



Sustainability: Latest developments

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What we'll cover today

1. Market context
2. Drivers of value creation
3. Global regulatory & disclosure update
4. Jersey update
5. Key takeaways and Q&A

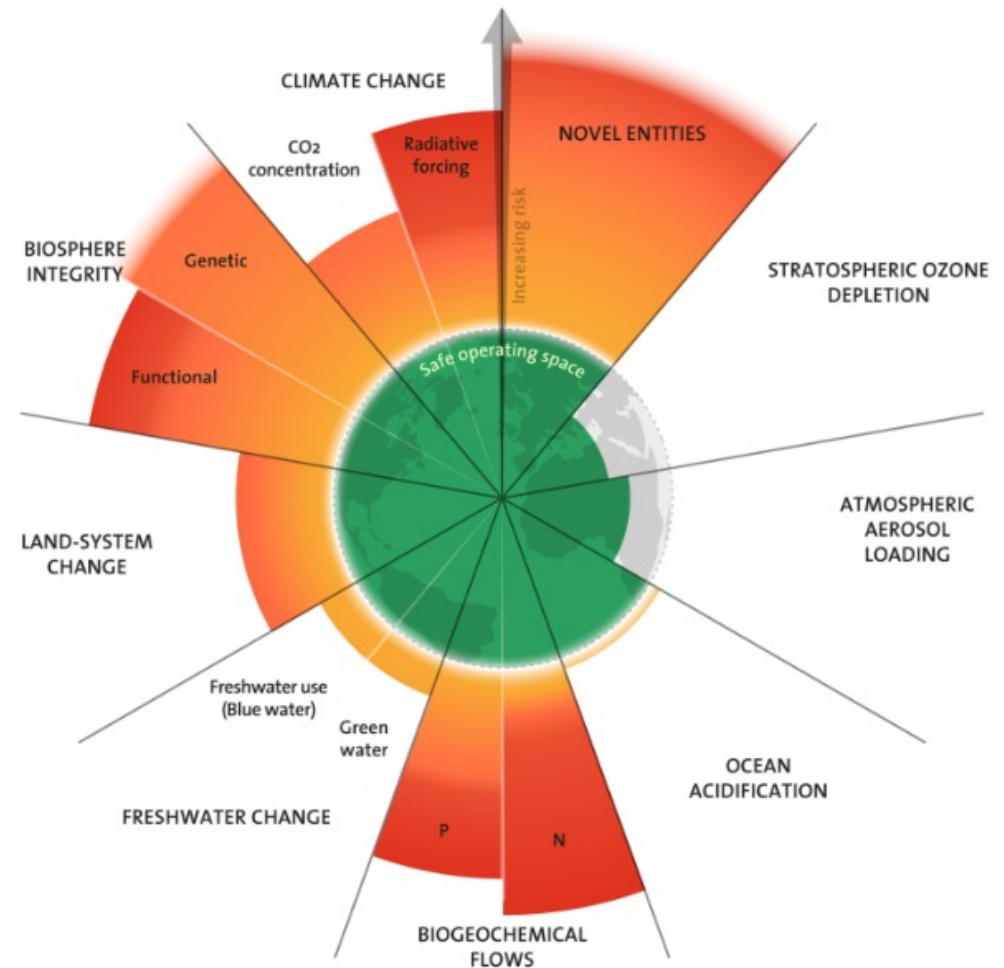


Market context

We have breached 7 out of 9 planetary boundaries

Several of Earth's life-supporting systems risk crossing critical thresholds, with severe consequences for ecosystems and societies

Even if the diagnosis is dire, the window of cure is still open



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Both a challenging year...

Weakening the EU's sustainability rules risks damaging competitiveness and growth warn companies and investors

Senior Tories dismayed at Badenoch's 'catastrophic' vow to repeal Climate Change Act

China doubles down on climate, wind and solar pledges — a day after Trump called them a 'scam'

SEC chief threatens ban on European accounting rules over sustainability

...and one of significant progress

The UK's net zero economy is growing three times faster than the rest of the country

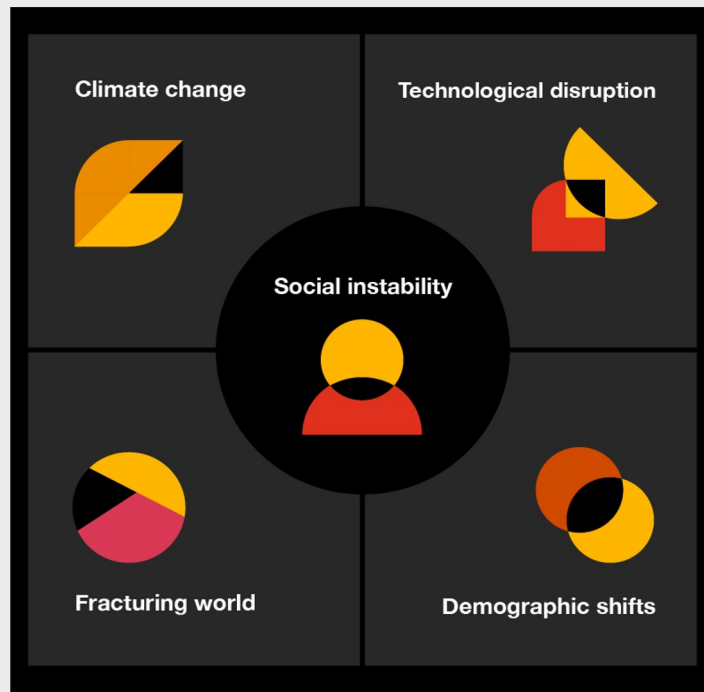
Chart: Global investment in renewables hits record even as US falters

