



Building a sustainable future for Retail & Consumer Goods

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Sustainability is now a business imperative for Retail & Consumer Goods companies and there is a growing need for transparency

01

The **Climate Change Act 2023** sets a 43% reduction in emissions by 2030; most of it to be borne by business.

02

The retail industry accounts for over 25% of global emissions and 40% of global plastic usage, due to its **vast Scope 3 footprint**.

03

More than 92% of average emissions for enterprise businesses come from Scope 3, which is **challenging to accurately measure**.

04

54% of **Australian consumers** have reduced purchasing or boycotted companies they believe acted inappropriately on environmental or social issues.

05

The 2023 review of the **Modern Slavery Act** prepares businesses for strengthened due diligence, reporting requirements, and penalties for non-compliance.

Accurate, insightful and auditable ESG data is critical for Retailers and Consumer Goods companies to succeed in a market calling for greater transparency and accountability.

Regulatory pressure is increasing across each pillar of ESG in Australia



Environmental

Retail and consumer goods businesses can have large environmental footprints due to their vast supplier and distribution networks.

Key legislation includes:

- NGER scheme 2007
- Climate Act 2023
- ISSB (IFRS S1 & S2)

Mandatory climate-related reporting is expected to begin from 2024 for companies with an annual revenue of \$500M+ and 500+ employees.



Social

Ethical business practices are critical for retail and consumer goods businesses to maintain their social license.

Key legislation includes:

- Modern Slavery Act (to be amended 2024)
- Customs Amendment (Banning Goods Produced By Uyghur Forced Labor) Bill 2020



Governance

The federal government, alongside consumer watchdogs and industry bodies, are mandating regulations across retail industries.

The ACCC is focusing on greenwashing in 2022-2023. They will investigate breaches of Australian Consumer Law and seek legal action.

For corporations, the penalties can now be:

- Three times the benefit obtained, or
- 30% of the corporation's adjusted turnover during the breach turnover period for the offence.

Packaging used by manufacturers and retailers is now subject to mandatory design standards and targets – including for recycled content.

Textiles has been issued a one-year ultimatum by the Federal Environment minister to boost circularity.

“I want to see industry leadership. If I don't see enough movement in a year, then I will regulate.”

—Tanya Plibersek, June 2023

Sustainability is now recognised to deliver better business performance

2021

70%

said sustainability initiatives would drive higher sales

2022

90%

said sustainability was a critical part of being a modern business

2023

95%

said sustainability is a vital element of their corporate strategy

In 2023, Cognizant and Oxford Economics co-authored global research. "Deep Green" surveys 3000+ executives from 19 countries; 80% run companies with annual revenue of \$1 billion or more.

...and top global peers are already acting on circularity and transparency

Q: When did you start, or when do you plan to start, implementing the following initiatives related to improving the sustainability of your products and services?

Top 3 initiatives

2020–2022

Products and services that:

- 1 49% Are made from recycled materials or are made to be easily recycled
- 2 43% Help customers save energy or use renewable sources
- 3 39% Have a net positive impact on the natural environment

2025

Products and services that:

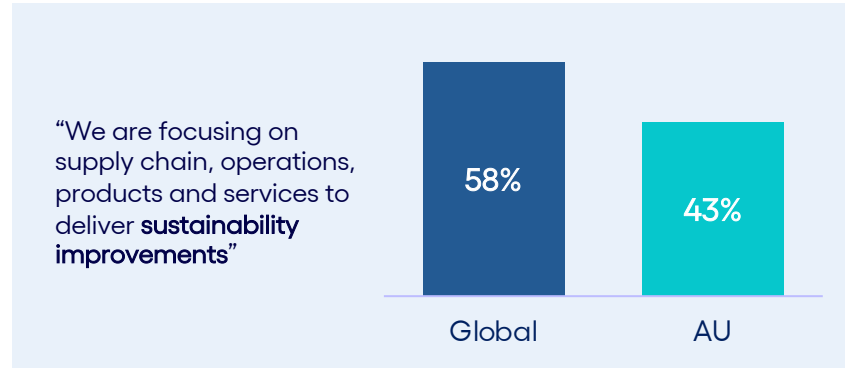
- 42% Use design thinking to reimagine products
- 41% Are based on sharing business models
- 40% Include advice and support to aid consumers in using products and services more sustainably

The top three initiatives will lead to new ways of doing business with circular and XaaS models

“ Brands owe it to themselves to be honest and transparent and share their journey. I’ve repeatedly heard customers and consumers say; ‘We don’t expect you to be perfect; we expect you to be honest.’ ”

