

Over to you: Jelena Lefavrais on the importance of sustainability reporting

Since 2020, Jelena Lefavrais has been working as an industry sustainability consultant. This involves supporting organisations in their quest to start or improve their sustainability reporting practices (impacts), environmental, social and governance ratings and United Nations Sustainable Development Goals mapping.

With over 10 years DF&TR experience, her goal is to support the creation of a new ecosystem. This will be achieved by bringing stakeholders together to create sustainable growth and building frameworks and new operating models.

A panellist during the Sustainability from a Broader Perspective session at the highly acclaimed **Travel Retail Sustainability Week** digital event earlier this year, Lefavrais is well placed to advise on the importance of sustainability reporting among other elements across the duty free and travel retail sector.

In the last two decades we have seen tremendous growth in non-financial reporting by companies. This has been driven by increased pressure from stakeholders for greater transparency on companies' environmental and social impacts.

I would like to elaborate on three important points with regards to sustainability in the travel retail industry.

SUSTAINABILITY REPORTING

The first is the importance of sustainability reporting to drive transparency and credibility. Sustainability from a broader perspective encompasses a holistic approach.



Jelena Lefavrais was a panellist during the Sustainability from a Broader Perspective session at this publications Travel Retail Sustainability Week digital event in May.

On one side, we observe the impact an organisation has on economy, environment and society; and on the

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other, how stakeholders can work together towards creating an agile, value-shared model to overcome industry challenges, as business-as-usual no longer exists.

We are looking at the sustainability reporting practices that build credibility, transparency, and improvements, as well as positive image, operational efficiency and smart partnerships.

Today, approximately 70%-80% of companies disclose their environmental agenda commitments and sustainability approach. This is a positive step. However, what we want is for all these organisations to start using globally recognised framework for taking responsibility, measuring, and reporting on their positive and negative impacts on the environment, society and economy. The added value is possibility to have cross-industrial analysis and comparison in order to improve.

Globally recognised standards and frameworks are in place to drive market transformation, positive impacts, and innovation in terms of sustainability.

Adopting a serious sustainability approach means to incorporate sustainability into corporate strategy and governance. Organisations must take responsibility to recognise and measure positive and negative impacts and set an action plan for improvements.

Once this is done, through sustainability reporting published on an annual basis organisations are demonstrating progress and improvements, which positively impact their environment, social, and governance (ESG) ratings and corporate image.

We acknowledge that no one is perfect, but it is important to be transparent and work to improve. This is what we communicate through the sustainability report.

Another key element is partnerships for sustainable growth which will help the industry overcome its challenges.

The industry cannot sustain itself on a business-as-usual model and systemic changes are needed. With proper grounding, the travel retail industry can be resilient with partnerships playing an important role.

Different stakeholders (*airports, operators, and brands*) must sit round a table and develop a resilient business model for everyone. This is where travel retail plays an important role.

Covid-19 has shown the importance of creating agile models, partnerships and working together towards circular and green economies, according to Sustainability Consultant Jelena Lefavrais.

If we look at the travel retail industry, we can identify three groups of challenges. The first is overcoming environmental impacts (*hurricanes, climate change and natural disasters*), the second is socio-economic impacts (*consumer changing behaviour, globalisation, and digitalisation*) and the third is industry specific trends (*historically dropping spend per passenger — before Covid-19 — growing margins but decreasing profits, growing minimum annual guarantees and negative industry image*).

We realise that collaboration and partnerships are key to creating value-shared business models and overcoming these issues. Overall, Covid-19 showed the importance of creating agile models, partnerships and working together towards circular and green economies.

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ESG risk and opportunity assessment is a way to mitigate against potential physical, transitional, and unexpected risks.

The final important point is how sustainability drives profitability and builds resilience.

Through years of research, we have seen that climate change and inclusive growth have accelerated increasingly important secular trends for investors, companies, and markets.

Last year, Dublin Airport created wildflower meadows at three key locations including the green space in front of Terminal 2 as part of its sustainability strategy.

Sustainability should be considered as an investment not as a cost. It is the only way forward. Non-financial reporting has been growing over the last two decades, due to increased demand from various stakeholders. Sustainable finance is gaining momentum. Investors are interested in ESG evaluation and rating this more and more.

Companies have a responsibility to be transparent and to give a choice to consumers. Consumers are more and more aware of greenwashing and critical thinking.

We are talking about alternatives for plastic straws, but do we really need straws? Consumers are showing a huge interest towards sustainable products. They are even ready to pay more for them.

To meet growing demand, businesses have so many possibilities to optimise resources, and by doing so, improve the efficiency and profitability of their operations as well as their corporate image. We are seeing so many frugal and disruptive innovations and alternatives to business-as-usual.

In a world where finance rules, we are finally seeing the importance of incorporating communities and their interests into corporate values and focuses. This is a radical shift and opens an entire new perspective for common growth.

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