influence, lobbying, supplier relationships, and payment practices.
- **Sector-specific Trainings:**
  - Providing sector-specific trainings on key topical standards, covering areas such as pollution (Manufacturing sector), water and marine resources (Agriculture, Agrifood, Manufacturing - Textile sectors), biodiversity (Agriculture, Agrifood, Manufacturing - Textile upstream sectors), circularity (Manufacturing sector), workers in the value chain (Manufacturing sector), and consumers & end-users (Manufacturing sector).

**Rationale** – Addressing these specific areas will enhance the capacity of Mauritius companies to meet ESRS reporting requirements, particularly in terms of value chain reporting.

**Expected outcome** – The technical support is anticipated to strengthen governance structures, improve knowledge on topical standards, and provide sector-specific training, ultimately enabling Mauritius companies to meet EU sustainability reporting standards more effectively.

#### **7.4.2. Provide financial support to enhance ESG data management**

**Observation** – A significant challenge identified in the study was the lack of sufficient resources and data infrastructure to produce sustainability reporting to the granularity and quality required by the CSRD. This challenge was pervasive across all economic sectors but particularly pronounced in the Agrifood sector, where sustainability reporting practices were least developed.

**Recommendation** – It is recommended that the EU consider providing financial support to Mauritius aimed at assisting the main economic sectors in developing systems and frameworks for managing ESG data. This support could include:

- Defining and implementing robust ESG data strategy and governance arrangements: Supporting companies in establishing effective strategies and governance frameworks for managing ESG data.



- Setting up necessary IT infrastructures: Assisting in the establishment of IT infrastructures to support the collection, aggregation, processing, and validation of ESG data.
- Augmenting staffing levels: Providing support for increasing staffing levels to ensure effective reporting processes.
- Implementing ongoing learning and capacity building measures: Facilitating continuous learning and capacity building measures for staff involved in sustainability reporting.
- Conducting third-party assurance on reported data: Supporting companies in conducting third-party assurance on the reported data to enhance credibility.

**Rationale** – Enhanced data collection processes and quality assurance are crucial for addressing challenges in reporting Greenhouse Gas Emissions and Workers' Rights, as identified in the study. Improved data management will contribute to better sustainability management in priority areas aligned with the European partnership with Mauritius, focusing on ecological transition, the green economy, integrated management of ecosystems, and the transition to sustainable agricultural systems.

**Expected outcome** – The financial support is expected to enhance data management processes, strengthen sustainability reporting practices, and contribute to the achievement of sustainability goals in alignment with the European partnership with Mauritius.<sup>34</sup>

## 7.5. Mauritius companies in the main economic sectors

### 7.5.1. Design and implement a sustainability governance structure

**Recommendation** – Companies should implement a sustainability governance structure wherein roles and responsibilities related to sustainability issues are clearly defined, allocated and formalized. This involves updating the responsibilities of Boards, Board delegated committees and senior management to incorporate sustainability-related matters. Companies may choose to create new roles dedicated to sustainability matters and/or modify existing roles to include sustainability-related responsibilities.

**Expected outcome** –

- Meeting stakeholders and investors' expectations of having a clear and formalized sustainability governance structure.
- Better positioning companies to fulfil ESRS 2 general disclosure requirements, which are mandatory for all companies subject to the CSRD. This ensures transparency on how sustainability is embedded in the company's governance.
- Readily available information on sustainability governance which is required by voluntary reporting disclosures and for sustainability ratings.

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<sup>34</sup> [Mauritius - European Commission \(europa.eu\)](https://european-council.europa.eu/media/e300042f-323d-4f40-b0f1-6b8f0223d314/image.asset?assetId=608555)

### **7.5.2. Establish internal reporting procedures on sustainability matters**

**Recommendation** – Companies should implement an ongoing process for reporting sustainability information to relevant committees at both Board and executive levels. This process entails regularly reviewing ESG data and assessing progress toward the company's sustainability priorities. It is essential to set appropriate reporting frequency and define escalation points to promptly address critical issues.

**Expected outcome** – Having clear internal sustainability reporting structures will support the achievement of the company's sustainability goals and targets. It will also ensure suitable decisions and actions are taken in steering material sustainability matters for the company.

### **7.5.3. Set-up incentive schemes based on ESG related indicators**

**Recommendation** – Companies are recommended to define sustainability-related criteria in remuneration policies and schemes for rewarding the company's non-financial performance. The updated remuneration criteria should be derived from the company's publicly communicated objectives. It should be integrated into a framework that ensures systematic review and assessment of the incentive structure. Incentivizing staff on non-financial KPIs is expected to drive the achievement of ESG-related targets.

**Expected outcome** - In implementing these incentive schemes, companies can focus on well-established or high priority areas such as GHG emissions. There can be a transitional period where qualitative targets are initially emphasized before progressing to quantitative benchmarks. Companies can start with the remuneration policy for individuals responsible for overseeing sustainability matters. The criteria and scope of staff covered can be enhanced over time.

### **7.5.4. Develop and execute a training program to upskill on sustainability reporting standards**

**Recommendation** – Companies should implement training programs to ensure ongoing upskilling of their staff on sustainability reporting requirements. Companies should assess existing staff skills and identify knowledge gaps where upskilling is required. Adequate resources and tools for continuous learning and skill development should be provided. Programs can focus on specific areas covered by CSRD/ESRS, international standards or any standards defined at a national level. Target group for these trainings should be determined.

Effective capacity building requires a multi-pronged approach:

- Combining different mechanisms like peer-to-peer learning, training, and mentorship can cater to diverse learning styles and needs.
- Tailoring the approach to the specific context of the company, its industry, and its existing sustainability practices is crucial.
- Continuous monitoring and evaluation are essential to ensure that the capacity building efforts are achieving their desired outcomes.

Types of capacity building measures that can be adopted include:

- Trainings - a list of training topics that can be provided, expected learning outcomes and who these trainings can be geared towards

- Toolkits – description of toolkits, summary of how these toolkits can be used, providers of these toolkits.
- Technologies – type of technologies available, nature of inputs and outputs, if it is open source, technology provider.

**Expected outcome** – Implementing capacity building measures and adapting them to their specific needs, companies can effectively build their capacity for robust and transparent sustainability reporting, contributing to a more sustainable future. Training and capacity building programs will also help ensure better understanding of sustainability reporting requirements and increase efficiency in responding to requests from EU partners. Section 8 provides further information on capacity building mechanisms companies can put in place.

#### **7.5.5. Secure appropriate staffing for sustainability reporting**

**Recommendation** – Companies should ensure they are sufficiently staffed to collect, analyze and validate ESG data and information and meet sustainability reporting requests. Companies should evaluate the scope and complexity of implementing sustainability reporting requirements given the ESG data and information they currently have available. They should then identify specific areas in the data management and reporting processes where staffing levels need to be augmented. Companies should consider cross-functional collaboration, involving areas such as finance, compliance, communication and sustainability departments.

**Expected outcome** – Sufficient staff levels will enhance reporting quality as it will ensure the right individuals with the right skills perform reporting and sign-off responsibilities. It can also minimize potential errors or omissions in sustainability reporting arising staff being overstretched.

#### **7.5.6. Conduct a materiality assessment and implement a process for future iterations**

**Recommendation** – Companies should create or enhance their process for identifying, prioritizing and reporting material ESG topics. This materiality assessment should cover the following:

- Define the scope of the analysis, including the organizational boundaries and the products, services, and activities to be considered.
- Identify and engage with internal and external stakeholders such as customers, employees, investors, regulators, suppliers and local communities.
- Compile a list of potential ESG issues relevant to the company. Sustainability frameworks and standards (e.g. GRI, SASB) can be used.
- Obtain input from stakeholders on what they deem as important ESG issues. This can be gathered through surveys, interviews, workshops or other engagement methods.
- Assess the company's sustainability related risks and opportunities. Different internal teams should be engaged during this assessment.
- Consider factors such as regulatory developments, reputational impact, financial implications and stakeholder expectations.