Senior leader, US manufacturer
Deep Green respondent

Unfortunately, Australian businesses rate poorly against global peers in sustainability action



Source: Cognizant / Oxford Economics: Deep Green research (2023)

Rather than being known for progress, the Australian retail and consumer goods sector is getting a reputation for greenwashing



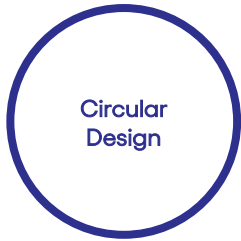
“Already, we have several active investigations underway across the packaging, consumer goods, food manufacturing and medical devices sectors for alleged misleading environmental claims.”

These may grow, as we continue to conduct more targeted assessments into businesses and claims identified through the sweep. We will take enforcement action where it is appropriate to do so as it is critical that consumer trust in green claims is not undermined.”

—Catriona Lowe , ACCC Deputy Chair
June 2023

Businesses need accurate and auditable ESG data to prove sustainability claims

To take meaningful action Retail & Consumer Goods companies need to review and rethink most aspects of their overall value chain



Circular Design

Innovate Products & Raw Materials that can find their way back into the economy



Responsible Sourcing

Assess Suppliers across all tiers and understand the ethical risks of the end-to-end supply chain



Sustainable Manufacturing

Minimize use of natural resources, e.g., energy, water, and raw materials. Employ ethical labor practices



Optimized Logistics

AI enabled consignment planning and routing to reduce carbon footprint of transport



Customer Transparency

Educate the customer on product carbon footprint, provenance and end-of-life



Zero Waste

Define the Reverse Supply Chain to be effective and efficient

Businesses need accurate and insightful ESG data to take strategic and operational actions

Investment in accurate, auditable and insightful ESG data enables stakeholders to achieve their sustainability objectives



Supplier
 "I need help to decarbonise my operations"



Supply Chain Manager
 "I need accurate Scope 3 data to inform my purchasing decisions"



Chief Executive
 "I need to drive change in order to achieve our commitments"



Chief Information Officer
 "I want ESG data to be treated as a governed data asset"



Environmental Consumer
 "I won't buy from companies that neglect their environmental responsibility"



Social Consumer
 "I want to support brands that prioritize ethical practices"



Industry Regulator
 "I must validate the sustainability claims made by the firm"



Chief Sustainability Officer
 "I need up to date view of all of our ESG data for disclosures"



Leading Retail & Consumer Goods companies are making transformative changes across their value chain to drive positive impact

Unilever

- Exemplar in sustainability transparency under the Sustainable Living Plan, initiated in 2010
- Near 300% shareholder returns in last decade, with a current \$194B market capitalisation



-75%

Reduction in CO2 emissions from energy since 2008

-96%

Reduction in waste production since 2008

21 times

Leader of Dow Jones Sustainability Index

Carrefour

- Supermarket chain adopted IBM's blockchain for end-to-end product traceability
- QR code scans provide consumers with complete supply chain information



300

Fresh products with end-to-end traceability

74.5%

of supermarket food waste recycled

Waitrose

- Launched Qualitative Behavioral Assessment app to measure emotional wellbeing of farmed animals and fish across 1,800 farms
- Removed best before dates from fresh produce to encourage consumers to reduce food waste



3 times

Winner: Compassion in World Farming 'Best Retailer'

1800t

Surplus food donated to charity annually

100%

Renewable energy usage 2022

IKEA

- Home furnishings retailer will require shipping vendors to adopt zero-carbon fuels by 2040
- Non-compliant vendors will lose significant business as IKEA exerts sustainability influence



2040

Zero-carbon fuels for container shipping

2M+

Global shipments per year

Walmart

- Launched Project Gigaton in 2017 to reduce emissions across its supply chain
- Released sustainability toolkit to suppliers to help them reduce GHG emissions by 1 gigaton



4500

Suppliers signed onto project

750M t

of GHG removed up to 2022

75%

of 2018-2030 goal achieved

Pact

- Created Circular Plastics Australia, to repurpose used plastic feedstock into bottles and packaging
- Packaging leader converted \$420 million of loan facilities into a sustainability-linked loan in 2022



\$500M

Funding to circular economy with partners

2B

PET plastic bottles repurposed each year

\$420M

Loans reliant on sustainability action



Four actions Retail & Consumer Goods companies can take to build a more sustainable future

Strategy & Execution

01

Develop an ESG data strategy to manage and govern ESG data

Accurate, accessible and trustworthy ESG data is critical to all stakeholders in the value chain achieve their ESG outcomes.

