

Feedback on proposals regarding sustainable finance

This paper reports on responses received to our [consultation on proposals regarding sustainable finance \(jerseyfsc.org\)](https://www.jerseyfsc.org/consultation-on-proposals-regarding-sustainable-finance) published on 27 May 2025.

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Contents

1. Executive summary	3
1.3 Introduction.....	3
1.4 Background.....	3
1.5 International context.....	3
1.6 Feedback summary	4
1.7 Policy position and next steps	4
2. Consultation feedback and our comments	6
1.8 Sustainability risk.....	6
1.9 Business integrity risk.....	9
3. List of respondents.....	12
Glossary	13

1. Executive summary

1.3 Introduction

This paper summarises the feedback received from stakeholders and provides our response to our [consultation on proposals regarding sustainable finance \(jerseyfsc.org\)](https://jerseyfsc.org) (CP) published on 27 May 2025, which focussed on two key areas of Jersey's sustainable finance (SF) framework:

- › integration of sustainability-related risks into governance, risk management and internal systems and controls
- › enhancement of anti-greenwashing measures to ensure sustainability-related claims are fair, clear and substantiated

1.4 Background

The CP emphasised the importance of advancing the actions set out in the Government of Jersey's Sustainable Finance Action Plan. It proposed next steps for registered persons governed by the Codes of Practice to address emerging challenges in SF.

Building on the anti-greenwashing requirements for sustainable investments introduced in 2021, the CP posed five questions related to proposals for incorporating sustainability-related risks and business integrity risks into our regulatory framework. Its aim was to gather views from industry stakeholders on the potential impact that the proposed changes to the Codes of Practice might have on the sectors affected.

We received 20 formal responses to the CP from a diverse group of stakeholders, including supervised entities across various financial services sectors, industry associations, professional services firms, and sustainability consultants. In addition, 23 people attended and shared their views directly at our three drop-in sessions.

We are grateful to everyone who took the time to submit responses and participate in the sessions and to Jersey Finance for hosting and helping arrange the engagements.

1.5 International context

The international conversation on SF is rapidly evolving, even in the short period since our CP was published. Globally, governments and regulators are recalibrating their approach, aiming to balance advancing sustainability objectives and pursuing growth and competitiveness goals. For example, the European Union has proposed simplifying reporting under the Corporate Sustainability Reporting Directive (CSRD), reducing the number of companies in scope. The United Kingdom is developing its own Sustainability Disclosure Standards based on the International Sustainability Standards Board (ISSB) framework, focussing on climate transition planning and assurance. In the United States, the Securities and Exchange Commission has withdrawn its defence of climate disclosure rules, creating uncertainty around future requirements.

These developments reinforce the need for Jersey to adopt a pragmatic and proportionate approach to SF, ensuring industry is provided with support and guidance to identify and mitigate their sustainability-related risks in a way which is not unduly burdensome and enables Jersey to remain competitive.

1.6 Feedback summary

The core themes arising from the feedback received were:

- › **policy intent:** there was broad support for our SF policy intent, but differing views on implementation. Increasing cost of compliance was cited as a negative impact, including the potentially disproportionate impact on smaller firms. It was acknowledged that it is important to progress SF objectives in a way that is right for Jersey, but responses were split on whether the proposals helped or hindered competitiveness.
- › **Codes versus guidance approach:** many respondents felt that current Code requirements for risk management already provided the basis for us to require sustainability risks to be addressed. Referring to sustainability specifically was therefore considered unnecessary and potentially detrimental to other risks posed to industry. Almost everyone supported the need for further guidance to clarify our expectations in respect of sustainability risk.
- › **defining terms:** there was a consensus requesting clear definitions of terms such as ‘sustainability risk’, ‘materiality’ and ‘proportionality’ to support the consistent application of the proposed changes.
- › **de minimis exemption:** the majority of respondents opposed a de minimis exemption, citing risks of creating a ‘two-tier’ system and reputational harm. Instead, there was support for an emphasis on a proportionate approach to implementation.
- › **business integrity risks:** there was strong support for strengthening requirements in line with international standards. Suggestions were made to replace the word “credible” with “robust” evidence, which aligns with UK FCA terminology and mitigates the implication of perceived truth with the use of the word credible.

