

Guernsey Natural Capital Funds

Guernsey's Natural Capital Fund is the world's first regulated natural capital and biodiversity investment funds designation. Following the launch of the Guernsey Green Fund in 2018, the Natural Capital Fund further expands the Guernsey Sustainable Funds Framework.

With a broader and more nature-centric scope than the Guernsey Green Fund, which is focused on climate change and environmental damage mitigation, the Natural Capital designation endorses collective investment schemes through which investments can be made into initiatives that make a positive contribution to and / or significantly reduce harm done to the natural world. Examples include investments relating to water purification, land regeneration, waste management, forestry or regenerative agriculture.

The Natural Capital Fund and Green Fund both predate the EU's SFDR and Taxonomy Directives, marking out Guernsey as an early adopter and leader in sustainable finance.

Ogier's partner-led team of Guernsey investment funds specialists advise on all stages of the investment funds life cycle.

5 things to know about the Natural Capital Fund regime



The fund's objectives must align with specific internationally recognised standards and its investment criteria and governance must be aimed at achieving such objectives



At the same time, the fund is afforded the flexibility to adopt those sections of the international standards which are relevant to its own investment strategy



The fund must set natural capital targets and have a framework for monitoring, measuring, reviewing and reporting on performance and progress towards its set targets



The Natural Capital Fund logo confirming the fund's compliance with the Natural Capital Fund Rules can be used on marketing and information materials, in accordance with the Guernsey Financial Services Commission's (GFSC) guidance



Investors in a Natural Capital Fund can rely on the designation, provided through compliance with the Natural Capital Fund Rules, to be confident that a fund is committed to making a nature-positive investment



Any class of Guernsey fund can apply to be designated as a Natural Capital Fund, whether registered or authorised, open-ended or closed-ended, providing it meets the eligibility criteria



The application to the GFSC requires submission of, among other documents, a report detailing how the investment approach aligns with international standards and the fund's natural capital targets



A certification by a third party verifier is required to confirm that the fund's objectives, targets and monitoring criteria comply with the Natural Capital Fund Rules



Where the fund has appropriate in-house expertise, the GFSC may accept a certification by the in-house team, together with evidence as to the strength and qualification of the in-house expertise relied upon



Continuous monitoring that the fund is meeting its natural capital targets and is compliant with the Natural Capital Fund Rules is key to maintaining its Natural Capital Fund status - the governing body of the fund, its administrator and the GFSC all play a key role in this regard



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