Implement streamlined data processes – prioritizing accessibility for relevant stakeholders to drive decision-making.

Supply Chain Transformation

02

Connect ESG data and provide transparency across the supply chain

RCG companies must take leadership in driving transparency and standards from their suppliers and partners.

Drive ESG collaboration and education, and set SMART targets and actions with suppliers and partners.

Sustainability Management

03

Build new ESG capabilities to measure, monitor, report and model ESG data

Growing focus on ESG Data claims and greenwashing demands for a solid reporting structure across the value chain.

Understand the ESG data journeys and assess the gaps through them, investments in shared Data platforms.

Product Innovation

04

Provide transparency and invest in circularity to remain relevant to consumers

Increasingly conscious consumers will demand greater transparency and more sustainable products.

Make accurate, data-backed claims on sustainability measures to maintain social licence, and rethink products and business models to drive sustainable outcomes.

“

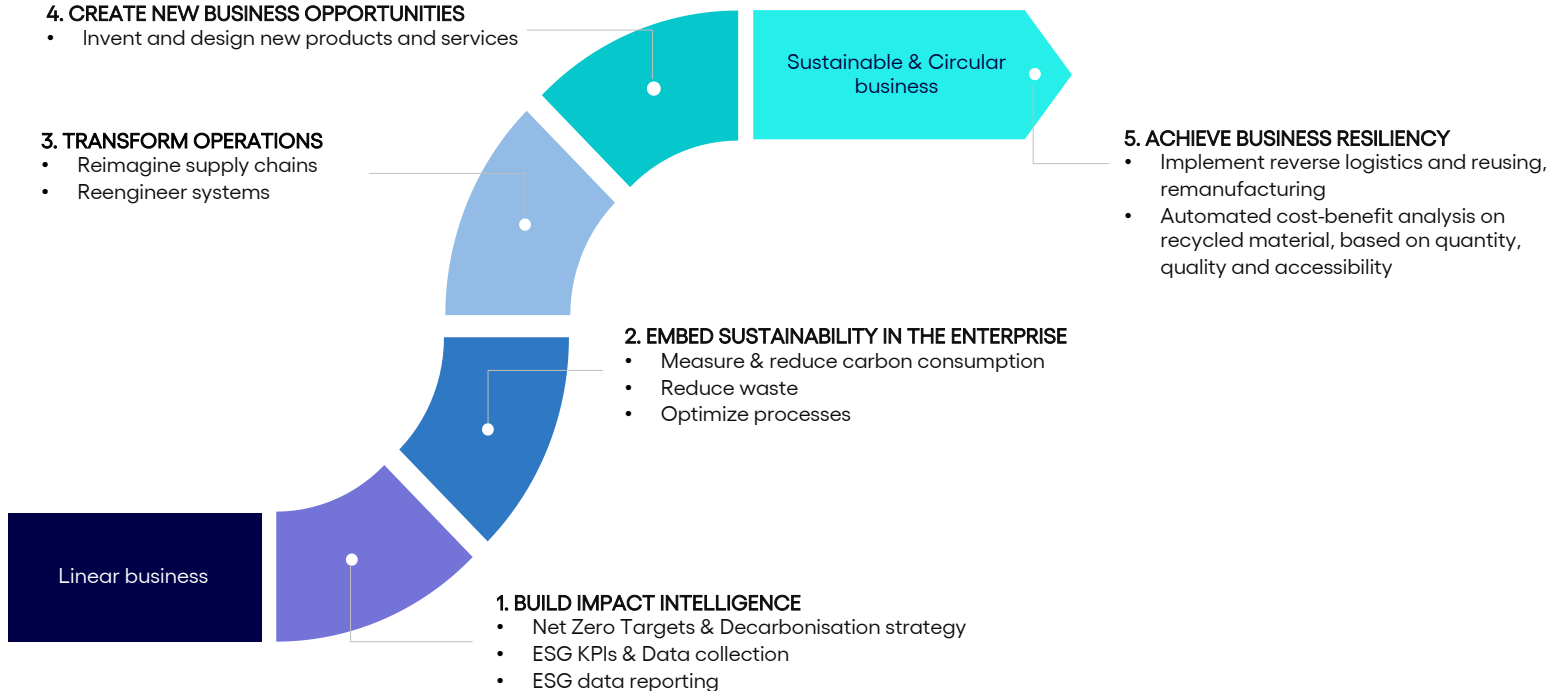
Who are businesses really responsible to? Their customers? Shareholders? Employees? We would argue that it's none of the above. Fundamentally, businesses are responsible to their resource base.

