The Ohio State University
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Sam M. Walton College of Business

Story Arc

Vision
To advance science to drive a new generation of innovative products and supply networks that address environmental, social, and economic imperatives

Mission
To design and implement credible, transparent and scalable science-based measurement and reporting systems accessible for all producers, retailers, and users of consumer products

The Basics

- Founded (2009) by UA and ASU
- Membership organization (~100 members)
  - Corporate, academic, NGO, commercial associations, government
- >20 FTE staff, plus students and contractors
  - Kara Hurst, CEO
  - Jon Johnson (UA-Walton College) & Kevin Dooley (ASU-Carey School), Academic Directors
  - Internationally dispersed
- Expanding from knowledge/metrics creation → Action

The Sustainability Consortium (TSC)

Enabling the consumer goods industry to do things that matter about things that matter.

Context: From labels to... other (and back?)
Journey: Use Cases
Discussion

Epilogue
TSC's multi-stakeholder approach allows for pre-competitive collaboration...

TSC's Board of Directors represent all stakeholder groups across several industries...

And is growing...

TSC’s membership represent over $1.5 trillion in revenue...

Academic collaborators include...

Industry partners contribute to the success of TSC everyday...
Structured into industry defined working groups (+)

- ELECTRONICS
- FOOD BEVERAGE & AGRICULTURE
- HOME & PERSONAL CARE
- PAPER, PULP & FORESTRY
- PACKAGING
- TOYS
- CLOTHING, FOOTWEAR & TEXTILES
- RETAIL
- MEASUREMENT SCIENCE

Context: The Walmart Problem

- Initial driver and funder of TSC
- TSC output supports the Walmart "Index"
- Strong supporter of multistakeholder collaboration, including other retailers

Context: The Walmart Problem in High Relief

- Perception that Walmart controls TSC: They do not.
  - TSC has many retailers, ~100 members
- Perception that Walmart’s actions have industry-wide consequences (vertical and horizontal): They do.
- They are obviously an important player, but not the only important player.

Context: Interests Between Stakeholder Groups

- Resources
  - Money
  - Expertise
  - Credibility
- Governance
  - Organizational
  - Technical
- Interests
  - Complex dyads+
- Membership
  - Selection
  - Recruitment
  - Management
Context: Interests Across Supply Chains

Initial Vision: Scientific basis for a harmonized system of product labels in a world of...

And...

SMRS V1.0: Life Cycle Assessment Based, Product Level (SMRS = “Sustainability Measurement and Reporting Standards”)

LCA 101: The Unit Process
SMRS V1.0: Unit Processes → Product Life Cycles

SMRS V1.0: Life Cycles Span Supply Networks

SMRS V2.0: A hybrid approach
(SMRS: “Sustainability Measurement and Reporting Systems”)

A pure LCA approach is not economically scalable across all consumer products.

A pure “best practices” approach lacks precision and tends to weigh each best practice equally, regardless of impact.
SMRS V2.0: Three step reporting

**BASELINE**
- LCA for product
  1. Every product has same scores
  2. Every product with same attributes has same scores

**PRE-DEFINED SUSTAINABILITY PERFORMANCE DRIVERS AND THEIR IMPACTS**

**PRIMARY DATA AND THEIR IMPACTS**
- 1. Every product has same scores
- 2. Every product with same attributes has same scores
- 3. Every product potentially has different scores

1040 EZ
- REQUIRED
1040 LONG FORM
- OPTIONAL FOR POSITIVE DRIVERS
1040
- OPTIONAL

Other Schedules & forms

A SMRS should support all three reporting alternatives

SMRS V3.0: Product Category Level
- Knowledge products aimed at B2B actors, focused on product categories
- Entirely new system and processes

**Category Dossier**
- Collection of evidence on product category and its supply chain, environmental and social hotspots, and improvement opportunities

**Category Sustainability Profile (CSP)**
- Synthesis of product sustainability knowledge and improvement opportunities

**Key Performance Indicators (KPIs)**
- Metrics / questions to measure and track product category sustainability

SMRS V3.0: Process Flow
1. TSC members, invited experts form Panel to address a set of categories
2. Panel is surveyed, generates hotspots and improvement opportunities
3. TSC staff aggregate hotspot survey data, published research, and relevant previous work
4. TSC staff assess published research, classify as hotspot, additional issue, stakeholder concern; document in Dossier and final CSP
5. Develop KPI’s through workshops

TSC staff aggregate hotspot survey data, published research, and relevant previous work

Panel is surveyed, generates hotspots and improvement opportunities

DOSSIER
List of hypothesized hotspots and improvement opportunities

CSP
List of assessed hotspots and improvement opportunities

KPI’s
Buyers Communicate efficiently and effectively with suppliers:
- Ask category-specific questions
- Track supplier performance using KPIs

Suppliers Address product sustainability more effectively and efficiently:
- Use a single reporting tool across buyers
- Enhance product development
- Reduce spending on sustainability research and reporting
- Evaluate quality of input materials

Improved product sustainability and cost efficiency

**Hotspot:** Sustainability focused social and environmental high impact areas

**SMRS V3.0:** SAP driven reporting platform rolling out now...

**Walmart Use Case**

“The Sustainability Consortium has begun delivering tools to our product buyers to help us evaluate product and supplier sustainability... We have started integrating this work into our buying processes.”

– Duncan Mac Naughton, Walmart

“I’m really proud of what the merchandisers have done... The sustainability index is really complicated stuff, and it’s giving buyers information to help form decisions and compare the products.”

– Rob Walton, Walmart

**Marks & Spencer Use Case**

TSC has revolutionized the process...

**Before 2009**

1. Wine team requests attribute in bulk shipping
2. Sustainability Manager spends weeks on Google, talking to wine experts and trying to find LCA information on bulk shipping
3. Sustainability Manager cannot find appropriate information and tells the buyer that the category is not approved
4. The buyer is completely discouraged and gives up in sustainability
5. No progress is made in the wine category

**2012 and beyond**

1. Wine team requests attribute in bulk shipping
2. Sustainability Manager looks up the product Category Sustainability Profile (CSP) and looks at the hotspots. The Manager also finds that Bulk Shipping does appear in the Key Performance Indicators
3. Sustainability Manager cannot find appropriate information and tells the buyer that the category is not approved
4. The buyer is completely discouraged and gives up in sustainability
5. No progress is made in the wine category

**SMRS**

- **Retailers**
- **Manufacturers**
- **TSC**

**Reporting Platform(s)**

**KPI Questions**

**KPI Response**

**Supplier Request**
Ahold Use Case

The Future

After establishing the SMRS knowledge base...

- Update and maintain SMRS
- Shift focus to “action projects”—multistakeholder, supply chain wide collaborations that build on SMRS
- Expand services (e.g., training, analytics, consultation)

Key environmental and social hotspots

Transparent, standardized and harmonized systems

On-going Challenges

- Long term structure, governance and decision making
- Academic engagement
- Diversified revenue model
- International expansion

Membership Dues Contributions

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<th>Corporations</th>
<th>Civil Society Organizations</th>
<th>Regulatory Entities</th>
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NOTE: All dues contributions are paid through a 501c3, institution of higher education. Consult a tax professional about the tax deductibility.