Unlocking the power of *sustainability data* in consumer products with a trusted data platform

Capgemini | Informatica

Purpose or performance?
It's no longer a binary choice

In a world of hyper-aware consumers, consumer packaged goods (CPG) companies must manifest both.

Research by Capgemini found that nearly 7 in 10 (68%) consumers believe businesses can do more to help society, while 6 in 10 (61%) said they want private companies to give back to society during a crisis.[1]

For corporate boards and executive teams, however, performance is likely the top priority 100% of the time. So which side wins?

With better control over data, the answer is both. CPG leaders are discovering that ethical and commercial priorities can dovetail when modern data governance fuses them together.

Every CPG company depends on analytics to stay ahead of competitors. Data can strengthen the connection between doing good and driving sales, justifying customer loyalty to brands that demonstrate environmental, social and governance (ESG) credentials.

This paper will explain the role of trusted data in creating reliable ESG reporting that satisfies consumer products customers, regulators, retailers and investors.

Customers will reward brands that demonstrate their ESG credentials.

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1 What matters to today's consumer: 2021 consumer behavior tracker for the consumer products and retail industries

The push for
ethical consumption

Consumers, investors and policymakers have become acutely aware of consumerism's ethical dimension. Today's customers want the money they spend on products to make a positive contribution. Circularity symbols on labeling, however, aren't enough. Producers need to prove that words are being backed up by actions.

One issue where customers are demanding progress is eliminating food waste. More than a third of the food produced globally ends up being discarded.[2] It accounts for 8–10% of worldwide emissions of greenhouse gases (GHGs).[3] It's also estimated that if just half the food we throw away could be salvaged safely, it could end world hunger.[4]

> Before ESG reporting can be reliable, the underlying data must be trustworthy.

Consumer product supply chains figure heavily in efforts to reduce food waste, and in the bigger effort to minimize carbon. In an age when commodities and raw materials are sourced from around the world, knowing exactly how closely suppliers adhere to ethical standards is a significant challenge.

As consumers look for more ethical choices, regulators are following suit. There are seven ESG regulatory rulebooks already in force or soon to come into effect across the EU, including the Ecodesign for Sustainable Products Regulation, and the EU Digital Product Passport regulation.

The US Securities and Exchange Commission (SEC) already requires public companies to disclose information on ESG-related risks, while Japan's Financial Services Agency is introducing ESG-specific disclosures for public companies. Each directive touches on the vital issue of ESG reporting.

CPG companies that fail to prove the ESG claims they make about products and operations could quickly find themselves facing a tribunal or forced to pay a hefty fine.

Food waste causes between **8%** and **10%** of greenhouse gases[5]

On the upside, prioritizing ESG can build brand loyalty by demonstrating how operations, supply chains and products contribute to sustainability. CPG firms can confidently claim to be making a positive contribution to the planet; or at the very least, minimizing the impact that what they make and sell has on the environment.

2 UNCTAD: Stop food waste to fight hunger and protect the planet
3 UNEP Food Waste Index Report 2024

4 US PIRGG: The food we waste could end hunger
5 UNEP Food Waste Index Report 2024

Getting ESG reporting right

The criteria for demonstrating ESG performance in consumer products include social impacts like food waste, sustainable operations and ethical/sustainable supply chains. Demonstrating progress towards an ESG commitment is fraught with difficulty.

- Inside companies, different business units may collect different types of internal and third-party data.

- Vendor and supplier systems may not provide the necessary data or deliver it in a readable format.

- Financial reporting rigor is the benchmark every firm strives for, but much of ESG data being measured isn't financial in nature, there are meteorological, chemical and biology-based assessments.

- While regulators are developing standards to eliminate inconsistencies in data collection and reporting, different national and regional regimes don't always overlap.

Some CPG firms try and address these issues by using ESG rating agencies. Regulators, however, expect their standards to be applied regardless of how ESG data has been sourced. If the underlying data is of poor quality and leads to inaccurate measurements, the reporting organization – not the rating agency – will be held responsible.

Data formats are another challenge. The expanding use of unstructured data – like emails, documents, customer feedback, social media, blog posts, satellite imagery, and audio/ video files – requires advanced data governance capability.

And then there is the issue of proving that a partner or supplier is living up to the ethical standards you've set. Establishing a supplier code of conduct is an important first step, but tracking compliance on a certification from, for example, the Roundtable on Sustainable Palm Oil, can be extremely challenging – especially when your supplier's operation is halfway around the world.

Before ESG reporting can be reliable, the underlying data must be trustworthy. How can CPG firms have confidence that their data is of known lineage, regulated, complete and of the highest quality?

Creating a consumer
products ESG data hub

To report ESG outcomes with confidence, CPG companies are investing in systems that harmonize all their ESG information into a single repository.