Without a healthy environment, there are no shareholders, no employees, no customers, and no business. ”

- Yvon Chouinard
- Founded, then gifted, Patagonia

Cognizant Sustainability Services

Cognizant Sustainability Services help our clients achieve Net Zero and transition to the circular economy



We bring together top-down and bottom-up thinking

Strategic Context

Business Strategy	Embracing ESG opportunities as part of the business
Technology Strategy	Establishing capabilities that support the development of ESG solutions
Operating Model	Uplifting people competency to deliver ESG outcomes
Data Insights	Empowering business decisions through dashboards and self service tools
Performance Measures	Key auditable measures used to answer business decisions, cutting across data silos



Delivery Approach

Top Down

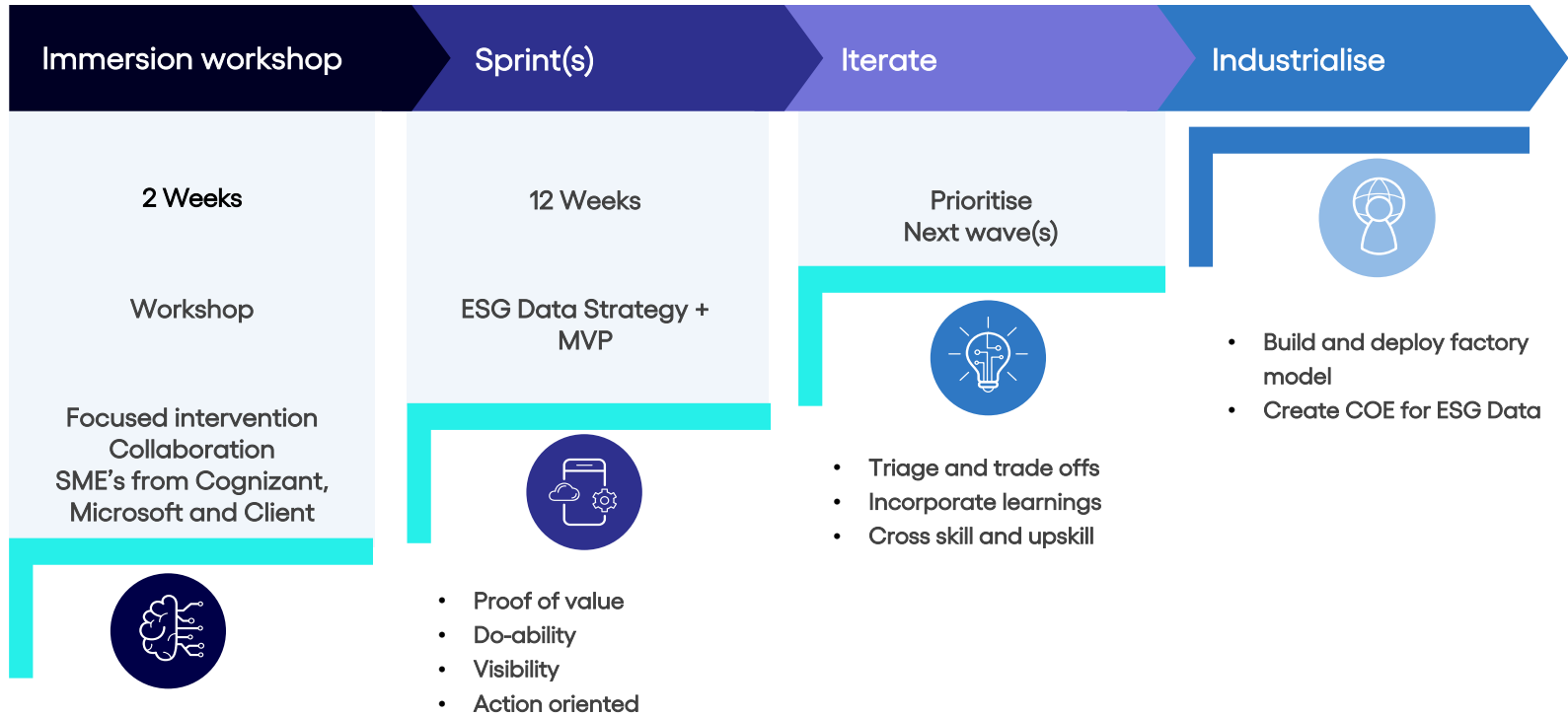
Outside-In, Alignment to Business priorities
Leveraging IP to fast-track mission critical analytics for ESG

