# Sustainability Risks for Jersey: Sector-Wide Perspectives

*A consolidated, anonymised synthesis prepared for* ***Jersey Finance*** *by* ***True Limited***

## 1. Overview

Jersey's financial and professional services community is increasingly aware that sustainability risks are no longer operating on the periphery. They now shape the environment in which business models evolve, regulations tighten, investors decide, and clients form expectations.

The reflections gathered from participants across the Imagine If workshop series offer a combined view of what the sector sees emerging — not just as individual challenges, but as a risk landscape that is changing its underlying logic. These insights are based on a relatively small set of workshop participants and are not intended to match the depth of larger global studies. They offer a local snapshot of how parts of Jersey's financial community are currently thinking about sustainability risk and can sit alongside wider research in shaping next steps.

Despite variation across sectors, roles and levels of seniority, a coherent picture emerges: sustainability risks are interconnected, increasingly material, and shaping Jersey's competitive positioning as an international finance centre. This report brings those perspectives together in a way that is accessible, future-looking and actionable.

The intention is to support Jersey Finance, member firms and relevant authorities in interpreting the insights and using them to inform strategy, communication and capability-building.

## 2. How the Insights Were Gathered

Participants were asked to reflect on three levels of sustainability risk:

- **Risks to their own organisation**
- **Risks affecting clients or managed entities**
- **Risks facing Jersey as a jurisdiction**

Written responses were collected individually and then anonymised. No names, employers or identifying references appear anywhere in this report.

Rather than presenting the inputs as a list, this document draws connections between them, highlights patterns, and summarises the implications.

## 3. Five Cross-Cutting Themes

### 3.1 Rising Regulatory Pressure

Across all professional groups — from auditors to fiduciaries, lawyers, bankers and regulators — participants highlighted a growing sense of regulatory acceleration. Expectations around sustainability reporting, disclosure, governance and assurance are becoming clearer, firmer and more consequential.

The core concern is not about regulation itself, but about **keeping pace**: ensuring internal systems, data and processes are ready before standards become binding. Participants also recognised that greenwashing risks are intensifying and that environmental harms are increasingly linked to financial crime responsibilities.
The message is consistent: firms and jurisdictions that anticipate regulatory direction will be more resilient than those that only react to it.

### 3.2 Reputation as a Competitive Factor

Reputation surfaced repeatedly as a defining risk — not in the sense of public image, but as a practical determinant of Jersey's attractiveness as a place to do business. Participants expressed concern that:

- Investors and clients are increasingly comparing IFCs on sustainability credibility
- New business may gravitate towards centres perceived as more aligned with global norms
- Inconsistent practice or unclear direction could weaken Jersey's competitive position
- Reputational harm can arise quickly and is harder to rebuild once lost

Participants consistently pointed to reputation as a practical determinant of Jersey's competitiveness. Their reflections suggest that credibility is shaped by visible alignment with evolving standards; where this is clear, confidence grows, and where it is inconsistent, confidence can weaken. Reputation, in this sense, reflects how reliably the jurisdiction keeps pace with global expectations.

### 3.3 Physical Climate and Island Resilience

While many risks relate to regulation and markets, respondents also consistently mentioned the **physical reality** of Jersey's geography. Storms, flooding, coastal exposure, and reliance on imported food and goods were raised as material risks that could disrupt operations, increase costs and pressure infrastructure.

The reflections highlight a growing awareness that sustainability is not just a policy issue — it is also linked to the island's everyday resilience, from supply chains to energy systems and emergency preparedness.

### 3.4 Transition and Market Dynamics

Participants involved in investments, banking, fiduciary services and oversight described a financial landscape being reshaped by transition risk. They pointed to:

- Stranded asset risk in carbon-intensive sectors
- Volatility in industries exposed to climate or nature impacts
- Shifting investor preferences toward sustainable products
- Long-term risks not always aligned with short-term performance metrics

These reflections signal that **market transition is already underway**, and that firms supporting clients in navigating it can reduce both financial and reputational exposure.

### 3.5 People, Skills and Wellbeing

Many participants linked sustainability risks to people: their expertise, their wellbeing and their capacity to adapt. They highlighted challenges such as:

- Shortages of sustainability-literate staff
- Rising expectations among employees for meaningful and responsible practice
- The impact of cost-of-living pressures on talent retention
- Intergenerational differences in investment values and priorities

There is a quiet but important insight underneath these reflections: **sustainability capability is not only technical — it is relational and cultural.** How people engage with the agenda will shape how effectively the jurisdiction can respond.