- Use information gathered to rank and prioritise ESG issues. A materiality matrix can be created to visually represent outcome of the assessment.
- Results of the materiality assessment should be integrated into companies' strategic planning and sustainability reporting.
- Establish a process to review and continuously improve the materiality assessment.

**Expected outcome** – Undertaking a robust materiality assessment is important to help companies select the most relevant topics for sustainability reporting and avoid overburdening the companies. Reporting on the materiality process increases transparency and accountability to stakeholders.

#### **7.5.7. Develop policies and targets for managing material ESG topics**

**Recommendation** – Following results of the materiality assessment (as per corrective measure #7.5.6), companies should define and allocate an owner in the company for each material ESG topic. Companies should assess and remediate existing policies and strategies to meet the requirements of ESRS around each material ESG topic. A process should be defined to monitor progress against targets and track the effectiveness of policies and actions undertaken.

**Expected outcome** – Doing this will ensure a clear approach for managing the impacts, risks and opportunities for material ESG topics. It will also facilitate the achievement of companies' sustainability-related objectives.

#### **7.5.8. Conduct data gap analysis and develop data inventory to cover material ESG data**

**Recommendation** – Following results of the materiality assessment (as per corrective measure #7.5.6), companies should identify all ESG data required by the ESRS topical standard deemed to be material. A gap analysis should then be conducted to identify gaps existing processes to collect the required ESG data. Gaps should be consolidated in a data catalogue and remediation of these gaps should be regularly monitored.

In building their ESG data collection process, companies should determine the appropriate organisational boundary to apply i.e. location, assets, product types etc. Companies would need to determine the methodology to calculate relevant metrics e.g. Scope 1, 2 and 3 using the GHG Protocol. An inventory can be developed which will include the ESG data required, expected source of data, any proxies / assumptions used and the governance over these proxies / assumptions.

**Expected outcome** – Developing a data catalogue and inventory will help to minimize the potential for incomplete reporting of ESG data. They will also improve coverage of ESG data and facilitate the timely and effective remediation of identified ESG data gaps.

#### **7.5.9. Establish data management practices**

**Recommendation** – As companies continue to build their data collection practices, they should establish sound data management practices to safeguard the ongoing integrity of this data. This involves:

- Defining, allocating and formalising ESG data management roles and responsibilities e.g. data owners, data stewards, data validators etc.
- Developing ESG data taxonomies which will set out a common definition and glossary of ESG data and relevant validation rules.
- Setting up an IT target operating model for aggregating ESG data and information.
- Identifying and implementing suitable automation to appropriate aspects of the ESG data review and sustainability reporting processes.
- Defining and implementing data quality checks to confirm accuracy and comprehensiveness of ESG data and sustainability reports.

**Expected outcome** – Establishing sound data management practices will improve the quality of ESG data and increase accountability and oversight for data quality. It will also ensure ESG data is collected, stored and structured in a way that enables meaningful and accessible use.

#### **7.5.10. Undertake independent / third party verification of sustainability reporting**

**Recommendation** – Companies can engage with their external auditors or third-party providers to obtain independent verification of sustainability reports. This verification can also include a review of data governance framework, data aggregation capabilities, quality of data and reporting processes.

**Expected outcome** – Undertaking third-party verification will provide comfort on the reliability and accuracy of sustainability information reported. It will also enable companies to provide EU counterparties with information that is external audit ready.

#### **7.5.11. Develop and implement strategy to collect and review ESG data received from supplier and other third parties**

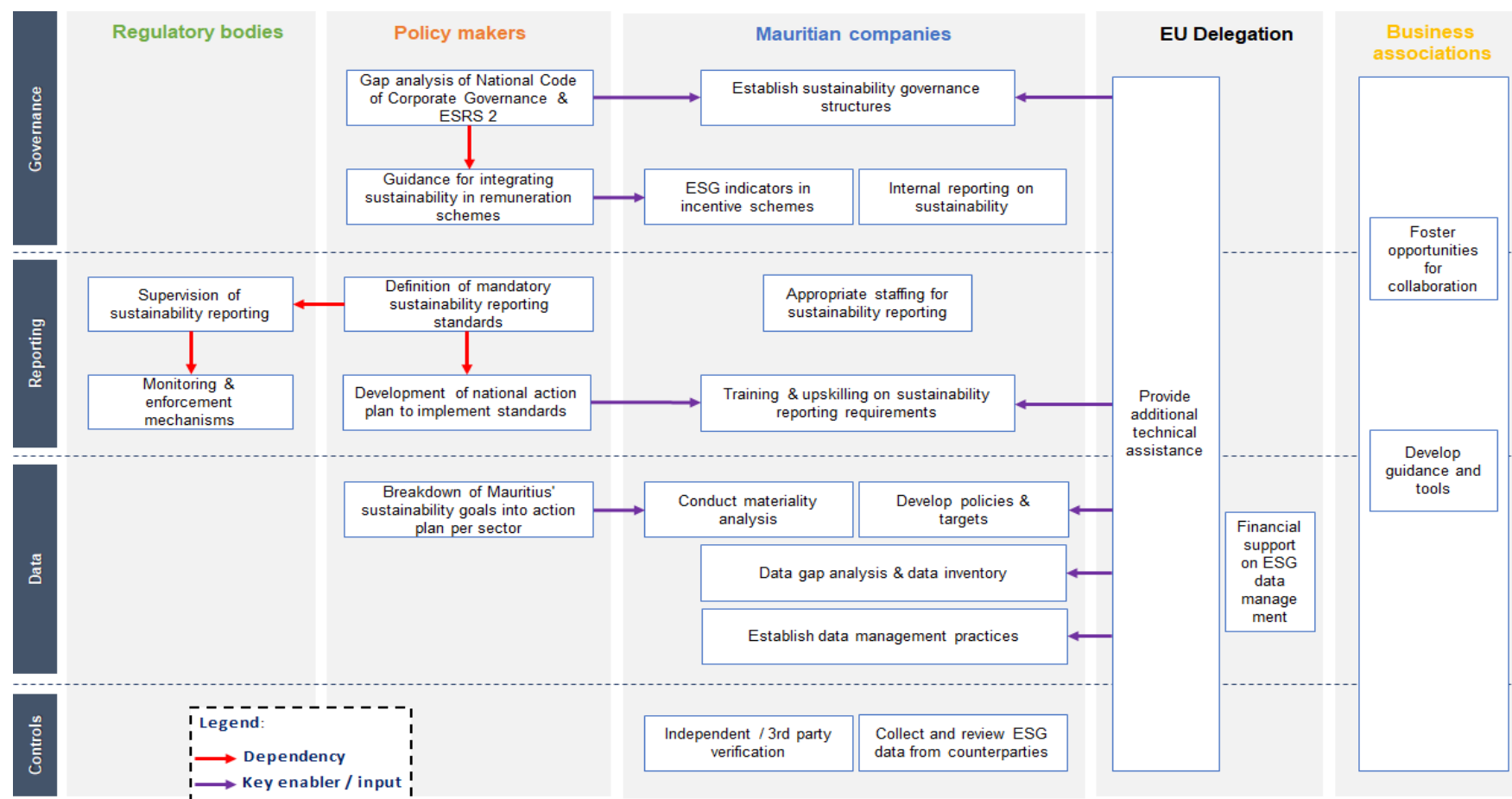
**Recommendation** – Companies should ensure they implement processes to collect and validate ESG data from business counterparties such as suppliers, vendors and other companies in the value chain. Companies should implement quality criteria, methodology requirements and validation across the ESG data points required from counterparties. This can include environmental product declarations based on ISO 14.025 standard or benchmarking of product GHG emission intensities with database reference values from EcolInvent. To streamline ESG data collection, companies can use pre-defined Excel templates or IT tools for suppliers to input data. Review of ESG data requirements and quality should be incorporated into ongoing engagement meetings with business counterparties.

