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Leading with Integrity

Workshop 4: Environmental, Social, and Governance (ESG)

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Today

Topic	Additional Readings
Environmental, Social, and Governance (ESG) **+ Guest Speaker**	Three steps retailers should take on their ESG journey, Available HERE How ESG can boost employee engagement, Available HERE Ethical Dilemmas in Business: Balancing profitability, corporate social responsibility. Available HERE

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Intended Session Learning Outcomes

By the end of this session, you should be able to :

1. Employ effective environmental, social, and governance practices and initiatives to enhance the organisation’s reputation.
    - Introduction to ESG
    - Effective ESG initiatives in retail and addressing Greenwashing
    - Sustainable Development Goals (SDGs) and impacts
    - Accountability for sustainable development



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Intended Session Learning Outcomes (Continued)

By the end of this session, you should be able to :

1. Employ effective environmental, social, and governance practices and initiatives to enhance the organisation’s reputation.
    - Benefits of promoting sustainability / green agenda
    - Fostering a sense of community
    - Planet, People and Profit living together
    - New sustainability legislation and guidelines and ESG Legislation

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Environmental, Social, and Governance (ESG)

Firstly, Let's CHECK IN...

Please share your understanding of the following questions using the Mentimeter link below:

1. **Which aspect of ESG do you believe is the most important for businesses to focus on? (Environmental, Social, Governance)**
2. **What do you think is the biggest challenge businesses face in implementing ESG practices?**





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ESG

- Environmental, Social, and Governance (ESG) represents a comprehensive framework used to evaluate a company's performance and ethical impact beyond traditional financial metrics.
- It assesses how an organisation interacts with the environment, manages its relationships with people (including employees, customers, and communities), and conducts its leadership and oversight.
- The core purpose of ESG is to provide stakeholders, such as investors, consumers, employees, and suppliers, with a clearer understanding of how a company manages risks and capitalises on opportunities related to these non-financial criteria.
- This framework adopts a holistic perspective, recognising that true business sustainability extends beyond purely environmental concerns to encompass social responsibility and robust governance structures

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- **Environmental (E):** This pillar addresses a company's interaction with the natural world, focusing on its environmental footprint, resource management, and efforts to mitigate climate change.

- **Social (S):** This pillar concerns a company's relationships with its various stakeholders, including employees, suppliers, customers, and the communities in which it operates.

- **Governance (G):** This pillar relates to a company's leadership, internal controls, policies, business ethics, transparency, and respect for stakeholder rights.

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ESG

An investment framework that helps external investors assess company performance, risks, and non-financial impacts of particular investments.

A quantifiable assessment focusing on reaching certain sustainability performance metrics, setting measurable goals and conducting audits according to specific standards.

ESG is a core part of Sustainability but focuses more on external reporting.

CSR

A self-regulating business model that aims to improve profit, people, and planet.

A relatively looser, general framework for corporate behavior that can vary in terms of its practical implementation.

SUSTAINABILITY

The overall coordination and management of environmental, social and financial demands to ensure a business is responsible, ethical and continually successful.

Sustainability encapsulates all of a company's ESG policies as well as philanthropic, community, and pro bono initiatives.

The Managers Toolkit: Actionable Corporate Initiatives

Initiative Category	Specific Action(s)	Key Considerations / Examples	Potential Impact Area (E, S, G)
Waste Reduction	Implement/improve in-store recycling; Reduce packaging (promote reusable bags); Manage food waste; Go paperless	Staff training on sorting; Clear signage; Customer education; Partnerships with food banks/composters; Dynamic pricing; Digital tools	E, S
Energy Efficiency	Promote energy-saving behaviors; Ensure equipment maintenance; Advocate for LED/sensor upgrades	Staff reminders, Maintenance schedules, Business case for upgrades, Utilise smart power strips	E, G

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The Managers Toolkit: Actionable Corporate Initiatives (Continued)