Adaptation solutions: The investment opportunity in climate resilience

IFRS Says 36 Jurisdictions Are Moving Towards Using ISSB Sustainability Reporting Standards

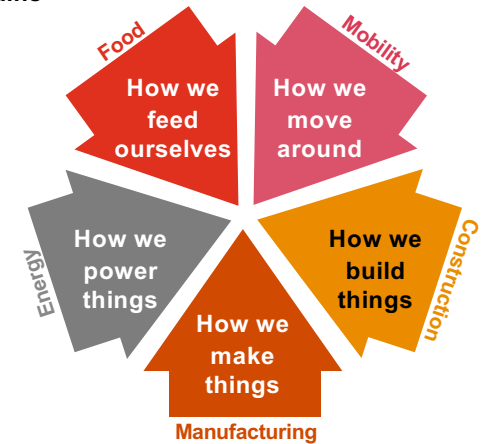
The 'big picture' in 2025

Numerous disruptions are emphasising the need for business transformation:

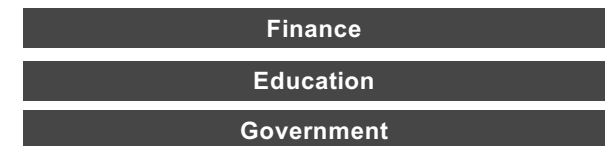


Accelerating the transition to a sustainable world requires a fundamental reconfiguration of most of the critical domains, as well as some key supporting systems:

Critical domains



Supporting systems



Climate change has already happened. The impacts will be felt by businesses for decades

Climate myths to bust.....

"It is ages away – I think I heard 2050"

"It will happen somewhere else"

"So this is all about accelerating to get to net zero"

"Technology will 'solve' the problem before it becomes too serious"

"We should get to 1.5 °C – and even if we get to 2, that should be ok"

"Financial impact on business will be immaterial"

Energy transition is both accelerating and failing

- Massive growth in energy demand and renewables. Massive and increasing investments in transition – notwithstanding political noise
- Deteriorating climate impacts locked in with material financial exposures
- Business has no choice but to deal with both realities – as well as regulation

\$417B

Estimated global losses from natural disasters in 2024

240%

Projected increase in data centre electricity consumption in the US by 2030

10k+

Estimated number of organisations likely to be impacted by CA reg alone

59%

Share of the world's 2,000 largest public companies that have pledged net zero goals

94%

Share of global companies reporting not having the talent to implement their ESG plans

AI and climate change... it's complicated

Challenges

- Significant and growing energy and water consumption to build and run AI models and their data centres
- One query can be thousands of times more energy-intensive and emissions-producing than another

Opportunities

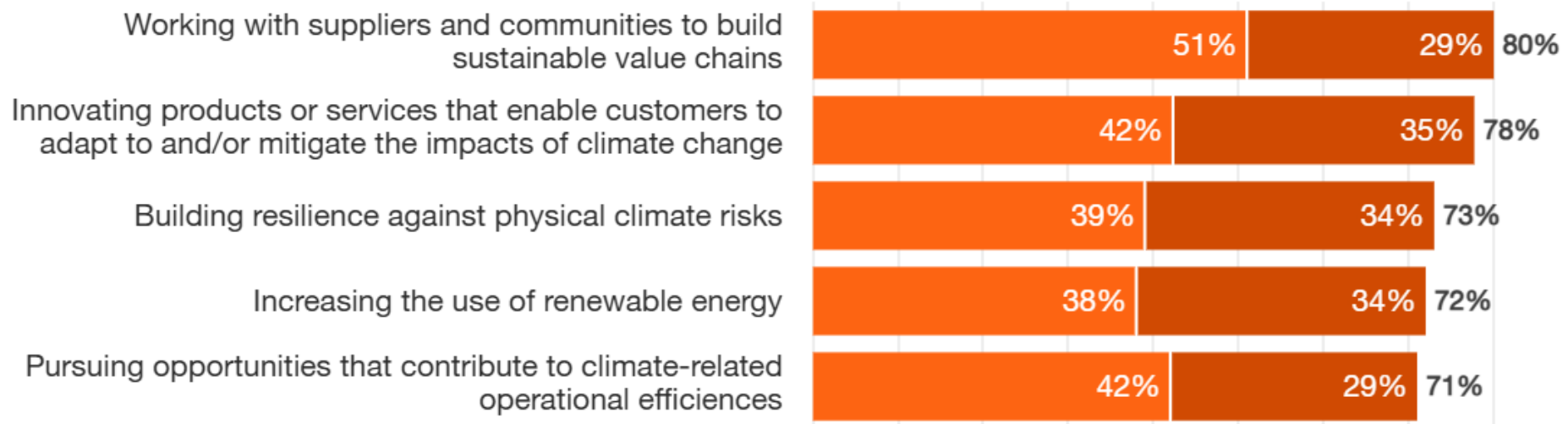
- Data centres can be effective power offtakes that make the investment case for additional renewable energy capacity
- AI-driven tech solutions and innovations are needed for climate change
- AI optimisation of energy systems can drive significant efficiency

No regrets actions

- Use AI to help manage energy demand
- Consider sustainability when choosing AI vendors
- Track the emissions of your firm's AI programme – the main cloud-AI providers have emissions trackers

PwC's Global Investor Survey: to what extent would investors increase their investment in companies taking climate-related action?

■ Moderately increase ■ Significantly increase



These influences are leading to a major shift in emphasis for finance providers.

So does sustainability matter for business?

