



SUSTAINABILITY CONSORTIUM

**Sub-Committee Update
April 8 TSC Steering Committee Meeting**

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Target and Objectives

- **Target:** Update TSC Steering Committee on the progress of the Sub-Committee
- **Objectives:**
 - **Who and What?** Review members and initial mandate
 - **What Happened?** Summarize findings from sub-committee meetings
 - **What's next?** Frame up open questions outstanding

Sub-Committee Members



• Mary Capozzi

• Marty Strauss



• Erin Fitzgerald

• Jack Mcaneny



• Mark Spears

• Dave Rapaport



• Rick Theiler (Chair)

• Jennifer Galichon

• Pete He



• Jay Celorie

• Rand Waddoups



• Glen Low (facilitator)

• Tom Miller (facilitator)

Mandate and Timeline

Original
Mandate
(Nov 2009)

“Given the need for a multiple-stakeholder index governance board, the working group will be commissioned to **identify and recommend organizations** that could serve as a convener of a global standards governing council comprised of retailers, manufacturers, NGO’s, academics and government.”

January 2010

- **First Sub-Committee conference/discussion**
 - Significantly divergent points of view (e.g. pro-Index and anti-Index)
 - Discussed changes in sub-committee objectives and scope

February
2010

- **Second Sub-Committee conference/discussion**
 - Discussed impact on sub-committee of TSC focus on SMRS and not Index development/ governance
 - Framed areas of alignment and potential outstanding issues

Key Outcomes

February Discussions

1. TSC retaining credibility is paramount (both internally and externally)
2. The outputs of sector working groups should set each industry up for success (application-ready SMRS)
3. Sector groups must be allowed to focus on the things that matter most for that sector
 - ✓ External stakeholder / expert review is desirable to gain credibility
 - ✓ How to pursue sector relevant Sustainability Index outside of TSC (if desired)

Outstanding Issues

February Discussions

1. TSC coordination with sectors

- Sector roles (in coordination with TSC), establishing external relationships, and ultimately any sort of index governance

2. Sub-Committee scope

- Be defined beyond TSC charter and sector initiatives?
- Should the Sub-Committee scope be fully aligned with only SMRS?
- Should the Sub-Committee be chartered by the Steering Committee to explore how best to align with external 3rd parties?

Next Steps: Discuss during TSC Breakout

Roles for Sector Initiatives and Roles for the Sub-Committee

Session 1: Sector Approach

Sector roles

- Role of sector versus central coordination by TSC
- SMRS deliverables (how achieved, e.g. peer reviewed, stakeholder involvement)
- Framed in larger conversation of TSC governance (to be discussed post April 8th)

Session 2: External Relations

Development of External Relationships with 3rd Parties

- Best use of SMRS
- Create demand for TSC output
- How to ensure optimal interactions with any 3rd parties

Task Forces / Sub-Committee?



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**Breakout Session: Sector Input to TSC Governance
April 8 TSC Steering Committee Meeting**

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Target and Objectives

- **Target:** Identify sector issues and key decisions that will need to be addressed in design of overall TSC governance
- **Objectives:**
 - Review current reality of TSC governance
 - Recap areas of sector alignment and divergence
 - Identify list of decisions to be considered for governance
 - Test “federation of sectors” concept
 - Discuss governance next steps

Breakout Schedule

Agenda item	Duration (mins)	Time
Context setting -Review current reality of TSC governance -Recap areas of sector alignment / divergence	15	8:45-9:00
Breakout discussion -Identify sector considerations for TSC governance (30) -Test “federation of sectors” concept (10 mins)	40	9:00-9:40
Group readouts	15	9:40-9:55
Governance next steps	5	9:55-10:00

Governance: Current Reality

- **TSC governance is still an open issue**
 - Progress since October 20 primarily focused on SMRS, given shift away from Index (which led to Sub-Committee governance work to be put on hold)
 - TSC internal governance has not been addressed much beyond ad hoc conversations
- **Alignment exists across many levels, although differences also remain**
 - Alignment focused on credible system for standardized, consistent reporting
 - Differences exist on sector preferences for index
- **Need for governance continues to grow**
 - Launch of more sector working groups only heightens need for governance
 - Number of ideas/concerns about governance have surfaced, but are not converging
 - Reaching effective governance will require careful checks and balances



**Focus today on sector issues and identifying decisions,
then effort will be launched to determine overall TSC governance**

Key Framing

This
conversation
is about...

