





SUSTAINABILITYCONSORTIUM.ORG

THESIS 101

An Overview of The Sustainability Insight System by TSC

Fall 2019

 @TheSustainabilityConsortium

 @TSC_news

Antitrust Statement

The Sustainability Consortium is committed to facilitating a robust, open and honest exchange of ideas and information among its participants on subjects relevant to the agenda of Consortium meetings. It is also committed to compliance with all applicable laws, including antitrust and competition laws.

To avoid any possible problems, communications and exchanges of information at, or attendant to, any Consortium-related proceeding should directly relate to the issues on the agenda.

There should be no discussions or exchanges of information regarding (1) what price any participant has or may charge for its products or services; (2) strategic business plans or (3) whether or not to do business with any person or entity. The Sustainability Consortium does not condone disparagement or untrue statements in any form.

Violation of these policies could jeopardize other participants and the goals of the Consortium and will not be tolerated. Let TSC staff know immediately if you have a concern or question about a possible violation of this policy.



TSC Marketing Policy

TSC has embraced many different types of organizations across the value chain because we view all as critical stakeholders.

In order to maintain a professional environment where people feel open to sharing information and opinions, we ask that all participating companies refrain from discussion during TSC meetings that which could be construed by other members as direct selling of products and services.

If you feel that another member or participant is engaging in this behavior, please contact Euan Murray, CEO or Jon Johnson, Chairman of the Board.

Attribution Rule

Participants are free to use the information received, but statements shall not be attributed to speakers or participants unless permission has been granted.



Have Questions or Comments?

We will address all items after today's 30-minute tutorial. During the presentation you can either

- send your questions or comments to Host Emily Powell via the Chat feature
- or take note and raise your hand to be unmuted and ask the question directly.

These slides and the recording will be emailed to all webinar registrants within one business day. Recordings with Mandarin and Spanish subtitles will be available on TSC's [Supplier Resources](#) webpage by September 6th.



THESIS 101 Training Topics

- Benefits of more sustainable consumer goods
- So what is THESIS?
- THESIS hotspots and key performance indicators (KPIs)
- *Preview:* THESIS Resources



Benefits of Improving Supply Chain Sustainability

Increases Sales



Saves on Costs and Improves Operational Efficiency



Mitigates Risks



Environmentally-conscious shoppers are expected to spend up to **\$150 billion** on sustainable products by 2021, an increase of almost 15% since 2018.

Forbes

Suppliers working with THESIS have found that sustainability assessments prompt an internal review of data collection systems and efficiency improvements.

TSC

“We can’t sell products if we don’t have healthy soil to grow our ingredients, so our business requires — and our consumers require — sustainably-minded work to protect our planet.”

Jeffrey L. Harmening, Chairman and CEO, General Mills



Turning sustainability hotspots into business opportunities

Example: the ROI of reducing greenhouse gas emissions



**Reducing your
GHG emissions**

Directly saves on costs by pinpointing inefficiencies and implementing energy-saving practices

Improves sustainability performance through GHG reduction methods that also reduce demand for energy production, improve water quality, reduce air pollution, and conserve soil (if applicable)¹

Increases eligibility for trade incentives including reduced interest rates and credits in carbon markets

Creates a competitive advantage by establishing distinct sustainability value proposition

¹<https://www.agriculture.com/news/business/new-market-planned-to-pay-farmers-for-soil-carbon-water-quality>



Sustainable Supply Chain Finance (SSCF)

Walmart suppliers that demonstrate progress on THESIS assessments can now apply for **improved trade financing** from HSBC.

Eligibility:

- ✓ Suppliers with THESIS Scores over 80% automatically qualify
- ✓ Suppliers with THESIS Scores under 80% must show 11% year-over-year improvement to qualify

Interested? Email HSBC GTRF Onboarding ASP
hsbc.gtrf.onboarding.asp@hsbc.com.hk or call +852 2288 9090.



THESIS Training Topics

- Benefits of more sustainable consumer goods
- **So what is THESIS?**
- THESIS hotspots and key performance indicators (KPIs)
- *Preview:* THESIS Resources



THESIS

BY THE SUSTAINABILITY CONSORTIUM
powered by SupplyShift

A science-based performance management system for companies to understand and solve the most important sustainability issues across 90% of consumer goods supply chains.

