

JUNE 2023



Sustainable Success:

Managing Sustainability Attributes for Retailers & Distributors



A Comprehensive Guide to Managing
Your Sustainability Attributes



Intro

In today's business landscape, the importance of sustainability cannot be overstated. As consumers become more conscious of their environmental impact and are more discerning and holistic in their approach to sustainability. They take the time to educate themselves online and consider various factors such as materials or ingredients, manufacturing processes, and supply chain impacts before making a purchase decision. Retailers and distributors are facing increasing pressure to provide sustainable products. The reality is that although 90% of business leaders think sustainability is important, only 60% of companies have a sustainability strategy.

A significant percentage (46%) of shoppers now expect brands to take the lead in creating the sustainable change they desire. They are looking for proactive efforts from companies to address environmental concerns and drive positive impact. This indicates a growing demand for brands that not only offer sustainable products but also demonstrate a commitment to broader sustainability initiatives.

To win over these discerning consumers, companies need to go beyond surface-level sustainability efforts and engage in comprehensive sustainability strategies that encompass the entire value chain. Just looking at packaging and avoiding single use plastic alone is not going to cut it. By taking a proactive stance and incorporating sustainable practices into their operations, retailers and distributors can gain the trust and loyalty of consumers who prioritise environmental stewardship.

In this comprehensive guide, we will explore the crucial role of product data management in sustainability efforts. Learn about the significance of traceability in substantiating sustainability claims, ensuring transparency throughout the supply chain. Discover how effective data governance practices can help you manage your sustainability attributes efficiently, allowing you to track and measure your progress.

SECTION 1

Sustainability: Increasing Importance for Purchasers



A Key Differentiator in a Crowded Marketplace -
Growing Demand for Responsible Products and
Services

Sustainability: its increasing Importance for purchasers

A KEY DIFFERENTIATOR IN A CROWDED MARKETPLACE

For various sectors like FMCG, clothing, household goods sustainability is a key differentiator for consumers in today's crowded marketplace. 89% of buyers would buy sustainably produced products if it was easier for them to purchase. Increased awareness of environmental issues, the impact of climate change, and a desire to make more ethical and responsible purchasing are positioning sustainability as a differentiating factor for retail consumer and B2B purchasers alike leading to a growing demand for products and services that address the

A Global Web Index study reported that 42% of online consumers worldwide would pay more for products and services that are environmentally friendly or sustainable. This indicates a growing consumer willingness to support sustainable businesses.

For industrial distributors, information about provenance of materials for manufacturing complex products will no longer be 'nice to have,' but a statutory requirement covering what happens at various stages of a product's life cycle:

- **Making:** environmental impact of materials used, working conditions at manufacturing locations, internal business practices
- **Moving:** how a company transports its products around
- **Buying:** the costs and how accessible it is to people of all backgrounds
- **Using:** direct and indirect inputs, product lifespan
- **Getting rid:** the end of a product's useful life – whether products and packaging are recyclable, biodegradable, or fed into the circular economy



89% of buyers would buy sustainably-produced products, if easier



\$125 trillion investment in climate action and low carbon industries by 2050



2/3 of companies are struggling to meet net zero targets

A European Commission study from 2020 found that 53.3% of the claims examined were vague, misleading, or unfounded, and 40% were unsubstantiated. EU legislation sets requirements on how to acquire and communicate the eco-label, including stringent criteria for each product group. This is established on solid scientific foundations, using a process of multi-stakeholder consultation and independent certification by a third-party.

The EU Ecolabel label indicates a product's environmental excellence while EMAS addresses the environmental performance of companies. The EU Eco-management and audit scheme is in place so businesses can evaluate, report, and enhance environmental performance with independent verifiers measuring that improvement.

Almost one-third (30%) of Europe's largest companies have committed to reaching Net-Zero by 2050. However, if these companies continue the pace of emissions reduction they achieved between 2010 and 2019, only 9% are likely to meet the 2050 target.

REGULATORY CHANGES

The increased requirements for solid Environmental, Social, and Governance (ESG) policies make it an urgent issue in acting as a framework for evaluating companies' sustainability practices, social impact, and governance structures.

Alongside EMAS. The EU's Corporate Sustainability Reporting Directive (CSRD), implemented in January 2023, takes ESG reporting into the realm of daily business for companies.

