



# Women, nature and retail

ESG voices podcast series

## Host

*Hello and welcome to another episode of ESG voices! This podcast series addresses the opportunities and challenges within ESG, through interviews with ESG specialists from KPMG and beyond. Throughout this series, we will discuss a broad range of environmental, social and governance issues, aiming to support governments, businesses, and communities in creating an equitable and prosperous future.*

*In almost every part of our lives we interact with the natural environment. Human pressures on nature have increased substantially over time, with land use change, climate change and pollution all contributing to unprecedented nature loss. Halting and reversing this loss is a significant challenge, bringing with it risks to corporate and financial stability, but also opportunities.*

*It is clear that the time to recognize the value of nature and biodiversity is now, and that businesses have a critical role to play in leading the way towards a future where nature can thrive.*

*For today's episode, Annie Donegan, Manager in KPMG's Global Decarbonization Hub will be leading a discussion with Isabelle Allen, Global Head of Consumer and Retail, KPMG International on the importance of nature and biodiversity in the consumer goods and retail sector, and the impact of female role models in organizations and across the wider sector.*

*Annie, over to you.*

## Annie Donegan

So, Isabelle, what made you want to work in the consumer and retail sector?

## Isabelle Allen

Well, I always admire people who had a very clear idea about what they wanted to do and have a deeply rooted vocation or a calling. I'm afraid my getting to work in the consumer and retail sector was a bit more organic. When I joined KPMG a long time ago to do my auditor training

after a broad generalist business degree. I was given a choice of which department to join, and I asked for what was then called manufacturing, retail and distribution. And if I'm totally honest, this was more because I knew that financial services and public sector was not for me. And if you fast forward 30 years and in my role today, I get to work across those sectors regularly and increasingly. And I love the collaboration. But yes, my head and my heart always go back to the consumer and retail sector. And I guess it's probably because of three key aspects of the sector. The first one is that it is truly global and truly local. There is no other sector that is as deeply rooted in local culture, tastes and preferences. And yet with so many globally recognized brands and I think this is, really, really energizing. The second reason it's a sector that's at the forefront of trends and behaviors and how businesses need to respond to changing demographics. Consumer and retail is the sector that's the closest to how people live, what they eat, what they wear, how they treat themselves, how they furnish their home, what they want from products and from brands, what they will shop and wear and what experiences they want to have whilst they are doing that. The sector truly is a window into how society will take in the future. And currently, we're spending a lot of time thinking about what Generation Alpha coming to consumption age will mean for businesses, what they will expect from products and from brands, and also the impact on all of us living longer, but not necessarily healthier. And the third reason why I'm drawn to this sector is that it's real, it's tangible, it's relatable. It's talking about real products that you can have in your hands, and the innovation that goes into that. It's talking about the real challenges of this sector on the workforce, on food safety and real dilemmas. This has been a very disruptive time for companies in consumer and retail, first with Covid and then the Russia Ukraine conflict, an impact on input costs, climate events, impact on commodity prices and all the supply chain challenges in various parts of the world. So the global consumer and retail sector for me, as a complex and multifaceted impact on the planet and as a leader of the sector, I am really energized and feel the weight of responsibility of bringing together these conversations to light. What we do really matters in this sector, and I guess that's why I continue to go to go back to it.

## **Annie Donegan**

Thank you so much, Isabelle. That's really great insight into understanding why you really enjoy working in the consumer and retail sector. I too feel particularly close to the sector in terms of my work on nature, biodiversity and climate. It really is a unique sector in terms of its, you know, consumer-centric focus, its impacts, and also its dependency on the natural environment. So, on that train of thought, why do you think nature and biodiversity has become such an important topic area for your work?