Learn more:

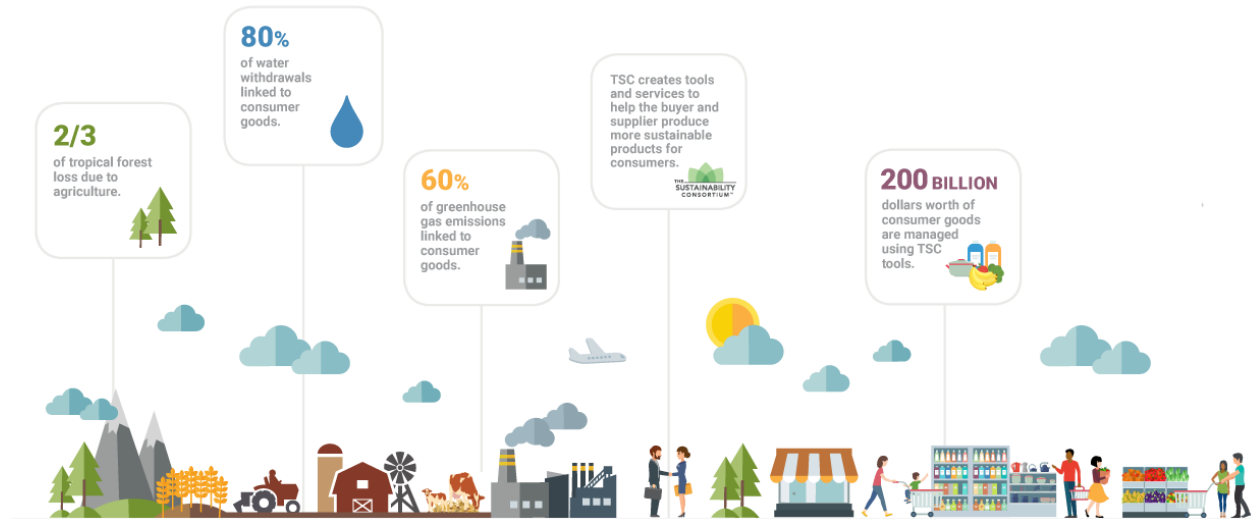
sustainabilityconsortium.org/supplier-resources/supplyshift.net/thesis



What is THESIS?

The Sustainability Insight System, or **THESIS**, is the new name for TSC's broad suite of tools for assessing and managing supply chain sustainability performance, formerly called our measurement and reporting system or SMRS.

THESIS Index is the familiar sets of KPIs and their scorecards we've been using for years with a bit of repackaging.



THESIS is...

Science-based

4,200+

Citations to peer-reviewed studies

Multi-stakeholder Informed

600+
individuals

230+
organizations

Scalable Impact

>90% Impacts of consumer goods covered

Aligned with Global Initiatives

4,000+
References to

600+
Certifications, standards,
and tools



THE SIS scales supply chain sustainability across retailers

The Index currently covers:

 **125+ categories**

 **1,800 suppliers**

 **300 buyers**
across Walmart, Sam's Club and Walmart.com.

In the categories covered by the Index, **70 percent** of our goods come from suppliers that have participated in the Index.

From corporate.walmart.com

High-Impact Commodities: For the past few years, Kroger has been a member of The Sustainability Consortium (TSC), a multi-stakeholder non-profit organization that designs and implements measurement and reporting systems that improve product sustainability. TSC's technical experts have been a valuable resource to Kroger as we continue to evaluate and prioritize high-impact commodities in our supply chain.