1.7 Policy position and next steps

We have carefully considered the responses received, recognising there are various perspectives held within industry on Jersey’s approach to SF. We are committed to the island’s Sustainable Finance Action Plan and playing our part in ensuring we future-proof the financial services industry. Our policy intent remains the same, although the feedback we have received has led us to adjust the method of implementation, ensuring it remains proportionate and pragmatic for the island. The following outlines our policy response and next steps:

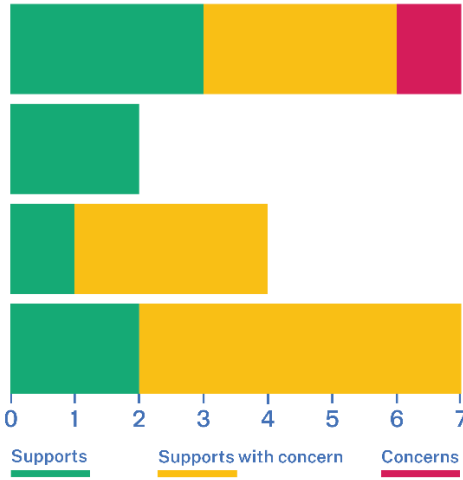
- › **sustainability related risks:** we have accepted the position that existing Codes provide an appropriate foundation for risk management, including sustainability risks, without the need for further enhancement. Our policy position remains that firms are expected to consider sustainability risks and remain accountable, but we agree that our expectations should be clarified. We will not introduce new Code provisions at this stage and will instead issue guidance, developed with industry, to clarify expectations and provide practical examples of how sustainability-related risks should be considered within existing frameworks.
- › **business integrity risks:** we will proceed with enhancements to the Codes of Practice (principle 7), including requiring sustainability-related claims to be supported by robust evidence. This will bring closer alignment with the FCA’s approach, helping to reflect the desire for consistency across group structures.

A Sustainable Finance guidance note, covering sustainability-related risks and business integrity risks, will be published in Q1 2026. Revised Code provisions on business integrity risks will follow a one-year transition period, with full implementation by Q1 2027.

To support this process and ensure the guidance meets the needs of local industry, we will work with industry on its development before publication and the start of the transition period.

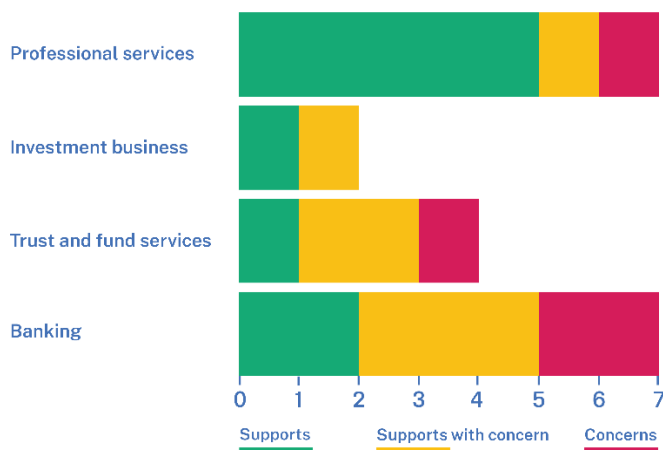
2. Consultation feedback and our comments

1.8 Sustainability risk

Q1. Corporate governance: do you have any general observations on, or concerns relating to, the proposal concerning corporate governance?																					
Overview	In the CP, we asked whether the Codes of Practice should include wording on integrating material sustainability-related risks, opportunities, and impacts into business operations (such as business models, strategy, and risk assessment) and financial activities, in a way that reflects the nature, size, and scale of the business.																				
Quantitative results	<div><div>Professional services</div><div>Investment business</div><div>Trust and fund services</div><div>Banking</div></div>  <table><thead><tr><th>Sector</th><th>Supports</th><th>Supports with concern</th><th>Concerns</th></tr></thead><tbody><tr><td>Professional services</td><td>3</td><td>3</td><td>1</td></tr><tr><td>Investment business</td><td>2</td><td>0</td><td>0</td></tr><tr><td>Trust and fund services</td><td>1</td><td>3</td><td>0</td></tr><tr><td>Banking</td><td>2</td><td>5</td><td>0</td></tr></tbody></table>	Sector	Supports	Supports with concern	Concerns	Professional services	3	3	1	Investment business	2	0	0	Trust and fund services	1	3	0	Banking	2	5	0
Sector	Supports	Supports with concern	Concerns																		
Professional services	3	3	1																		
Investment business	2	0	0																		
Trust and fund services	1	3	0																		
Banking	2	5	0																		
Industry feedback	<p>There was broad industry support for considering sustainability-related risks within our regulatory framework. However, the feedback highlighted divergent views on how best to achieve this:</p> <ul style="list-style-type: none">› Some respondents supported including sustainability-related risks in governance frameworks and noted this is important for Jersey’s competitiveness<ul style="list-style-type: none">› they requested clear definitions of terms such as sustainability risk, materiality, and proportionality, and asked for clarity on whether a single or double materiality approach is intended› respondents requested sector-specific guidance, examples, and training to support implementation<ul style="list-style-type: none">› some raised concerns that singling out sustainability could imply greater importance than other risks› views differed on whether inclusion should be through guidance or within the Codes<ul style="list-style-type: none">› some supported embedding requirements in the Codes for clarity and consistency› in contrast, others argued that existing Codes already require risk management and that guidance would provide more flexibility and reduce burden																				