Developing a dedicated central hub for ESG data makes it easier to capture and govern data by creating a single source of ESG truth. An underlying system discovers internal and external data sources automatically (for example, harmonized carbon emissions data from suppliers via PACT), then aggregates each data point and standardizes it for use in analytics.

When that step is complete, the data in the hub can be enriched with insights from unstructured data. This provides a strong and trusted basis for reporting sustainable initiatives based on reliable metrics.

Informatica's cloud data management platform integrates all data for various ESG assessments, including carbon emissions, ESG ratings and Scope 3 (supply chain) data.

Information in the hub can then be governed with automatic controls designed to meet regulatory requirements, including data catalog, data governance, data quality and master data governance.

A single repository also makes it easier to democratize ESG data access. Different internal and external stakeholders can generate their own analytics from ESG data, helping embed ESG thinking into the company's wider data-led culture.

Key considerations

The list of ESG reporting solutions is long. Focusing solely on reporting, however, without ensuring the ESG data foundation is solid, trusted, shared and scalable across the organization—exposes firms to reputational and regulatory risk.

The GIGO rule still applies: garbage in, garbage out. What's essential is that the data feeding the reporting front end is accurate, auditable and verifiable. Because ESG reporting standards are still evolving, it's important to start with a roadmap. The long-term objective should be to create an ESG data hub that will support future requirements and help manage risk.

An effective ESG data hub should enable you to do the following:

- Integrate all internal and third-party ESG data and leverage a dedicated ESG data model
- Build a **data catalog** of all assets, including **lineage** and data profiling information
- Apply **data governance** by assigning ownership and stewardship, establishing audit trails, then applying business definitions that link logical data to technical data
- Establish trust by cleaning data to ensure its quality and timeliness
- Create a "golden record" using **master data management (MDM)**
- Enable granular ESG reporting capabilities
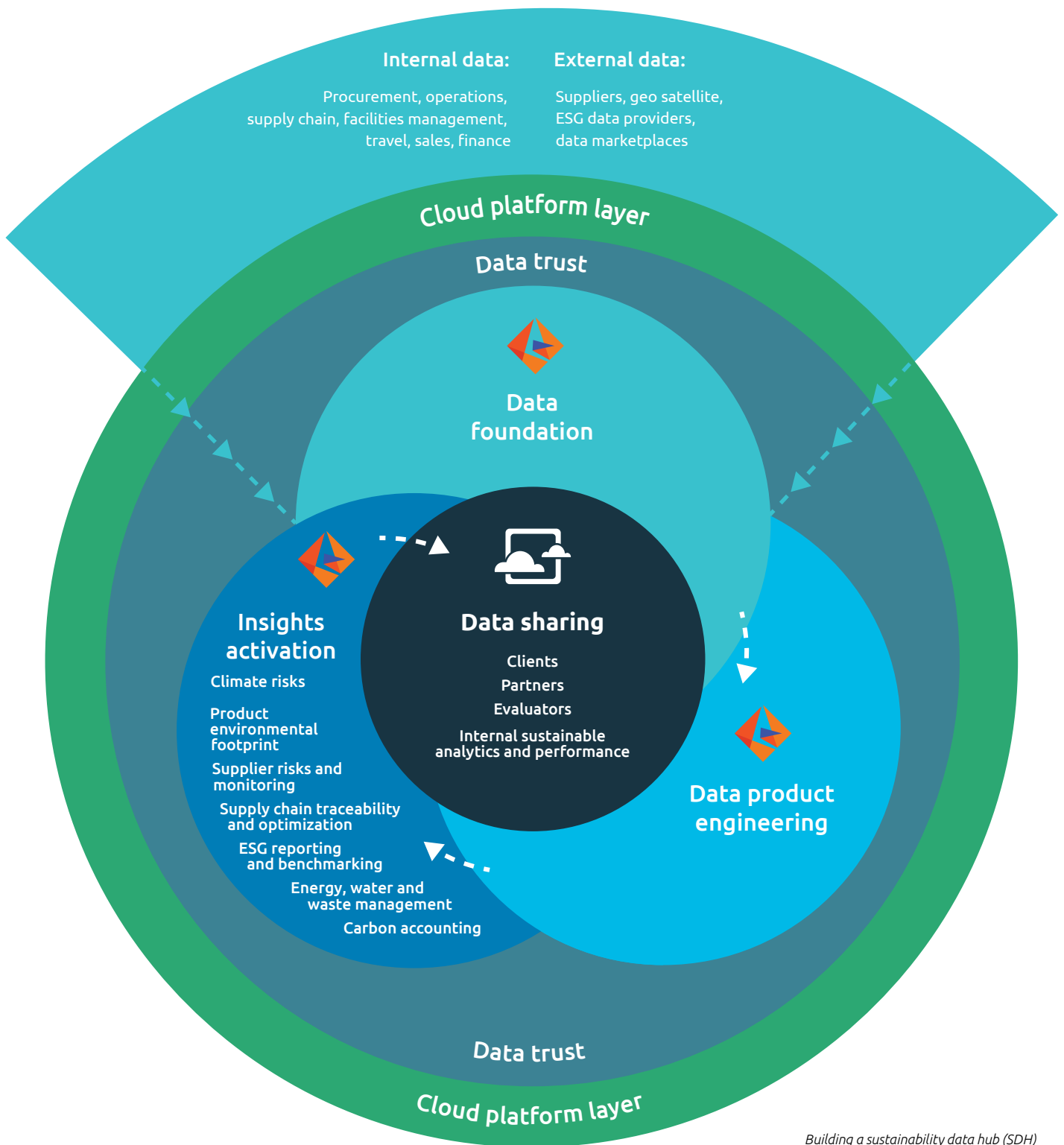
Building a sustainability data hub (SDH) with Cloud Data Integration

