

## Guernsey's new "Green Fund" certification boosts a growing asset class

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Guernsey's new Green Fund offering investors certified environmentally-friendly opportunities is a welcome innovation that creates another clear differentiator for the jurisdiction.

Ethical investments – also known as Environmental, Social and Governance, or ESG, investments - are a growth area. A 2015 Morgan Stanley report that they have been growing in popularity amongst younger investors, and a 2013 German study showed that investors do not necessarily have to sacrifice returns for ESG-friendly investments.

The new Guernsey Green Fund certification available now from the Guernsey Financial Services Commission offers a "green kitemark" where the funds administrators either: provide a certificate from a suitable independent third party that the fund prospectus meets the criteria; or a signed declaration from the designated administrator that the fund meets the criteria.

The Commission will review the fund's prospectus before granting "green fund" status. The rules state that 75% of assets by value in a "green fund" must be made "with the ultimate objective of mitigating environmental damage resulting in a net positive outcome for the environment" and must be in one of a defined set of asset classes including renewable energy, energy efficiency and low-carbon technologies, and that the remaining 25% must not reduce that overall objective or be made in a prescribed asset class such as waste landfills, fossil fuels or uranium mining.

Ogier partner Tim Clipstone said: "This is a welcome step that once again demonstrates the responsive attitude of the regulator to opportunities in the market.

"The Green Fund will become a welcome part of the jurisdiction's toolkit for attracting business and raising the island's profile.

"The certainty that the fund offers in terms of ESG investments will be of particular interest not just to millennial investors, but also to sovereign funds and institutional investors who want to be able to offer solid commitments about their investment activities."

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