Initiative Category	Specific Action(s)	Key Considerations / Examples	Potential Impact Area (E, S, G)
Sustainable Products	Educate staff/customers on eco-options; Promote durable/repairable goods; Highlight sustainable choices in displays	Product knowledge training; Clear labeling; Collaboration with visual merchandising	E, S
Team & Community	Reinforce ethics & DEI; Ensure fair practices (scheduling); Participate in local eco-initiatives	Lead by example; Open communication; Team volunteering opportunities	S, G

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The Managers Toolkit: Actionable Corporate Initiatives

Initiative Category	Specific Action(s)	Key Considerations / Examples	Potential Impact Area (E, S, G)
Circular Economy	Facilitate take-back programs; Partner with local repair services; Promote rental/resale; Manage used goods inventory	Clear customer communication; Staff training on processes; Logistics/space for collection/storage; Quality control for resale	E, S
Water Conservation	Encourage water saving; Report leaks promptly; Advocate for efficient fixtures	Staff awareness; Maintenance procedures	E

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ACTIVITY

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Flipped Classroom: Online Breakout Rooms

After reviewing the **Deloitte Report** on **'Retail Circularity: An Action Guide for Retailers**,' discuss the main takeaways that resonated with you.



Identify three specific strategies or practices from the report that you believe could be implemented in your workplace.

For each strategy, outline how you would approach its implementation, the potential challenges you might face, and how you would measure its success.

Be prepared to share your ideas with the larger group.

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See Activity Sheet 4.1: **Deloitte Report** on **'Retail Circularity: An Action Guide for Retailers**.

Ethical / Green Customer

- Ethical consumerism is all about choosing goods that are ethically sourced, ethically made and ethically distributed and/ or which are not harmful to the environment. When enough consumers shop in an ethically conscious way, it can cause companies to take notice and address their supply chain practices.

- Becoming a green customer can simply mean, opting for the recycling of the products you use or using those that are eco-friendly.



Greenwashing…

- Greenwashing is the practice of making brands appear more sustainable than they really are. It may involve cynical marketing ploys, misguided PR stunts, or simply changing the packaging of an existing product while continuing to use unsustainable ingredients or practices. It’s a way for companies to appear like they care while also increasing their profit margins, as they’re fully aware that eco-conscious people are willing to part with more money for sustainable products



Sustainability







3 hr 15 min (243 km)

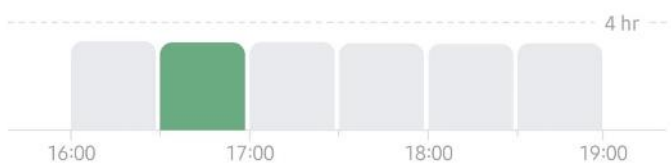
Best route now due to traffic conditions

Save 15% petrol by driving 7 more min

Fuel-efficient routes usually have fewer hills, less traffic & constant speeds.