Bottom Up

Inside-Out, Inventory of data products
Build operational capabilities & ways of working to source and measure consistently



Introducing Cognizant's ESG Data Accelerator



The ESG Data Accelerator in action

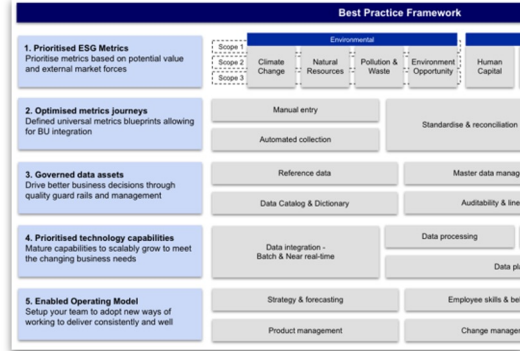


Immersion Workshop

Purpose:

Align organisations on how to meet their ESG agenda by: bringing diverse teams together; understand ESG ambitions, data and technology landscape.

The workshop identifies stakeholders and map potential needs, aligns on problems worth solving and creates a roadmap and next steps.

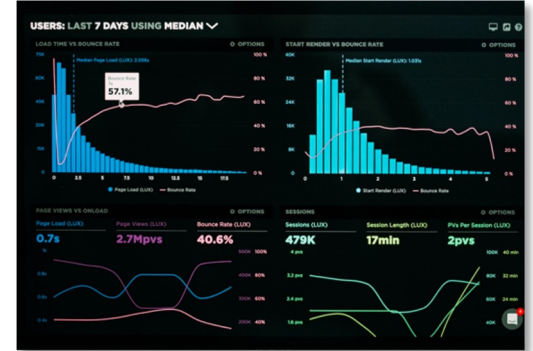


ESG Data Strategy

Purpose:

A fruitful data strategy will allow you to evolve four domains: data, people, process and technology, establishing integrity in the metrics for the market.

With the holistic approach investment can be steered to ensure the business is able to make informed business decisions as well as meet internal and external stakeholders information requirements.