- Getting **critical sector input** that will affect TSC governance design
- Discussing a **possible idea** (federation of sectors) to address sector issues

This
conversation
is NOT about...

- Solving for TSC Governance (today we are **ONLY gathering input**)
- Discussing any sort of Index governance (**outside scope** of TSC)

Alignment and Sector Issues

Sector Alignment

- TSC governance must preserve/enhance credibility
- TSC governance should enable primary focus on the science
- Governance must accelerate TSC achieving results (not slow it down)
- Sectors must be allowed to focus on what matters most for that sector
- SMRS outputs must drive innovation and be “index-ready” (if desired)
- Sector specific external review is desired (build engagement with other stakeholders)

Sector Issues

- Sector differences in desire for customer facing labeling or index
- Differences in desired role of TSC in index governance
- Challenges in consistency across sectors (e.g. impact areas, standards)

Sector Input to TSC Governance

Instructions: Each group to complete the table below, based on input from the group on what issues exist (left column) and what corresponding decisions (right column) will ultimately need to be addressed by any TSC governance design

Existing / potential issue	Decisions to be later addressed by governance taskforce
<ul style="list-style-type: none"> •[Example] Sector-specific impact areas are going to vary 	<ul style="list-style-type: none"> •[Example] How will common impact areas across sectors be decided? Who will decide?
<ul style="list-style-type: none"> •[Example] Sectors differ in desire for Index 	<ul style="list-style-type: none"> •[Example] Who is going to decide the limits of sectors' autonomy in pursuing an index?

Note: Input will be used by the TSC governance taskforce (to be formed). At that time decision rights (e.g. who will have the authority to make decisions) will be defined for each of the decisions identified during this breakout session

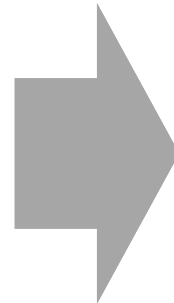
Federation of Sectors

- **Definition:** Model whereby each sector will have well defined rights, but will operate under a framework agreed to by the broader Consortium.

Instructions: Each group to discuss question below and report back to larger group with opinions

Key considerations

- Whether Federation of Sectors addresses key sector issues (better than other options)
- Whether right balance of autonomy AND cross-sector consistency can be achieved
- Whether broader effectiveness/ goals of TSC will be compromised



Key discussion question

Should the Consortium further consider Federation of Sectors as part of TSC governance design?

Governance: Next Steps

- **Process**
 - Taskforce will be created to facilitate governance formation
 - Taskforce will make recommendations to TSC Steering Committee, which will make final decisions following Roberts Rules
- **Who will be involved**
 - Governance taskforce members will be selected by Jay G and Jon J
 - Likely 10-15 participants, representing all key stakeholder groups
 - TSC companies can nominate a taskforce member
 - Nominations should be submitted to Jay G and Jon J by **April 30**
- **Timing**
 - Recommendations to TSC Steering Committee by end of summer 2010