Major shift in market context over last 12 months



Much greater emphasis on the direct business case



Shift from “nice to have” to one side of the business, to “must be embedded” in the core of the business.



Shift from CSOs to the agenda of CFOs, COOs and CEOs

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Drivers of value creation

Five business priorities

The most significant “triggers” and drivers of value



Value-at-Risk



Energy Strategy



Supply Chain



**Credits &
Incentives**

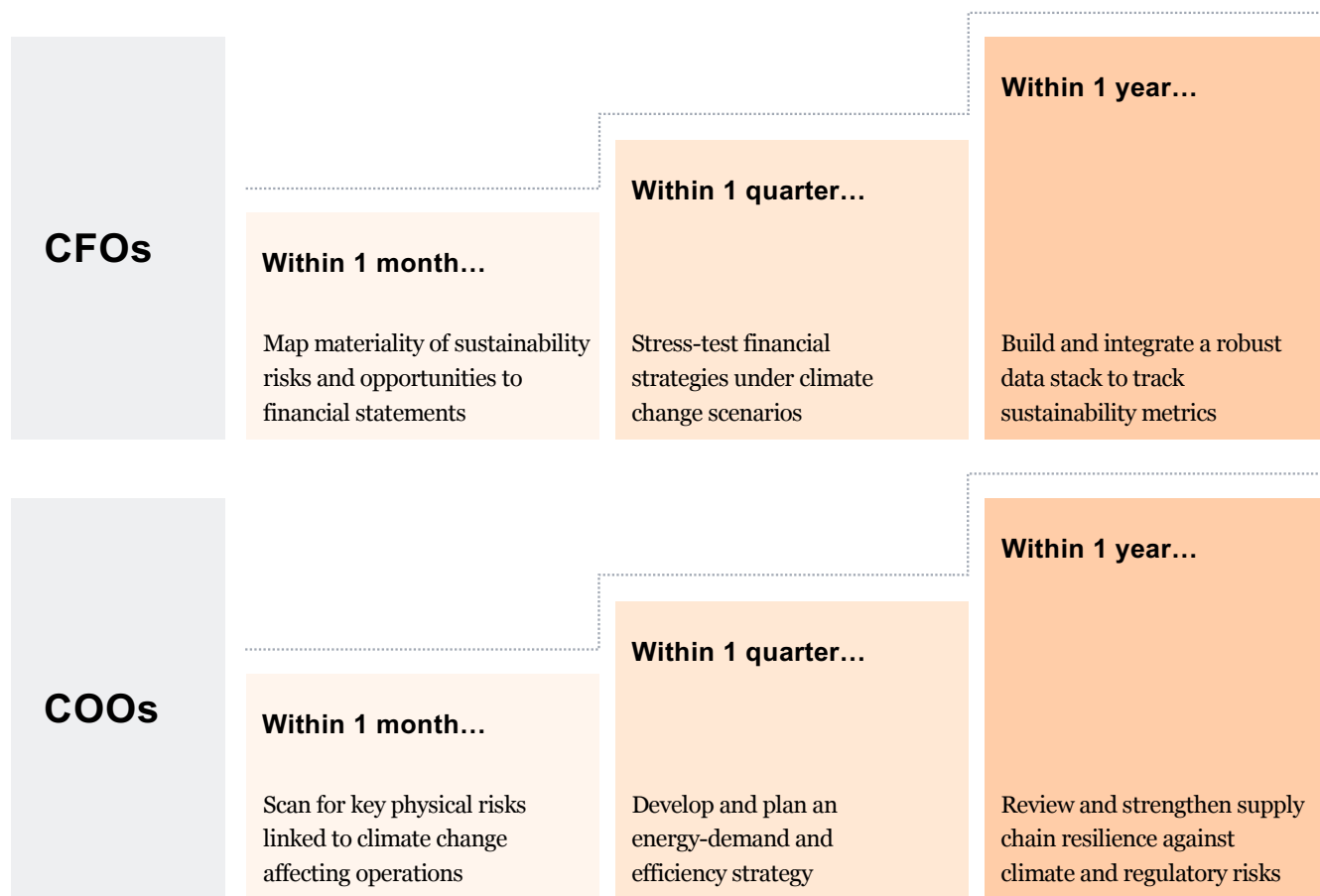


Regulation and data

Understanding and managing these 5 interconnected value drivers is key to navigate climate-related risks and unlock growth opportunities.

	Value Driver	How does this driver show up in our operations and investments?	Questions for you to consider?
01	Value at Risk	Climate-related physical risks like storms and floods threaten operations and supply chains, making resilience essential to avoid costs.	Have you assessed the financial impact of climate risks on your business within multiple future scenarios?
02	Regulation	Sustainability laws and reporting mandates impact compliance, costs, higher risk of fines and penalties and increased taxes and business disruptions. It may also affect industry competitiveness while presenting opportunities for waste reduction, energy transition and disruptive innovation.	What capabilities and systems do you have in place to integrate sustainability data into your decision-making processes? Mapping the impact of adverse climate disruptions and changes in regulatory obligations across your operations.
03	Energy Strategy	Rising energy needs (and costs) and renewable energy adoption drive opportunities for cost reduction, energy independence, and innovative business models.	In what ways are you exploring energy demand management and renewable energy adoption to reduce costs and enhance resilience?
04	Supply Chains	Climate and regulatory pressures increase supply chain risks and compliance demands; transparency and resilience improve efficiency and reduce penalties.	What are your biggest concerns regarding physical climate risks and sustainability regulations and their impact your supply chains and facilities?
05	Tax Credits & Incentives	Government programs support clean energy investments, lowering capital costs and accelerating innovation.	Are you maximising tax incentives and credits in your strategic planning and compliance and risk mitigation plans?

