

This document provides essential guidance to complement the specific guidance provided for each key performance indicator (KPI). TSC recommends reading this document before you begin your first questionnaire and revisiting it as often as necessary for clarification and additional information.

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## The Sustainability Consortium (TSC)

The Sustainability Consortium® (TSC®) is a global organization dedicated to improving the sustainability of consumer products. TSC members and partners include manufacturers, retailers, suppliers, service providers, NGOs, civil society organizations, governmental agencies and academics, each bringing valuable perspectives and expertise. TSC convenes these diverse stakeholders to work collaboratively to build science-based decision tools that address sustainability issues that are materially important throughout a product's supply chain and lifecycle. TSC also offers a portfolio of services to help drive effective implementation.

## Product Sustainability Toolkits

A **TSC Product Sustainability Toolkit** is a set of tools that describes the environmental and social issues for a particular **product category** and includes up to 15 **key performance indicators (KPIs)** to measure and track performance against these issues. Companies can report their performance by completing a **questionnaire** at the request of their customers or for self-assessment. Each Toolkit covers one product category, which is reflected in the title of the Toolkit. The types of products covered by each Toolkit, as well as any exclusions, are described in the **Category Sustainability Profile (CSP)** document. The CSP also contains the full details of the KPIs and a summary of the research used to identify the relevant issues.

## Key Performance Indicators

Each KPI within a Product Sustainability Toolkit consists of six components:

A **question** with one or more **response options**. KPIs have numeric calculation-based response options as well as qualitative text choices.

**Calculation and scope** explains in detail how the response should be calculated. It specifies what should be included or excluded from the calculations. Occasionally exemptions and examples are provided.

**Standards and tools** lists standards and tools that may be used to calculate or derive a response to a KPI. These are generally not required and other resources may also be usable.

**Background information** contains links to other information that provides context or useful information about addressing the key issues relevant to the KPI.

**Definitions** provides descriptions for technical terms used in the KPI.

## Scope of Toolkits and KPIs

### Product coverage

By default the information you provide to respond to the KPIs should cover all products you produce that are within the scope of the Toolkit, not just those you provide to a specific customer or in a specific region.

### Global relevance

TSC aims to use the same indicators worldwide wherever possible, so suppliers from different regions can be compared amongst each other and suppliers can provide the same answers to multiple retailers. As a result, the KPIs may be more general than those used in specific regions or industries.

### Manufacturer perspective

The KPIs in the Product Sustainability Toolkits are written to be answered from the perspective of a final manufacturer of a consumer goods product. The manufacturer is the organization that controls production of finished products intended for sale. However, the KPIs address impacts throughout the supply chain, so responding to KPIs can require data collection from upstream suppliers.

### Activity-based scope

Each KPI addresses a specific impact or issue that occurs during a specific activity or set of activities occurring in the supply chain. This activity-based scope means that responding to a KPI can involve collecting data multiple sites and multiple organizations, some of which may not be under the operational control of the final manufacturer. For example, a KPI that requires a response regarding “water use during corn farming” is addressing farm-level outcomes; it does not matter whether the corn farming is done by the final product manufacturer or by a farmer in the supply chain.

In the case where final manufacturing may be handled by more than one company, or the brand owner may not directly own any manufacturing facilities, the same logic applies. Although distributors may handle finished products on their way to market, their activities would not be included in the scope of a manufacturing KPI.

## Responding to KPIs

### Percentages

Many of the KPIs ask for responses in the form of a percentage. These percentages can be thought of as a ratio with a distinct numerator and denominator. The denominator is typically a physical quantity (e.g., mass, volume) of a material, ingredient, or component at some point in the supply chain. The numerator is the amount of that material that has a certain attribute, such as being certified to a certain standard. For example in this KPI from the Copy Paper Toolkit:

*What percentage of the pulp used in your final product, by mass, was produced by suppliers that reported their annual Scope 1 and 2 greenhouse gas emissions in the last twelve months?*

The calculation can be thought of as the following ratio, which is multiplied by 100 to reach the final percentage:

$$\% = \frac{\text{mass of pulp from suppliers that reported their greenhouse gas emissions}}{\text{total mass of pulp from by all suppliers}} \times 100$$

Note that the denominator is the total mass of pulp, not just the mass for which you were able to determine the reporting status. If you do not know the status of some portion of the material, it should still be included in the total in the denominator.

### Rounding

When reporting a percentage, for a value greater than 10%, you may round the response to the nearest 10%. For a value less than 10%, provide the response to the nearest 1%.