From sustainability.kroger.com

Walmart  Walgreens



amazon

MARKS & SPENCER



Superunie

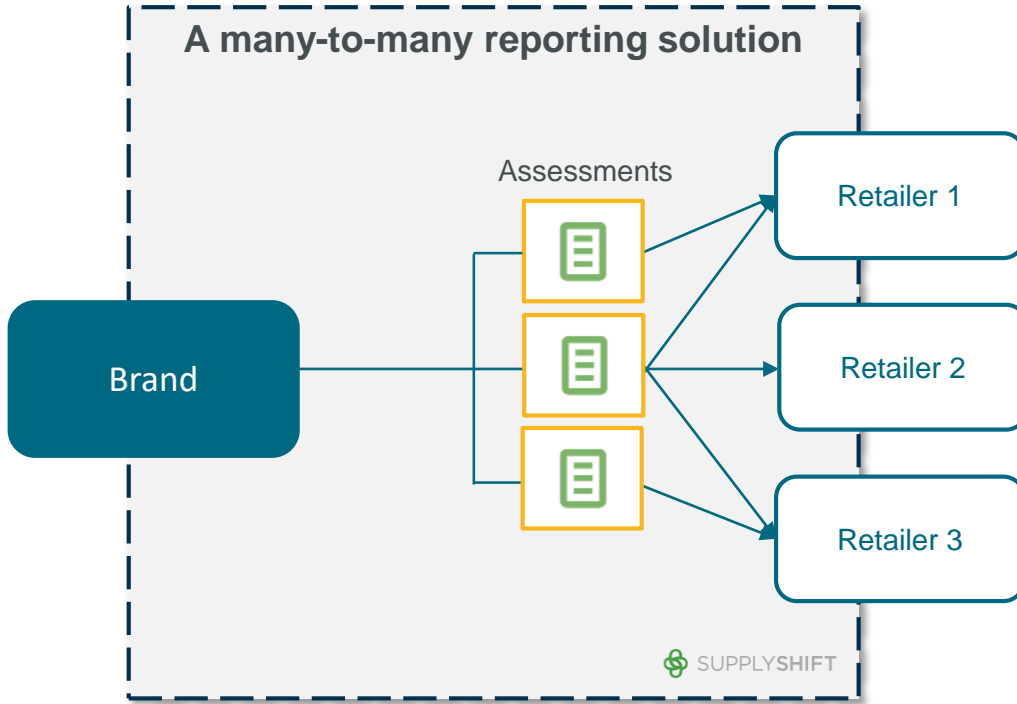
Albron



METRO GROUP



THESIS on SupplyShift



Value of THESIS License¹

- Use science-based THESIS Assessments to simultaneously share sustainability performance with customers
- Select your own assessments based on what you sell to each of your customers
- Get real-time feedback on your performance
 - Scorecards
 - Peer benchmarking
 - Action recommendations
 - Dashboard reports

Click [here](#) to watch a platform tutorial.

¹More details in the Appendix.



Your Scores on THESIS Assessments

Clarifying their meaning

- The scores you receive are **measures of your actions taken** to address sustainability hotspots
- Your progress over time and how you perform compared to your peers are both *more important than your score*



Perfect scores are **not expected**,
nor do they indicate a **fully
sustainable product**



THESIS Training Topics

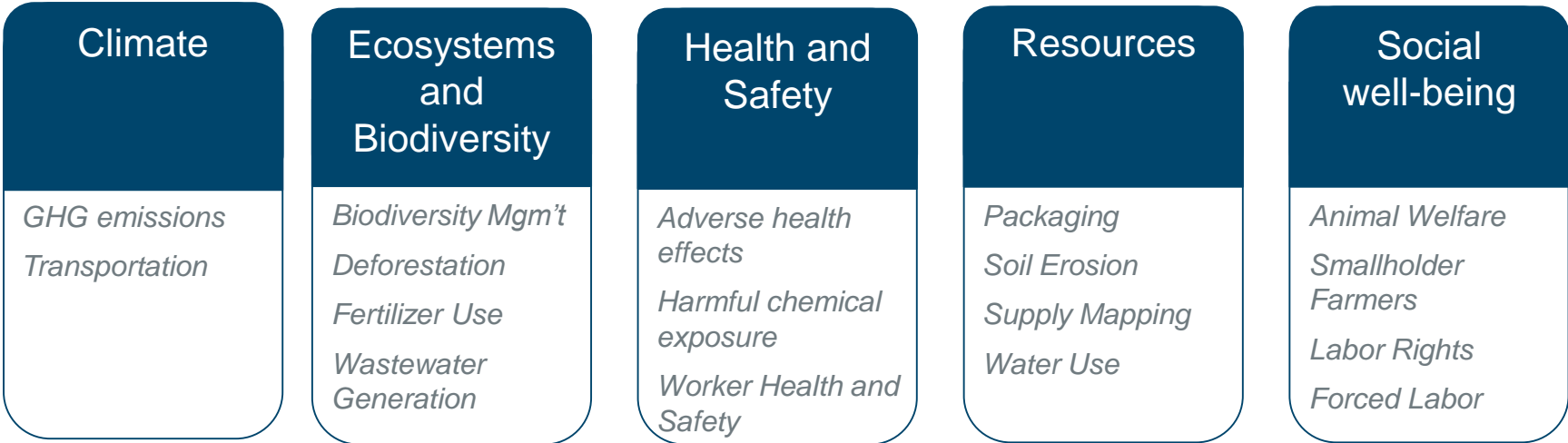
- Benefits of more sustainable consumer goods
- So what is THESIS?
- **THESIS hotspots and key performance indicators (KPIs)**
- *Preview:* THESIS Resources



