



Jersey Finance

Delivering Insight • Driving Innovation

Jersey for Sustainable Finance



What is Sustainable Finance?

Sustainable finance refers to any form of financial service that integrates environmental, social and/or governance (ESG) criteria into investment decisions in order to achieve a lasting positive impact, as well as a financial return.



Joe Moynihan
Chief Executive Officer, Jersey Finance

“Sustainable finance, and particularly impact investing, is experiencing significant growth on a global scale, and Jersey has been active in this vital area for some time.

As a forward-thinking jurisdiction, Jersey is keen to encourage more sustainable finance by capitalising on its existing strengths and building on its reputation as a jurisdiction of choice for international finance.

Jersey’s finance industry has a wide range of flexible structures and the knowledge and expertise to ensure investors make the right choice to suit their objectives. In addition, the Island’s flexible yet robust regulator and its expanding network of global connections are attractive for wealthy individuals wanting to make a difference with their money.”

Jersey for Sustainable Finance

When it comes to selecting a jurisdiction for sustainable finance, clients want a wide choice of structures that can be set up quickly, ideally in a tax-neutral location, where expertise is close at hand and disputes are easy to resolve. Reputation is key. Cost and convenience are critical. And familiarity is a reassuring bonus.

If you look at Jersey’s credentials, it’s clear that the Island meets every one of these criteria. These credentials, coupled with case studies from Jersey-based service providers and local organisations, show why Jersey is the clear choice for sustainable finance.

Jersey’s Key Credentials for Sustainable Finance



Wide Range of Flexible Structures



Knowledge and Expertise



Well-regulated and Politically Stable



Central and Connected



Fund Administration Excellence



World-class Private Wealth Capabilities



Well-developed Legal System



Approachable and Responsive Regulator



Global Presence and Connections



Wide Range of Flexible Structures

As a forward-thinking jurisdiction, Jersey prides itself on its product and service innovation; it has developed a range of competitive, flexible structures that can be adapted to meet philanthropic and sustainable investment objectives including trusts, foundations and a variety of fund structures.

Case Study: VLC Renewables Fund I (Mourant)

Mourant advised Low Carbon, a privately-owned investment company, in connection with the establishment of VLC Renewables Fund I (VLC Renewables). VLC Renewables was established in Jersey as an unregulated eligible investor fund and structured using Jersey limited partnerships. It was created to invest in renewable energy projects which received initial commitments of €200m from Vitol, one of the world's largest energy companies. The fund, advised by Low Carbon, will invest in European renewable energy generation projects. Its initial focus will be both onshore and offshore wind energy, specifically targeting projects at various stages of the development cycle, including late stage development, construction and operation. Low Carbon is committed to tackling climate change and reducing carbon emissions. The successful closing of this new fund is a step forward in their pursuit of a global low-carbon future.



“The regulatory framework in Jersey provides a robust framework within which sustainable investing products can be designed and marketed. The JFSC will continue to work closely with product originators, as this sector grows, so that the governance and administration continues to meet the regulatory standards investors will rightly expect.”

- Martin Moloney, Director General, Jersey Financial Services Commission (JFSC)



Knowledge and Expertise

Jersey has one of the largest numbers of finance industry professionals of any international finance centre, giving it a vast pool of expertise. Its near 14,000 professionals, including trust practitioners, fund specialists, accountants, lawyers, advisors and administrators, make up almost a quarter of the Island's total workforce. This deep pool of skilled professionals provides the range of expertise necessary for the establishment and servicing of a variety of structures to support sustainable objectives.

Case Study: Jersey's sustainable investment consultancy (Concentric)

Jersey is rapidly evolving to become a leading jurisdiction for the many variants of sustainable investing. There are several contributing factors to this but there are two in particular which led to the launch of Concentric - Jersey's first sustainable investment consultancy.