**Expected outcome** – This will increase quality of data received from counterparties and facilitate a common understanding of CSRD/ESRS requirements.

## 8. High level roadmaps

### 8.1. Roadmap of corrective actions

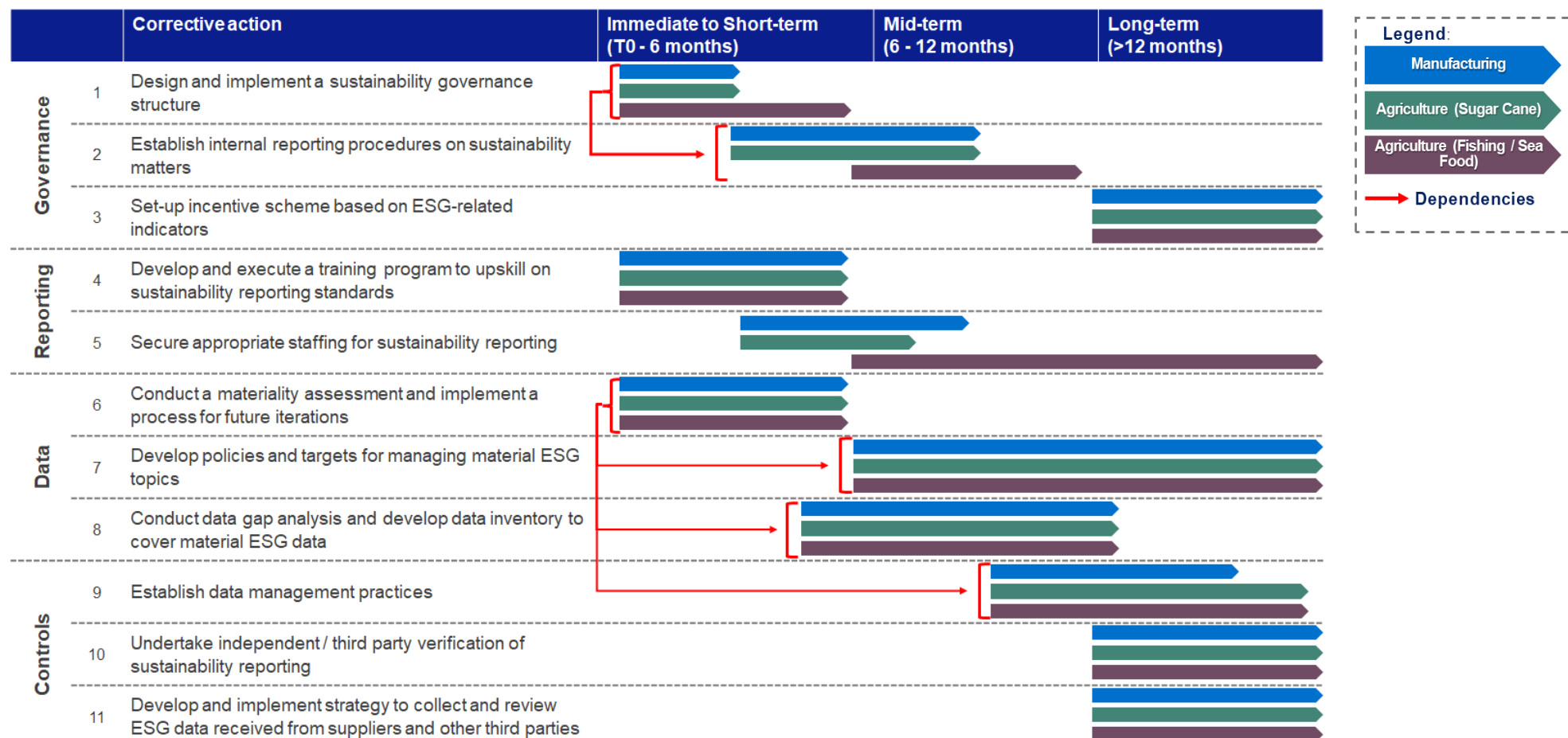
Below is a high-level roadmap which shows the corrective actions key stakeholders should take and interconnectedness across these actions.





## 8.2. High level implementation roadmap for Mauritian companies

Below is a high-level implementation roadmap to support Mauritian companies across the main economic sectors determine an appropriate way to prioritise and sequence the recommended corrective actions.



## 9. Capacity building mechanisms

### 9.1. Training

#### 9.1.1. Peer-to-peer learning

Business associations and industry coalitions can use their existing platforms and networks to connect companies that are facing similar challenges with sustainability reporting and promote knowledge transfer. These platforms can be invaluable resources for sharing best practices, case studies, and lessons learned in implementing and improving sustainability reporting. They can also help companies identify and focus on industry-specific sustainability topics so they can strengthen capacities in the most relevant areas for reporting.

#### 9.1.2. Training and workshops

Across all sectors, there was a general lack of well-coordinated ESG data collection systems and sustainability departments had little experience in implementing a sustainability reporting process (see findings in section **Error! Reference source not found. Error! Reference source not found.**). Companies and business associations can offer tailored training programs and workshops, which can equip employees with the knowledge and skills needed to effectively collect, analyse, and report on ESG data.

These programs can cover topics like sustainability standards and reporting frameworks, ESG metrics, materiality assessments, and stakeholder engagement.

##### 9.1.2.1. Structure of a training programme

To structure a training programme for a company's employees involved in sustainability reporting and build capacity, the following steps are recommended. Several of them can leverage the work performed as part of this study and take the findings as a starting point for addressing the necessary preparedness actions.

##### Needs assessment and target audience

- Start by understanding the company or the sector's existing knowledge and practices around sustainability reporting. What are their current reporting obligations? What are their goals for improvement? This can be leveraged from this study.
- Identify the target audience for the training. This could include employees from various departments, which are involved in sustainability reporting and ESG data collection such as finance, operations, marketing, and HR. Tailor the content and depth of the training to their specific needs and roles.

##### Delivery format and duration

- Consider a blended learning approach that combines interactive workshops with online learning modules and resources.
- The duration of the programme will depend on the company's needs and the level of existing knowledge. Consider offering shorter introductory sessions followed by more in-depth workshops for specific departments or topics.

### **Engagement and feedback**

- Use interactive exercises, case studies, and role-playing activities to keep participants engaged and actively learning.
- Encourage questions and discussions throughout the program.
- Gather feedback from participants at the end of the programme to evaluate its effectiveness and identify areas for improvement.

### **Programme modules and content**

A successful implementation of enforcement mechanisms for sustainability reporting presupposes sufficient knowledge on these matters on the part of the Board and top management and pertains particularly to those responsible for managing sustainability matters in various departments, but also to teams and individuals responsible for data collection and risk and compliance management. Therefore, we recommend introducing a capacity building mechanism that equips Mauritian companies with a solid understanding and practical knowledge about sustainability reporting standards and the reporting process.

For details on all recommended modules and training content please refer to table 9.1.2.2. below.