Examples of the areas covered indicate its extent:

1. Climate change
2. Pollution
3. Water and marine resources
4. Biodiversity and ecosystems
5. Resource use and circular economy

THE IMPACT ON BUSINESSES

To ensure ESG sustainability throughout the supply chain, it is crucial to measure the ESG performance of all top-level suppliers and sub-suppliers. Industrial distributors, with their extensive supplier network and diverse product range, must carefully assess the ESG practices of their suppliers and the subsequent tiers of suppliers to ensure compliance and social responsibility. Accurate and up-to-date data submission is also necessary to support these efforts. This entails aligning organizational priorities with impending mandatory ESG deadlines, serving as the cornerstone of a company's ESG strategy.

Additionally, meeting ESG reporting requirements across different frameworks and determining the relevant data for reporting is essential. It is important to prioritize the most significant legally binding obligations, beginning with the closest approaching deadlines for mandatory requirements.

SECTION 2

The Importance of Traceability in Sustainability Claims



The Key to Ensuring Sustainable Business
Practices and Consumer Trust

Traceability for Sustainable Product Accountability

Traceability tracks a product from origin to destination, along all stages of production, processing, and distribution, so buyers are equipped with the information about the impact of a product on the environment from start to finish.

Transparency: stakeholders know where a product and its components came from, how it was made, transformed, and transported.

Accountability: traceability allows stakeholders to verify a sustainability claim and address any discrepancies with whichever owner of that stage is accountable.

Identifying problems: supply chain issues which are hampering sustainability such as if a product is using unsustainable materials, and identifying where the issue is occurring in the supply chain

Continuous improvement: By tracking a product or material through the supply chain, identify areas for improvement and implement changes sustainable practices.

LEVERAGING TECHNOLOGY FOR ACCOUNTABILITY

Increasingly awareness of the environmental and social impacts of issues like climate change, reusability, and disposal means businesses must prove their sustainability credentials.

Provenance: tracking the product journey from its inception to point of sale means collecting information about environmental and social impact at each stage.

Technologies like blockchain and RFID tagging, mean businesses can trace movement of products through the supply chain, from raw materials to finished goods. They can verify claims of sustainable sourcing by confirming that the requisite certification standards are met. Thus, sustainability issues arising in the supply chain can be identified and addressed, and action taken to find an alternative supplier or work with the existing supplier to ensure practices comply with certified standards.

WHERE DO SUPPLIERS FIT INTO THIS PUZZLE?

Suppliers play a crucial role in the overall sustainability and traceability of a company's products or services. They are an integral part of the supply chain, providing the raw materials, components, or services that are used by the company to create its final products. Therefore, suppliers have a significant impact on the sustainability claims made by a company.

Sustainability reporting involves the measurement and disclosure of a company's environmental, social, and governance (ESG) performance. Its increasing importance is underlined by a recently unveiled (March 2023) Claims Directive from the EU. This has been introduced to take action to address greenwashing and protect consumers and the environment. It requires brands to support any eco-marketing claims with robust and verified evidence. The penalties for not doing so are fines of up to 4% of annual revenue.

HOW PRODUCT INFORMATION MANAGEMENT SUPPORTS TRACEABILITY

The rapid rise in demand for externally audited and investment-grade quality ESG information compels businesses to develop stringent ESG data management practices. Customers, users, and investors must be able to trust that the company's ingestion, storage, and use of data is secure, efficient, cost-effective, and compliant. Data that is fit for purpose and do not need constant manual realignment or reconciliation.

Traceability mitigates risks, increases efficiency, and develops stronger metrics for ESG compliance. This requires 'genealogy' – briefly, mapping your suppliers, and their suppliers too, to identify any weaknesses in the value chain and, if necessary, diversify the supplier base.

Integrating traceability capabilities into a robust PIM system offers businesses numerous benefits, including improved data integrity, compliance management, real-time visibility, enhanced supplier management, and streamlined ESG reporting. These features enable businesses to establish trust with customers, users, and investors by demonstrating their commitment to secure, efficient, and compliant data management practices throughout the value chain.

SECTION 3

How Data Governance Helps Manage Your Sustainability Attributes



Sustainable Success through Effective
Management of Sustainability Attributes



DATA GOVERNANCE AND SUSTAINABILITY

A robust data governance framework enables businesses to implement the procedures, policies, standards, ownership, and metrics governing how data is stored, used, and changed during its lifecycle. It ensures businesses use data efficiently and achieve their business objectives by optimising operations and decision-making. Its role in ensuring compliance with regulatory and legal requirements is what makes it crucial for sustainability and ESG.