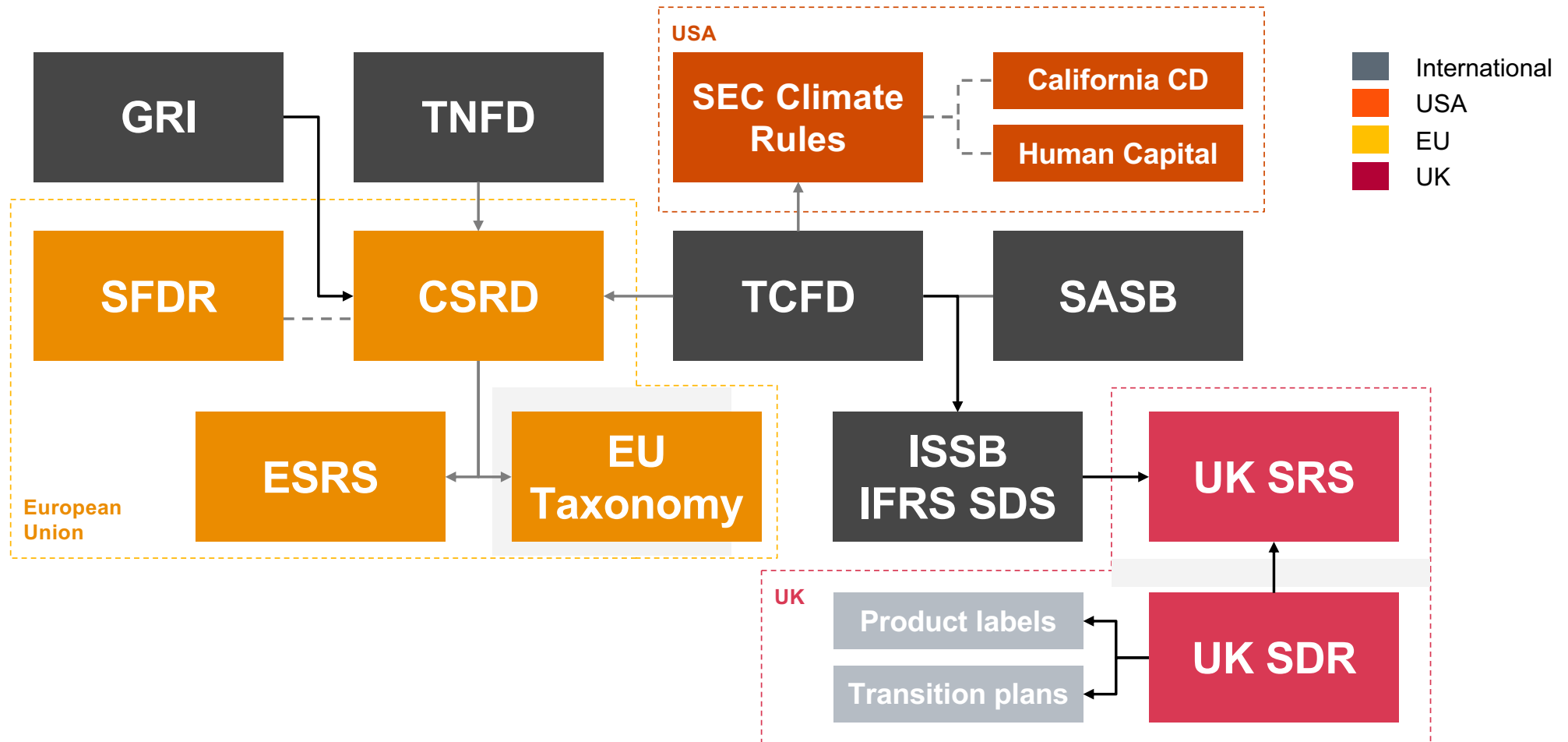
Mastering the 5 new drivers for value creation: what can you do next?



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Global regulatory & disclosure update

The sustainability regulatory landscape at a glance



Global Sustainability landscape and headlines

EU:

- **CSRD** in the European Union is now effective for the first tranche (wave 1) of reporters (despite certain Member States not yet transposing the legislation).
- Related reporting standards - the European Sustainability Reporting Standards (ESRS) - finalised 2023.
- First wave of reporters in 2025 for Dec 2024 year ends.

International:

- In June 2023, the first two IFRS Sustainability Disclosure Standards were issued by the **International Sustainability Standards Board (ISSB)** - S1 and S2.

United States:

- In October 2023, four landmark sustainability disclosure bills were signed into **California law**, three of which require climate-related disclosures.
- In March 2024, the **SEC** adopted rules to enhance public company climate disclosures
- In May 2024, SEC stayed climate disclosure rules to “facilitate the orderly judicial resolution” of pending legal challenges.
- In March 2025, the SEC voted to end its defence of the SEC’s climate disclosure rules.



ISSB'S IFRS Sustainability Disclosure Standards adoption at a glance

Two standards have been issued to date...

IFRS S1 requires entities to disclose information about sustainability-related risks and opportunities.

IFRS S2 is a thematic standard that builds on IFRS S1 and is focussed on climate-related disclosures.

...which are built on four core principles:

MATERIALITY

CONNECTIVITY

COMPARABILITY

RELIABILITY

When are the Standards effective?

The standards are effective for reporting periods beginning on or after 1 January 2024 - **however, adoption of the standards is dependent on local jurisdictions**, so the first application date could vary depending on jurisdiction.

Who is expected to endorse the Standards?