### 9.1.2.2. Modules and content

Topic	Target audience	Reference to areas of improvements – Section 6.5
Introduction to sustainability reporting		
<ul style="list-style-type: none"> <li>Understanding the purpose and benefits of sustainability reporting.</li> <li>Key international sustainability frameworks and standards (GRI, SASB, TCFD). Analyse the specific reporting requirements relevant to the company's industry and location to choose the most relevant and meaningful disclosures for the company.</li> <li>Introduction to the specific requirements of CSRD and ESRS implemented in the EU.</li> <li>Understanding the interoperability of key sustainability standards with the ESRS and how existing processes to report against other frameworks can be leveraged.</li> </ul>	Board of Directors Executive Committee C-suite executives and senior managers Individuals in charge of preparing sustainability reports Individuals in charge of reviewing sustainability reports Legal and compliance officers	Addresses limited knowledge of sustainability reporting standards ( <i>refer to <b>Error! Reference source not found.</b></i> )
The starting point - Materiality assessment under the CSRD / ESRS		
<ul style="list-style-type: none"> <li>Understanding the concept of impact materiality and financial materiality (double materiality).</li> <li>Materiality assessment process. How to identify and prioritize relevant sustainability topics throughout the value chain.               <ul style="list-style-type: none"> <li>Identifying and evaluating sustainability issues that directly affect the company's operations, reputation, and financial performance.</li> <li>Assessing the potential risks and opportunities related to sustainability matters within the company itself.</li> <li>Identifying and assessing the impacts of the company's activities on external stakeholders, communities, and the environment.</li> </ul> </li> </ul>	C-suite executives and senior managers Teams (operative people) facing employees, customers, regulators, communities Subject matter experts Team or individuals responsible for risk assessment and management Individuals in charge of preparing sustainability reports Auditors	Addresses inadequate reporting on materiality assessments and key data limitations in topic standard disclosures ( <i>refer to <b>Error! Reference source not found.</b> and <b>Error! Reference source not found.</b></i> ).

Topic	Target audience	Reference to areas of improvements – Section 6.5
<ul style="list-style-type: none"> <li>○ Evaluating risks and opportunities related to sustainability matters that originate outside the organization but can significantly affect the company.</li> <li>• Stakeholder engagement. <ul style="list-style-type: none"> <li>○ Identification of stakeholders. Internal (Employees, shareholders, executives, and other individuals within the organization) and external (customers, suppliers, local communities, NGOs, regulatory bodies, investors, and others with an interest in the company).</li> <li>○ Engagement process. Mapping stakeholders (Identify and prioritize stakeholders based on their influence and impact on the company and vice versa), communication channels (determine the most effective channels for engaging with different stakeholder groups (e.g., surveys, meetings, reports, online platforms)), dialogue and consultation (actively involve stakeholders in two-way communication, seeking their input, feedback, and perspectives on sustainability issues).</li> <li>○ Purpose of engagement. Materiality assessment, risk identification and building trust.</li> <li>○ Reporting and disclosure. Incorporation of stakeholder feedback and transparent communication.</li> </ul> </li> <li>• Data collection, analysis, and verification methodologies.</li> </ul>		
The hottest topic - Climate risk management		
<ul style="list-style-type: none"> <li>• Identification of climate change related risks, impacts, and opportunities. <ul style="list-style-type: none"> <li>○ Consideration of both physical and transition risks.</li> </ul> </li> </ul>	C-suite executives and senior managers  Individuals in charge of performing GHG inventory	Addresses lack of disclosures on climate-related data across all sectors, namely climate strategies,

Topic	Target audience	Reference to areas of improvements – Section 6.5
<ul style="list-style-type: none"> <li>○ How to explore various climate scenarios, including both gradual changes and extreme events, to understand the range of potential impacts.</li> <li>○ The need for sectoral analysis to identify industry-specific risks.</li> <li>○ The possibility of engaging internal and external stakeholders, including employees, investors, customers, and community representatives, to gather diverse perspectives on climate-related risks and opportunities.</li> <li>○ The importance of analysing the entire value chain to identify climate-related risks and opportunities. This includes suppliers, operations, distribution channels, and end-users.</li> <li>○ The necessity to assess the financial implications of climate risks and opportunities: consider how these factors may affect revenue streams, cost structures, and overall financial performance.</li> <li>○ The identification of business opportunities that arise from climate change, such as the development of sustainable products and services, entering new markets, and building resilience in the supply chain.</li> <li>○ The integration of climate change risks and opportunities into the overall business strategy: ensure alignment with the organization's mission, vision, and long-term goals.</li> <li>● Calculation and comprehensive reporting of GHG emissions. <ul style="list-style-type: none"> <li>○ Scope of emissions and definition of organizational boundaries.</li> <li>○ GHG Protocol standards.</li> <li>○ Data collection. How to identify data sources - Determine the sources of data needed for emissions calculations, considering</li> </ul> </li> </ul>	<p>Individuals in charge of providing data</p> <p>Operational and technical personnel</p> <p>Subject matter experts regarding supply chain – upstream and downstream, including procurement and sourcing teams</p>	<p>targets, and metrics. (<i>refer to <b>Error! Reference source not found.</b></i>).</p>

Topic	Target audience	Reference to areas of improvements – Section 6.5
<p>energy consumption, fuel use, and other relevant activities. How to perform accurate measurement - Ensure accurate measurement units and conversion factors for different types of greenhouse gases.</p> <ul style="list-style-type: none"> <li>○ Emissions calculations. What are the appropriate methodologies to calculate GHG emissions for each scope and the correct emission factors to convert activity data into equivalent CO2 emissions.</li> <li>○ Reporting.</li> <li>○ Verification and assurance.</li> <li>• Formulation of GHG emissions reduction targets once the baseline is established as part of climate change mitigation strategy. <ul style="list-style-type: none"> <li>○ How to set credible and meaningful targets? Short- and long-term.</li> <li>○ What are the existing trajectories that can be leveraged?</li> <li>○ To what extent can on incorporate innovation and technology that can contribute to emission reduction?</li> <li>○ Data tracking - How to establish a robust monitoring system to track progress toward targets. Regular reporting - How to report on emissions and progress toward targets.</li> </ul> </li> </ul>		
Reporting practices and techniques		
<ul style="list-style-type: none"> <li>• Effective storytelling and communication in sustainability reporting. Clear messaging, transparency about both success and areas for improvement, tailored messages to different stakeholders and acknowledgement of the unique interests and concerns of investors, customers, employees, and</li> </ul>	<p>C-suite executives and senior managers</p> <p>Individuals in charge of preparing sustainability reports</p>	<p>Addresses lack of experience in sustainability reporting and limited information on management actions, (refer to <b>Error! Reference source not found.</b>), while leveraging</p>



Topic	Target audience	Reference to areas of improvements – Section 6.5
<p>communities, focus on material issues, quantification of impact, inclusion of forward-looking statements and measurable targets.</p> <ul style="list-style-type: none"> <li>• Writing informative reports that resonate with stakeholders.</li> <li>• Visualizing data and metrics effectively for clear communication.</li> <li>• Integration with financial reporting and corporate communications.</li> <li>• Using technology and reporting tools to streamline the process.</li> </ul>	<p>Individuals in charge of reviewing sustainability reports</p> <p>Financial and accounting team members</p> <p>Marketing and communication team members</p> <p>Data and Digital</p>	<p>existing strengths in reporting (<i>refer to <b>Error! Reference source not found.</b></i>).</p>
Industry-specific sustainability challenges and opportunities		
<ul style="list-style-type: none"> <li>• Tailoring reporting to your specific industry and sector.</li> <li>• Identifying and addressing relevant sustainability risks and opportunities.</li> <li>• Benchmarking against industry peers and best practices.</li> <li>• Reporting on progress towards industry-specific sustainability goals.</li> <li>• Navigating evolving regulatory requirements and reporting standards</li> </ul>	<p>Board of Directors</p> <p>Executive Committee</p> <p>C-suite executives and senior managers</p> <p>Individuals in charge of preparing sustainability reports</p> <p>Individuals in charge of reviewing sustainability reports</p>	<p>Addresses the importance of reporting a greater depth of data and detail on the management of impacts, risks and opportunities on the ESG issues identified as material to the entity/industry and sector (<i>refer to <b>Error! Reference source not found.</b></i>)</p>
Measuring and monitoring sustainability performance		
<ul style="list-style-type: none"> <li>• Developing a robust monitoring and evaluation framework.</li> <li>• Setting measurable targets and tracking progress towards goals.</li> <li>• Using data to inform decision-making and identify areas for improvement.</li> <li>• Assurance and verification of reported sustainability information.</li> <li>• Continuous improvement and reporting cycle</li> </ul>	<p>C-suite executives and senior managers</p> <p>Individuals in charge of preparing sustainability reports</p> <p>Individuals in charge of reviewing sustainability reports</p> <p>Data managers</p>	<p>Addresses the need for all sectors to set clear, measurable targets that address policy objectives and enhance reporting on management and strategic goals. (<i>Refer to <b>Error! Reference source not found.</b></i>, <i><b>Error! Reference source not</b></i></p>

