

2nd Cyprus ESG Forum

The retail trade sector and ESG: A wonderful journey

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Sustainability and ESG

- Consumption, Production and Investments → Externalities
- Black Swans and Sustainable Development.
- Enterprises → Harm or Benefit social welfare?
- ESG include corporate actions to reduce environmental, social and governance risks.
- ESG is more expansive than CSR.
- ESG, sustainability and social impact of business activities.
- ESG as an investment philosophy for long-term business growth.

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ESG, firms' size and sector

- Firm's size → Larger firms (economies of scale) (Bheenick et al., 2023).
- ESG → Raise capital and create value.
- 20% of S&P 500 firms released reports in 2011, compared to 86% in 2018.
- ESG clearly does not affect enterprises in the same way.
- The retail sector has a stronger influence across ESG pillars (Bheenick et al., 2023).

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What are the benefits of ESG in the retail industry?

- **REPUTATION** → Company's image
- **LOYALTY** → Trust the brand!
- **REDUCED RISK** → Reduce the chance of supply chain disruption.
- **REDUCED COSTS** → Reduce costs in the long run.

**Retail enterprises focus: carbon footprint, treatment of employees and impact on local communities*

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ESG and retail: Focus areas and challenges

ESG and focus areas		
Environment (E)	Social (S)	Governance (G)
Reducing excess packaging	Fairer labor practices	Addressing any accusations of corruption
More recyclable materials	Charitable donations	
Improving supply chain	Relationship building	
	Diversity and inclusion	

Reporting Guide → (a) core metrics and (b) advanced metrics

Greece: 70% of micro-enterprises use green consumables and equipment
46% of micro-enterprises sell green products.

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ESG and retail: What are the challenges?

- Companies will struggle to justify the costs of ESG-related practices.
- Industries with higher margins find it easier to adopt these practices.
- Retail enterprises should consider the benefits of long-term development.
- Sustainable ESG Vs. ESG Marketing (Green Washing)
- In Greece → 96% of retail enterprises are micro enterprises (up to 9 employees).

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The challenge of retail micro enterprises

- Individual retail enterprises → Limited environmental, social and governance impact.
- However, the aggregate impact of micro-enterprises is high as they have an important role in the wider retail ecosystem.
- A significant proportion of micro-retail enterprises are women-owned or employ women.
- Micro enterprises are excluded from the new CSRD.
- The indirect impact of ESG → Financing (crowdfunding, European funds etc.)
- Micro firms should adopt models/solutions that will help achieve SDGs.

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FUTURE OF RETAIL

Retail and ESG: Prerequisites

1. FUNDS
2. INSTITUTIONS
3. SOCIAL CAPITAL



**EuroCommerce &
retail associations
pledge climate
action for the
Race to Zero**



RACE TO ZERO