Foundation of THESIS: Supply Chain Hotspots

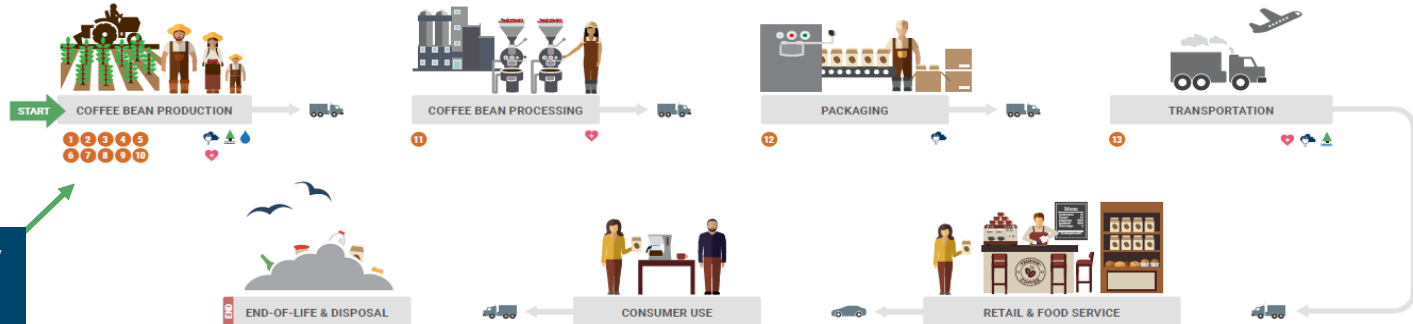
Hotspots are activities in the product life cycle that cause social or environmental impact

Hotspot Examples Include



Developing THESIS KPIs Using Hotspots

TSC identifies the most significant hotspots, up to 15, within a product category supply chain...



Sustainability hotspots in the coffee supply chain

...and designs key performance indicators to measure supplier performance on those hotspots

An example KPI from the Coffee category

QUESTION	RESPONSE OPTION
<p>1. Crop Supply Mapping For what percentage of your crop supply can you identify the country, region, or farm of origin?</p>	<p>A. We are unable to determine at this time. B. We are able to report the following for our crop supply: B1. _____% of our crop supply, by mass, was not traced to the country, region, or farm of origin. B2. _____% of our crop supply, by mass, was traced to the country of origin. B3. _____% of our crop supply, by mass, was traced to the region of origin. B4. _____% of our crop supply, by mass, was traced to the farm of origin.</p>



KPI Question and Response Options

Title: Contains information about both the impact and activity addressed by the KPI

7. GREENHOUSE GAS EMISSIONS INTENSITY - MANUFACTURING

Question

What was the greenhouse gas emissions intensity associated with final manufacture of your product?

Response Options

- A. We are unable to determine at this time.
- B. Our greenhouse gas emissions intensity was:
 - B1. _____ kg CO₂e per dollar of final product.
 - B2. _____ % of our product, by revenue, is represented by the number reported above.

Question: A description of the measurement in the form of a question. Guidance should be referenced for complete understanding of scope.

Response options: The choices a company has for their response. Always at least one qualitative null answer, sometimes a “not applicable,” and up to five other qualitative or quantitative options.



General types of KPIs

Qualitative KPIs

What is your organization's approach to managing priority chemicals in your products?

- A. We ensure legal and regulatory compliance.
- B. In addition to (A), we have programs with goals to prioritize and continuously reduce, eliminate, or restrict the use of priority chemicals in our products using various tools and protocols to make informed substitutions of the identified substances.
- C. In addition to (B), we publicly disclose our goals and progress concerning the reduction, elimination or restriction of priority chemicals in our products.

Single percentage

What percentage of your rice supply, by mass, was provided by farming operations that had a verifiable program to address microbial methane emissions from flooding of rice fields?

- A. Not applicable. We do not produce rice or products that contain rice.
- B. We are unable to determine at this time.
- C. The following percentage of our rice supply, by, was provided by farming operations that had a verifiable program to address methane emissions from flooding of rice fields:
C1. _____%.

Multiple percentages

What percentage of your pork supply, by mass, originated from animal farm operations that apply air emission reduction techniques?