Change engine type

Traffic



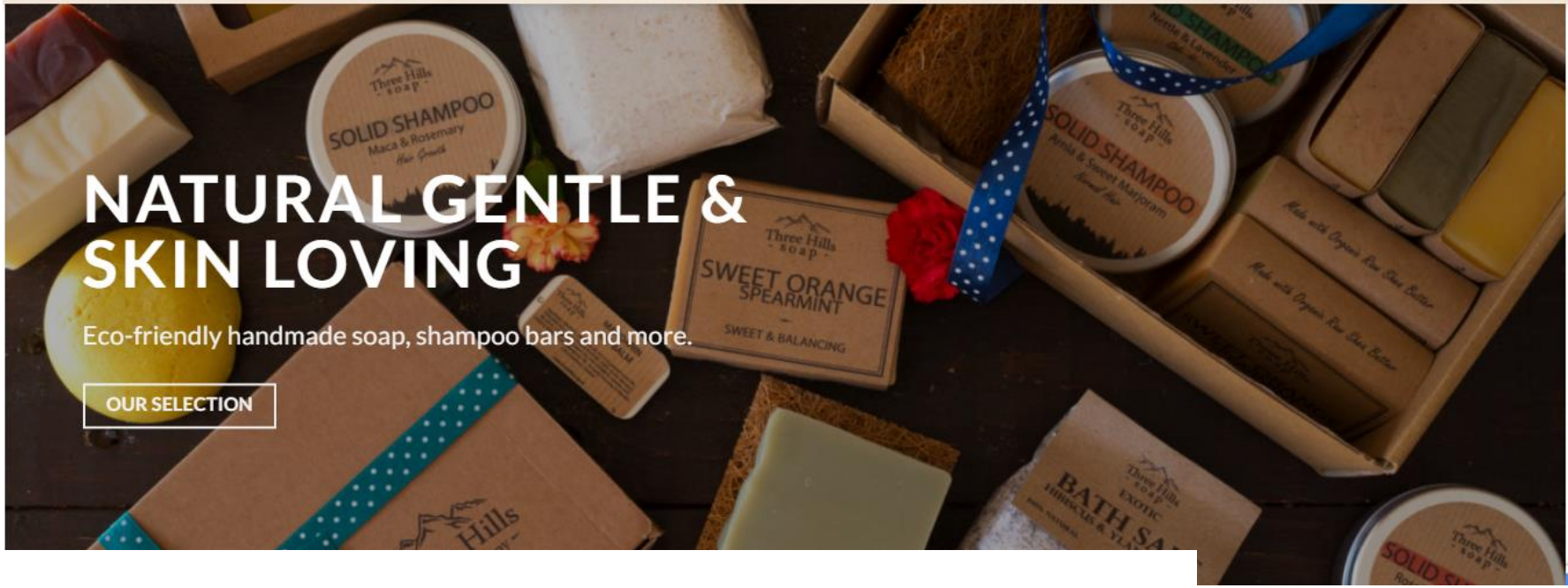
Steps

Your location





Three Hills
soap



Our Packaging

We want to be as green and environmentally friendly as we can.

We believe that compostability and biodegradability are the gold standards of eco-friendly packaging.

Did you know?

PRODUCTS

Soap

Each soap is wrapped in an eco-friendly brown paper packaging, which is completely recyclable and is fastened with a seal which is made from cellulose and is fully biodegradable and compostable. Each soap comes in a paper bag when shipped to the customer.

Salts/Soak

The salts/soak packaging looks like plastic but isn't! It's made from a **biodegradable and compostable** cellulose derived from wood pulp plus the product label is made from recyclable paper.

ACTIVITY

Sustainability Case Study Review: Palm Oil



See Activity Sheet 4.2: Palm Oil and Its Problems

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SUSTAINABLE DEVELOPMENT GOALS



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ESG Reporting Frameworks / Standards

Feature	GRI Standards	SASB Standards (ISSB/IFRS S1 & S2)	CSRD / ESRS (EU)
Primary Focus	Company's impacts on economy, environment, people	Financially material sustainability information	Both company impacts & financial materiality
Materiality Lens	Impact Materiality	Financial Materiality	Double Materiality

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ESG Reporting Frameworks / Standards (Continued)

Feature	GRI Standards	SASB Standards (ISSB/IFRS S1 & S2)	CSRD / ESRS (EU)
Target Audience	Broad Stakeholders (investors, employees, NGOs)	Investors & Capital Markets	Broad Stakeholders (investors, civil society, etc.)
Geographic Scope	Global (Voluntary)	Global Baseline (Voluntary, but influencing mandates)	EU (Mandatory for in-scope companies)
Key Features/Retail	Comprehensive impact reporting, stakeholder focus	Industry-specific metrics, investor relevance	Mandatory, detailed reporting, double materiality req.