A number of countries have endorsed the standards with Brazil being one of the first countries to implement.

36 jurisdictions: Have either adopted or are in the process of implementing the standards

17 jurisdictions: Have finalised their approach to using the standards

What Standards can we expect next?

- Biodiversity, ecosystems and ecosystem services
- Human capital

A reminder: UK Sustainability Disclosure Requirements: overview

UK Sustainability Reporting Standards (SRS):

The UK is endorsing the ISSB standards through the creation of UK Sustainability Reporting Standards (SRS) which have been in consultation with final standards expected in Q4 2025. The government proposes 6 minor amendments to the standards for application in a UK context.

Consumer-facing UK disclosures:

Required for products with labels or sustainability-related terms in their names and marketing.

Detailed UK SDR disclosures:

Detailed reports written for sophisticated investors, covering sustainability objectives, investment strategy and performance.

Additional requirements:

Additional requirements include 'naming and marketing' rules, requirements for distributors and an anti-greenwashing rule.

Investment product labels:

Focus	Improvers
Impact	Mixed Goals



Listed entities - **including Jersey Companies with UK listings** - are likely to be the first in scope for **mandatory UK SRS reporting**, followed by large private UK companies and large UK LLPs.

The UK is set to consult on extending the SDR to include **overseas funds** (as recognised by the OFR) but scope and timing is still unclear

Three important consultations released by the UK Government this year

Consultation sought views on:

UK Sustainability Reporting Standards (UK SRS)

Exposure drafts of UK Sustainability Reporting Standards (UK SRS), based on standards issued by the International Sustainability Standards Board with some limited amendments.

Developing an oversight regime for assurance of sustainability-related financial disclosures

Proposal to introduce a voluntary registration regime operated by the Audit, Reporting and Governance Authority (ARGA), once established.

Climate-related transition plan requirements

The government's manifesto commitment on the theme of climate transition planning, including how transition plan requirements could be taken forward and the role of transition plans alongside UK SRS.

Consultation period closed on 17 September 2025.

Next steps in the UK

The three consultations closed on 17 September 2025. The Government then intends to provide a roadmap of future regulatory changes

Individual future consultations will provide further information on timings of applicability



UK SRS endorsement

UK government to make a final decision on whether to endorse the drafts of UK SRS S1 and UK SRS S2 for use in the UK and make final versions available for voluntary use (publication expected late autumn 2025, if endorsed).

Future consultations (planned timing indicated)

FCA consultation on the requirement to use UK SRS and strengthen transition plan disclosures – Q3'25

Future consultations (timing unknown)

- Legal or regulatory requirements to report under UK SRS for 'economically significant companies'
- Potential mandating of assurance over UK SRS and mandating registration of assurance providers

EU's Omnibus: What was announced on 26 February 2025?

First two 'Omnibus simplification' packages

Omnibus I proposals

- Corporate Sustainability Reporting Directive (**CSRD**);
 - 'Stop the clock' proposal
 - 'Content' proposal
- Draft Delegated Act to simplify EU Taxonomy Regulation (**Taxonomy**)
- Corporate Sustainability Due Diligence Directive (**CSDDD**) and Carbon Border Adjustment Mechanism (**CBAM**)

Omnibus II proposal

- InvestEU regulation



An unprecedented simplification effort...at least 25% reduction in administrative burdens, and at least 35% for SMEs until the end of this mandate. ”

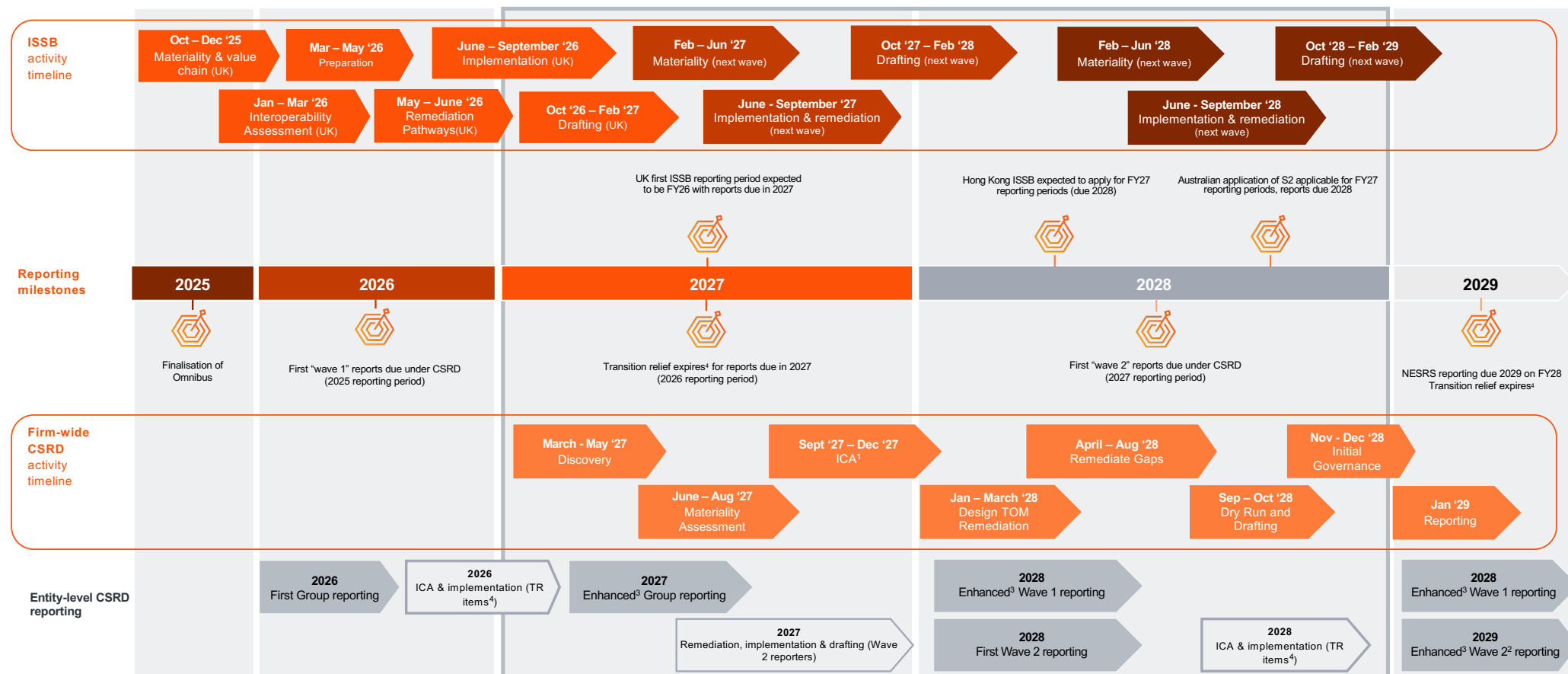
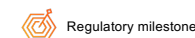
European Commission, 26 February 2025

