



# Modernizing Data Management: The Game Changer for Meeting ESG Mandates in Retail & CPG

As the retail industry continues to evolve, retail and consumer packaged goods (CPG) companies are under increasing pressure to demonstrate their commitment to sustainability and environmental, social, and governance (ESG) practices. With consumers becoming more conscious of the environmental impact of the products they buy, companies are expected to be transparent and accountable in their ESG reporting.

Adding to this urgency toward sustainability practices, the U.S. Securities and Exchange Commission (SEC) has mandated that all publicly listed companies must report on their ESG performance using the Task Force on Climate Related Financial Disclosures (TCFD) framework by January 2024.<sup>1</sup>

This is where Informatica comes in. Our comprehensive data management solution provides a centralized and controlled solution with ESG data management and governance capabilities that can help you accelerate your compliance by managing ESG data and ensuring accurate reporting.

## Why Having an ESG Data Hub for Sustainability Matters

When it comes to assembling ESG data for reporting purposes, there is both internal ESG data trapped within silos across lines of business and an enormous amount of external data that must be collected from the supply chain and business operations. All this data is necessary to truly decarbonize retail and CPG businesses.

<sup>1</sup> <https://www.sec.gov/rules/proposed/2022/ia-6034.pdf>

<sup>2</sup> <https://www.accenture.com/us-en/insights/strategy/delivering-promise-sustainability>

**Companies with high environmental, social and governance (ESG) performance have outperformed their peers, achieving 3.7x higher operating margins and generating 2.6x higher shareholder returns.<sup>2</sup>**

The board, chief financial officers (CFOs), chief sustainability officers (CSOs), chief data officers (CDOs), chief procurement officers (CPOs) and chief risk officers (CROs) of retail and CPG companies all play a critical role in ESG reporting. Each carries a responsibility in ensuring that their company meets industry-related ESG reporting requirements and provides transparency and accountability to their stakeholders.

A data hub dedicated to ESG reporting and sustainability and enabled by the industry leading Informatica® Intelligent Data Management Cloud™ (IDMC) can address stakeholders' needs and bestow several benefits.

## Key Stakeholder Benefits

### For the Board

Enables the company to report on its ESG performance in a consistent and credible manner. This helps the board to demonstrate its commitment to responsible and sustainable business practices and meet the expectations of its stakeholders.

### For CFOs

Reduces the time and effort required to manually collect and organize ESG data, and instead allows CFOs to focus on core business activities. This helps them improve the financial performance of the company and meet its ESG reporting requirements.

### For CSOs

Provides a consistent and credible manner of reporting on ESG performance. This helps CSOs to improve the reputation of the company and meet the expectations of its stakeholders.

### For CDOs

Manages ESG data that is natively supported across all the hyperscalers, enabling the company to choose the cloud provider that best suits its needs. This helps CDOs to reduce the risk of cloud vendor lock-in and ensure that the company's ESG data is managed in a secure, scalable and cost-effective manner.

### For CPOs

Allows for access to data on the ESG performance of suppliers, enabling the company to identify and address any sustainability issues in its supply chain. This helps CPOs to improve the sustainability practices of suppliers and ensure that the company is meeting its responsible sourcing requirements.

---

*"I would describe the current state of climate reporting as: Choose your own adventure and grade your own paper. You can hand-pick whatever makes you look good and ignore the rest. With the proposed SEC rules, in addition to other global regulations, that's rapidly coming to an end. Companies will need comprehensive ESG data management capabilities to meet these increasingly stringent expectations from regulators, investors, and customers."*

— Tegan Keele, Climate Data & Technology Leader, KPMG US

---

### For CROs

Delivers data on the carbon footprint of products and the ESG performance of suppliers, enabling the company to stress test its exposure to climate risk and identify areas for improvement. This helps CROs to mitigate the risk of climate change and ensure that the company is prepared for any future scenarios.

## A Centralized Data Management Hub for Corporate ESG Sustainability and Reporting

ESG data management has become a critical aspect of corporate sustainability reporting and is a key factor in determining a company's reputation and financial performance. Companies need to be able to report on their ESG performance in a consistent and credible manner to meet the increasing demand from investors, regulators and customers. However, the real challenge lies in collecting, integrating and managing ESG data from various sources, which can be time-consuming, costly and prone to errors.

An ESG sustainability data solution hub powered by IDMC is designed to help CPG companies overcome these challenges by providing a centralized approach to manage their ESG data. The solution integrates ESG data from various sources such as carbon emissions data, ESG rating agency data and supply chain ratings data. Data governance and quality are then applied to ensure the data is accurate and consistent. The centralized hub of data becomes the golden source of truth for all ESG data, with all the controls required by regulators, including data catalog, data governance, data quality, master data governance and data marketplace.

ESG data can also be made accessible to various stakeholders through APIs, enabling companies to meet their ESG reporting requirements and provide transparency to investors, customers and regulators.

## Alignment with Sustainability Accounting Standards Board Materiality Factors

With the goal of easing corporate burdens, the Sustainability Accounting Standards Board (SASB) provides materiality frameworks that help companies identify and prioritize ESG issues most relevant to their industry and stakeholders. The SASB materiality factors are aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and help companies report on their ESG performance in a consistent and credible manner.

For the retail and CPG sector, the SASB materiality factors include:

- Water stewardship
- Biodiversity conservation
- Supply chain labor practices
- Product responsibility
- Climate change

By bringing ESG data under management and governance, retail and CPG companies can ensure they are reporting on the most relevant ESG issues and meeting the expectations of their stakeholders.