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Key Business Benefits for Retailers

- Enhanced Brand Reputation & Trust
- Attracting Investors & Access to Capital
- Cost Savings & Operational Efficiency
- Risk Mitigation
- Talent Attraction & Retention
- Innovation & Competitive Advantage

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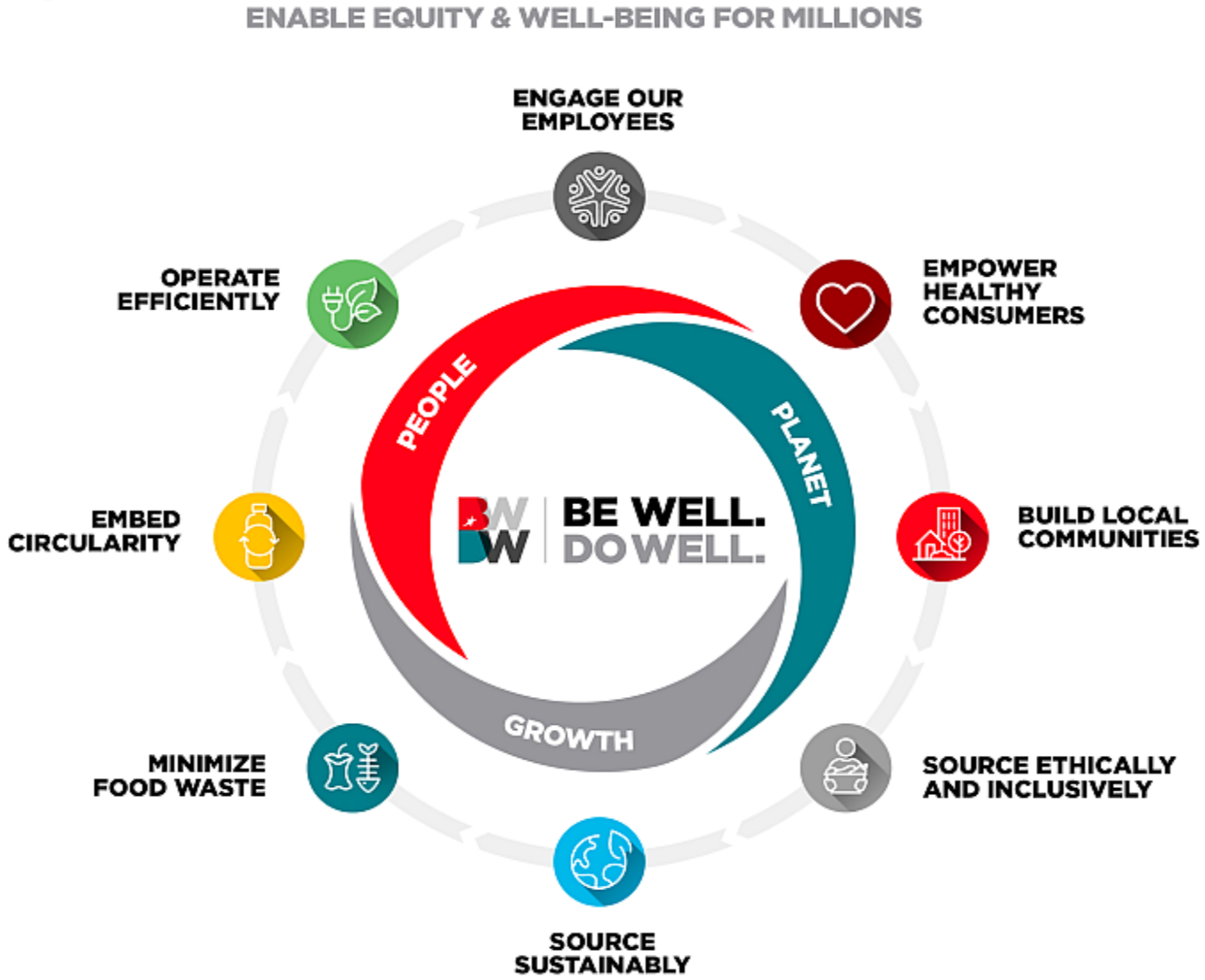
Examples of Fostering a Sense of Community

