SUSTAINABILITY IN THE REGULATED SECTORS IN JERSEY

1   Foreword

Sustainability is now a key consideration for businesses, presenting opportunities and challenges across the world, and locally in Jersey too, where it is heightened by our island environment. Whether it is through increased reporting, financial conditions or supply chain pressures, many businesses are responding by integrating social, environmental and community objectives into their operations.

Small and global businesses alike increasingly consider the impact of climate change on their current and future operations, integrating sustainable practices in their businesses as a response. Sustainability also goes hand in hand with innovation, which is a key theme of the Authority's 2024 Business Plan. Therefore, to help inform public debate, and consistent with the Authority's wider vision of healthy and sustainable markets in Jersey, the Authority is publishing the Executive Summary of a report setting out a summary of progress to date within Jersey's postal, ports and telecommunications sectors. These sectors are key to Jersey, and can collectively be linked to a non-negligible proportion of annual emissions on the island.

Officers of the Authority, supported by UN1TY, a Guernsey-based strategic advisory consultancy, have carried out the analysis. The work surveyed the globally recognised areas of interest, such as contribution towards Sustainable Development Goals and carbon emissions accounting.

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The future regulatory challenge will revolve around the impact on different sectors caused by new ways of living and working, with Government intervention expected to define this area further, having committed to net zero by 2050. A key question will be how economic actors in Jersey can work together to ensure a fair transition to net zero.

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Overall, the Authority is pleased to note that the Licensees surveyed have made good progress in this area. They have explored better use of resources, streamlined practices and accounting of emissions, alongside involvement in staff and community wellbeing initiatives. Specific Licensee initiatives included carbon offsetting for their activities direct to customers or enabling staff to have a lower-carbon commute. The work has helped the Authority understand the challenges and intricacies in this area, and will help shape a path towards a more sustainable, resilient and environmentally conscious future in Jersey. As a forward-looking organisation, the Authority's aim is that this initial snapshot can act as catalyst for both Licensees and Authority in meeting the challenges posed by sustainability, recognising that consistent reporting is a key enabler of the net zero transition. The future regulatory challenge will revolve around the impact on different sectors caused by new ways of living and working, with Government intervention expected to define this area further, having committed to net zero by 2050. Further detail on the Authority's own work in this important area will be included in its next annual report and the Authority will continue to monitor developments in this area.
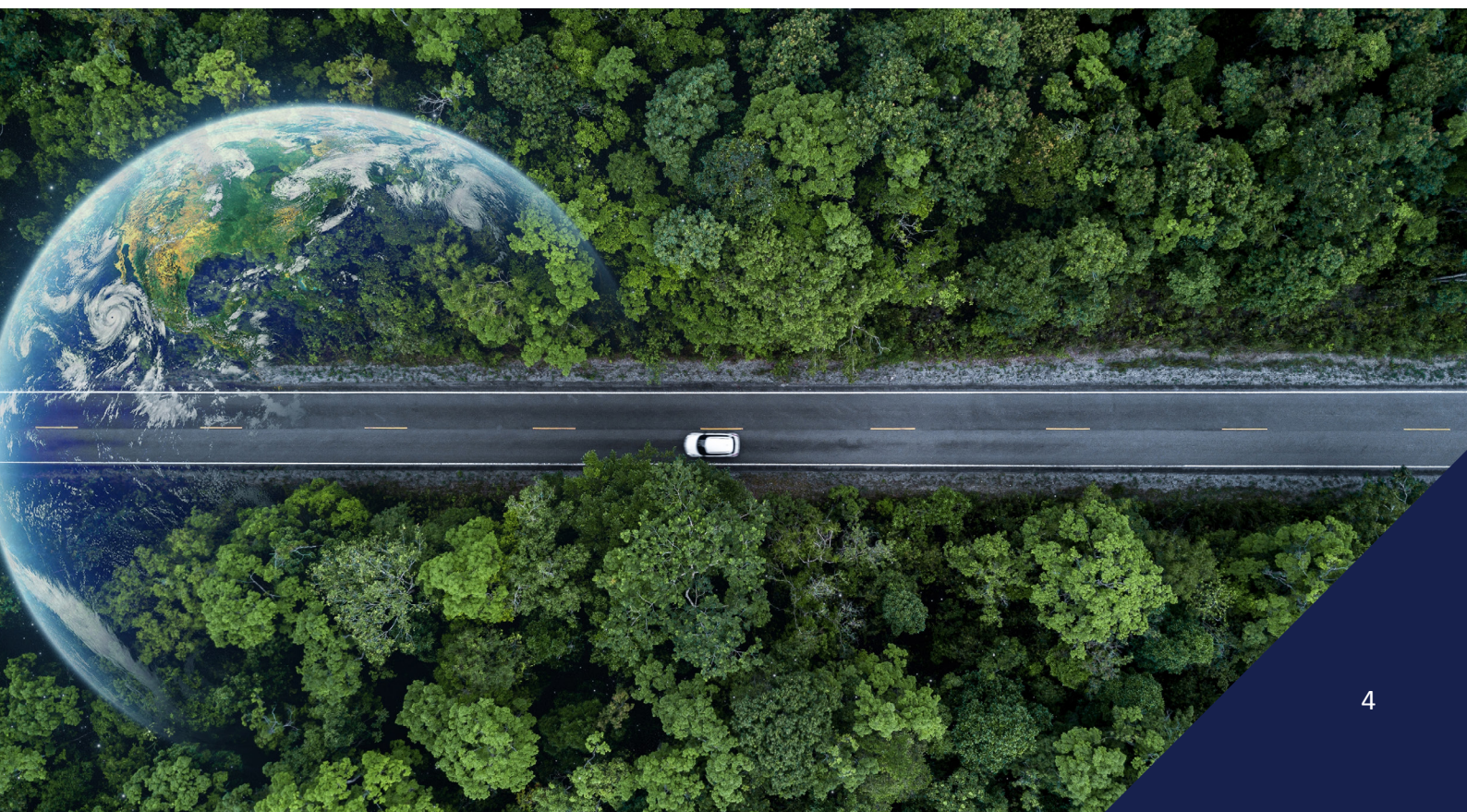
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Jersey, as a jurisdiction, is set on the course of a more sustainable future: Jersey's Carbon Neutral Roadmap was approved by the States Assembly on 29 April 2022 and the Paris Agreement was extended to Jersey a few days later. The Roadmap commits Jersey to an ambitious, science-led emissions reduction trajectory towards becoming carbon neutral by 2030 using offsetting mechanisms, and further attaining net zero by 2050.

