



Welcome and Introduction



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Sustainable Finance Guidance

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Guidance note: sustainable finance

This guidance sets a clear and consistent baseline for managing sustainability-related risks, with a focus on climate change risks and sustainability-related claims by firms in Jersey. It is designed to support firms in meeting their existing obligations under the codes of practice in two areas:

- › **Principle 3:** identifying, assessing and managing sustainability-related risks, with a focus on climate change
- › **Principle 7:** ensuring that any sustainability-related claims are fair, clear and not misleading

Our approach is proportionate, aligns with recognised international standards, and supports Jersey's reputation as a well-governed financial centre.

1 Sustainability risk management

1.1 Purpose and scope

This section supports compliance with Principle 3 of the codes of practice by setting practical guidance for how firms can identify, assess and manage sustainability-related risks, with a focus on climate change.

It uses a single financial-materiality lens, consistent with the International Sustainability Standards Board (ISSB). This means that the focus is on how climate change may influence a firm's financial position, performance or cash flows. A double-materiality assessment, meaning also assessing the firm's impact on the environment, is not required, but firms are able to undertake such assessment if desired.

1.2 Code requirements

Principle 3 expects firms to identify, consider and adequately manage the risks they face. Sustainability-related risks, particularly climate change risks, should form part of this work.

Principle 3 does not require a separate governance framework for sustainability risk. As such, this guidance aims to help firms integrate such risks into their existing risk management frameworks under the codes.

1.3 Key definition

Sustainability-related risks may arise from a range of environmental, social and governance factors. This guidance focuses on climate-change risk as the most immediately material category.

Climate risk: a subset of sustainability risk arising from climate-related events, trends or conditions. Examples include:

- › **physical risks:** damage or disruption from acute or chronic climate events (for example severe weather, flooding, heat stress) that may impair assets, supply chains or operations
- › **transition risks:** financial impacts from changes in policy, regulation, technology, markets or preferences associated with the transition to a lower-emissions or more resource-efficient economy (for example asset re-pricing, credit deterioration in exposed sectors, higher input costs)



Background

Following our consultation issued in May 2025, industry broadly supported:

Sustainability risk

- › Guidance was the better route
- › Existing codes already provide a sufficient foundation
- › No changes to Codes for sustainability risk

Result: Supporting Guidance issued

Anti-Greenwashing

- › Support to enhance the Codes in line with international standards
- › Codes viewed as important mitigant against greenwashing

Result: Code change + guidance issued



What are we doing

A two-part approach that sits within our regulatory framework:

Part 1: Sustainability Risk

- Guidance under Principle 3
- Integrates into existing risk management frameworks
- Climate risk as the primary focus
- Sets a baseline of good practice
- No new governance framework required

Part 2: Anti-Greenwashing

- Enhancement to Principle 7 (Code change)
- Builds on existing work in this area
- Upgraded guidance for sustainability claims
- Fair, clear and not misleading
- Aligned with international norms

Part 1: Sustainability Risk Management

Existing framework

Risk management is already a Code requirement under Principle 3

This Guidance helps firms integrate sustainability risk into what they already do

No new framework is being introduced



Climate as a Maturing Risk

There is a growing international norm to consider climate risk.

We are setting a baseline of what good practice looks like – not compelling, but supporting firms in managing this maturing area.



Proportionate & Pragmatic

Firms assess materiality themselves

If risks are not material, no further action beyond periodic review.

Where risks are more material, firms can go further using recognised standards like ISSB



Part 2: Anti-Greenwashing

We already have existing code requirements for anti-greenwashing. We are upgrading and enhancing these requirements – providing a more complete set of guidance for sustainability-related claims across the board.

Code Enhancement	From Q1 2027, Principle 7 will require that sustainability-related claims are backed by robust evidence and are not unclear, misleading or unfair.
Supporting Guidance	Practical guidance on how firms can ensure claims about the firm, its products and services meet this standard.
Existing Disclosure Rules	Builds on existing disclosure requirements for Certified Funds, Fund Services Businesses, JPFs and Investment Businesses.



Simplification and Clarity

This work sits alongside our broader simplification programme. We are being clear about the distinction between requirements and guidance, so that industry are clear on what they need to do.

Requirements	Code requirements set the regulatory baseline. Risk management under Principle 3 is a requirement. How firms go about it, as a principles-based regulator is for them to decide.
Guidance	This Guidance Note supports firms in meeting existing obligations. It sets out good practice and gives practical concepts – it does not create new obligations.
Supervision	Clarity at the policy level carries through to how supervision and enforcement interpret expectations. Industry should have a clear picture of what is expected and how to demonstrate it.



Timeline and Next Steps

March 2026

Publication

Guidance Note and
Code amendments
published



Transition Period

12 months

Firms have one year
to familiarise and
prepare



Q1 2027

Go live

Guidance note takes
effect- Principle 7 code
changes enforced



Key Takeaways

- 1 No changes to the Codes for sustainability risk – Guidance-led approach adopted
- 2 Climate risk is the focus; single materiality basis; firms assess for themselves
- 3 Integrates into existing risk management frameworks – no new framework
- 4 Anti-greenwashing provisions upgraded with Code enhancement from Q1 2027





Jersey Financial Services Commission



Any questions?

Please use the Q and A function
to pose your questions.