## **Isabelle Allen**

So, if it's ok Annie, I'm just going to take a step back before I answer your question directly. For me, obviously, a lot has been talked about ESG in recent years, but in truth, the topic of sustainability or business practices, which are respectful of the workforce and the planet, have been topics of the core of the sector for decades. We just didn't used to call it ESG. It just had different names, and when the spotlight came on ESG, I would say that the number one topic that companies in the sector put their arms around or grappled with was climate. And I think there are a number of reasons for that. This is a topic that had more visibility. Maybe more mature frameworks emerged faster and consistent standards. It's still a very technical topic, obviously, but somehow, I think, our clients and the companies in the sector found it easier to get a handle on climate at an enterprise level. So, I would say nature, and I'll be curious to see whether you agree. But nature and biodiversity as a topic is more recent, although again, for a number of players in the industry, this is not something that they are discovering.

## **Annie Donegan**

Yes, I completely agree. I think this framing is really important. You know. Sustainability. climate, nature, they're not new topics in particular for the consumer, retail sector, but I do think they are under increasing spotlight given the market that we're operating in, and giving the fact that these risks are now really resonating with companies, particularly in that sector. Can you give some examples as to why you think and you find in your work nature and biodiversity is a topic that's now in particular focus.

## **Isabelle Allen**

Sure. And so we need to start with the facts. And the fact is that 90 percent of manmade pressure on biodiversity is driven by four major value chains, of which two are in the consumer and retail sector. The first one is food and the second one is fashion. The other two leading up to the 90 percent are energy and infrastructure. So obviously the consumer and retail sector has a part to play in making sure that it is acting responsibly and that the implications of biodiversity loss for those businesses are really understood and managed. So that's the facts. The second one is it's changing really quickly because the frequency and the intensity of climate events is, is aggravating and putting, the biodiversity loss under a lot of visibility.

And I'm sure you've seen the news more recently. So, I guess it's a topic that the companies in the sector can't ignore or just not do something about. The other angle, which I think is really interesting as to why this has risen at the top of the list or higher in the list of priorities for consumer and retail sectors, is this has got a direct impact on business performance from two ways. One is either you've got rarer or more vulnerable raw material coming into your supply chains and therefore at a higher cost. And then at the back end, you potentially have a backlash from, consumers when they know that you might be involved in contributing to that biodiversity loss. So, this is impacting the true business model and the performance of companies in the sector. On the other hand, because I'm a glass half full person, always, all these challenges are also triggering a number of new opportunities for companies that support biodiversity to create powerful new offerings, new products, new solutions, new ways of working, new supply chains, new collaboration models that will improve the attractiveness of what they're doing currently, and or lowering their operating costs. I do believe that there are win, win, win situations or solutions to this topic which mean that it's good for the biodiversity of the planet. It's good for the companies who can harness that in the right economic way, and it's good for the consumers that get to enjoy those solutions and those products.

## **Annie Donegan**

Thank you so much, Isabelle. I think as you mentioned, nature, biodiversity really just presents a range of risks, but also opportunities for the consumer and retail sector. And I think given what you've mentioned previously, the sector itself does have a very unique role to play in addressing these challenges. So how do you see nature and biodiversity shaping the long-term sustainability and growth of the sector?

## **Isabelle Allen**

So, to be honest, Annie, I'm just really, really energized about what's happening in the sector on this topic at the moment, particularly around three dimensions. The first one is a sense of urgency and real action happening across the sector. To be honest, I don't really mind whether those companies are driven by increased sensitivity from their consumers or pressure from some of their stakeholders, or pressure on their bottom line, or as a result of regulation. I think what's really good for all of us is, is this sense that there's so much going on. Illustration of that is the innovation that is being unleashed to try and, help and come to solutions with this challenge in the sector it comes in a number of aspects. The first one is looking at unlocking new ingredients and materials in the value chain. So as examples, the bio-based plastics or the natural dyes, plant-based textiles. But there's many, many, many more coming in various stages of R&D development. The second one is the role of technology. I think what technology is going to be able to bring, both in terms of yield improvement or monitoring and sensing of crop development, for example, is going to be a game changer. You know, this is not a conversation to go deep