To succeed in this aim, Government, business and individuals will all have a role to play in the change, embracing more sustainable behaviours.

"Sustainability" is now common in business and general lexicon. Although now widespread in many discussions, the genuine stories behind the overarching phrase are still difficult to understand. As well as the challenge in how to assess progress towards sustainability, there are also opportunities and threats for society, businesses, governments and regulators.

The Jersey Competition Regulatory Authority (the Authority) has grasped this challenge and commissioned independent work to gain an initial broad understanding of the current position of Licensees in the sectors which it regulates. This covers ports, post and telecoms. This work explored their sustainability through the Environmental, Social & Governance (ESG) policies and practices, looking at both their progress and future plans.

Following an open invitation to tender, consultancy firm UN1TY proposed a methodology to understand progress in a consistent and comparable way. The methodology assessed each licensee using various information, which was analysed using an open-source and internationally recognised tool. This UN1TY methodology assessed each Licensee using publicly available and internal information, as well as focused time with senior Licensee staff.

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The assessment was complemented and enhanced by using international benchmarks as well as the lens of the Jersey Carbon Neutral Roadmap. Progress and plans were assessed considering various facets of sustainability including:

- Scope 1, 2 and 3 carbon emissions – these are emissions which are caused: directly from the firm's own operations (including air conditioning fluid leakage; own vehicle fleet); indirect (including electricity usage); all other indirect including upstream and downstream emissions (including business travel);

- Procurement – the policies and practices used while purchasing goods and services used in a business;

- Social topics – such as remuneration, inclusion and diversity;

- Governance topics – including strategy and objectives; and

- Contributions to the United Nations 17 Sustainable Development Goals.

The high level findings revealed that:

1. Every Licensee which took part was both aware and well versed in the importance of sustainability matters generally and their individual corporate role and responsibilities.

2. Licensees in different sectors faced different challenges in respect to the scale and complexity of their sustainability and decarbonisation challenges.

3. There is a diverse range of focus and resource dedicated to sustainability matters as well as different levels of progress amongst licensees. In short, some are allocating more resource to this areas than others.

4. Every Licensee is on a journey to making improvements. Many have made excellent progress but the area will require a continued focus. $\longrightarrow$

Ports

The ports sector is performing very well in terms of current sustainability practices and future focus. The current and planned approach to sustainability acknowledges the importance of sustainability as well as the significant, diverse, and wide-reaching role and impact of the ports sector.

Scope 1 and 2 greenhouse gas emissions are well understood and being managed within recognised international frameworks. Scope 3 emissions are complex but are being considered by the dedicated and knowledgeable sustainability resource.

Post

The post sector recognises the importance of sustainability and there are various well considered policies and actions planned to understand its footprint, as well as a will to bring sustainability higher up the corporate agenda.

There has been effort to start to measure Scope 1 and 2 greenhouse gas emissions as well as consideration of targets, but there is less in terms of disclosed data. Again, Scope 3 emissions are likely to be significant and there is a recognition that this will need to be better understood and managed.

Telecoms

The Jersey telecommunications sector sees a mixture of players in size, complexity and the approach to sustainability.

All the Licensees which took part (some chose not to) demonstrated a willingness and desire to take sustainability matters seriously now, and recognises that it is a long term challenge. Most Licensees have acted on integrating sustainability policies into their operations but there is a mixture in terms of their public disclosures.

Currently, disclosure ranged from excellent and detailed public disclosure on progress and plans to very little information being in the public domain. It is likely that greater transparency will be provided over time.

Scope 1 and 2 emissions are reasonably well understood in the telecommunications sector. Although the setting of meaningful targets around reducing and managing these is in its relative infancy and should be monitored closely going forward. Scope 3 understanding, measuring and managing requires further development.

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(continued)

Report conclusions

Overall, there has been some good progress by many Licensees within the Authority's remit. Sustainability has clearly risen rapidly up the agenda in recent years, and the results of the assessment in part reflect the relative speed of that rise for the respective Licensees. The Licensees are at different stages of the sustainability journey.

The assessment highlights what a broad subject sustainability is, and how progress is achieved by a committed, informed and suitably resourced approach. It is worth noting that there is a learning curve to this work, with all of the responding Licensees having had to upskill, use external frameworks or bring in outside expertise to make progress.

Adherence to and active improvement in terms of sustainability is currently voluntary. However, consistent and full disclosure is certain to become more formalised.[1] This will include being transparent about progress, specific actions, future plans, which are likely to come from both local and global pressures.

The assessment has produced an initial snapshot of progress. This should act as a useful benchmark, catalyst, and springboard for the future. It will assist the Licensees, the Authority, and Jersey, as all of these actors pursue their sustainability challenges.

[1] For example, in the United Kingdom UK, Sustainability Disclosure Standards (SDS) will set out corporate disclosures on the sustainability-related risks and opportunities that companies face. See: Guidance UK Sustainability Disclosure Standards