- A. We are unable to determine at this time.
- B. The following percentages of our pork supply, by mass, was produced by animal farm operations that employ air emission reduction techniques at each of the following activities:
 - B1. _____% in housing systems.
 - B2. _____% during manure storage.
 - B3. _____% during manure application.

Intensity metrics

What was the injury and illness rate at company-owned or contract manufacturing facilities that produced your final product?

- A. We are unable to determine at this time.
- B. Our illness and injury rate was:
 - B1. _____.
 - B2. _____% of our product, by volume, is represented by the number reported above.



ASSESSMENT SCORECARD

THESIS
Hammocks, Cots, Swings

64%
Getting there!

Cover page

Basic Information

- Certification - Paper and wood sourcing
- Leather impacts - Supply chain
- Responsible metals supply
- Safe transportation of plastic resin

5. Greenhouse gas emissions - Supply chain

What percentage of materials, ingredients, and components used in your final products, by total spend, was produced by suppliers that reported their annual Scope 1 and 2 greenhouse gas emissions? [\[Guidance \]](#)

A. We are unable to determine at this time.

B. The following percentage of materials, ingredients, and components, by total spend, was produced by suppliers that reported Scope 1 and 2 greenhouse gas emissions:

% B1.

Click here for KPI-specific Guidance

KPI Guidance

Certifications, Standards, and Tools provides you with ready-to-use resources that can assist in the KPI calculations

Background Information provides supplementary resources that you can reference to learn more about the issue

Calculation & Scope tells you how to calculate the KPI response(s) and the range of activities that should be included in your calculations. The period from which respondent may use data to calculate their response is also included here.

Section Guidance

Calculation & Scope Certifications, Standard... Background Information Definitions

Calculation & Scope

Scope 1 and 2 emissions are defined by the Greenhouse Gas Protocol Corporate Standard (2013). Calculate B1 as the spend on materials, ingredients, and components from suppliers that reported emissions, divided by total spend on all materials, ingredients, and components, then multiply by 100. Reporting can occur through public disclosure or private disclosure from the supplier to your organization directly or through another party. Perform this calculation using data from a 12-month period that ended within 12 months of the date you respond to this question. If suppliers completed the CDP Climate Change 2019 Questionnaire, refer to C6.1: Scope 1 Emissions Data and C6.3: Scope 2 Emissions Data to determine if they report emissions.

Certifications, Standards, & Tools

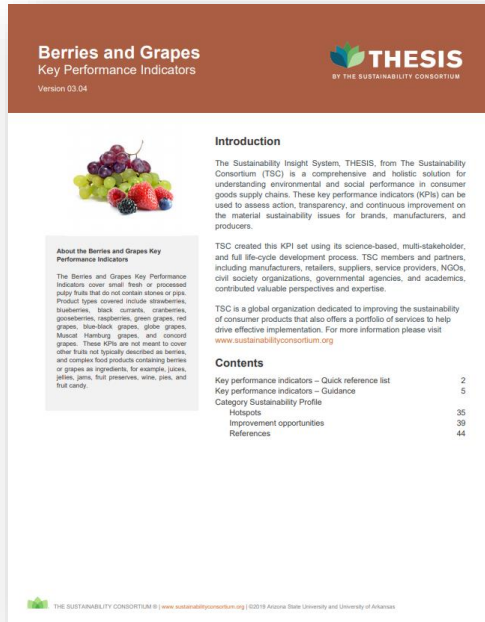
[Greenhouse Gas Protocol: Calculation Tools](#)

Definitions defines the most relevant terms referenced throughout the KPI

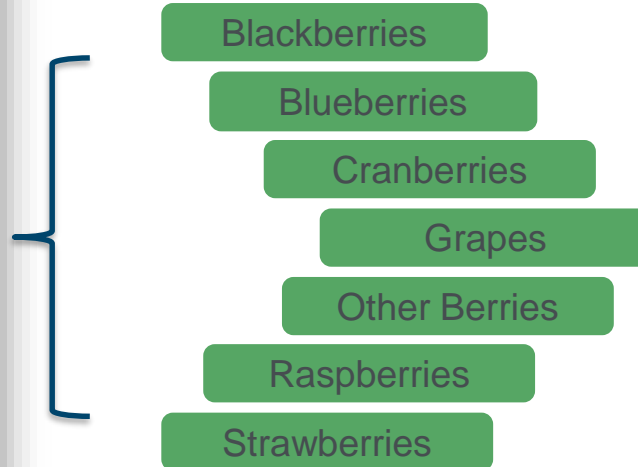


Turning KPIs into THESIS Performance Assessments

TSC developed ~130 sets of KPIs used for THESIS assessments. Each KPI set is applied to multiple distinct sub-categories called **THESIS Performance Assessments**.