EU's Omnibus: What's happened since?

EU Taxonomy	'Stop the Clock'	'Content' Proposal	ESRS simplification
<ul style="list-style-type: none">• Feedback period on Taxonomy Delegated Acts closed on 26 March• PwC's response can be found here	<ul style="list-style-type: none">• 'Stop the Clock' proposal was approved by the European Parliament on 3 April• Member states have until 31 December to transpose	<ul style="list-style-type: none">• Expected to be a longer process than the 'stop the clock' amendment with possibility of changes as it goes through the legislative process• Timeline has been approved	<ul style="list-style-type: none">• On 28 March, EFRAG officially received a mandate from the European Commission to develop technical advice to simplify ESRS• EC asked EFRAG to deliver this technical advice by 31 October 2025 – stating that this would allow the EC to adopt a delegated act in time for companies to apply the revised standards by 2027



Case study: navigating multi-jurisdictional regulatory requirements



² May be impacted by post-Omnibus threshold changes

³ Enhanced reporting includes items previously subject to TR which has expired

⁴ For Anticipated Financial Effects a further 2 year TR applies for quantitative disclosures

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Jersey update

Jersey has a responsibility and opportunity to leverage its expertise and flows of capital to support the global transition to a sustainable economy

\$5.8tn \$3tn

\$4tn £78bn

Key questions

- Which parts of this opportunity is Jersey competitive and well placed to harness, building on success to date?
- What do we need to have in place to be credible as a jurisdiction?

We also need to protect the island's finance industry from exposure to adverse reputational and financial sustainability-related risks

Banks and insurers need to improve climate risk management, say UK regulators

UK office landlords predicted to spend over **£65bn** over next seven years to meet EPC requirements

Report: financial losses from climate risk may be underestimated by 70%

Sustainability risk is business risk

Greenwashing at a glance - regulatory sanctions and claims in financial services across Europe

Costs for climate disasters to reach \$145 billion in 2025

Ireland will need a state flood reinsurer within a decade as climate change accelerates

Jersey's Sustainable Finance Action Plan launched in November 2024

Purpose is to:

- Build business capability
- Make sure Jersey is best positioned to accelerate its role in mobilising capital for good and capture addressable market.

Work is progressing across the 10 priority actions, led by government, Jersey Finance and JFSC

Most recently, JFSC consulted the industry on:

- Sustainability Risk
- Business Integrity Risk

and issued their response paper last month



The Sustainable Finance Action Plan makes clear commitments



Sustainability Risk

“We will embed sustainability risk management obligations within our regulatory framework, so that our financial services businesses, in line with the size and scale of their business operations, consider how to manage their sustainability risk exposure (including as to climate risk), therefore enhancing data analysis and operational resilience, ultimately helping to future-proof businesses for the benefit of our local community and the planet.”



Business Integrity Risk

“We will expand our existing principles-based anti-green washing measures both at product and at corporate level to ensure business advertising and client services are transparent, well informed and substantiated in the field of sustainability. This way Jersey maintains an environment with high market integrity able to promote its services in a fair, clear and effective manner. This will also enable recognition of our pedigree sustainable businesses.”

What does the JFSC hope to achieve?

- Protect finance industry from over exposure to and financial implications of sustainability risk
- Ensure sustainability risks do not undermine the stability of the jurisdiction
- Meet international expectations and maintain market access
- Avoid unsubstantiated sustainability claims that could undermine our reputation
- Take a pragmatic and proportionate approach

And as a result, support the continued competitiveness of the jurisdiction

What are other jurisdictions doing? A few comparator examples

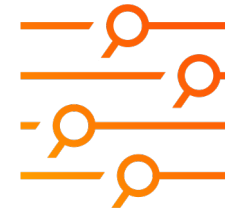
Jurisdiction	Sustainability Risk	Business Integrity Risk
Overview	19 out of 24 G20 FSB country members have enacted regulations or guidelines for climate risk. This is set to increase with future ISSB adoption	More than 25 countries have anti-greenwashing regulations in place and rising
UK	Economy-wide climate risk management measures since 2021	UK Green Claims Code established in 2021
EU	Sustainable Finance Action Plan requires corporate and product level consideration and disclosure of sustainability risks	Strong anti-greenwashing regime under Unfair Commercial Practices Directive and Green Transition Directive
Guernsey	Code of Corporate Governance amended in 2021. "The Board should consider the impact of climate change on the firm's business strategy and risk profile and, where appropriate in the judgement of the board, make timely climate change related disclosures."	Anti-greenwashing measures and guidance for investment schemes
Cayman Islands	CIMA plans a legislative framework which will focus on sustainability risk and greenwashing	
Isle of Man	Sustainable Finance Roadmap includes proposed measures to embed financial risks into governance and risk management systems, and to strengthen anti-greenwashing measures. FSA issued guidance on managing financial risks of climate change and nature loss in July 2025	