on, on artificial intelligence, but absolutely, it's going to have a big role to play in coming to this topic. And then finally, in terms of innovation, in terms of, local sourcing and rethinking the supply chains to have a more direct impact to the communities that you are involved with and that you are serving also catering to local tastes and preferences is but I guess, you know, the one aspect I'm the most excited about, because I think it will be the key to impact at scale and just move away from individual pilots, which, however successful they are, still have a very small collective impact. The thing that's going to unlock everything is greater partnership and collaboration. I think we're seeing industry associations, stepping up and accelerating the knowledge sharing, the best practice, sharing across the major players. And I can reference what the Consumer Goods Forum is doing in this space as an example. Also, I'm really encouraged by the work that is being done at the local level with local communities to broaden and to be more creative in terms of the partnerships that can be created to be beneficial for everybody, and fostering economic development and preserving biodiversity. And then finally, I think, again, really encouraged by the acceleration of the collaboration with universities, research institutions, the not-for-profit sector that I think will lead to breakthrough in bio-based innovation and sustainable practices. I do think the future in a lot of topics associated with biodiversity is of an open source nature and radically different ecosystems than we've experienced in the past.

### **Annie Donegan**

So, taking these points, Isabelle, that you raised, speaking about innovation, partnership, collaboration within the sector. How are you then bringing these higher-level topics in relation to nature and biodiversity, specifically, then into your discussion on your work with clients in the consumer and retail sector?

### **Isabelle Allen**

This is an interesting question, because the truth of all this is that there's not one size fits all conversation that you can have on this topic. If I were to compare the climate discussions and the biodiversity discussions on the nature and biodiversity discussions, you end up at a local level, way, way faster. So that means that you need to be very, very specific. In my experience, you can't have generic nature and biodiversity conversation, definitely not across the breadth and depth of the consumer and retail sector. But at a high level, I would say that there are common themes, though. The first one is to understand where each company is at on their journey. I'm not a great fan of this word, but every company will have a different starting point and they will have determined, you know, their own destination, given their history, their values, their value chains, and their heritage of involvement with local communities. The second one, and I think we're moving very, very fast on that second one, which is, for the reasons I highlighted above, to raise the awareness and educate clients on the biodiversity, challenge. I think on the whole, companies have got a better understanding of

how they are impacted by the biodiversity challenge. More so than maybe their impact on the biodiversity across their operations. And then finally, and I know it's going to sound very cliché, but this is a topic where you need to make a start. And the quicker you get into real conversations about real situations and real projects and opportunities, the quicker you can have a narrative that you can then build on and bolt on your initiatives across your industry and your company.

### **Annie Donegan**

Thank you so much for those insights, Isabelle. It's really great to hear how important nature and biodiversity is for the sector as a topic, and also get some insights into the momentum behind addressing these challenges to ensure long term business resilience for the sector. Moving on slightly, one key feature for the consumer and retail sector is the role that women play in it. For example, the 2024 State of Social Enterprise report found that 1 in 2 social enterprises globally are women-led compared to 1 in 5 conventional businesses.<sup>1</sup> Why do you think this is the case, and can you speak more broadly to the key role that women play in the sector?

### **Isabelle Allen**

Thanks, Annie. I'm really glad that you're bringing this topic on because I think it's something that is partially understood, I think, and decisively one feature that is distinct for this sector compared to others. So let me illustrate with just a couple of statistics. So first of all, and I think that that's probably the least surprising 75 percent of women identify themselves as the primary household shopper. So, when we talk about the consumer and consumer decisions, you know, women have got a disproportionate impact into shaping the future of this industry in terms of what they expect from products and what they expect for brands. But then if you move up the supply chain of the consumer and retail sector, a couple of other examples in the agricultural world, I think it's again, maybe not a surprise, but important to highlight that rearing poultry and small livestock or growing food crops. In a number of countries, women are responsible for some 60 percent to 80 percent of food production in developing countries and in many, many farming communities. Women are also the main custodians of the knowledge on crop varieties. And when we talk about the biodiversity preservation, this is a very, very important aspect. And then moving on to retail, I think if I take a statistic in the US, women make up 61 percent of all new retail business owners in the US, which again, just shows you the vibrancy and the involvement of women in the sector. On another angle, retail gives 30 percent of women their first start in the workforce, more than any other industry. And we know that in most countries, retail is the single largest private employer. So when you look at this sector, on a 360 basis, either from a consumer shopper end, all the people, you know, managing the businesses, all the input into the businesses, women are really front and center of the industry.