Topic	Target audience	Reference to areas of improvements – Section 6.5
		<b><i>found. and Error! Reference source not found.</i></b>
Verification and assurance		
<ul style="list-style-type: none"> <li>How to make information auditable establishing a documentation process</li> <li>Choosing an auditor and understanding the audit process</li> </ul>	<p>C-suite executives and senior managers</p> <p>Individuals in charge of preparing sustainability reports</p> <p>Individuals in charge of reviewing sustainability reports</p> <p>Auditors</p>	<p>Addresses the need across all sectors to implement external assurance of sustainability information, to enhance accountability. (Refer to <b>Error! Reference source not found.</b>)</p>
Beyond reporting: embedding sustainability in the companies' culture		
<ul style="list-style-type: none"> <li>Integrating sustainability into corporate strategy and decision-making (such as integrating ESG-related performance in incentive schemes)</li> <li>Employee engagement and training plan / programme on sustainability practices.</li> <li>Building a culture of transparency and accountability.</li> <li>Stakeholder collaboration and partnerships for sustainability progress.</li> <li>Communicating sustainability achievements to stakeholders</li> </ul>	<p>Board of Directors</p> <p>Executive Committee</p> <p>C-suite executives and senior managers</p> <p>Human resources</p> <p>[Representatives from all departments]</p>	<p>Addresses the need for stronger prioritization of sustainability in Mauritian companies, through integrating ESG into its business strategy and model, and decision-making. (Refer to <b>Error! Reference source not found. and Error! Reference source not found.</b>)</p>

Suggestions have been made in terms of audience. Here are some additional aspects that can be considered for selecting participants:

- Identify champions: Encourage individuals who are passionate about sustainability and can motivate others to participate.
- Consider future needs: Anticipate the future growth and complexity of your sustainability reporting requirements and train individuals with the potential to take on additional responsibilities.
- Balance representation: Ensure the training includes participants from diverse departments and backgrounds to foster a comprehensive understanding of your company's sustainability challenges and opportunities.

Providers would be sustainability consultancies, research institutions, universities, and professional organizations.

### 9.1.3. Benchmarking and data analysis

Analysing industry benchmarks and competitor performance can be extremely helpful for companies to identify areas where they can improve their sustainability reporting practices and to remain competitive and align to industry expectations or best practice. Mauritian companies can perform gap analyses by assessing competitor's or industry peers' sustainability reports and ESG data disclosures, and noting to which reporting frameworks, sustainability ratings, and disclosures are adhered. Companies should also note in what format and to what extent KPIs, targets, policies, and management explanations are disclosed. After gaps are identified, improvement measures can be recommended, and action plans to implement necessary changes can be formulated. Peer-to-peer learning platforms can also facilitate a similar status quo assessment of a company's current sustainability reporting practices in comparison to others in the industry.

Tools and databases like CDP, DJSI, and RobecoSAM provide valuable data and insights for benchmarking.

## 9.2. Guidance available

### 9.2.1. A solid starting point to understand corporate sustainability reporting and get starting with the fundamentals – The UNEP Corporate Sustainability Reporting Toolkit

Companies within the agriculture and manufacturing sectors who were found to be only “partially familiar” with sustainability reporting standards, as well as the fishing sector who demonstrated no familiarity (see section **Error! Reference source not found. Error! Reference source not found.**), are recommended to make use of the UNEP Corporate Sustainability Reporting Toolkit. This toolkit offers good foundational guidance for those who do not have experience in sustainability reporting and address the gaps in know-how of the staffing responsible for sustainability reporting and/or sustainability-related data collection.

[Corporate Sustainability Reporting Toolkit \(unep.org\)](https://www.unep.org/csr/toolkit)

### **9.2.2. Introduction to the most recognized voluntary sustainability reporting framework – The GRI Sustainability reporting tools**

To address the sectors' limited knowledge of the diverse information and metrics mandated by sustainability reporting standards (see section **Error! Reference source not found. Error! Reference source not found.**), we recommend the use of GRI's sustainability reporting tools and services, intended to help reporters of all levels and experience to better manage the reporting process. As the main difference between ESRS and GRI is their approach and methodology, not the indicators, GRI content index templates and SDG mapping add-ons could support the sectors in ensuring a comprehensive sustainability reporting inventory. Further, GRI's online training for sustainability professionals, webinars, as well as extended networks of commercial partners who support the use of the GRI Standards, is an accessible way of addressing the lack of organisational know-how on the quality and breadth of data that is required by internationally recognised sustainability reporting standards.

[GRI - Reporting tools \(globalreporting.org\)](https://globalreporting.org)

### **9.2.3. If companies already report against the GRI, how to leverage that and assess alignment with the ESRS – The GRI and ESRS Interoperability Index**

Companies within the agriculture and manufacturing sectors that already report “in accordance to” or “informed by” GRI (see section **Error! Reference source not found. Error! Reference source not found.**), could benefit from developing an understanding of the framework's commonalities with the ESRS. Further, companies within the sectors in focus who are yet to adapt a sustainability reporting framework, could use the tool as a starting point for developing an understanding of how the EU counterparts' data and information requests for can be met by reporting according to the GRI standard. To this end, we recommend the [draft] GRI and ESRS Interoperability Index. Given the high level of interoperability achieved, entities reporting under ESRS can be considered as reporting ‘with reference’ to the GRI Standards (see GRI 1: Foundation 2021). The [draft] index shows the relationship between the ESRS and GRI disclosures to facilitate reporting ‘with reference’ to the GRI Standards.

[GRI-ESRS Interoperability Index \(draft\)](#)

### **9.2.4. Understand the principle of ‘extra-territoriality’ of the CSRD and therefore the extent to which it is applicable to non-EU companies under certain conditions - Mazars' guide to CSRD for non-EU groups**

To support the understanding of the EU's CSRD legislation and its implications on non-EU companies, we recommend the use of Mazars' guide to CSRD for non-EU groups and their EU subsidiaries. This guide seeks to clarify the applicable reporting requirements relevant for parent companies located outside the EU. It also highlights the main challenges in implementing CSRD, from the perspective of both the non-EU parent company and their EU subsidiaries. It includes practical case studies of how CSRD can be applied in different illustrative cases and key considerations in each case when producing sustainability reports.

[Guide to EU Corporate Sustainability Reporting Directive \(CSRD\) – for non-EU groups and their EU subsidiaries.](#)

### 9.2.5. **A digest of the ESRS – Set 1 – What companies should know to prepare - Mazars ESRS – Set 1 guide**

All the relevant Mauritian economic stakeholders wishing to gain an introductory understanding of the ESRS, are recommended to use the Mazars ESRS reporting guide. This toolkit provides guidance about ESRS and how companies can prepare to meet the sustainability reporting requirements therein. It provides in-depth information into key elements of the ESRS reporting framework, how companies can identify sustainability information, interactions of ESRS with other EU legislations and expected developments companies need to follow.