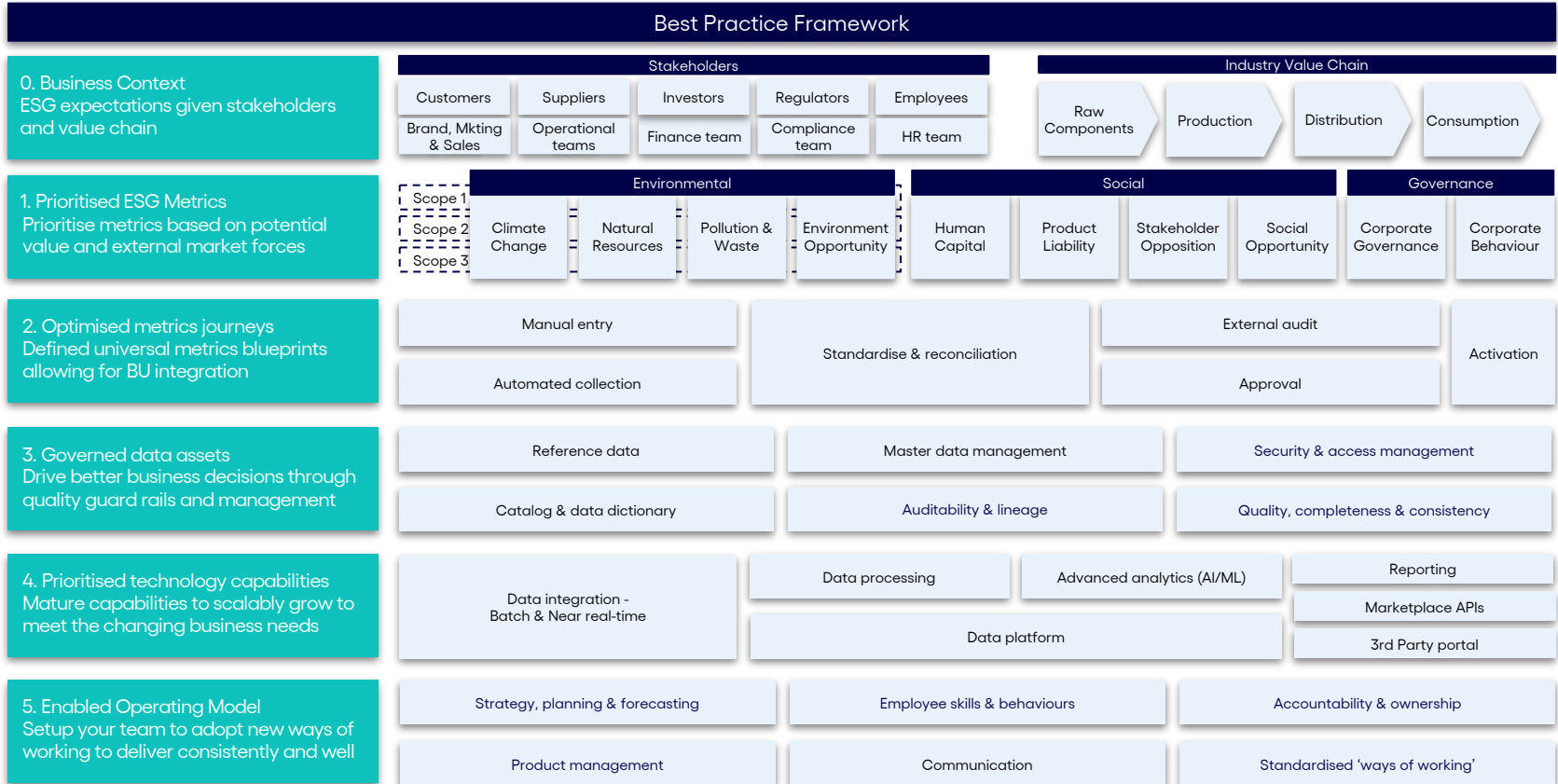
ESG Data MVP/POC

Purpose:

Demonstrate early value by focussing on a use case that can be brought to life in a 12 week period.

The MVP will satisfy a prioritised customer job-to-be-done, enable a future product roadmap of ESG Data Products, and align to the Sustainability strategy.