Data foundation:
Here, data is collected and stored as raw data (bronze) first, then transformed into cleansed data (silver).

Data product engineering:
Business logic is applied to data modeling, aggregation and machine learning , creating data products (gold) ready to be activated for insights.

Data trust:
Ensures the required level of trust in – and auditability of – the data through data governance, quality, lineage and master data management.

Data sharing:
ESG data and insights can be shared with agencies, investors, and partners across a dedicated data-sharing infrastructure. Organizations in a collaborative ecosystem can create new value with their data while limiting the risks of misuse or improper exposure.

Insights activation:
Where data products are accessed through marketplaces for internal stakeholders to create additional insights using self-service AI and visualization. Data products can also be consumed by external collaborative partner ecosystems and data-powered applications.

CPG case study:

Reducing food waste with ESG analytics

A perfect example of the growing connection between purpose and profit is a recent client engagement with one of the world's largest CPG brands.

The firm realized that closer monitoring of waste reduction in its food-related stock-keeping units (SKUs) could unlock financial improvements and improve risk visibility, while at the same time contributing to its broader social and sustainability commitments.

A dedicated analytics engine was created to track the production date and time to end-of-life of all food products in storage in the firm's huge inventory. Expected waste was calculated in terms of physical units and an expected financial loss was forecast.
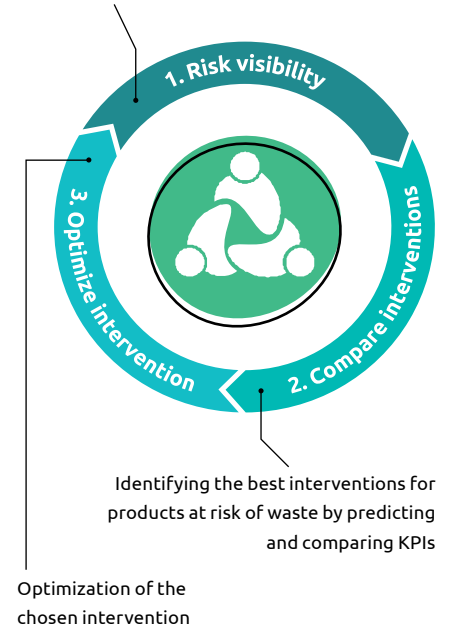
By raising the visibility of how 'at-risk' products are for becoming waste, as illustrated in Figure 1, the company can identify the best interventions by predicting and comparing KPIs.

Interventions can include:

- Transfer expiring stock to be sold from another distribution center.

- Running a trade promotion or advertising to uplift sales and avoid or reduce waste.

- Selling expiring stock through online stock auctions such as B-stock.

- Activating a discount sales channel to short-sell short-dated stock to discounters or in-company shops.

- Making a food bank donation: Avoid waste and disposal costs by donating expiring stock to a partner such as The Hygiene Bank.

- The engine also calculates the effectiveness of each intervention and helps managers decide on the best course of action.

Figure 1.

Waste reduction management process

Visibility of how 'at risk' products are for finished goods waste to see where action is needed

1. Risk visibility
2. Compare interventions
3. Optimize intervention

Identifying the best interventions for products at risk of waste by predicting and comparing KPIs

Optimization of the chosen intervention

Results

Applying analytics to the issue of food has led to significant operational and financial improvements. In addition to automated visibility of waste risks and recommendations for data-driven interventions, the firm has seen:

- Up to 50% reduction of waste

- Up to 40% of actions were made early enough to avoid selling to specialist discount partners

- The firm has identified potential savings of well over €30M for their European region, saving over 14,000 tonnes of CO2

How Capgemini and Informatica are *helping CPG firms*

Capgemini and Informatica are working with some of the world's biggest consumer product and retail brands to make ESG data hubs a reality.