Governance: Best practices

<u>Focus Area</u>	<u>Required Elements</u>	<u>Relevant Key Questions</u>
Purpose & Strategy	1 Vision and Purpose	<i>What is the purpose of the Consortium? What value will it offer? To whom?</i>
	2 Founding Principles	<i>What key principles and shared beliefs will guide our work?</i>
	3 Goals and Strategy	<i>What specifically must TSC accomplish? How? How will we measure success?</i>
Structure & Operation	4 Org Design Principles	<i>What key principles guide how the Consortium must operate and how it should be structured?</i>
	5 Org Structure	<i>Based on the above, who must be on the Consortium and how should it be organized?</i>
	6 Players and Roles	<i>What do each of the players do and what must they achieve? Is everyone equal?</i>
	7 Decision Rights	<i>How do decisions get finalized? How are conflicts resolved? Who does what?</i>
	8 Calendar	<i>Who meets when, and to accomplish what? How are decisions communicated and acted upon?</i>
	9 Funding and Resources	<i>How will the Consortium cover operating expenses?</i>
Effective Execution	10 Operating Norms	<i>How do we conduct ourselves with each other? What principles can we establish for interaction?</i>
	11 Values and Behavior	<i>What behaviors are required to be successful?</i>



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**Breakout Session: External Relations
April 8 TSC Steering Committee Meeting**

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Target and Objectives

- **Target:** Initiate discussion on what external relations would most benefit the Consortium
- **Objectives:**
 - Recap context for why we are discussing external relations
 - Conduct breakout sessions to prioritize efforts
 - Readout to broader group and create recommendations
 - Agree on next steps to refine today's thinking and launch effort

Schedule

Agenda item	Duration (mins)	Time
Context setting -Target/objectives -Explain breakout session	10	10:00-10:10
Breakout discussion -Small groups work on one-page report out	35	10:10-10:45
<i>Break</i>	<i>10</i>	<i>10:45-10:55</i>
Group readouts	10	10:55-11:05
External relations next steps	10	11:05-11:15

Breakout framing

Objective: Develop high gain external relationships

Can external relations help:

- Ensure best use of SMRS
- Create demand for TSC output
- Maximize TSC impact



Key questions

To discuss today:

- **Why?** Why do we need external relations?
- **What?** What types of organizations/expertise would we tap for each need?
- **Who?** For each of these organization types, who specifically should we reach out to?

Breakout Questions

Why?

- **Key Question:** Why do we need external relations?
 - **Each group reports** → Strategic needs / rationale

What?

- **Key Question:** What types of organizations/expertise would we tap for each need?
 - **Each group reports** → Prioritized list of types of key relationships required

Who?

- **Key Question:** For each of these organization types, who specifically should we reach out to?
 - **Each group reports** → List of new/existing organizations TSC should engage

Group Report Out

Instructions: Each group to complete the table below, based on input from the group on what external relations needs exist (left column), which types of organizations could meet that need (middle column) and who the likely target organizations are (right hand column)

Need (Why?)	Type of Organization (What?)	Likely Targets (Who?)
•[Example] Maximize buy-in of retailers	•[Example] Industry trade-group	•[Example] CGF, RILA

Potential Considerations

- **Stakeholder engagement already begun (and continuing)**
 - TSC has diverse **mix of stakeholders** today (academia, government, regulatory)
 - **Critical relationships are emerging** (e.g. GS1 and other organizations)
- **Potential for high gain from partnerships**
 - External 3rd parties could help **create demand** (“pull”) for TSC science / standards
 - Use of 3rd parties to **ensure TSC outputs are open and transparent**
 - External review (e.g. peer reviews, sector specific) **to build credibility**
 - Adoption of science by regulatory/govt agencies to **maximize impact**
 - TSC can avoid “value judgments” (which may damages credibility of science)



Next Steps: Framing

Why?

- **Key Question:** Why? Why do we need external relations?
 - **Each group reports** → Strategic needs / rationale

What?

- **Key Question:** What types of organizations/expertise would we tap for each need?
 - **Recommendation** → Prioritize list of types of key relationships required

Who?

- **Key Question:** For each of these organization types, who specifically should we reach out to?
 - **Recommendation** → List of new/existing organizations TSC should engage

How?

- **Key Question:** How should the relationships be structured?
 - **Recommendation** → Defined connection points between organizations

When?

- **Key Question:** When should TSC engage these 3rd parties?
 - **Recommendation** → Timing for when each engagement should occur

Key Next Step:
Refine today's thinking

Key Next Step:
Launch effort