JFSC's proposed way forward announced September 2025



Sustainability Risk

- The existing Codes provide an appropriate foundation for risk management, including sustainability risks
- Firms are expected to consider sustainability risks and remain accountable
- We will issue further guidance, developed with industry, in Q1 2026, to clarify expectations and provide practical examples of how sustainability-related risks should be considered within existing frameworks



Business Integrity Risk

- We will proceed with enhancements to the Cores of Practice, including requiring sustainability-related claims to be supported by robust evidence
- This will bring closer alignment with the UK FCA's approach, helping to reflect the desire for consistency across group structures
- Revised Codes provisions will follow a one-year transition period, with full implementation by Q1 2027

Understanding Sustainability Risk

Sustainability Risk

JFSC definition:

“Sustainability risks are environmental and social risks that could reasonably be expected to affect the Registered Person’s financial performance or position.”

Leading organisations have been assessing **climate risk** (as the key element of sustainability risk) for a number of years.

This has been driven by regulatory factors and the increased frequency of extreme weather events (such as fires in LA) having real and material financial impacts on businesses, value chains & investment portfolios.

More recently, consideration of sustainability risk has shifted beyond just climate and is moving towards broader consideration of wider environmental and social issues.

“**Sustainability**” – The trade-off between maintaining the development of the environment, society and the economy.

“**Reasonably expected to**” - related to which risks are likely to be material i.e. may result in **a material financial impact** to a business’ activities, operations, assets or enterprise value if not sufficiently mitigated.

Some common examples of sustainability risks that could have financial implications



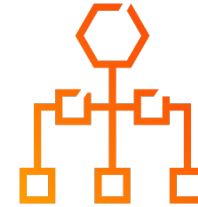
Environmental

- Climate risks: physical
 - Extreme weather, sea level rise, long term changes, impacts on value chain
- Climate risk: transition
 - Technology & market risk, reputational and legal risk, political/regulatory
- Energy management
- Biodiversity & nature risk
- Water quality & waste risks



Social

- Equitable working practices
- Rights of workers in the value chain
- Health and safety
- Diversity and inclusion
- Affected communities
- Consumers and end-users



Governance

- Anti-corruption and anti-bribery
- Compliance
- Data protection
- Whistleblowing policies
- Litigation and claims
- Political engagement and lobbying activities
- Relationships with third parties including payment practices

It's not just about how prepared your office is for extreme weather. Here's some recent examples we've seen in the finance sector

Technology risk: Investment required in new systems and technology solutions in order to meet regulatory requirements in other jurisdictions

Transition risk: Investment decision required in order to meet new EPC regulations for commercial property or to exit these assets from the portfolio

Modern slavery risk: Analysis of supply chains of portfolio companies in private equity structures to identify inequitable labour conditions

New markets risk: Implications of expanding into Luxembourg and the additional regulatory requirements for sustainability disclosure

Portfolio risk: Investment in high carbon assets subject to border tariffs for goods vs investment in turnaround strategy

Insurance risk: Location and nature of real assets portfolio subject to significant increase in insurance premiums

How does sustainability risk management impact your business?

Questions to consider:



Risk Management Frameworks

Do your existing processes to identify, analyse, assess, mitigate and monitor risks sufficiently cover sustainability risk?



Policies and Procedures

Do you have sufficiently robust policies and procedures to evidence your risk management processes?



Systems and Controls

Are the systems and controls you have in place to identify, assess and monitor these risks appropriate and sufficient?



Employee Skills

Do your compliance and risk professionals have sufficient understanding to safeguard your business against these risks?

What does best practice sustainability risk management look like?

Governance

To what extent does your board and management have oversight for sustainability-related risks and opportunities?

Strategy

What are the actual and potential impacts of sustainability-related risks and opportunities on your strategy and financial planning?

Risk Management

How does your organisation identify, assess and manage sustainability-related risks?

Metrics & Targets

What metrics and targets are used to assess and manage material sustainability-related risks and opportunities?

Understanding Business Integrity Risk

Business Integrity Risk

The JFSC's established approach to defining "integrity" is based on English legal authorities:

“ ‘Integrity’ connotes moral soundness, rectitude and steady adherence to an ethical code. A person lacks integrity if unable to appreciate the distinction between what is honest and dishonest by ordinary standards.”

- Hoodless and Blackwell v FSA (3 October 2003) - the Financial Services and Markets Tribunal

In the context of the consultation, **Business Integrity Risk** relates to anti-greenwashing measures.

In the financial services context, **greenwashing** refers to the practice of misleading clients, investors, or the public about the environmental sustainability of a financial institution's products, services, or operations.

Business Integrity Risk broadens this definition beyond a "green" (environmental) focus to other elements of "sustainability washing".

Why do we need to address greenwashing risk?