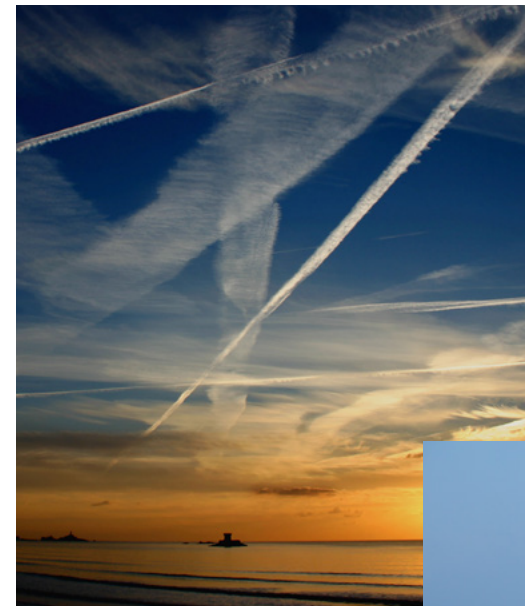
Firstly, due to the highly evolved and regulated funds regime, fund sponsors wishing to raise capital for niche ideas or innovative technologies can almost certainly find a structure that suits their requirements. This flexibility has led to the setting up of a number of Jersey entities managing sustainably focussed investment strategies that create positive, definable social and environmental impacts.

Also, for investors seeking discretionary management, Jersey has many leading investment houses within walking distance of each other. Many of these investment managers are innovating within the sustainable and impact sector, benefiting investors from a managed approach to their assets and delivering strong returns with positive impact at their core.

Typically, investors taking this approach are those recognising their philanthropic activities achieve better long-term results by focussing on impact investing rather than charitable giving, as impact investing is far more effective in promoting ongoing sustainability through job creation and entrepreneurship.

Case Study: Sustainable investment strategy (Affinity)

Affinity made a strategic decision to develop an investment solution which could cater for those clients wanting to align their values with their wealth. This was partially prompted by a request from the beneficiaries of a trust they administer, who wanted a distribution to be managed in a 'sustainable' way. This led to the launch of Affinity's Sustainable Strategy, a discretionary managed portfolio designed to generate 'growth, with impact'. Asset allocation and investment selection is undertaken entirely by their Jersey-based team and includes underlying funds investing globally and run by managers located in London, Edinburgh, Switzerland, Singapore and Sydney, to name a few.



Central and Connected

Jersey is easily accessible from the UK and Europe, and is based in a central time zone that makes it easy to work with both west and east, meaning it can support investors from across the globe.

Case Study: US\$370m investment in "water" related investments (Mourant)

A team at Mourant advised a listed Hong Kong multinational on the establishment of a Jersey limited partnership that has allocated up to US\$370m investment in infrastructure investments. The partnership is focussed on water-related investments targeting clean and sustainable technologies and desalination infrastructure.

Case Study: A positive impact on the environment (TISE GREEN)

The International Stock Exchange (TISE), is an internationally recognised stock exchange providing facilities for the listing and trading of a broad range of securities. With an office in Jersey, more than half of the new listings on TISE are introduced by Jersey-based law firms, banks, fund administrators or trust and corporate service providers.

TISE GREEN is a new market segment for green investments, including bonds, funds and trading companies, which enhance or protect the environment. It has been established to enable those seeking investment into environmentally beneficial initiatives to highlight their green credentials while, at the same time, providing easier access for investors who are looking to allocate towards those investments which have been verified as meeting globally recognised standards in green finance.



Well-Regulated and Politically Stable

Jersey is a self-governing British Crown Dependency with autonomy over its domestic affairs. Its robust regulatory framework and political and economic stability have helped keep the jurisdiction at the forefront of global finance for more than 50 years.

Case Study: Jersey Overseas Aid

Jersey Overseas Aid (“JOA”), an independent international aid agency funded by the Government of Jersey, has been transforming lives in the world’s poorest countries since 1968. The 50 years of experience it has built up in selecting, monitoring and evaluating development projects is increasingly useful for the Island’s fast-growing impact investment sector.