Sustainability reporting is only as good as the data underpinning it. Product data management solutions like a PIM system work in tandem with governance to provide a single version of each data entity, offering verifiable accuracy, consistency, and completeness.

1. Standardisation

There are many different sustainability certifications and standards, and each has its own set of requirements and criteria, making it difficult to compare products and assess their sustainability attributes. Product data governance standardises how sustainability attributes are documented and with this consistent framework for sustainability data, businesses know their products are accurately represented and consumers can easily compare them.

2. Data Quality


Sustainability data can be complex and difficult to collect, and mistakes can easily be made. For example, labelling a product as “organic” when only some of its ingredients are organic. Product data governance ensures data quality by implementing data validation rules and data quality checks to catch errors before they become a problem.

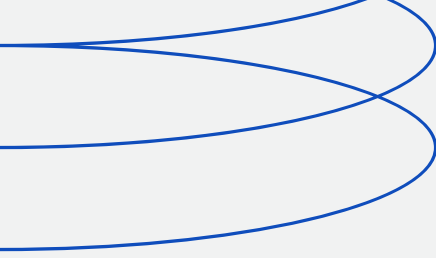
3. Transparency

Consumers want transparency, especially when it comes to sustainability. Where the products come from, how they were made, and what impact they have on the environment. Product data governance can help by providing a framework for transparency. By documenting sustainability attributes in a consistent and standardised way, businesses enable consumers to make informed purchasing decisions.

4. Compliance

Finally, product data governance ensures compliance with the strict requirements of sustainability regulations and standards. Product data governance allows companies to ensure products meet the requirements and comply with regulations.





RISKS OF NON-COMPLIANCE

Businesses which do not sufficiently adhere to regulations, or make unsubstantiated claims face:

INVESTOR SCRUTINY

LOST INVESTMENT

LEGAL LIABILITY

LARGE FINES


EXCLUSION FROM MARKETS

REPUTATIONAL DAMAGE

LOSS OF REVENUE

Because of inadequate data governance, inaccurate, inconsistent, incomplete, or misleading data undermines that credibility, and could even pose an existential risk to the business.

“To build a sufficiently robust environmental claims management framework, companies will likely need to amend key elements of their operating model, including processes and controls, data management, and technology. They would also need to develop their organisational capabilities and people.”^[2]



SECTION 4

Key Considerations for Managing Your Sustainability Attributes



Start implementing sustainable practices and
maximise your impact today

Key Considerations for Managing Your Sustainability Attributes

With imminent legislation and stricter reporting standards, businesses are compelled to enhance their transparency by providing more granular detail about all their products. This necessitates careful consideration of key sustainability attributes. First and foremost, understanding the use and depletion of natural resources is crucial for minimising environmental impact. Businesses must also prioritise ethical sourcing of raw materials, ensuring that their supply chains uphold responsible practices. Moreover, evaluating manufacturing processes and circumstances enables companies to identify opportunities for efficiency improvements and reduction of resource consumption.



Efficient and sustainable transport, warehousing, and distribution practices play a vital role in managing sustainability attributes. Businesses should evaluate their transportation methods and explore options to minimise carbon emissions, such as utilising greener fuels or optimising logistics routes. Adopting sustainable practices in warehousing, such as energy-efficient facilities and waste reduction strategies, helps minimise environmental footprints. Furthermore, optimising distribution and fulfilment processes contributes to resource efficiency and waste reduction throughout the supply chain.

To achieve comprehensive sustainability, life cycle management is essential. This involves considering the entire lifespan of products, from design and production to end-of-life disposal. Implementing strategies for proper waste management, recycling, and product refurbishment can significantly reduce environmental impacts. In addition, ensuring the security and standards of the primary and secondary supplier network is crucial. By working with suppliers that uphold ethical practices and have robust sustainability protocols in place, businesses contribute to a resilient and responsible supply chain that aligns with their sustainability goals.