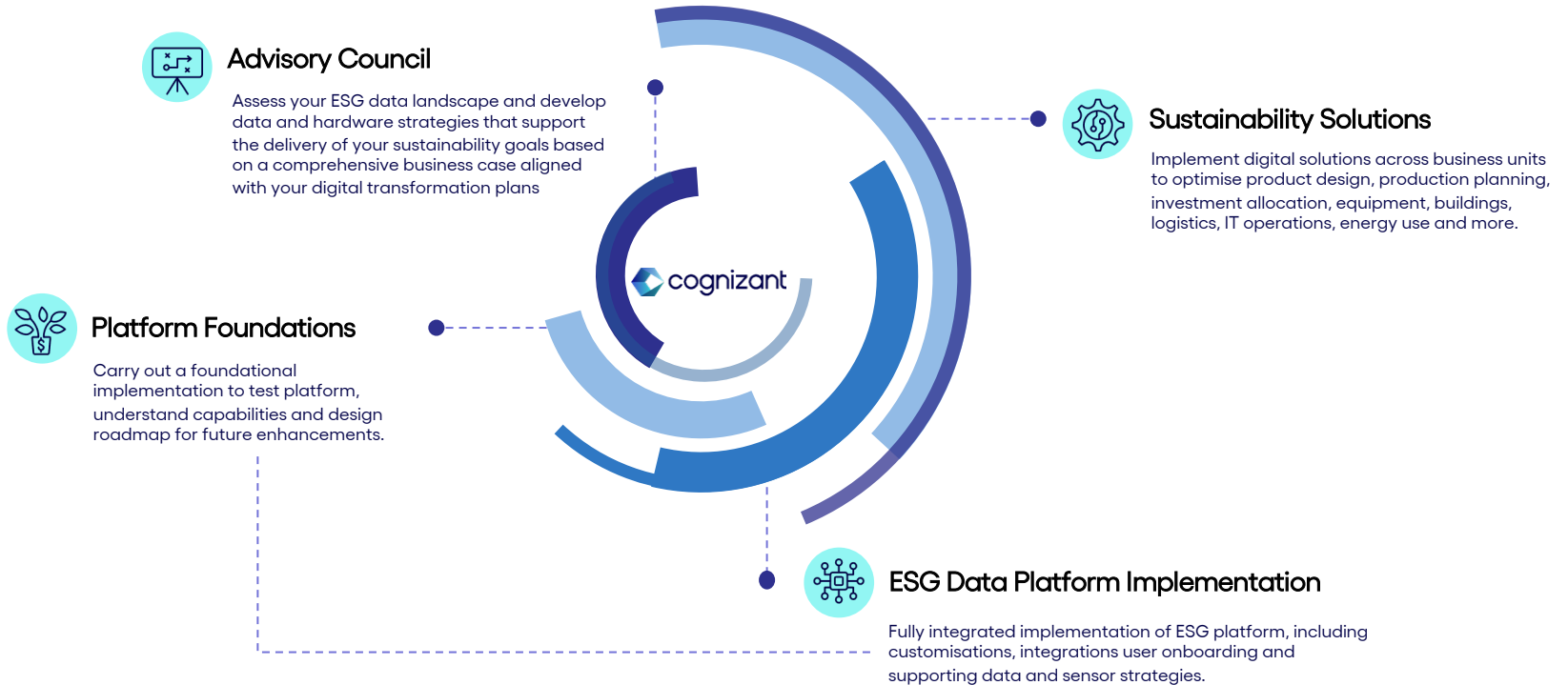
Maturity model for ESG Data



Our three-tier partnership to create ecosystem around sustainability

Partnerships	Focus Areas	Platform Plays	Sales and Capability Enablement
<p>Hyper-scalers</p> 	<ul style="list-style-type: none"> Leverage platform/infrastructure of hyperscaler Capitalize on the hyperscaler's market reach, partner network and executive connects 	<ul style="list-style-type: none"> MSFT: Cloud for Sustainability (C4S), Industrial workforce / safety / environmental inspections AMZN: Asset Optimization / Fleet tracking AMZN; Green Buildings GOOG: Precision Agriculture / Fisheries 	<ul style="list-style-type: none"> Publish thought leadership along with partners Leverage market reach and partners of hyperscalers Toolkits and playbooks on Cognizant & partner solutions for architects & delivery teams Training
<p>Domain and Data Specific</p> 	<ul style="list-style-type: none"> Collaborate for transformational projects (Strategy + Implementation) Sell-to and Sell-with opportunities Partnership opportunities with customers Build data and reporting capabilities 	<ul style="list-style-type: none"> Leverage deep relationships with existing partners (Aveva, Schneider) to co-develop sustainability solutions Manufacturing Intelligence/ Dynamic Simulation tools Digital Twins Building cooling / greenhouse gas reduction Product Lifecycle and Asset Lifecycle. 	<ul style="list-style-type: none"> Deploy solutions internally and use as GTM messaging and market credibility Capability building & demo creation on different partner Solutions Co-develop and co-innovate new solutions Trainings
<p>ESG Advisory & Technology</p> 	<ul style="list-style-type: none"> Focused on Core sustainability advisory and Ready to use solutions (dashboard, EHS software, etc.) capabilities Ready solution for niche players as well as big players towards ESG / Sustainability 	<ul style="list-style-type: none"> Leverage advisory capabilities and ready to use tools and solutions to develop a comprehensive suite of sustainability services at corporate level 	<ul style="list-style-type: none"> Partner activation and GTM Training program Leverage partner demos

We offer a comprehensive ESG Data service



Case study

ESG Data Strategy and automated ESG data platform for a leading Australian resources company

The challenge

As one of the world's leading mining and infrastructure solutions providers, the company has a renewed sustainability strategy with key targets and actions to reduce Scope 1, 2 & 3 emissions. The company has installed tertiary abatement equipment, forecasting a significant reduction in GHG emissions equivalent to **reducing 1% of Australia's annual carbon footprint**. On an annual basis that is equivalent avoiding GHG emissions produced by the equivalent of 35,000-50,000 Australian homes.

The company needed to build confidence in a strategy and platform that would meet its ESG commitments.

Our approach

Cognizant were engaged to provide strategy, design and engineering services to develop the resource company's ESG Data Strategy and Data Platform using Microsoft technologies — enabling them to automate data ingestion, calculation and reporting and deliver to its ESG Strategy.

Business outcomes

- Developed an ESG Data Strategy, connecting Sustainability strategy with clear actions and outcomes at a **technology, data and organisation level**
- Delivered an ESG data product consolidating Scope 1 & 2 emissions and ACCUs for production sites, **reducing reporting timeline from 3 months to next day**
- Consolidated key ESG metrics into a common and extendable data model
- Replaced manual checking of data with **automated anomaly detection** using machine learning (ML)
- Automated workflow with triggers for reviewers and approvers replacing manual hand offs
- Enabled full transparency of data from source and calculations applied for auditability

Case study

Sustainability reporting data management strategy involving 36,000 suppliers

The challenge

To achieve sustainability targets, companies set environmental goals to minimize their impact on climate and nature by 2030 and are required to report on their progress.