<sup>1</sup> The State of Social Enterprise, Schwab Foundation, 2024

## **Annie Donegan**

Thanks, Isabelle. So, you mentioned there the disproportionate role that women play across different parts of the consumer retail value chain, moving and focusing at a leadership level, what do you think, and on what have you seen that are powerful initiatives that are really essential in supporting and empowering more women to step into leadership roles, particularly within the sector?

## **Isabelle Allen**

So, I have to say, and I did say that I was a glass half full person. So, I'm not letting this statistic to come in the way of my optimism, but I was privileged to attend the World Economic Forum in Davos earlier this year, and it was really unsettling to see that there were still so many discussions focused on the gender gap and the destination of empowering women in the workforce, and particularly at senior level. I'm not going to give any insights or any golden rule in terms of what needs to be done. It's a lot of things that are already being done and continuing and keeping the course on a variation of the formal mentorship programs, reverse mentorship, allowing junior women to mentor senior leaders on topics like diversity and inclusion, or fostering a more inclusive environment. It's, you know, the debate that's been very live in recent years between mentorship and sponsorship and advocacy, and maybe the one that I think is the most powerful is the role models and the visibility and highlighting, you know, the women leaders that are so, so, so impactful across the different aspects of the industry and inspiring others and demonstrating the possibilities for the new generations coming into the workforce.

## **Annie Donegan**

So, Isabelle, just I wanted to ask you one final question before we close to bring the two core parts of this discussion together, namely focusing on nature, biodiversity and wider sustainability, and also the key role that women play in the sector. So as KPMG's head of consumer and retail globally, what advice would you give to emerging female leaders that really want to champion sustainability within their organizations? And more broadly, what role do women play in driving innovation within the sustainability agenda?

## **Isabelle Allen**

That's not an easy question to finish with, but let me have a go. So, I think we've come a long way and I'm glad that we have that. You know, doing good is also good for business. And I would encourage people to reframe some of the conversations as making sense for all stakeholders.

And so continuing to show the impact of having sound business practices, which are also impactful for the communities that those businesses serve. The second one is, anybody who knows me knows that I am very, very worried and always scared for myself and my teams from groupthink. I think some of the topics that we've been touching on in this conversation require a diversity of perspective. The gender diversity is one aspect of it, an important one. But I think for me it comes within a mix of, you know, cultural, generational, geographical perspectives because these are complex topics. And the reason why there isn't a silver bullet solution to them is because they are complex. And therefore, the more people at the table that can provide a different lens, the strongest and the most resilient the answer in my experience. And then I'm going to say that with a big smile, because I don't want to go into, stereotypes. But I do want to believe that sustainability and sound business practices is not about competing, but creating ecosystems and open collaboration and learning from each other. And I would say that in my experience, having women in those conversations does help to bring that collaboration angle to the table. So yes, I'm not sure this is a compelling answer I need, but that's the best I can give you.

## **Annie Donegan**

Isabelle, thank you so much. I thought those points you raised were absolutely perfect and I think really hit the nail on the head. Whilst that was a very challenging question to try and answer, I really, really appreciate your points, particularly the one around trying to avoid groupthink. I think that is super important, particularly for these, very broad, and I guess cross-cutting topics that we've tried to cover off today. So, thank you so much, Isabelle, for sharing your insights on these topics. Nature, biodiversity, the importance of women, and your insights on the consumer and retail sector. I'm sure all the listeners will have found that as insightful and helpful as I did. So thank you so much.

## **Isabelle Allen**

My pleasure Annie. Thank you.

## **Host**

*Annie, Isabelle, thank you for taking the time to join us today, you've given our listeners a lot to think about and we look forward to hearing more about what was discussed today in future podcasts. Join us again next time for more insights from ESG leaders and innovators. You can also find our latest insights covering a range of ESG topics by visiting [kpmg.com/ESG](https://kpmg.com/ESG).*

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