JOA’s portfolio is increasingly concentrated on three high-impact themes, one of which is Conservation Livelihoods. This programme concentrates on the link between human development and environmental protection, particularly in vulnerable ecosystems under threat from population growth, habitat destruction and changing weather patterns.

The projects aim to establish or strengthen a virtuous circle of human wellbeing and habitat or species conservation, underpinned by a system of sustainable livelihoods.

“Just like good investing, good development donorship demands persistence and proficiency, informed and empirical decision making, and a thorough understanding of risk, capabilities and good practice. As finance and philanthropy increasingly overlap, these attributes enable JOA to help cement Jersey’s position as one of the world’s most attractive jurisdictions for doing good with one’s money.”

- Carolyn Labey, Minister for International Development, Jersey Overseas Aid Commission

“Jersey is a jurisdiction-of-choice for investors seeking professional funds and private wealth management services, alongside a stable, mature and internationally respected regulatory system. We are therefore well placed to manage the growing expectations of clients who want products and investments that offer not only profit, but generate positive social impact through philanthropy and ethical investing.”

- Senator Ian Gorst, Minister for External Relations, Government of Jersey





Fund Administration Excellence

Jersey is particularly strong in the servicing of alternative investments. Fund and corporate vehicles established and administered in Jersey invest in a wide range of high value alternative investments across multiple economies.

The significant skills and expertise of Jersey's service providers, particularly in relation to more complex alternative investments, contribute to business efficiency and risk management, as do the networks that exist between the various service providers.

Case Study: US\$1.6bn raised for low carbon power fund (Carey Olsen and Oak Group)

Carey Olsen's investment funds team in Jersey advised Quinbrook Infrastructure Partners on the Jersey legal and regulatory aspects of Quinbrook Low Carbon Power Fund's final closing, which raised a total of US\$1.6bn in primary fund and co-investment commitments. The fund focusses on investments primarily in the 'new build' lower carbon and renewable energy sectors of the US, the UK and Australia.

The fund took advantage of the regulated Jersey Eligible Investor Fund regime to target institutional investors, and also enabled investors to increase

their exposure to technology-specific subsets of the investment portfolio, such as wind and solar, alongside the main fund through Jersey Private Fund co-investment vehicles.

Oak Group has acted as the Jersey administrator to the Quinbrook Group since its launch in 2016, acting in conjunction with another administrator in respect of the fund and co-investment vehicles. With demonstrable knowledge in the clean energy sector and experience in administering significant funds, the local Oak team provide directors and company secretary to the fund and co-investment vehicles, and are the sole administrators for the general partner and group entities.



World-Class Private Wealth Capabilities

For more than 50 years, Jersey has been establishing structures for high net worth (HNW) families and individuals. So why do clients select Jersey to support their wealth management needs? Jersey offers choice. It has a robust, sophisticated and forward-thinking legal framework that enables it to lead the way in delivering private client services – from simple trusts and underlying company structures, to high value and more complex arrangements involving trusts, companies, limited partnerships and foundations for international families.

The stability and quality of Jersey's trust law, a template adopted by many other jurisdictions worldwide, remains highly attractive to international private wealth clients.

Case Study: A sustainable discretionary solution (UBS)

Following the realisation of a large inheritance, a London-based client working with a local Jersey trustee required a proposal to manage the proceeds for the long term. The client specifically asked how they could 'do well by doing good', while factoring in asset protection and succession planning. This made Jersey a natural fit for the trust arrangements.

UBS presented their comprehensive sustainable discretionary solution, incorporating exclusive access to World Bank bonds. These provide general funding to the World Bank, benefitting from their credit rating, while helping developing countries fund complex sustainable and socially responsible development work.

The client and their advisors were equally impressed with the equity portion of the portfolio. Specifically, the engagement sector where UBS works with a fund manager to engage with firms who are not performing well in their environmental, social or governance objectives and help them improve. This provides a long-term opportunity for both benefit and return. Subsequently, one of the settlors of the trust has co-invested with the same objectives.