Our response	<p>Following feedback from industry, we have considered that the existing Codes of Practice already provide the necessary foundations for addressing sustainability-related risks. Principle 3 requires firms to identify, assess and manage all material risks relevant to their business. This includes sustainability-related risks where they are material.</p> <p>Sustainability-related risks should be considered alongside other risks, proportional to the nature, scale and complexity of the business. Introducing new Code obligations could unintentionally suggest that sustainability risks precede other risks.</p> <p>Outcome:</p> <p>There will be no changes to the Codes of Practice concerning sustainability-related risks, as we have determined the current wording within the Codes to have a sufficient focus on risk already.</p> <p>We will collaborate with industry to produce a SF guidance note that is proportionate, practical, and improves industry understanding of how to consider sustainability-related risks and our expectations.</p>

Q2. Internal systems and controls: do you have any general observations on, or concerns relating to, the proposal to include the business resumption, disaster recovery and contingency arrangements wording?

Overview	The CP proposed including wording to ensure that adequate business resumption, disaster recovery and contingency arrangements are in place and tested at appropriate intervals. This is intended to safeguard against disruption of services and operations and mitigate risks, including those related to sustainability.																									
Quantitative results	 <table><caption>Quantitative Results Data</caption><thead><tr><th>Sector</th><th>Supports (Green)</th><th>Supports with concern (Yellow)</th><th>Concerns (Pink)</th><th>Total</th></tr></thead><tbody><tr><td>Professional services</td><td>5</td><td>1</td><td>1</td><td>7</td></tr><tr><td>Investment business</td><td>1</td><td>1</td><td>0</td><td>2</td></tr><tr><td>Trust and fund services</td><td>1</td><td>2</td><td>1</td><td>4</td></tr><tr><td>Banking</td><td>2</td><td>3</td><td>2</td><td>7</td></tr></tbody></table>	Sector	Supports (Green)	Supports with concern (Yellow)	Concerns (Pink)	Total	Professional services	5	1	1	7	Investment business	1	1	0	2	Trust and fund services	1	2	1	4	Banking	2	3	2	7
Sector	Supports (Green)	Supports with concern (Yellow)	Concerns (Pink)	Total																						
Professional services	5	1	1	7																						
Investment business	1	1	0	2																						
Trust and fund services	1	2	1	4																						
Banking	2	3	2	7																						
Industry feedback	<p>Respondents generally supported the inclusion of sustainability risks in continuity planning, but offered mixed views on how this should be reflected in regulatory expectations:</p> <ul style="list-style-type: none">› respondents agreed that sustainability-related risks should be considered within business resumption, disaster recovery, and contingency planning.																									

	<p>but many felt these risks are already embedded in broader operational resilience frameworks, making the proposed wording redundant or overly prescriptive</p> <ul style="list-style-type: none"> › some respondents viewed the proposed change as aligned with governance practices and a useful step to encourage firms to include sustainability risks in continuity planning, while others noted that these risks are typically linked to existing disruption scenarios rather than requiring separate response measures, making it difficult to distinguish them as a standalone category
Our response	<p>We acknowledge concerns about singling out specific risks and ask firms to assess their own risks appropriately. Our SF guidance note will include examples to clarify scope and intent, support consistent interpretation, and align as far as practicable with UK frameworks to ensure cross-jurisdiction consistency and reduce regulatory fragmentation.</p> <p>Outcome:</p> <p>No changes to the internal systems and controls Codes section at this stage.</p> <p>Feedback highlighted that many firms already consider sustainability-related risks and showed good awareness of embedding them within existing business resumption, disaster recovery and contingency planning arrangements.</p> <p>Instead, we will publish a comprehensive SF guidance note in Q1 2026 to support firms in continuing to embed sustainability risks within their broader risk management frameworks.</p>