## Beyond ESG Mandates: Retail and CPG Business Benefits

In addition to meeting ESG reporting requirements, retail and CPG companies can derive several business benefits beyond timely and accurate ESG reporting. One major benefit is the ability to capture the carbon footprint of a product at the SKU level, aggregate it at a group reporting level and claim cash back, generating purchasing income from wholesalers who sold the product.

Another key benefit is improved supply chain management, as companies can access data on the ESG performance of their suppliers and take corrective action to improve sustainability practices. This helps companies to reduce their environmental impact, improve their reputation and secure their supply chain for the long term.

<sup>3</sup> <https://www.manilatimes.net/2021/02/08/business/columnists-business/investing-in-sustainability-is-less-costly-in-the-long-run/842842/>

---

*"In the long run, the cost of investing in sustainability is less than the cost of not investing in it. Disruption, in its negative sense, would be a greater cost – be it environmental, social or operational. Sustainability is essentially the opposite of disruption. Companies, therefore, need to invest in the present to sustain the future."*<sup>3</sup>

— Ignacio Carmelo Sison,  
Chief Corporate Officer, Del  
Monte Pacific

---



Finally, companies can use ESG data to identify and prioritize sustainability initiatives that can drive operational efficiency, reduce costs and improve their financial performance. For example, by reducing energy and water usage, companies can lower their operating costs; and by improving supply chain labor practices, they can enhance their reputation and attract more customers.

By bringing ESG data under management and governance, retail and CPG companies can not only meet their ESG reporting requirements but also derive multiple business benefits.

## Informatica's Cloud Native, Multi-Cloud Solution to ESG Sustainability and Compliance

Informatica Intelligent Data Management Cloud enables a comprehensive data hub for delivering trusted and timely ESG reporting. It can be built using any cloud ecosystem provider, including Microsoft Azure, Amazon Web Services, Google Cloud, Snowflake, Databricks and Oracle Cloud. This gives retail and CPG companies the flexibility to choose the cloud provider that best suits their needs and enables them to take advantage of the scalability, security and cost-effectiveness offered by cloud service providers.

By leveraging the capabilities of hyperscalers, retail and CPG companies can ensure that their ESG data is managed in a secure, scalable and cost-effective manner, enabling them to meet the increasing demand for ESG data and reporting. The use of hyperscalers also helps companies to reduce the time and effort required to manage ESG data and focus on their core business activities, giving them a clear competitive advantage in the market.

## Measuring Decarbonization Efforts in Retail and CPG Businesses

The following are ways retail and CPG companies can decarbonize their business across the SASB Materiality Factors and the data they should be looking to capture and manage in a single source of truth like IDMC to gain decarbonization insights:

- **Energy Use:** Energy consumption, including the sources of energy used (e.g., renewable vs. non-renewable) and the cost of energy.

- **Supply Chain Emissions:** Supplier carbon emissions, including emissions from transportation and manufacturing processes. This data can be obtained through supplier assessments, emissions reporting and other sustainability data sources.
- **Product Design and Innovation:** A product's carbon footprint, including data on materials, packaging and manufacturing processes. This data could be obtained through lifecycle assessments and other sustainability data sources.
- **Water Use:** Water consumption, including the sources of water used and the cost of water.
- **Land Use and Biodiversity:** Land use and biodiversity impact, including data on land use practices, conservation efforts and reforestation initiatives.
- **Waste Management:** Waste generation, including data on the types of waste generated and the cost of waste management.
- **Human Capital Management:** Sustainability training programs data, including employee engagement programs and renewable energy projects that create jobs and benefit communities.

Retail and CPG companies would need to collect a wide range of data to measure their decarbonization efforts across the SASB Materiality Factors. By collecting and analyzing this data using IDMC, retail and CPG companies can better understand their impact on the environment and identify areas for improvement.

### Additional ESG Data Challenges to Consider

- Evolving ESG strategies and frameworks
- Unknown data quality, due to lack of data quality metrics
- Limited ESG data that is subject to existing controls
- Disaggregation of ESG data across internal and external systems
- ESG data variations supported by data vendors
- Large scale of change required to support ESG mandates
- Complex reporting requirements using various standards

## Getting Started on Your ESG Sustainability Journey

Begin reducing the time and effort required to manage ESG data, improve the reputation of your company and meet your ESG reporting requirements.

Don't wait. Get in touch with us today at [esg@informatica.com](mailto:esg@informatica.com) to schedule a demo and see how IDMC can benefit your company. Let us show you how you can meet the SEC's ESG requirements.

Take the first step and demonstrate your commitment to responsible and sustainable business practices.

For more information, check out our fireside chat, "**Achieve ESG Sustainability with Purpose,**" with Federated Hermes.

At Informatica (NYSE: INFA), we believe data is the soul of business transformation. That's why we help you transform it from simply binary information to extraordinary innovation with our Informatica Intelligent Data Management Cloud™. Powered by AI, it's the only cloud dedicated to managing data of any type, pattern, complexity, or workload across any location—all on a single platform. Whether you're driving next-gen analytics, delivering perfectly timed customer experiences, or ensuring governance and privacy, you can always know your data is accurate, your insights are actionable, and your possibilities are limitless.

IN03-0323-PT4550

© Copyright Informatica LLC 2023. Informatica and the Informatica logo are trademarks or registered trademarks of Informatica LLC in the United States and other countries. A current list of Informatica trademarks is available on the web at <https://www.informatica.com/trademarks.html>. Other company and product names may be trade names or trademarks of their respective owners. The information in this documentation is subject to change without notice and provided "AS IS" without warranty of any kind, express or implied.



Informatica®