- Supporting Local Suppliers and Economies
- Charitable Partnerships and Giving
- Employee Volunteering Programmes
- Creating Inclusive Store Environments & Community Hubs
- Local Hiring & Workforce Development



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Planet, People, Profit



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New Sustainability Legislation

EU Corporate Sustainability Due Diligence Directive (CSDDD):

- *Status:* Final text published July 2024, Member State transposition by 2026, phased compliance from 2027/2028.
- *Core Requirement:* Mandates large EU companies and non-EU companies with significant EU turnover to conduct due diligence across their "chain of activities" (value chain) to identify, prevent, mitigate, and account for adverse human rights and environmental impacts. This includes own operations, subsidiaries, and business partners (suppliers)
- *Key Obligations for Retailers:* Integrate due diligence into policies; assess impacts (e.g., labor conditions in factories, deforestation risk in sourcing); take preventative/mitigation actions (potentially terminating supplier relationships as a last resort); establish complaint mechanisms; monitor effectiveness; report publicly on due diligence efforts; adopt climate transition plans.

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New Sustainability Legislation

EU Corporate Sustainability Reporting Directive (CSRD):

- *Status:* Phased implementation ongoing (starting reporting in 2025 for the largest companies).
- *Core Requirement:* Requires in-scope companies (large EU/non-EU, listed SMEs) to provide detailed, standardised ESG disclosures based on the principle of *double materiality* (reporting on both inward financial risks/opportunities and outward impacts on people/planet) using the European Sustainability Reporting Standards (ESRS).

Impact on Retailers: Mandates comprehensive and comparable ESG reporting, demanding significant data collection across operations and value chains, particularly regarding environmental impacts (emissions, waste, resource use) and social factors (workforce, supply chain labour, communities).

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New Sustainability Legislation

EU Empowering Consumers for the Green Transition Directive (ECGT):

- *Status:* Entered force March 2024, applicable from September 2026.
- *Core Requirement:* Amends existing EU consumer protection laws to explicitly ban certain greenwashing practices. This includes prohibiting generic, vague environmental claims (like 'eco-friendly', 'green', 'biodegradable') without clear substantiation, claims based solely on carbon offsetting schemes, and the use of sustainability labels not based on official certification schemes or established by public authorities.

Impact on Retailers: Requires much greater precision and evidence for any environmental marketing claims used on products, packaging, or advertising.

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New Sustainability Legislation

EU Ecodesign for Sustainable Products Regulation (ESPR):

- *Status:* Proposed March 2022, expected adoption and phased implementation from 2026 onwards.
- *Aim:* To make products sold in the EU more sustainable by setting requirements for durability, repairability, recyclability, energy efficiency, recycled content, and reducing substances of concern.[7] It will replace the existing Ecodesign Directive.

Impact on Retailers: Will influence the types of products retailers can sell in the EU. It also mandates the creation of a **Digital Product Passport (DPP)**, providing detailed sustainability information about products (e.g., materials, repairability, carbon footprint), which retailers may need to manage and make accessible.. Affects a wide range of products, starting with textiles, electronics, furniture, and construction materials.

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Implications and Non-Compliance and Greenwashing Risks

- Financial Penalties
- Legal Action
- Reputational Damage
- Loss of Market Access and Sales
- Investor Scrutiny and Dinvestment



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ACTIVITY

Visual Search: Greenwashing

- Research and share an image that you believe exemplifies greenwashing.

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Key Take Aways

- **ESG is Non-Negotiable:** ESG is no longer a niche concern but a fundamental aspect of responsible and resilient retail business strategy.
- **Value Creation Beyond Profit:** Success is increasingly measured holistically, encompassing environmental stewardship, social responsibility, and ethical governance alongside financial performance.
- **Transparency is Paramount:** Stakeholders demand verifiable data and honesty. Robust reporting and substantiated claims are essential to build trust and avoid greenwashing.