PROFITABLE SUSTAINABILITY: TOP SELLERS FIRST

Analysing and prioritising sustainability attributes in your top selling products and categories can bring significant benefits to retailers and distributors. Firstly, it allows businesses to cater to the growing consumer demand for eco-friendly options. Research shows that 66% of consumers are willing to pay more for sustainable products (Nielsen). By thoroughly examining product information and identifying sustainable attributes, retailers and distributors can meet this demand, attract environmentally conscious customers, and boost sales.

Moreover, focusing on sustainability attributes helps build a positive brand image and enhances customer loyalty. A study by IBM found that 71% of consumers are willing to pay a premium for products from companies with a strong environmental reputation. By highlighting sustainable features, such as recyclability, energy efficiency, or ethical sourcing, businesses can differentiate themselves in the market and build trust with customers.

Prioritising sustainable attributes in top selling products and categories sends a clear message about a company's commitment to environmental responsibility, leading to long-term customer loyalty and advocacy.

Looking at sustainability attributes in top selling products and categories is crucial for retailers and distributors to meet consumer expectations, boost sales, and enhance brand reputation. By leveraging product information to identify and promote sustainable features, businesses can not only attract eco-conscious customers but also foster long-term customer loyalty, ultimately contributing to their overall success.

MANAGING EVER LARGER VOLUMES OF PRODUCT DATA

Efficiently managing growing volumes of product data is a crucial for sustainability attributes in businesses today. It ensures data accuracy and maintains reliable information reducing errors and inconsistencies.

Meeting the environmental, social, and governance (ESG) standards and requirements set by regulatory bodies, industry organisations, and the marketplaces where their products are sold, will involve providing increasingly detailed information:

Pre-purchase: sourcing and materials

Product attributes: every single component, materials used, raw materials extraction methods

Shipping: highlight environmentally friendly options

Post-purchase: extending lifespan where possible to move buyers towards a more 'circular economy' mindset

Products with sustainable attributes have been steadily taking more share of sales, from 19.7% in 2014 to 22.3% in 2017, to 25% in 2021. Products making multiple types of claims grew about twice as fast as products that made only one. Managing your sustainability attribute data is vital not only for compliance but had a positive effect on for sales.

DETAIL YOUR ATTRIBUTES

To effectively reach online shoppers with planet-friendly products, it is crucial to incorporate vital attributes into product description pages. By uploading and regularly updating product information, retailers can meet shopper demands efficiently and address their questions promptly. However, it is essential to tailor the communication approach based on individual product catalogs, as not all elements work equally well for every product. Some products may benefit from rich media elements like GIFs, videos, and product tours, while others may require additional imagery or iconography for support. Implementing rich media and iconography in product description pages can greatly enhance communication efforts and engage online shoppers effectively.

In today's omnichannel landscape, maintaining consistency across multiple platforms can be challenging. To overcome this, collaborating with a Product Information Management (PIM) or Product Lifecycle Management (PLM) solution is highly recommended. These tools ensure accurate and up-to-date product content across all channels, contributing to brand consistency and building trust between the brand and its shoppers. With the help of PIM or PLM, retailers can seamlessly manage product information, enhance the shopper experience, and effectively promote their eco-friendly offerings in the online marketplace.

ASSESSING THE PRODUCT LIFECYCLE

Considering the product lifecycle and initiating the sustainability assessment process can be instrumental in identifying opportunities for businesses to become more sustainable. By examining each stage of the product's lifecycle, from raw material sourcing to manufacturing, distribution, use, and disposal, companies can pinpoint areas where environmental impact can be minimised. This holistic approach enables the identification of potential improvements such as reducing carbon emissions, optimising resource utilisation, implementing eco-friendly packaging, or promoting recycling initiatives. By proactively engaging in the assessment of the product lifecycle, businesses can uncover innovative solutions to minimise their ecological footprint and pave the way for a more sustainable future.

STAY ABREAST OF REGULATORY CHANGES

To stay compliant with regulatory changes, begin by conducting a thorough compliance audit and creating a plan for improvement. Stay informed by following industry news, subscribing to legal updates, and tracking government websites. Utilise regulatory tracking software and attend industry events. Hiring a compliance officer ensures integrity and accountability. Assign regulatory responsibilities to departments, clearly defining roles and maintaining open communication. Regularly review and update the compliance program, keeping policies and procedures updated across platforms. Implement regulatory compliance training, involving relevant departments and evaluating effectiveness for necessary adjustments.