[European Sustainability Reporting Standards \(ESRS\), Set 1 – What companies should know to prepare](#)

## 9.3. **Supporting tools**

### 9.3.1. **Selecting the right sustainability reporting tool(s) – The Mazars Sustainability Tool Scout**

To help address the challenges related to maintaining the ongoing quality of ESG data, including those related to the manual handling of metrics and information during the data collection processes, (see section **Error! Reference source not found. Error! Reference source not found.**), we recommend the companies within the sectors in focus to consider the implementation of an ESG sustainability reporting tool. To assist the ESG-tool selection process, Mazars recommends its free [Sustainability Tool Scout](#) to find the right tools to track, measure and document the sustainability of a company's business processes and its business environment. ESG IT-tools offer ready-made solutions for sustainability reporting processes. The benefit of those is their prepared alignment to certain sustainability reporting frameworks, ensuring that the reporting is complete and in-line with the framework's requirements. This supports the data collection processes by providing the inventory of necessary information and metrics to be reported on, automatize the workflows, and removing the challenges related to manual handling of data and ensuring the integrity of the metrics and information requested by EU trade partners.

### 9.3.2. **Calculating the GHG emissions using the widely adopted as a global standard for corporate greenhouse gas accounting – The GHG Protocol calculation tools and guidance**

As European companies work on transitioning towards a greener economy and thereby greater quality and granularity of their climate-related data across their value chains, Mauritian trade partners will have to regard climate change disclosures with high priority. To address the challenges linked to the reporting of Greenhouse Gas Emissions (see section **Error! Reference source not found. Error! Reference source not found.**), we recommend the use of the Greenhouse Gas (GHG) Protocol and its greenhouse gas calculation tools. Beyond providing standards, guidance, and tools for effectively measuring and managing GHG emissions, GHG Protocol offers a series of trainings for business and government to

effectively report on the emissions. It is an internationally recognized standard for carbon accounting and for reporting to disclosures required by most sustainability reporting frameworks, able to support the sectors in ensuring alignment and comparability in their emission reporting.

[Calculation Tools and Guidance | GHG Protocol](#)

### 9.3.3. **Going further and performing lifecycle assessment (LCA) – The Ecoinvent LCA tool**

It is expected that EU trade partners will increasingly seek to improve their value chain data, in particular metrics and information for their purchased goods and services, to better estimate their value chain emissions and therewith better steer their climate target achievement. To ensure preparedness for the data and information requests on the prioritised topic of climate change (see section **Error! Reference source not found. Error! Reference source not found.**), we recommend that exporting Mauritian companies make use of carbon accounting and lifecycle assessment (LCA) tools. These are integrated into ESG IT-Tools or individual solutions specializing in calculating GHG emissions in accordance with the GHG Protocol. Introducing such tools can offer a good option for when know-how on carbon accounting is limited or time-consuming, while coming at a smaller price than sustainability reporting and monitoring systems.

<https://ecoinvent.org/life-cycle-assessment/>

## 10. Conclusion

This study evaluates the readiness of the Mauritian private sector to comply with sustainability reporting requirements under the EGD, specifically the CSRD and the ESRS. Given the substantial contribution of EU trade to the Mauritian economy, companies need robust preparedness for EU sustainability reporting standards. Enhanced sustainability reporting aligns with Mauritius' sustainability goals, addressing climate change, promoting renewable energy solutions, and advancing a circular economy.

The findings reveal that companies across key economic sectors in Mauritius are in the early stages of their sustainability reporting journey. Their focus has primarily been on meeting legal and regulatory ESG compliance requirements and responding to direct customer ESG data requests. Lack of mandated sustainability reporting requirements for key economic sectors leads to limited disclosure of critical sustainability information, including management of impacts, risks, and opportunities.

Sector-specific patterns and differences stem from companies' familiarity with and maturity in using voluntary sustainability reporting frameworks. Those aligning with established frameworks, like the GRI, exhibit higher data availabilities, established management systems for material topics, and better alignment with ESRS. In contrast, companies not adhering to reporting standards face challenges in data availability and establishing sufficient reporting processes.

The gap assessment on sustainability reporting mechanisms highlights weaknesses in companies' management of sustainability matters, acknowledged by the companies themselves. There is a strong commitment to enhancing transparency in sustainability reporting practices. Corrective measures and capacity-building mechanisms detailed in this report aim to support the Mauritian private sector in strengthening sustainability reporting practices, aligning with CSRD and other EGD regulations, and integrating sustainability into their overall strategy and business model.



## 11. Appendices

### 11.1. Appendix 1: Detailed Methodology

#### 11.1.1. Preliminary desktop research

The CSRD marks a significant shift in sustainability reporting requirements, demanding a broader scope of information based on the "double materiality" principle. This principle considers both financial materiality and impact materiality, extending throughout the entire value chain. As a result, trade partners will expect a considerable amount of data from their suppliers.

Our work assessed the ability of companies within Mauritius' main economic sectors to fulfil the extensive disclosure requirements and provide the necessary sustainability-related information and metrics to their EU trade partners and investors.

The preliminary desktop research provided valuable insights that helped us define key factors for the assessment:

- Mapping relevant frameworks: We investigated the interaction between the CSRD/ESRS and other disclosures and reporting frameworks used by the selected companies, such as GRI, ISSB, and other relevant Mauritian regulations. This mapping helped us identify overlapping sustainability information and metrics, as well as additional reporting demands for non-EU countries within the European value chains.
- Shaping the questionnaire: This research informed the development of the self-assessment questionnaire, highlighting which data points, processes, and knowledge the analysis should focus on.

Before conducting the self-assessment, we conducted preliminary research on the confirmed list of sampled companies. This research gave us an initial understanding of:

- Business models and activities: We analysed the companies' business models and activities to identify potential sustainability impacts and reporting requirements.
- Nature of business relationships with European counterparties: We assessed the nature of the companies' relationships with their EU counterparts to understand their specific data needs.
- Publicly disclosed sustainability information: We reviewed the sustainability information companies currently disclose publicly to identify existing reporting practices and potential gaps.

#### 11.1.2. Introductory interviews

The introductory interviews offered an opportunity for sampled companies to receive comprehensive information about the study. This included details on the project purpose, assessment approach, expected involvement and timeline. This facilitated understanding of project objectives and expected level of involvement.

To gather insights into the companies' self-assessment of their existing sustainability reporting practices, specific questions were posed:

#### 1. Reporting practices:

- Do you currently report on sustainability matters?
- What format do your sustainability reports take (e.g., dedicated report, integrated report, website content)?
- What data points do you currently report on (climate, energy, materials, social, governance, etc.)?

#### 2. Data collection processes:

- Do you have a defined process for collecting sustainability-related data?
- If so, can you please describe the key steps and methodologies involved?

#### 3. Stakeholder engagement:

- Do you receive requests from stakeholders for sustainability-related information or specific data points?
- If yes, which areas of Environmental, Social, or Governance (ESG) do these requests primarily focus on?

#### 4. Challenges and opportunities:

- What are the main challenges you perceive in your journey towards, or experience with, sustainability reporting?
- Do you have any existing plans or initiatives in place to improve your sustainability reporting practices?

The answers to these initial questions provided a foundation for understanding the companies' existing knowledge, experience, and management processes related to sustainability reporting.

### 11.1.3. Self-assessment questionnaire

Informed by the preliminary research, as well as internal expert knowledge on the ESRS, Mazars produced a self-assessment questionnaire reflecting the inventory of sustainability information and metrics relevant to the main economic sectors in Mauritius. The aim of the questionnaire was to identify the companies' strengths and weaknesses across the different topical ESRS disclosure requirements based on the companies' own assessment of availability and reporting of the required information.

Companies were expected to complete the self-assessment questionnaire within two weeks of the introductory interview. Refer to appendix 1 for a template of the questionnaire.

To enable efficient gathering and analysis of responses, the online questionnaire was divided into four sections:

#### 1. General information

Clarifying the company's sector, if it reports on sustainability-related topics (including the format in which it does so), and if it has ever conducted a materiality analysis.

## 2. Background and knowledge

Detailing the company's products and services, information on the company's EU clients, the company's knowledge of sustainability reporting standards and frameworks, and an indication of the company's knowledge regarding sustainability reporting / data collection

## 3. Data collection and data management with clients

Collecting information on the company's data collection tools and processes, including the respective governance structures and the management of data requests from stakeholders.