Example: The Berries and Grapes KPI set is used for the following THESIS assessments:



Locating the Underlying Hotspots Behind KPIs

Apparel and Home Textiles
Key Performance Indicators
Version 02.04

THESIS
BY THE SUSTAINABILITY CONSORTIUM



Introduction

The Sustainability Insight System, THESIS, from The Sustainability Consortium (TSC) is a comprehensive and holistic solution for understanding environmental and social performance in consumer goods supply chains. These key performance indicators (KPIs) can be used to assess action, transparency, and continuous improvement on the material sustainability issues for brands, manufacturers, and producers.

TSC created this KPI set using its science-based, multi-stakeholder, and full life-cycle development process. TSC members and partners, including manufacturers, retailers, suppliers, service providers, NGOs, civil society organizations, governmental agencies, and academics, contributed valuable perspectives and expertise.

TSC is a global organization dedicated to improving the sustainability of consumer products that also offers a portfolio of services to help drive effective implementation. For more information please visit www.sustainabilityconsortium.org

Contents

Key performance indicators – Quick reference list	2
Key performance indicators – Guidance	5
Category Sustainability Profile	
Hotspots	31
Improvement Opportunities	36
References	42

Hotspots

Hotspots are activities in a product's life cycle that have a documented and scientific sources of evidence for each hotspot according to a defined decision matrix. (*) are additional issues that have not achieved the same level of evidence. hotspots visit: <http://www.sustainabilityconsortium.org/toolkit-methodology>

AGRICULTURE AND LIVESTOCK

- Cultivation impacts - Plant-derived materials**
Activities associated with the cultivation of plant-derived materials have negative social and environmental impacts. Social impacts may include forced labor, access to material and immaterial resources, fair worker health and safety. Environmental impacts may include greenhouse gas emissions, water use, fertilizer runoff, and pesticide exposure.
Related Improvement Opportunities
2. Implement precision agriculture technologies
3. Implement benchmarking tools, monitoring, and management plans
4. Implement integrated pest management

KPIs

- 1. Plant-derived material sourcing

- Production impacts - Wool and down**
Production of wool may lead to impacts from land use change, greenhouse gas emissions, soil erosion and degradation, and biodiversity loss. Farm animals may suffer from inadequate housing, painful procedures, improper handling and transportation conditions, and inhumane slaughtering methods, which can have adverse effects on their well-being and productivity as well as product quality.
Related Improvement Opportunities
5. Implement animal welfare programs, plans, and practices on-farm
6. Minimize geographic origins of agricultural supply chains

KPIs

- 3. Wool and down sourcing
- 14. Product Design
- 15. Recycled content

ASSESSMENT SCORECARD

THESIS

Recipients

Some Retailer

Helpful links

- General Guidance.pdf
- KPI Document.pdf**
- KPI Document.xlsx
- Supply Chain Diagram.pdf
- Sustainability Snapshot.pdf
- KPI Calculation Tools

THESIS PERFORMANCE ASSESSMENT
Men's Activewear

This THESIS Performance Assessment covers clothing for adult men intended for use during exercise or sports. This includes, but is not limited to, athletic shirts and athletic shorts. It does not include outerwear or footwear. The information you collect for these KPIs should cover your global production and not be specific to any region or buyer (e.g., retailer). You will find useful resources available at left. Note the document names are more general than the Assessment name. Make sure to review the detailed guidance and resources for each KPI. Your work is saved automatically but not shared until you are ready.

This assessment is made up of individual key performance indicators or KPI. Answer each to the best of your ability, or invite other members of your team to help respond if necessary. Your work is saved as you go, so you can take a break and return any time. You will see your score for each KPI along the way, and how these scores compare to similar brands once you submit. Now let's get started!

On your assessment's **Cover Page**, click on *KPI Document.pdf*. You can then go straight to the **Hotspots** from the *Contents* where you can see and access the related KPIs. Or you can go to the KPIs first and then click on the related Hotspots.