Our partnership offers a wide range of benefits for organizations looking to confidently improve their ESG reporting. As a client you gain the competitive advantage of a unified data architecture that integrates relevant cloud and on-premises data at speed and scale.

Informatica solutions power Capgemini's sustainability data hub, supporting detailed analytics and c ontinuous data quality through the Informatica **Intelligent Data Management Cloud (IDMC)**. It provides a centralized solution with automated, AI-driven ESG data management and governance.

IDMC provides **full data observability** and a framework to manage, maintain, govern, collaborate and share ESG data sets across the business – supply chain data, rating agency data, emissions data and more.

Capgemini and Informatica's strategic partnership gives CPG firms the data management capabilities they need to accelerate ESG programs. When consumers, regulators, partners, and investors come looking for proof that your organization walks the talk on ethics, you'll be able to quantify progress with confidence.

The major ESG reporting regimes impacting CPG today

Corporate Sustainability Reporting Directive (CSRD)

The EU's Corporate Sustainability Reporting Directive (CSRD) came into force in January 2023.[6] This directive strengthens the reporting requirements and definitions around social and environmental data. A wider set of big companies, as well as listed 'small to medium enterprises (SMEs), are now required to report on sustainability.

Deforestation-free products

The EU Regulation on deforestation-free products entered into force in June 2023.[7] It promotes the use of 'deforestation-free' products and reduces the EU's impact on global forest degradation. The new rules are also expected to bring down greenhouse gas emissions and promote biodiversity.

EU Digital Product Passport (DPP) regulation

The DPP is draft legislation that aims to create a unique ID for every product sold in Europe.[8] It gathers information from across the supply chain, from raw material extraction, to production, repairs, and recycling – captures it and shares it with all stakeholders.

Ecodesign for Sustainable Products Regulation (ESPR)

This proposed EU regulation would set legal requirements that increase the sustainability of products, including resource efficiency, carbon neutrality, and information accessibility.[9] ESPR will also establish requirements for data transparency as a key enabler of the circular economy.

Corporate Sustainability Due Diligence (CSDD)

If adopted, the EU's Corporate Sustainability Due Diligence directive will introduce requirements for companies to identify, stop, or mitigate the actual and even potential impacts of their operations on the environment and on human rights.[10] European firms will be obliged to conduct due diligence on their own operations, their subsidiaries and their supply chains.

Per- and Polyfluoroalkyl Substances (PFAS) regulation

Per- and polyfluoroalkyl substances (PFAS) are a large class of chemicals used throughout manufacturing that are being blamed for pollution and negative effects on human health.[11] A comprehensive PFAS ban is expected in the EU within the next 2–3 years while other regions prepare their own regulatory actions.

Environmental labeling under AGEC

France's anti-waste law for a circular economy (AGEC) environmental legislation came into force on January 1st, 2023.[12] It requires all producers, importers and dealers of waste-generating products to showcase environmental qualities and characteristics on product packaging.

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6 EU corporate sustainability reporting
7 Regulation on deforestation-free products
8 EU Digital Product Passport regulation (DPP)
9 Ecodesign for Sustainable Products Regulation

10 Corporate Sustainability Due Diligence
11 Per- and Polyfluoroalkyl Substances regulation (PFAS)
12 AGEC Decree 2022-748: France's environmental labeling regulation

About Capgemini

Capgemini is a global business and technology transformation partner, helping organizations to accelerate their dual transition to a digital and sustainable world, while creating tangible impact for enterprises and society. It is a responsible and diverse group of 340,000 team members in more than 50 countries. With its strong over 55-year heritage, Capgemini is trusted by its clients to unlock the value of technology to address the entire breadth of their business needs. It delivers end-to-end services and solutions leveraging strengths from strategy and design to engineering, all fueled by its market leading capabilities in AI, cloud and data, combined with its deep industry expertise and partner ecosystem. The Group reported 2023 global revenues of €22.5 billion.

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About Informatica

Informatica (NYSE: INFA) brings data to life by empowering businesses to realize the transformative power of their most critical assets. When properly unlocked, data becomes a living and trusted resource that is democratized across your organization, turning chaos into clarity. Through the **Informatica Intelligent Data Management Cloud™**, companies are breathing life into their data to drive bigger ideas, create improved processes, and reduce costs. **Powered by CLAIRE®, our AI engine**, it's the only cloud dedicated to managing data of any type, pattern, complexity, or workload across any location — all on a single platform.

Informatica. Where data and AI come to life.

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