## 4. Sustainability related information and metrics

Providing a list of data points most relevant to the main economic sectors for companies to select any of the below options on the availability and disclosure of this data:

- Available and reported – information is available and publicly reported.
- Available but not reported – information is available, but only internally.
- Partially available – information is only partially available (and should specify if publicly or internally)
- Not available – information is not available.
- Other – can be explained or it is not applicable.

We used the rating below to categorize the number of sampled companies who indicated “available and reported” across the data points requested in this section.

Level of Data availability	No of companies that select ‘available and reported’
High	Greater than 6
Average	Between 4 – 6
Low	Less than 4

This approach emphasized the ESRS topical areas for which data availability is sufficient, and those for which it is lacking. This helped to highlight the topical areas companies may struggle with when responding to the reporting requests on related sustainability information and metrics.

Companies were also encouraged to write brief explanations along with their answers.

	available and reported	available but not reported	partially available
Energy consumption data (e.g., fuels, heating, electricity, renewables, etc.)	6	1	0
Greenhouse Gas Emissions from own operations (e.g., emissions from the consumption of energy on sites and operated vehicles)	5	0	1
Greenhouse Gas Emissions from value chain (e.g., emissions from purchased goods and services, waste, commuting, business travel, etc.)	2	0	3
Measures and targets for improving energy efficiency	4	0	2
Measures and targets for reducing Greenhouse Gas Emissions (including any net-zero emission			

#### 11.1.4. Data request

Companies were provided with a data request list to better assess the extent to which the depth and scope of their sustainability information were in line with EGD requirements.

The sampled companies were asked to provide any of the following information, if available:

#	Document	Version
1	Annual reports	Last 3 financial years
2	Sustainability reports (and/or annual report, integrated report, any regulatory reporting covering sustainability-related information)	Last 3 financial years
3	Information on business activities and model and the company's business relationship with the EU.	The latest
4	Information on sustainability reporting plans (e.g., whether GRI compliance is planned, reporting goals) and any relevant information on the sustainability reporting process.	The latest
5	Any documentation on the sustainability reporting framework, such as:	The latest

#	Document	Version
	<ul style="list-style-type: none"> <li>○ GRI,<sup>35</sup> IFR,<sup>36</sup> TCFD,<sup>37</sup> CDP<sup>38</sup></li> <li>○ alignment to UN SDGs, UN Guiding Principles on Business and Human Rights, UN Global Compact</li> </ul>	
6	SEM Sustainability Index (SEMSI) information or DJSI, MSCI ESG indexes, if applicable.	The latest
4	Outcome of any completed review / audit of sustainability reporting framework and/or reports and metrics produced	The latest
5	Carbon footprint analysis (if available)	The latest
6	Materiality analysis (if available) or process to identify material topics.	The latest
7	ESG risk assessment	The latest
8	Any other sustainability metrics or Key Performance Indicators (KPIs) tracked but not disclosed in the sustainability report.	The latest
9	Details on climate protection strategy/ greenhouse gas emission reduction plans (if existing)	The latest
10	Any other relevant documents that have been produced to monitor and report on sustainability.	The latest
11	Details regarding governance of sustainability/ESG topics within your companies (e. g. PPT presentations on strategies or initiatives), if available	The latest, or information that is still relevant

Documents provided by the companies were cross-referenced with their self-assessment questionnaire answers and evaluated for:

- Depth of the reported information
- Quality of the reported information and metrics
- Alignment with ESRS topic disclosure requirements

<sup>35</sup> *Global Reporting Initiative* – The GRI standards are by far the most used sustainability reporting standard for disclosures on the transparent reporting organization's economic, environmental and social impacts in a comparable and credible way.

<sup>36</sup> *Sustainability Accounting Standards Board* – SASB Standards focus on the disclosure of sustainability-related risks and opportunities that are likely to influence investors' decisions.

<sup>37</sup> *Taskforce on Climate-Related Financial Disclosures* – TCFD framework supports companies in disclosing their climate-related risks and opportunities alongside the quantification of the associated financial impacts.

<sup>38</sup> *Climate Disclosure Project* – CDP is a not-for-profit organization that scores the company's environmental disclosure and performance in line with the TCFD framework, regulatory boards and standards, providing comparability in the market.

This enabled us with the opportunity to conduct a more granular analysis of the current state of companies' sustainability reporting and identify company- and sector- level strengths and weaknesses.

### **11.1.5. Gap assessment and tool**

The ESRS gap assessment tool was used for analysing the companies' "ESRS-readiness." This tool enabled us to assess the level of fulfilment for each topic disclosure across three key parts of the value chain:

- Upstream: Activities related to sourcing and procurement.
- Own operations: The company's internal operations and activities.
- Downstream: Activities related to distribution, use, and end-of-life management of products or services.

The gap assessment process involved a comprehensive comparison of information from various sources:

- Self-assessment questionnaires: Captured the companies' self-perceptions and practices regarding sustainability reporting.
- Sustainability and annual/integrated reports: Provided insights into existing reporting practices and data points.
- Documents provided: Offered additional context and specific information relevant to the assessment.

This information was meticulously compared with the disclosure requirements stipulated by each ESRS standard, including:

- Mandatory ESRS 2 general disclosures standard: Sets the foundation for effective sustainability reporting.
- Topic-specific ESRS standards: Address various environmental, social, and governance (ESG) aspects.

The assessment focused on four key reporting aspects:

- Disclosure of policies: Evaluating the existence and clarity of sustainability-related policies.
- Disclosure of targets: Assessing the definition and ambition of sustainability goals.
- Disclosure of actions: Examining concrete measures implemented to achieve sustainability goals.
- Disclosure of metrics: Evaluating the reporting of quantitative data and performance indicators.

Given that all participating companies operate in the upstream segment of their respective supply chains, with minimal interaction with suppliers or consumers, information regarding value chain impacts was rarely reported <sup>39</sup>. Consequently, assessing value chain sustainability aspects proved less relevant for the companies involved in this study.

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<sup>39</sup> Except for MCFI Ltd., which engages in some consumer interactions.

Below is a snippet of the ESRS gap assessment tool.

ESRS E1 Climate Change		Disclosure Requirements and the respective datapoints only										Conducts/other Partially fulfilled Not fulfilled		
Select layer 2 (upper left corner) to see all Application Requirements, Select layer 1 (upper left corner) to see Disclosure Requirements and the respective datapoints only												Materiality assessment Sector Company 1		
No.	Disclosure requirements	Type	Relevant due to materiality	Degree of explanation in case of omission	Phase in Option	Footnotes/ Explanatory note	Gap?	Materiality assessment Sector Company 1	Materiality assessment Sector Company 1	Materiality assessment Sector Company 1	Materiality assessment Sector Company 1	Materiality assessment Sector Company 1	Materiality assessment Sector Company 1	Materiality assessment Sector Company 1
ESRS E1 - Climate Change												upstream		
Objective												Own business		
Interaction with other ESRS												downstream		
Disclosure Requirements														
ESRS 2 General disclosures														
Governance														
Disclosure requirement related to ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes														
Strategy														
Disclosure Requirement E1-1 – Transition plan for climate change mitigation														
Disclosure Requirement related to ESRS 2 SDG-3 – Material impacts, risks and opportunities and their interactions with strategy and business model														
19 The undertaking shall explain for each climate-related risk it has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk.		Qualitative												
Impact, risk and opportunity management														
Disclosure requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities		Qualitative & Quantitative												
20 The undertaking shall describe the process to identify and assess climate-related impacts, risks and opportunities. This description shall include:		Qualitative												
Impact, risk and opportunity management														
Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation		Qualitative & Quantitative												
22 The undertaking shall describe its policies that address its material impacts, risks and opportunities related to climate change mitigation and adaptation.		Qualitative												
Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies		Qualitative												
27 The undertaking shall disclose its climate change mitigation and adaptation actions and the resources allocated for their implementation.		Qualitative												
Metrics and targets														
Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation		Qualitative & Quantitative												
31 The undertaking shall disclose the climate-related targets it has set.		Qualitative & Quantitative												
Disclosure Requirement E1-5 – Energy consumption and mix		Qualitative & Quantitative												
36 The undertaking shall provide information on its energy consumption and mix.		Qualitative & Quantitative												
Disclosure requirements, incl. data points		Pre-assessed by Mazars												

## 11.1.6. Follow-up interviews

To ensure accuracy of the gap assessment findings, each company was invited to a follow-up interview to confirm our initial findings, and to provide any necessary clarification.