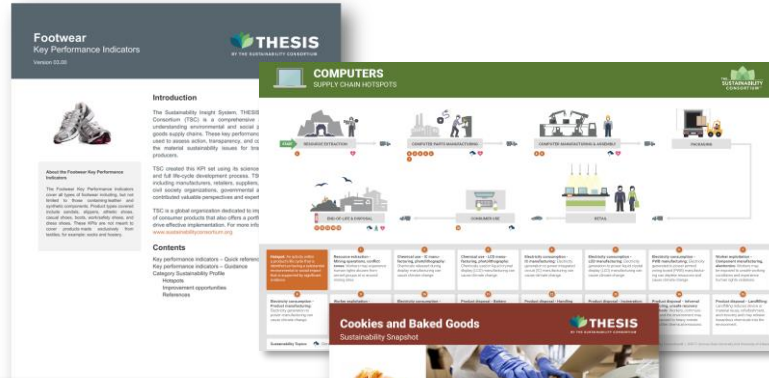
THESIS Training Topics

- Benefits of more sustainable consumer goods
- So what is THESIS?
- THESIS hotspots and key performance indicators (KPIs)
- **Preview: THESIS Resources**



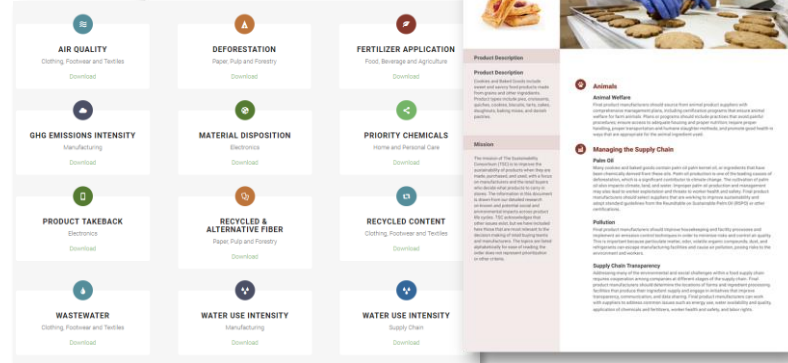
THESIS supporting documents and tools

Each set of **KPIs** are available in PDF and XLSX formats. Within the KPI document is the “Category Sustainability Profile” section, which includes Hotspots, Improvement Opportunities, and References.



Supply Chain Diagrams are graphic representations of product life cycles that include the hotspots and KPIs.

KPI Calculation Tools help companies collect and interpret data, and perform calculations for the most frequently used KPIs. They include data tables, built-in formulas, step-by-step instructions, and basic error detection.



Sustainability Snapshots (formerly Insights) provide an overview of the issues and opportunities for each category written for a general audience.



Seeking hands-on assistance in completing your THESIS assessments or delivering your sustainability programs?

TSC Trained Service Providers can offer you:



Have a few questions about THESIS? Check out [our FAQs](#).

Verification for your THESIS KPI responses*

Highly customized assistance on improving your THESIS performance

A partnership to help you create and execute a supply chain sustainability strategy

Specialized consulting from a professional trained on your industry's unique attributes and challenges

*Offered by select Service Providers



Tutorial and Training Webinars for Suppliers

[Register](#) today!

THESIS by TSC on SupplyShift Platform Tutorials:

August 22, 1pm CT

August 28, 11am CT

September 18, 1pm CT

October 9, 12pm CT

Can't join us live? View a recording here:

[Watch in English](#)

[Watch with Spanish subtitles](#)

[Watch with simplified Chinese subtitles.](#)

THESIS Index Content Trainings:

Key Tips for Completing THESIS Assessments
Sept 10, 1pm CT

Beef & Dairy: GHG Emissions & Feed Sourcing
Sept 17, 1pm CT

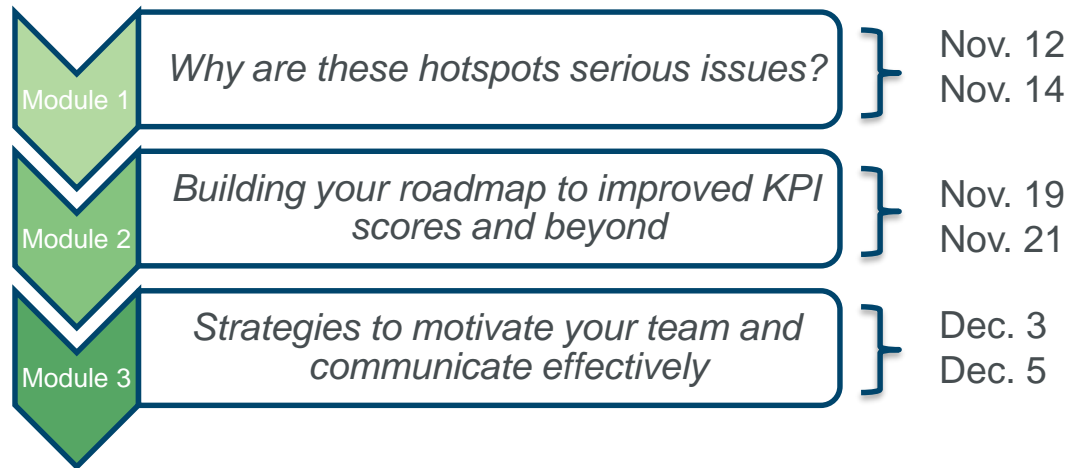
Pork & Poultry: GHG Emissions & Feed Sourcing
Sept 19, 1pm CT

TSC "Office Hours": Open Q&A with the KPI Experts
Sept 26, 1pm CT



Achieve Your Sustainability Targets Webinar Series

- The series will have a “stop and learn” overall theme
- Each week (or “module”) has its own specific theme (see below)
- Duration of 90 minutes beginning at 1pm CT
- Register [here](#)



What Should You Do Next?

Once a retailer customer has notified you of their supplier engagement plans or if you'd like to get a jump start on assessing your products' sustainability, you should:

1. Register on [SupplyShift](#)¹, activate your THESIS license, and select your assessments
2. Review the entire assessment including scope, KPIs, and guidance
3. Identify internal team members and suppliers who may have access to the data you will need
4. Download the KPI documents in Excel to gather data and prepare answers
5. Take advantage of upcoming [training](#) opportunities from TSC

¹Walmart and Sam's Club suppliers are required to use their Reference ID on THESIS. See our [FAQs](#) to learn more.



Thank you! Additional Questions?

TSC Support: help@sustainabilityconsortium.org

SupplyShift Support: support@supplyshift.net



Appendix



THESIS License


A THESIS license purchased through SupplyShift provides the following:


- ✓ **Unlimited THESIS standard assessments:** The license includes access to all available key performance indicator (KPI) sets, including guidance, related hotspot information and improvement opportunities, as well as autosaving and an easy user interface to enter information and share with customers.
- ✓ **Access to THESIS supporting documents**, including:
 - **Sustainability Snapshots:** Overviews of the issues and opportunities for each KPI set. These are ideal for internal communication when collecting data, as well as communicating results to external audiences.
 - **Supply Chain Diagrams:** Graphic representations of product life cycles that highlight locations of hotspots, improvement opportunities, and their associated KPIs.
 - **Downloadable KPI Sets:** Versions of the KPI sets in PDF and interactive Microsoft Excel formats.
 - **KPI Calculation Tools** for offline calculators and response assistance tools for 12 common KPIs.
- ✓ **Action Recommendations:** Every user will receive automated recommendations for performance improvement, based on responses to each KPI to help plan for action.
- ✓ **Supplier Scorecards and Benchmarking:**
 - A summary of your overall performance and KPI-level scores for each assessment completed.
 - Anonymized peer-ranking data that updates in real time as others complete the same assessments.
 - [ADVANCED] Suppliers can view THESIS-wide ranks and KPI-level benchmarking in addition to information included in Basic subscriptions.
- ✓ **Support:** Access to TSC and SupplyShift customer support services, webinar trainings, and online tutorials.
- ✓ [ADVANCED] **Unlimited Users:** Suppliers can add any number of colleagues to their profile, to allow multiple users to work on responding to assessments at the same time and view results.
- ✓ [ADVANCED] **Multi-Retailer Sharing:** Ability to simultaneously communicate sustainability performance to all participating retail and purchasing organization customers without having to re-enter data.





THE
SUSTAINABILITY
CONSORTIUM™

 www.sustainabilityconsortium.org

 @TheSustainabilityConsortium

 @TSC_news

 **Julie Ann Wrigley**
Global Institute of Sustainability
Arizona State University

 UNIVERSITY OF
ARKANSAS

 **WAGENINGEN UR**
For quality of life

The Sustainability Consortium® is jointly administered by Arizona State University and University of Arkansas with additional operations at Wageningen UR in the Netherlands and Tianjin, China.