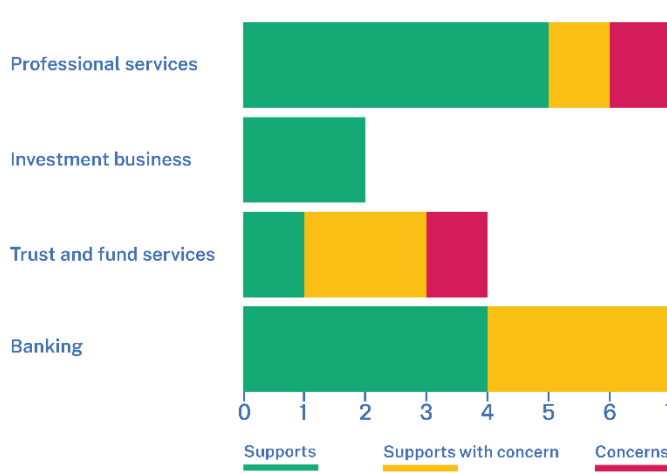
Q3. De minimis rule: what would the appropriate criteria look like for incorporating a de minimis rule that excludes smaller businesses from needing to comply with the requirements relating to sustainability risk?

Overview	<p>The CP invited feedback on the potential introduction of a 'de minimis' rule, under which smaller businesses would be excluded from the proposed amendments to the sustainability risk section.</p>
Industry feedback	<p>Respondents had mixed views on introducing a de minimis exemption:</p> <ul style="list-style-type: none"> › most opposed the idea, arguing that sustainability risks are material regardless of business size and that current wording already allows proportionality › they warned thresholds could create a two-tier system, weaken governance standards, and damage Jersey's reputation › several noted sustainability risks, such as climate-related risks, affect all firms, and exemptions could make smaller firms appear riskier to clients and investors › some suggested that if introduced, thresholds should reflect risk exposure rather than size alone, using factors like AUM, revenue, and employees, though this could be complex to apply and supervise › concerns were raised about compliance costs for smaller firms, but many felt proportional application was preferable to exemptions

	<p>› a minority supported thresholds for firms with minimal on-island operations or phased requirements for larger firms</p> <p>Overall, most respondents favoured a universal obligation supported by clear guidance and training.</p>
Our Response	<p>We recognise the importance of proportionality, but a risk can be significant, or material, regardless of business size. The existing Codes allow for proportionality based on the nature, scale, and complexity of the business.</p> <p>Introducing a formal de minimis rule would add complexity and risk reputational harm. Guidance will include examples of minimal expectations, such as board-level consideration of sustainability-related risks.</p> <p>Outcome:</p> <p>No de minimis rule will be introduced.</p> <p>Instead, we will consider how to address proportionality in our forthcoming SF guidance note, which will help firms of all sizes understand and manage sustainability-related risks effectively.</p>

1.9 Business integrity risk

Q4. Sustainability related claims: do you have any general observations on, or concerns relating to, the proposal of a new Code concerning sustainability-related claims regarding the registered person, products and services?

Overview	<p>The CP sought views to include a new Code on sustainability-related claims regarding the registered person, products and services, highlighting that such claims must be backed by credible evidence, and must not be unclear, misleading or unfair.</p>																				
Quantitative Results	 <table><thead><tr><th>Category</th><th>Supports</th><th>Supports with concern</th><th>Concerns</th></tr></thead><tbody><tr><td>Professional services</td><td>5</td><td>1</td><td>1</td></tr><tr><td>Investment business</td><td>2</td><td>0</td><td>0</td></tr><tr><td>Trust and fund services</td><td>1</td><td>2</td><td>1</td></tr><tr><td>Banking</td><td>4</td><td>3</td><td>0</td></tr></tbody></table>	Category	Supports	Supports with concern	Concerns	Professional services	5	1	1	Investment business	2	0	0	Trust and fund services	1	2	1	Banking	4	3	0
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Investment business	2	0	0																		
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Banking	4	3	0																		