These interviews provided useful input into our analysis as companies were able to provide more information on why certain data points were either missing or not at the required depth and quality. The interviews also provided details on the efforts and changes companies were making or looking to make. This provided a more complete picture of the company's sustainability management and reporting processes.

Through a data analysis process, we identified key strengths and weaknesses across the sample of companies. To ensure accuracy and reliability, these findings were then presented to the companies for validation during a second interview. Based on their feedback, we made final adjustments and conducted another round of validation to solidify the identified strengths and weaknesses.

## 11.1.7. Finalization of key findings

Following this rigorous process, we carefully categorized these findings into three distinct groups:

- **Sector-agnostic:** Applicable across all sectors within the study.
- **Sector-specific:** Unique to a specific economic sector represented in the sample. These were findings which applied to more than half of the sampled companies within a particular sector.
- **Company-specific:** Tailored to individual companies within the same sector.

The report will set out findings that are sector-agnostic and sector-specific. Company specific findings will not be included in this report but have been communicated to the respective sampled companies during the follow-up interviews.



For clarity and ease of understanding, the findings per sector were categorized along the following dimensions:

- **Governance:** Definition and allocation of roles and responsibilities within each company for effective oversight and accountability regarding sustainability information.
- **Reporting process:** Extent to which the companies' current sustainability information and metrics align with the requirements set forth in the EGD.
- **Data:** Availability of data necessary for sustainability reporting within each company, ensuring their readiness to comply with the mandated requirements.
- **Controls:** Implemented controls for ongoing data integrity within each company, such as independent reviews and assurance processes.

In presenting our findings along the above dimensions, we have set-out the following:

- **Observation:** This presents a factual representation from reviewing sustainability reporting practices of the sampled companies within each sector.  
**Key strengths:** This outlines our conclusion on strengths of the economic sector which will help in meeting the EGD sustainability reporting requirement.
- **Areas of improvements:** This outlines our conclusion on the identified gaps where corrective measures would be required.

To reflect the severity of each identified area of improvement, we assigned a rating based on the below:

- **Level of preparedness** – This assessment the sector's readiness to comply with the EGD's sustainability reporting requirements.
- **Extent of impact** – This evaluates the potential consequences of a particular gap on future compliance with sustainability reporting practices and expectations in the EU market.

Below sets the definition of the rating scales used:

Rating	Rating description
High	Critical gap which could negatively impact companies' ability to meet EU counterparties request for sustainability information
Medium	Major gap which could negatively impact companies' ability to meet EU counterparties request for sustainability information
Low	Gap may not have a significant negative impact but would support companies' ability to meet EU counterparties request for sustainability information

### **11.1.8. Corrective actions and high-level roadmap**

For the areas of improvements for the economic sectors, we identified corrective measures that should be undertaken to achieve compliance with the EGD reporting requirements.

We ensured that recommended corrective measures are pragmatic and proportionate given the varying sizes and complexities of companies within each main economic sector. This approach is expected to efficiently support the implementation phase.

The recommended corrective measures were consolidated in a high-level implementation roadmap. We considered the following in building the roadmap:

- Any dependencies or constraints
- Level of prioritization of each action based on factors such as:
  - Rating of areas of improvement
  - Time horizon by which compliance / completion is expected
  - Expected workload / time required – ease of implementation

## **11.2. Appendix 2: Examples of sustainability reporting in other jurisdictions**

### **11.2.1. Developed economies**

#### **11.2.1.1. New Zealand**

- Introduced mandatory sustainability reporting for large, listed companies and licensed financial institutions in 2017.
- Requires companies to report on their environmental, social, and governance impacts using the Aotearoa New Zealand Sustainable Reporting Standards (ANZ SRS).
- Emphasizes qualitative storytelling alongside quantitative data, promoting deeper understanding of a company's sustainability journey and impact.

#### **11.2.1.2. Singapore**

- Developed the "Sustainability Reporting Framework" in 2013, later revised in 2022, encouraging companies to voluntarily report on their sustainability practices.
- Provides a comprehensive framework aligned with international standards like GRI, SASB, and TCFD.
- Offers recognition and awards for companies demonstrating excellent sustainability reporting practices.

#### **11.2.1.3. Japan**

- Launched the "Act on Specified Companies Concerning Corporate Governance and Sustainability Information Disclosure" in 2021.
- Requires large, listed companies to disclose material sustainability information, including climate change risks and opportunities.

- Promotes integrated reporting by encouraging companies to incorporate sustainability information into their annual reports.

#### **11.2.1.4. Norway**

- Developed the "Act on Reporting and Responsibility of Companies with regard to Environmental Impacts, etc." (Årsmeldingsplikten) in 2014.
- Requires large companies to report on their environmental impacts, including greenhouse gas emissions, energy consumption, and resource use.
- This demonstrates a strong focus on environmental transparency, particularly relevant in the context of EU export requirements.

#### **11.2.1.5. South Korea**

- Implemented the "Integrated Reporting Law" in 2013, encouraging listed companies to adopt integrated reporting, combining financial and sustainability information.
- Provides guidance on materiality assessment and stakeholder engagement, promoting holistic sustainability reporting.
- Offers financial and technical support to companies transitioning to integrated reporting.

### **11.2.2. Emerging economies**

#### **11.2.2.1. Brazil**

- Established the "Sustainable Development Reporting System" in 2012, requiring large companies in specific sectors to report on their sustainability performance.
- Uses a sector-specific approach, tailoring reporting requirements to the unique challenges and opportunities of each industry.
- Recently updated the system to align with international standards and enhance transparency.

#### **11.2.2.2. Kenya**

- Released the "Kenya Sustainability Reporting Standard (KSRS)" in 2019, a voluntary framework aligned with GRI standards.
- Focuses on the specific context of Kenyan companies, including SMEs and those in the agricultural sector.
- Offers capacity-building programs and resources to support companies in implementing sustainability reporting.

#### **11.2.2.3. South Africa**

- Issued the King Code of Corporate Governance in 1994, revised in 2016, recommending sustainability reporting for listed companies.
- Encourages integration of sustainability information into mainstream financial reporting.

- Emphasizes stakeholder engagement and materiality assessments.

#### **11.2.2.4. India**

- Established the Business Responsibility Reporting (BRR) framework in 2011, initially voluntary but mandatory for large and listed companies and companies operating in certain sectors since 2018.
- Focuses on environmental, social, and economic impacts, aligning with GRI standards.
- Offers flexibility for companies to tailor their reports to their specific context and sector.

#### **11.2.2.5. Vietnam**

- Issued a voluntary "National Framework for Sustainability Reporting" in 2018, based on GRI standards.
- Offers guidance and tools for companies to report on their sustainability performance, promoting transparency and alignment with EU expectations.
- This highlights the potential for voluntary frameworks to drive sustainability reporting, particularly in emerging economies.

These are few examples, and the landscape of sustainability reporting is constantly evolving. These examples demonstrate the diverse approaches different countries have taken to tackle sustainability reporting, offering valuable lessons for Mauritius when seeking to design their own systems.

It is important to note that each jurisdiction has its own strengths and weaknesses in its approach to sustainability reporting. A thorough analysis of each example, considering its context, effectiveness, and potential challenges, is crucial for identifying the best practices to adapt and implement.

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