### “Not applicable” and “unable to determine”

The first or second response option in most KPIs will contain a statement similar to “We are unable to determine at this time.” Selecting this response option indicates that you could not provide an answer to the question. This is considered the lowest level of performance on the KPI.

Some KPIs will have a statement that begins with “Not applicable” as the first response option, followed by some additional conditions, such as:

*Not applicable. We do not use cocoa butter in our products.*

You should only select this response if the stated conditions are true for your organization (e.g., you do not use any cocoa butter in any of your products). It is not meant to be used to indicate that you have successfully addressed the issue the KPI concerns (e.g., you have addressed sustainability issues for cocoa butter).

### Reporting period

Unless otherwise stated, all KPIs that ask for a calculated response use a 12 month reporting period. The end date of the reporting period does not need to be the same as the date you respond to a particular KPI. However, the reporting period that you do choose must have ended less than 12 months before the date you respond to the KPI. To this end, the following statement often appears in the guidance of the KPIs:

*Perform this calculation using data from a 12-month period that ended within 12 months of the date you respond to this question.*

This language may vary depending on the original publication date of a Toolkit but always has the same meaning. A few examples:

- For your organization’s annual sustainability report, you calculated your water use for the period from July 1, 2014 to June 30, 2015. You could use this same figure to respond to a KPI in January of 2016, but not August of 2016.
- If you are responding to a question on April 3<sup>rd</sup>, 2016. You may only use data for products produced after April 2<sup>nd</sup>, 2014.

The production of the *final product* should be the primary point of reference for defining the 12-month reporting period. There may be cases where a certain material, ingredient, or component was produced outside the allowed period but was used in the production of final products within the allowed period. It is acceptable to include data for these materials in the calculation.

### Weighted averages

KPIs that ask for quantitative responses in physical units often require the use of a weighted average, for example:

*Calculate B1 as the average of the most recent nitrogen (N) use intensities from the growing operations that produced your crop supply, weighted by the mass of crop supplied by each growing operation.*

In this example, using a simple average of the nitrogen use intensities from each growing operation would not be correct. Instead, the nitrogen use intensity from each growing operation should be multiplied by the mass of crops supplied from it. These values are added together, then divided by the total mass of crop supplied from the growing operations.

With three growing operations, the calculation would be constructed as shown below:

Supplier	Mass of crop supplied	Nitrogen use intensity
1	49	11
2	47	20
3	150	5

$$\text{Weighted average} = \frac{(49 * 11) + (47 * 20) + (150 * 5)}{49 + 47 + 150} = 9$$

Note that a simple average of the nitrogen use intensities would be 12.

### Primary and regional data

KPIs that ask for quantitative responses in physical units usually require the use of primary data—data that are directly related to the activities in question and specific to your supply chain, as opposed to data based on industry or regional averages. An example of a calculation that requires primary data is:

*Calculate B1 as the average of the most recent irrigation water use intensity estimates from the growing operations that produced your crop supply, weighted by the mass supplied by each growing operation.*

Primary data should always be used unless the Calculation & Scope guidance states otherwise. In some agricultural supply chains, where the collection of primary data has been estimated to be too difficult or costly, the KPI guidance allows the use of regional estimates. However, your calculation should not combine regional and primary data. Rather, calculate your response using what primary data do have and only use regional data if you have no primary data available. Because regional data is not equivalent to primary data, the supporting percentage is always reported as 0%. A statement like the one below will be included in the Calculation & Scope if regional data may be used:

*If primary farm data are unavailable for any of your crop supply, you may use a regional estimate to answer B1. Do not combine primary data and regional estimates...If you have reported a regional estimate for B1, then report 0% for B2.*

## Other Resources

**Category Sustainability Profiles** for every product category are available via The Consortium's website (<http://www.sustainabilityconsortium.org/product-sustainability-toolkits/>), the SAP Product Stewardship Network when you start a new questionnaire, and to TSC members via the Member Portal.

For more information on the **methodology** TSC uses to create Product Sustainability Toolkits, please visit <http://www.sustainabilityconsortium.org/toolkit-methodology/>.

Visit **TSC Learning Center** to access an online educational platform that provides guided practice on using TSC tools and services designed to help you address issues related to product sustainability in your supply chain. <http://www.sustainabilityconsortium.org/learning-center>

**TSC Helpdesk** is available for any other questions you may have about the KPIs, other tools and services. Send an email to [TSC@walton.uark.edu](mailto:TSC@walton.uark.edu).