Key Take Aways (Continued)

- **Accountability extends to the Value Chain:** Retailers are increasingly responsible for the impacts occurring within their supply chains, necessitating rigorous due diligence and supplier engagement.
- **Integration is Key:** Effective ESG requires embedding sustainability principles across all business functions, from product design and sourcing to store operations and marketing.
- **Action is Required:** Understanding ESG is the first step; applying these principles through practical initiatives and continuous improvement is crucial for navigating the future of retail.

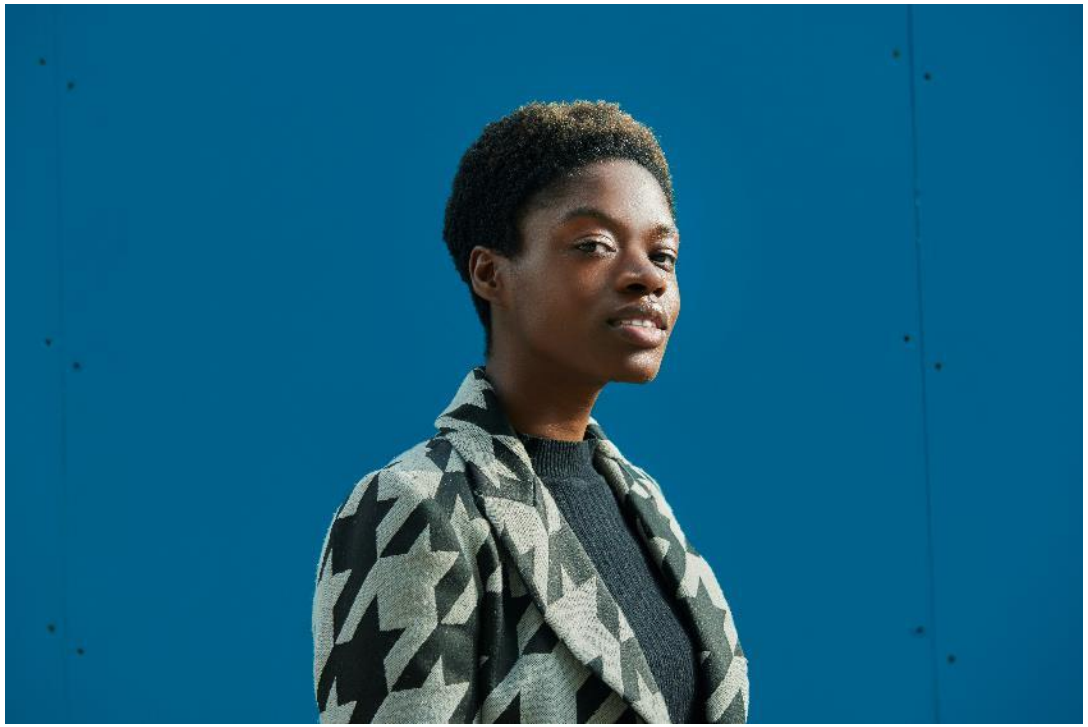
Reflect as you go.... My Personal Commitment

- What was the most significant or surprising thing you learned about ESG today??
- In which ESG area (Environmental, Social, or Governance) do you feel you can make the most immediate difference in your day-to-day role?
- Now, identify **one specific, actionable step** you commit to taking within the next week or month to apply what you've learned. This could be related to reducing waste in your area, fostering more inclusive team communication, ensuring ethical procedures are followed, or engaging with a community initiative.



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Guest Speaker (2 Hours)



Guest speaker for Retail with experience in the following areas:

- Importance of Integrity in Leadership
- Strategies for Building Trust
- EDI
- Ethical Management Issues
- ESG
- Best Practices and Illustrations

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Reflect as you go.... 5 Min Writing Prompt

- What is the **three key insights or skills** I gained from today's guest speaker?





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Quiz Time...



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Any Questions?

Thank You

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