Industry Feedback	<p>Respondents generally supported code enhancements on sustainability-related claims, viewing them as key to preventing greenwashing and maintaining market integrity:</p> <ul style="list-style-type: none"> › many welcomed alignment with international standards such as the FCA’s anti-greenwashing rule and EU/UK disclosure frameworks, noting that consistency reduces complexity and regulatory burden › respondents highlighted the need for clear definitions, particularly for terms like “credible evidence” and “integrity risk” › many called for guidance or examples to clarify what constitutes robust evidence and the scope of communications covered, including social media › some suggested replacing “credible” with “robust” to align with FCA terminology › practical challenges were noted, with requests for sector-specific guidance, training, and clarity on proportionality to avoid disproportionate burdens on smaller firms › some warned proposals could duplicate existing requirements under Principle 7 or appear tokenistic without clear enforcement measures › concerns were raised about data reliability, lack of global ESG standards, and potential compliance costs impacting competitiveness › several recommended a principles-based approach supported by guidance, referencing frameworks like FCA FG24/3, to help firms understand obligations and avoid “green-hushing” › respondents stressed the importance of enforcement and suggested penalties for non-compliance be clearly communicated
Our response	<p>We will enhance the Codes to require sustainability-related claims to be fair, clear, and supported by robust evidence. This aligns with FCA terminology and brings Jersey in line with SFDR and SDR requirements.</p> <p>Guidance will clarify scope, provide examples, and address proportionality. We will also consider how best to clarify supervisory expectations.</p> <p>Outcome:</p> <p>Code enhancements will proceed.</p> <p>We have updated the wording from “credible” to “robust” evidence, with guidance and revised Codes to be published in Q1 2026, followed by full implementation in Q1 2027 after a one-year transition period.</p>

Q5. Impact: are there any impacts on your business arising from the proposed changes that you wish to provide comment on, or are there any other comments you wish to provide?

Overview	<p>The CP specifically asked about the impact of the proposed changes and sought to engage any other views that may be relevant to this consultation.</p>
Industry Feedback	<ul style="list-style-type: none"> › some respondents agreed the proposed changes would have limited impact on firms with existing risk management and business continuity frameworks, as sustainability risks are already integrated into many processes and the amendments largely formalise current practices

	<ul style="list-style-type: none"> › several respondents noted the time and resources required to update documentation, train staff, and ensure compliance, while others raised concerns about cumulative regulatory burden and its effect on Jersey's competitiveness, particularly for smaller firms › a few warned that Jersey could appear over-regulated compared to other jurisdictions, potentially deterring new entrants and limiting growth › auditors and professional services firms highlighted implications for assurance work, including compliance declarations and sustainability claims, and requested clarity on expectations, definitions of "material" breaches, and what constitutes "robust evidence" › respondents also stressed the need for ongoing engagement and education to ensure consistent understanding and application across the industry
Our response	<p>We acknowledge concerns and will apply proportionality through Codes and guidance. Group-level governance structures will be recognised where appropriate.</p> <p>Feedback under this question reinforces a consistent message: stakeholders support enhancements to Jersey's sustainable finance framework, but these should be implemented proportionately and pragmatically. This aligns with our guidance-led approach to sustainability-related risks and targeted Code enhancements for anti-greenwashing.</p> <p>Outcome:</p> <p>A single SF guidance note will be published in Q1 2026, and business integrity Code changes will be implemented by Q1 2027, allowing for a year transition period.</p> <p>Ongoing engagement and monitoring will ensue to ensure proportionality.</p>

3. List of respondents

Sector	No. of responses
Banking	7
Trust Company Business and Fund Services Business	4
Investment Business	2
Professional services (including assurance and advisory)	7

Glossary

Defined terms are indicated throughout this document as follows:

the Action Plan	the Government of Jersey's Sustainable Finance Action Plan (21 Nov 2024)
Banks	Deposit-taking Business
Codes of Practice/Codes	Collectively, related to this consultation paper only, they include: <ul style="list-style-type: none"> › Collective Investment Fund Code › Banking Code › Fund Services Business Code › General Insurance Mediation Business Code › Investment Business Code › Insurance Business Code › Money Services Business Code › Trust Company Business Code
Commission Law	Financial Services Commission (Jersey) Law 1998
CP	our consultation on proposals regarding sustainable finance (jerseyfsc.org) published on 27 May 2025
CSRD	Corporate Sustainability Reporting Directive
EU	The European Union
FCA	Financial Conduct Authority
ISSB	International Sustainability Standards Board
JFL	Jersey Finance Limited
JFSC	Jersey Financial Services Commission
registered person	a person who is registered, or holds a permit or certificate, as applicable, under one or more of the Banking Business (Jersey) Law 1991, the Collective Investments Funds (Jersey) Law 1988, the Financial Services (Jersey) Law 1998 and the Insurance Business (Jersey) Law 1996
SDR	Sustainability Disclosure Requirements
SF	sustainable finance
SFDR	Sustainable Finance Disclosure Regulation
UK	United Kingdom