GROUPING ATTRIBUTES AND ASSIGNING OWNERS

Resource base: the materials used in products come from a resource base, and how companies manage, conserve, or protect those resources, is a major contributor to the overall sustainability profile of a product.

Life cycle impacts and benefits: typically, this involves quantifying a select group of impact categories and resource flows across the entire product system.

With the advent of the ISO standards on life cycle assessment a lot of data, tools and processes have been developed to measure the life cycle impacts.

Hazardous substances risks: many product systems incorporate potentially hazardous substances. It is important to understand how potential exposure to these substances by workers or consumers is managed, as well as any potential releases into the environment.

Socio-economic factors: a wide range of issues impact on the value chain of the product. This might include worker treatment and labour issues in upstream resource industries, fair allocation of revenues and profits with supply chain partners or avoidance of the use of child labour or conflict minerals.

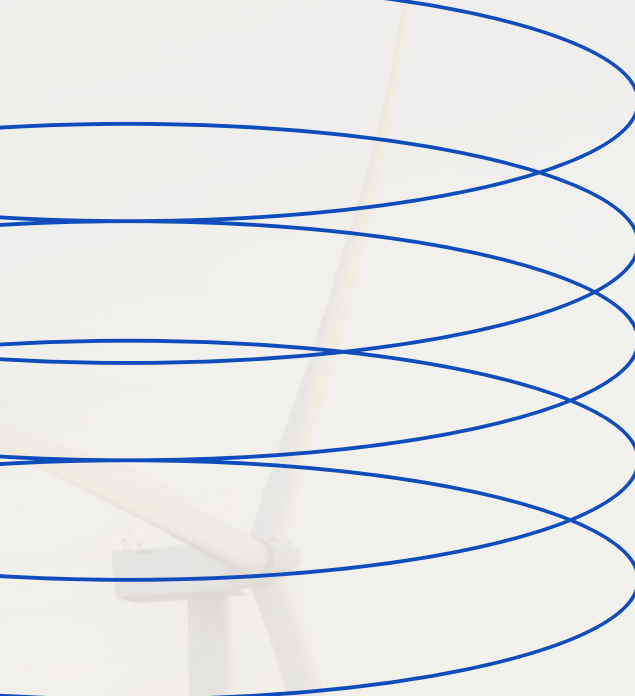
Total cost of ownership: the actual cost to the purchaser of the product, taking into consideration a detailed range of cost categories like:

- waste disposal
- product loss
- worker health and safety
- protective equipment requirements

Life cycle costs: the often-unpriced externalities (emissions) and free resources (air and sometimes water) that benefit the product system but that are a cost to society.

Technical performance: the criteria often considered when evaluating a product - is it fit for purpose? Does it meet needed quality standards?

In terms of sustainability, technical performance also includes circularity; is the product designed to encourage reuse, recycling, and remanufacturing, or in the case of biological material, ultimate return to the earth.



Final words

In this ebook, we've explored the importance of managing sustainability attributes for businesses in the retail and distribution industry. Surprisingly, only a small percentage of companies are currently on track to meet sustainability targets. However, prioritising sustainability brings numerous benefits.

Firstly, it helps businesses comply with regulations and meet their legal obligations. By doing so, they avoid hefty fines and show that they care about the environment and following the rules.

Secondly, incorporating sustainability into products and operations keeps up with changing consumer values. Shoppers today prefer eco-friendly options and support brands that share their values. By embracing sustainability, businesses can attract and retain these environmentally conscious customers.

Moreover, sustainability plays a role in gaining investor trust and securing future growth. Investors are increasingly interested in sustainable practices as they see the long-term value and profitability they bring.

Additionally, managing sustainability attributes builds a reputation of trust with consumers. When businesses "walk the talk" and genuinely care about the environment, customers feel more loyal and connected to the brand.

Lastly, embracing sustainability allows businesses to meet retailer and distributor standards, opening doors to new market opportunities while avoiding penalties for non-compliance.

In summary, managing sustainability attributes is crucial for retail and distribution businesses to comply with regulations, meet consumer demands, gain investor confidence, maintain trust, and seize business opportunities. By making sustainability attributes a priority, companies can thrive in an eco-conscious market.

Ready to enhance your sustainability efforts?

Get in touch to discuss how we can help you manage your sustainability attributes

Learn more about the [services](#) Start with Data provide at startwithdata.co.uk

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