In large corporates, data collection, data quality, and data management for **KPIs related to Scope 3 and Supply Chain** are among the largest challenges of CSO office.

Corporate wide solutions to collect and analyze supplier data to proactively oversee their performance and intervene where needed is necessary to achieve sustainability goals.

Our approach

We analysed required KPIs and designed a scalable data collection and management approach to meet the needs of Scope 3 emission reporting from a **data quality and governance perspective**. To digitize the data collection approach and reduce manual work, we evaluated multiple architectures and tools on functional, technical, commercial and implementation readiness parameters and selected the right **tool for deployment and onboarding the suppliers**.

Business outcomes

- Creating a **data strategy for collecting Sustainability data from 36,000 suppliers**
- Establishing efficient, secure data models to capture the right data
- Ensure that the Scope 3 KPIs are properly set
- Creating the blueprint for data architecture and **digital solutions necessary for Scope 3 corporate Sustainability reporting**

Case study

Reduced energy consumption and food waste with connected IoT

The challenge

Every year, **billion of dollars is lost due to food wastage** in the US. Modern refrigerating systems HVAC, lighting and trashing system generate significant volume of alerts, to which most companies are unable to cover.

Smart connected solutions that integrate equipment can allow for improved management leading to reduce in food waste, energy consumption and inefficiency.

Our approach

For providing a solution to this challenge, a cloud-connected alarm & energy management system, which integrates well with the existing equipment was implemented. This allows for **central monitoring of all sensor parameters**, the ability to predict and forecast failures, and automatic work-order creation in the case of an actual failure.

Business outcomes

- **~85% work orders** scenarios are **handled automatically**
- Real-time notifications
- Reduce Work Order Creation time from 36hrs to ~4hrs, increase food shelf life
- Reduced **response time from 7 hours to ~5 minutes**



Case study

Scope 1,2,3 data portal for a multinational Consumer Goods Company

The challenge

Multinationals face a huge challenge to measure, manage and improve their sustainability performance. They must improve GHG data sources, mapping and modeling development for **integrated business scenario planning**.



Develop
data models



Scope 1,2,3
carbon calculation
solution



Integration with
SAP, EDP, etc.



Scenario Analysis
Modeling

Our approach

We created a system that allows the client to **manage, assess and analyze its Scope 1 and 2 carbon data internally**, while supporting internal and external reporting needs. The solution supports the client's demand for sustainability performance to be integral to the business, with data up to date, accurate and **immediately available and a key input into decision making processes**.

For Scope 3 proof-of-concept we created a high-level functional roadmap for the integration, automation and modelling of data required for the company and **subsidiaries' suppliers' emissions reporting and monitoring**.

Business outcomes

Key deliverables included:

- **Innovative dashboards for Scope 1 and 2 GHG emissions** monitoring and management
- A detailed benchmark for the leading ESG reporting platforms
- A functional **roadmap for Scope 3 data management**
- A source to target mapping of Scope 3 carbon data

Sustainable IT in Food and Beverage

The challenge

A world-leading food & beverages company has committed to Net-Zero emissions by 2040 requiring that all business units develop a plan to contribute their part.

The IT department needed a strategy to reduce the carbon footprint of their operations while continuing to meet the technology needs of a growing business.

This challenge required striking a balance between sustainability and operational efficiency in the IT department to reduce their emissions baseline.

Our approach

We executed 4 steps in order to define and implement the **IT Sustainability Roadmap**

1. Detailed status quo analysis including enterprise stack assessment and preliminary IT Carbon Footprint via interviews, workshops and data analysis.
2. Develop strategy and vision including goals and metrics to improve sustainability
3. Enhanced and more comprehensive IT Carbon Footprint. Various transformation roadmaps (short-term, medium-term and long-term) to achieve sustainability strategy
4. Execution of Roadmap with deployment of solutions

We now serve as the **Center of Excellence for IT Sustainability** managing all roadmap implementation milestones while continuing to further mature the IT emission baseline.

Business outcomes

- Sustainability KPIs identification (Goals & Metrics)
- Comprehensive IT GHG Emissions baseline
- Dashboard Visualization
- Detailed decarbonization roadmap
- GHG Emissions Tracker

An aerial photograph of a vast agricultural field, likely a vegetable or leafy green farm. The field is organized into long, parallel rows of crops. The plants vary in color, including bright green, dark green, and deep purple. A person is visible in the middle-left section of the field, working in one of the rows. The ground between the rows is covered with dark, possibly black, plastic mulch. The overall scene is brightly lit, suggesting a sunny day.

Thank you

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