Approachable and Responsive Regulator



Jersey's range of regulatory options allows managers to choose a funds regime suited to their target investors. These regimes are overseen by the Jersey Financial Services Commission (JFSC) – a pragmatic, very approachable and responsive regulator. The Island's globally recognised regulator works closely with industry and the Government of Jersey to develop the innovative products needed by the finance sector both at home and internationally.

Case Study: Influencing through meaningful stewardship (Aberdeen Standard Capital International)

Aberdeen Standard Capital International (ASCI), which is regulated by the JFSC, is a discretionary investment manager dedicated to investing for all kinds of futures. Through its rigorous approach to embedding sustainable and responsible investing criteria as a critical component of its investment process, it believes it can offer portfolios that aim to balance investment performance while helping to create a better, more sustainable world.

One of the many facets of sustainable investing is stewardship. As active managers, regular meetings are held with the management teams of the companies in which it invests. A dedicated governance team meet company boards and also guide proxy voting on behalf of clients. ESG (environmental, social and governance) analysts corroborate the information received at those meetings or from company releases by speaking to competitors, firms involved in the supply chains, customers and industry champions. This all goes towards the decision-making process of whether to invest in a particular company or not.

Engagement in action – Microsoft:

- Microsoft had come in for criticism for not having a policy in place to prevent child/slave labour in its supply chain, particularly the mining of cobalt, which is widely used in lithium-ion batteries.
- ASCI clients' voting rights were exercised to encourage Microsoft to improve its oversight of this issue and engagement has been influential in achieving positive change.
- Microsoft launched its Responsible Sourcing of Raw Materials Policy in 2014, which requires a risk assessment for each new supplier and products, no matter the material or from where it is sourced.



Global Presence and Connections

Jersey has excellent relations with key markets in the Gulf region, Greater China, India and Africa. These connections are strengthened by our global presence, with offices in Jersey, Dubai, Hong Kong and New York; representation in London; and virtual offices in Shanghai and Mumbai. In the Gulf region, Jersey's experience and expertise in Islamic finance ensures that structures can be established effectively in a Shariah-compliant manner.

Case Study: Jersey holding companies as listing vehicles (Collas Crill)

Green & Smart Holdings is the Jersey holding company of the Green & Smart company group, which is engaged in the Malaysian renewable energy sector. Participating in the production of electricity through biogas power plants, which convert the waste produced by palm oil mills, Green & Smart is seeking to take advantage of Malaysian governmental policy towards increasing the production of electricity through renewable energy sources. Green & Smart Holdings plc successfully listed on AIM, London on 12 May 2016. Collas Crill's team advised on the Jersey corporate law aspects of its listing.



Well-Developed Legal System

Our legal framework provides vital support to our finance industry, making sure that we stay flexible and attractive to domestic and international markets. We operate on common law principles, which provides significant comfort to European and US investors.





“As the UK’s first impact wealth manager, Tribe Impact Capital only run portfolios for positive financial and social/environmental returns. And whilst we are headquartered in London, being able to service offshore clients has been critical to our success. We use first-class local custodians, such as LGT Vestra Jersey, and already have a number of important relationships with some of the world’s leading trust and fiduciary businesses on the Island.

There’s a lot of debate about definitions in this space. But, however defined, “impact investors” are the ones asking the important questions of their assets, strategies and service providers.

They’re intelligent, inquiring, and willing to learn. It’s why Jersey is well suited as a jurisdiction. Impact investors also tend to be focussed on the future. Their outlook is driven by both their responsibility as custodians of inter-generational assets, as well as their role in helping to build a future that we all need.

The Island, like Tribe and our clients, understands that impact investing is a journey. Whilst we’re proud of our work today, we recognise what we’re doing can be improved on tomorrow. And Tribe are excited about travelling on this journey with Jersey”.

- James Lawson, Partner, Tribe Capital



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