PwC's Global Investor Survey 2024:

- 44% of investors believe corporate reporting about sustainability performance contains unsubstantiated claims to a large or very large extent
- 76% of investors say they put more trust in sustainability information if it's been assured

Voice of consumer markets:

- A recent EU report analysed 344 green claims. More than half did not provide enough information for consumer to judge accuracy, 37% were vague and 59% did not provide easily accessible evidence to support claims
- A recent survey of Jersey businesses found 60% believe greenwashing is prevalent on the island

Case Study: DWS

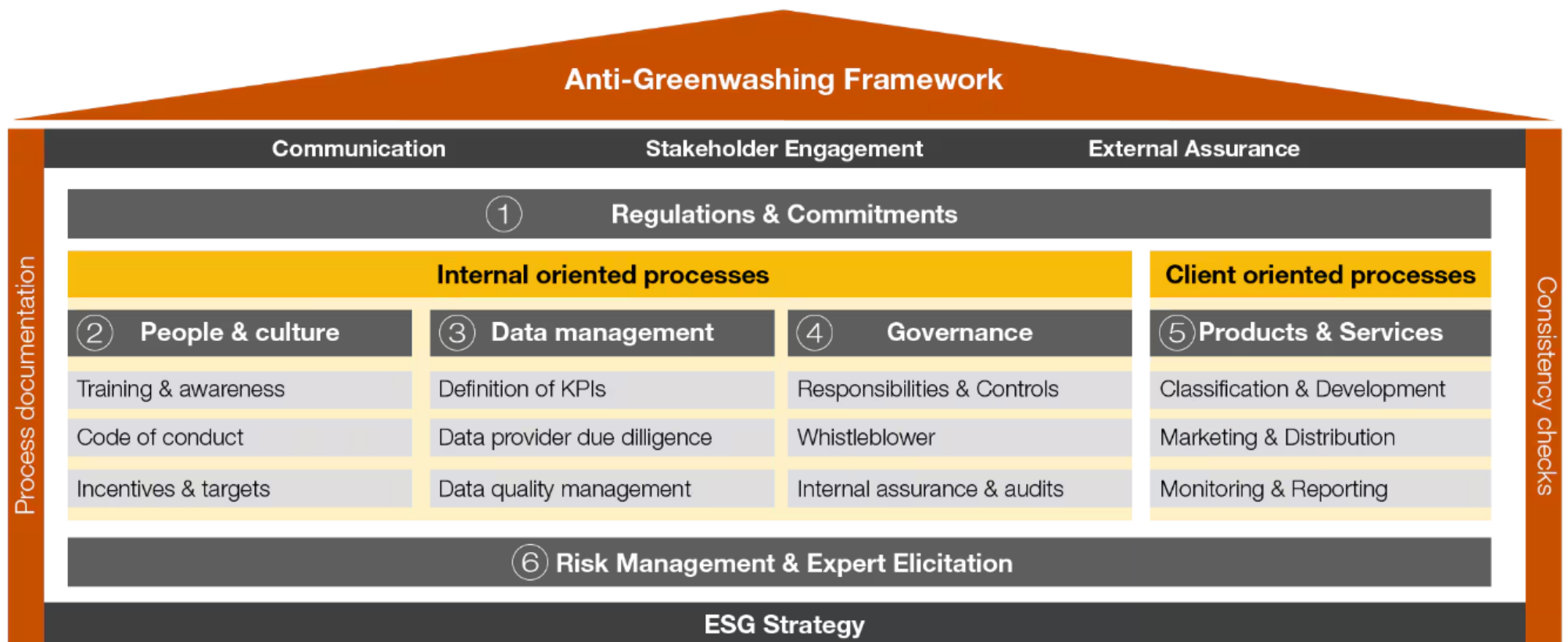
DWS, a Deutsche Bank subsidiary, has faced several accusations and penalties for greenwashing, particularly regarding its "green" investments.

A German consumer association sued DWS over misrepresentations in the prospectus of its "Invest ESG Climate Tech Fund", specifically regarding coal investments and CO₂ emissions.

DWS was fined €25m and \$25m respectively by German and US prosecutors for misleading statements.



What does best practice business integrity risk management look like?



5

Key takeaways and Q&A

Key takeaways

1. Despite geopolitical shifts, the economic and investment case for sustainability remains
2. Sustainability is a core business issue, centred around 5 triggers for action, and with significant opportunities to create value
3. Countries are seeking to balance regulatory regimes and competitiveness. Differences make it complicated, but investor demand for clarity and consistency of information remains
4. Jersey is well positioned to capture relevant sustainable finance market share across its core industry pillars and aligned with the island's wider competitiveness agenda
5. Sustainability is considered an integral part of risk management in Jersey
6. Make sure you can substantiate sustainability-related claims with evidence

Selected further reading

- Government of Jersey – [Sustainable Finance Action Plan](#)
- Jersey Finance – [Sustainable Finance resources](#)
- JFSC – [Sustainable finance homepage](#)
- JFSC – [Consultation feedback paper](#)

The sustainability factor: Mastering new drivers of value creation

<https://www.pwc.com/gx/en/issues/esg/climate-sustainability-business-value-creation.html>

PwC's Global Sustainability Reporting Survey 2025

From insight to value: The sustainability reporting journey continues

<https://www.pwc.com/gx/en/issues/esg/global-sustainability-reporting-survey.html>

Value in motion

AI, climate change and geopolitical shifts are reconfiguring the global economy. We've mapped where value is moving over the next decade, so you can build a future-ready business to capture it.

<https://www.pwc.com/gx/en/issues/value-in-motion.html>

How much does your bottom line depend on nature?

<https://www.pwc.com/gx/en/issues/esg/bottom-line-depend-nature.html>

Questions?

Please do contact our Jersey-based specialists if you'd like to discuss anything further, we're always happy to chat!



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