## 4. Risks Identified at Three Levels

### 4.1 Organisation-Level Risks

Participants described risks to their own firms in terms of credibility, continuity and capability. These included:

- Difficulty keeping up with fast-moving regulatory requirements
- Gaps in internal data or reporting systems
- Reputational exposure if public commitments outpace internal integration
- Operational disruption due to climate-related events
- Challenges in attracting and retaining skilled staff
- Board-level accountability and liability concerns
- Increased scrutiny on advice, assurance and governance quality

Across sectors, the underlying concern is coherence: firms want to ensure that their systems, decisions and communication move in the same direction.

### 4.2 Client-Level Risks

Client-related risks centred on readiness, resilience and long-term financial exposure. Participants described:

- Clients struggling to interpret new regulations
- Fragmented or partial implementation of sustainability requirements
- Portfolios exposed to transition-sensitive sectors
- Potential for rapid valuation shifts and stranded assets
- Environmental crime as an emerging AML/KYC consideration

- Divergent expectations within family clients and generational tensions
- Business model vulnerability for clients not adapting to sustainability pressures

These reflections suggest that firms increasingly see client sustainability risks as a direct component of their own risk environment.

### 4.3 Jurisdiction-Level Risks

Participants expressed a wide, coherent set of concerns about how sustainability affects Jersey's long-term positioning:

- Risk of falling behind peer jurisdictions on standards and expectations
- Vulnerability to reputational shifts that influence global capital flows
- Exposure to climate-related shocks affecting ports, transport and essential goods
- Sensitivity arising from economic reliance on financial services
- The importance of social resilience — housing, affordability, talent, cohesion
- Pressure on local ecosystems and biodiversity

Across these inputs, one idea recurred strongly: **Jersey's sustainability story needs clarity, evidence and coherence** if it is to remain competitive.

## 5. Four Scenarios for Planning and Decision-Making

These scenario "shapes" emerged from participant reflections and are useful tools for boards, executives and policymakers.

**Scenario 1: Regulatory Acceleration**

Global regimes tighten faster than expected. Disclosure, assurance and oversight requirements increase. Firms with fragmented systems struggle, while those with integrated governance adapt more smoothly.

**Scenario 2: Divergence Between IFCs**

Some financial centres invest early in sustainability, building credibility and market share. Others lag and face reputational drag. Jersey's competitive position hinges on alignment and clarity.

**Scenario 3: Climate-Driven Disruption**

Storms, flooding or supply chain interruptions disrupt operations and increase costs. Businesses reassess continuity plans. Government is pressured to strengthen resilience infrastructure.

**Scenario 4: Rapid Transition in Asset Values**

Portfolios exposed to carbon- or nature-sensitive sectors experience sudden revaluation. Fiduciary duties are scrutinised. Firms prioritising long-term value are better positioned.

These scenarios are not predictions — they are tools for stress-testing resilience and decision-making.

## 6. Strategic Implications and Opportunities For Organisations

Firms benefit by building early capability, strengthening governance, investing in sustainability literacy and proactively supporting clients through regulatory and transition shifts. Coherent internal systems and transparent communication enhance credibility and reduce exposure.

Organisations highlighted the value of building capability early — strengthening governance structures, embedding sustainability risk management within them, improving data quality, and investing in sustainability literacy across teams. Firms that integrate these elements into decision-making and communicate transparently are better positioned to support clients, meet regulatory expectations, and reduce exposure.

### For Jersey Finance

There is strong value in continuing to serve as a convenor — providing clarity, capability, and a shared frame for understanding global shifts. A consistent narrative about Jersey's trajectory, grounded in what the jurisdiction can substantiate, will help maintain trust and market access.

### For Policymakers and Regulators

Clear signals, consistent expectations and attention to resilience — physical, social and economic — will support the jurisdiction's long-term competitiveness. Integrating environmental considerations into financial integrity frameworks will further strengthen credibility.

## 7. Closing Reflection

The insights here are partial by design: they capture what a relatively small number of participants see and experience, rather than offering a full market study. Even so, they underline a consistent message — sustainability is now part of the risk conversation for organisations, clients and the jurisdiction, and will need to be handled as such.

Sustainability risks are shaping the relationships, expectations and systems that underpin Jersey's financial sector. The risks identified are not isolated issues; they form a network of interconnected pressures that influence how firms operate, how clients make decisions and how Jersey is perceived globally.

Jersey's strength has always been its ability to respond with clarity, coherence and forward-thinking. The perspectives in this report are one contribution to that work, indicating where stakeholders currently see pressure and where further attention may be needed.