

*April 22, 2010*

*Steering Committee Meeting Minutes  
The Sustainability Consortium*

*Co-Directors: Jay Golden & Jon Johnson  
Meeting Chairman: Mark Spears*

The second official Steering Committee Meeting of the Sustainability Consortium, held at the Sheraton Gateway in Chicago, Illinois was kicked off at 2:00p.m. April 7<sup>th</sup>, 2010. The meeting began with a welcome and reading of the anti-trust statement. Randy Papetti, Anti-Trust Counsel from Lewis & Rocca was in attendance under contract with the Consortium.

### **Opening & Overview**

A role call was taken, and the attendance list is included as Attachment A - TSC Steering Committee Meeting Attendee List. Jon Johnson proposed the adoption of parliamentary procedures. There was a motion by Tim Carey of Pepsico to approve and a second. A unanimous vote approved the motion. For specific wording, see Attachment B - Motions. Mark Spears of Disney Consumer Products was unanimously approved as the Chair for the meeting.

Following the agenda (Attachment C), Jay Golden provided an overview of the accomplishments over the past 8 months and a brief overview of the specific deliverables the Consortium is working towards in the coming year. For the full presentation please see Attachment D - Overview & Deliverables. There was a request to better understand the planning process, and to have a document summarizing the University partnerships. Both requests will be addressed in the future.

### **SMRS Approach**

Kevin Dooley gave a report on the proposed Sustainability Measurement & Reporting Standards (SMRSs) development process. For full presentation see Attachment E - SMRS Approach. There was a question about a Hot Spot Report, and it was clarified that it identifies where the opportunities are for innovation, focusing on measurements on high impact stages of a product life cycle. A discussion regarding reporting categories, and whether or not they should be common between sectors took place. The discussion was tabled until later in the agenda. It was requested to discuss the relationship to ISO standards. In summary, Kevin responded that the sectors are not disregarding, but following as closely as possible where practical. It could be limiting and not practical in some cases. The Sector Work Group members are involved in a collaborative decision on when and how to conform/integrate to ISO and other standards. Other relevant outside players are consulted to ensure the decision is scientifically credible and objective. Discussion around formation of sectors and standardization occurred. Kevin explained that while GPC was originally considered, there are practical considerations like LCA similarity, dividing industry sectors in to multiple work groups, and others. The best estimation is that there will be 10-15 sectors in a retail environment. When asked if the baseline analysis will make everyone above average, the response was that the SWG can add levels of detail at a product or category level later if it is valid and useful. SWGs will do the appropriate level of analysis. Concern was expressed that primary data being optional could drive to only qualitative data, where the desire is to have quantitative data. While the methodology will be formalized, primary data will improve the assessment.

### **Data & IT Update**

Jeff Rice gave a report on the current progress and path forward for the Data and IT systems portion of the Reporting Framework. For the full presentation see Attachment F - Data and IT. Jeff focused on the following items:

- Support all levels of SMRS reporting
- Create a marketplace for tool development
- Enable data sharing through open data standards and systems
- Enable distributed supply chain reporting

David Spitzley remarked on the efficiency gain with GS1's involvement as they have experience with similar projects, and could take the theory and put it into practice. Concern was shared regarding the timelines and Jeff clarified the 12 month target is for a pilot system for the current product categories and member companies. The current companies that have been part of the discussions for modeling and reporting are Earthster, Semipro, Gabi, SAP, and Aravo. Two are interested in joining the Consortium, but currently no formal arrangements. Clare Lindsey from EPA asked if IT companies provide different specialties, competitive advantages, or interconnected things? She stated that the EPA was very interested in open source, public access, democracy, and low cost solutions. While there has to be specialized internal software in addition to the public external model. Jeff explained that the driver behind creating a competitive space for tools is the public accessible vision which is core to the Consortium's beliefs. However, the Consortium will not decide what is available and what is not, but the vision remains for a low cost transparent solution. Jay Golden added that Government needs to help fund. It was addressed that the system should address both the casual and highly technical user. We need to support small and medium size businesses by providing low cost options for use and interpretation, but also incentivize more sophisticated reporting.

### **Industry Update**

Rand Waddoups of Wal-Mart and Karen Hamilton of Unilever reported on the recent Consumer Goods Forum (CGF) meeting held in London in April. CGF established a Sustainability committee to discuss and vote 3 key issues. 1) Metrics – define right things to measure, 2) Language – glossary of verbiage to communicate, 3) Innovation Areas – e.g. refrigerants, deforestation, and waste. The first is very much tied to the Consortium, who could fulfill the role as scientific basis provider- similar to Sustainable Packaging Coalition but on a broad scale. CGF does not intend to create something new; they want to draw on the previous work.

RILA is engaged and there may be many collaborations moving forward that could add to voting block. TSC/RILA/CGF members need to understand their importance in collaborations and the opportunities of alignment. Jay requested via show of hands how many companies were members of CGF and RILA, 14 and 2, respectively. CGF is not doing research, they are building consensus. Many topics are industry and company level, not product level. Concerns were shared about overlap and duplication of efforts regarding packaging across the different sectors. Kevin Dooley commented that packaging cuts across most sectors, so it makes sense on some level to address it as a whole.

*Meeting was adjourned for the day, and reconvened the next morning at 8:00 a.m.*

### **GS1 Overview**

Scott Brown of GS1 provided an Overview of GS1 and how they could support the Reporting System. For the complete presentation see Attachment G - GS1 Overview. He clarified that GS1 does not focus on measurement and how to measure, but rather the standards for defining attributes about a product, and making sure each attribute is unique. This includes regulatory information, agency, regulation number and value. The information shared varies by recipient, some have as many as 155 data elements or as few as 62. 1700-1800 data elements are possible. It needs to be determined at what level of granularity, but GS1 could capture LCI information. Most data attributes are category based. It would not be difficult to allow Gabi and other tools to talk to the GS1 data base. A question was raised about how much discretion exists between the 108 member organizations. The Global Office in Brussels ensures all are working off same sheet of music, with the same mission. It is a federated system, while each entity is an independent entity that does not have to report to global headquarters, but they do exist. There is an initiative that GS1 is involved with Wal-Mart regarding critical chemicals that are regulated, that data includes supplier data that is proprietary. This is a separate project in the US and Canada. GS1 works with required agencies when necessary such as UNSPSC and others.

### **Sub-Group Update of Dial**

Rick Theiler of Dial provided an update on the Sub-Committee that formed coming out of the last Steering Committee Meeting. See Attachment H – Dial Sub-Committee Update. The key outcomes are as follows:

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)

This next steps identified were to determine the Sector Roles versus Central Coordination, which is part of a bigger discussion regarding Consortium Governance. Second, there is a need to develop External Relations with 3<sup>rd</sup> Parties on the best use of SMRSs, and create demand for the outputs of the Consortium. This should be done with optimal interactions for increased success. These items were then further discussed in Breakout Discussions.

**Sector Approach breakout session summary:**

*Target of session:* Identify sector issues and related key decisions that will need to be addressed in design of overall TSC governance.

*Highlights from session:*

- Decision-making and accountability is unclear today -> what is the right governance structure?
  - What are the “guiding principles”?
  - Who is the right governing body?
  - What should the Member, Sector and Steering Committee roles & responsibilities be?
- Key considerations need to be kept in mind when developing the governance structure
  - Need clear structure, scope, principles to ensure biggest, relevant issues addressed
  - Checks and balances should ensure TSC is engaging the right stakeholders to drive toward global solutions and to build / maintain credibility
  - Need to ensure TSC is best prioritizing resources and quantifying impact (e.g., ROI)
  - Governance structure should be nimble and able to evolve over time
- Group aligned to federation of sectors concept; need clear cross-sector guidance and sector decision rights informed by “guiding principles”
  - Reporting standards need to be common to provide consumer-facing consistency
  - Sectors must be able to address relevant, sector-specific issues and opportunities

*Next steps:*

- Form Governance Task Force to:
  - Assist co-directors in development of Consortium governance system, including “guiding principles”, org structure, roles & responsibilities and decision rights
  - Provide advice on alternative governance models
  - Develop proposed governance model to take to Steering Committee for approval

*For a detailed summary see Attachment I – Breakout Session Sector Approach.*

**External Relations breakout session summary:**

*Target of session:*

- Initiate discussion on what external relations would most benefit the consortium – what are our strategic needs and which external relations could fulfill those needs

*Highlights from session:*

- Main needs for external relations include:
  - Advising/collaborating
  - Building/maintaining global credibility and demand for science
  - Ensuring best use of data/outputs
  - Potentially providing sources of funding
- Recap of 3<sup>rd</sup> party types and general purpose: NGOs –provide essential credibility; Scientific and standards/certification organizations, universities – collaboration ensures validity and alignment; Retailers and retail trade organizations – important for buy-in and use of outputs; Consumer/consumer groups – inform best

end use of data; Governments – allows Consortium work to guide/advise regulation, also provide possible governance of use and application of outputs

- Myriad organizations exist that must be evaluated and prioritized to fill the roles described above -> create committee to manage process

*Next steps:*

- Form External Relations Committee to:
  - Create management system to evaluate and engage 3<sup>rd</sup> party organizations (including how and when to engage them)
  - Provide oversight of TSC external relations engagement process
  - Keep TSC apprised of external efforts relevant to mission of TSC

*For a detailed summary see Attachment J – Breakout Session External Relations.*

### **Motion to create Governance and External Relations Task Forces - Passed**

See Attachment B - Motions

Jon Johnson proposed the creation of both a Governance and External Relations Task Force. There was a Motion by Jack McAneny to approve the proposal, and a second. There was clarification about the need for both groups, while they are interconnected; who we engage is one issue, and separate from governance issues. Diane Holdorf motioned to amend the proposal “objectives, scope, guiding principles and governance process” to Governance Task Force. There was a second and the amendment passed.

There was a motion for a proposed amendment by Marty Strauss those Task Forces members would be informed by meeting with the sectors so that sectors would have a chance to discuss before the task force meetings. There was a second. This amendment did NOT pass.

The Motion to create Governance and External Relations Task Forces was voted on and passed.

### **Consumer Science Working Group Update**

Brittini Furrow provided an update on the Consumer Science Work Group. For the complete presentation see Attachment K - Consumer Science Update. The objectives of the WG are to including the voice of the consumer thus enabling and empowering the consumer through understanding and awareness to drive market demand towards sustainable innovations. This will be accomplished by delivering the following:

- *Research Compendium Report* – Consumers and Sustainability
- *Hot Spot Hot Button Consumer Matrix* – Model to plot hot spots from a consumer perspective
- *Guiding Principles for Communication* – Principles for effective delivery of sustainability related information to consumers
- *Use & Disposal Behavior Drivers Report* – Consumer behavior report to support sector needs.

Mary Capozzi of Best Buy commented on the great kick-off meeting recently held for Consumer Science and pointed out that the intent is not to advocate but rather to inform from a consumer point of view. Matt Kistler of Wal-Mart also shared that this WG is a great way to embed the consumer voice throughout the Consortium process.

### **Systems Working Group Update**

Jay Golden provided a brief update regarding the Systems Work Group. The information on latest policy updates is included in the complete presentation see Attachment L - System Science Update. The Systems team is focused in three main areas:

- Consumer use phase data
- Understanding of unintended consequences of policy
- Understanding of current and pending legislation and regulations.

A call for participation in this WG will be coming in the near future.

### **Electronic Industry Update**

Jay Celorie of HP provided a brief update on the work of the electronics sector. See Attachment M - Electronics Sector Update for details.

### **Administration and Approval of Motions (see Attachment B for complete wording of Motions)**

*Electronic Meetings:* A proposal to allow for meetings to be conducted electronically was presented. Dan Lawson made a motion to approve, there was a second, and the motion passed.

*Finance Committee:* A proposal to establish a Finance Committee was introduced. Rick Theiler of Dial made a motion to approve, there was a second, and the motion passed.

*RFP Process:* