Sustainability is not yet a financial KPI for most retailers

Only 36% of brands link climate targets to financial KPIs

The transition to a low-carbon economy represents one of the most disruptive changes retail organizations have faced in decades. It challenges established business models and requires rethinking product design, reconfiguring supply chains, changing technology, distribution, real estate and almost every aspect of operations and infrastructure.

Yet, new Risilience-commissioned research reveals that only a third (36%) of retail firms are linking climate targets directly to financial performance — a critical gap if the sector is to build resilience and deliver sustainable value.

Despite 78% of firms reporting they have a nature risk plan in place, less than a third (32%) have embedded this risk into business-wide decision making.

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The retail industry in focus

Only **36%** link climate targets to financial KPIs

32% face integration challenges with financial systems and tools

32% embed nature risk into business-wide decision making

78% have a nature plan in place

32% of all CapEx is aligned with sustainability goals

74% know the ROI of their decarbonisation plans

*Data from the Climate and Nature Risk Report 2025, commissioned by Risilience and conducted by Censuswide in August 2025. 500 sustainability & risk decisions makers were polled across seven industries in the UK, US and Europe.

What does this mean?

While the retail sector is making progress, the findings reveal a clear lag between ambition and financial integration. The fact that only 36% are embedding climate targets into financial KPIs suggests that most organizations are yet to make sustainability a measurable driver of enterprise value and highlights how much opportunity remains.

Furthermore, integration challenges with financial systems and tools remain a significant barrier to adopting finance-grade climate risk models, preventing many from translating strategy into financially robust action.

What should companies do now?

Organizations that act now will gain resilience, investor confidence and competitive advantage. It's time to:

- Embed risk into enterprise governance and finance systems
- Build finance-grade models to clearly and robustly communicate ROI and enterprise value in line with and alongside all other business considerations
- Tackle Scope 3 through aligned incentives, supplier data and procurement governance
- Recognize natural dependencies: integrate nature alongside climate in strategy and disclosure

Turn climate and nature risks into financially quantified insights with Risilience

- Build a stronger foundation for reporting, disclosures, and strategic decision-making
- Understand climate and nature risk exposure in financial terms, clearly and confidently
- Turn strategic buy-in into financially informed, measurable action for sustainable growth

> Climate and nature risks are no longer abstract sustainability issues; they are real financial risks. Businesses that quantify these risks, embed them into governance and financial systems, and align incentives across their supply chains will build resilience and competitive advantage in the face of economic and political challenges.

Dr Andrew Coburn, CEO *Risilience*

Let's connect

Risilience works with global retail clients to deliver audit-ready disclosures and commercially viable transition plans that align with business strategy to provide value for all stakeholders.
Read more at **Risilience.com** and download the **Climate and Nature Risk Report 2025.**

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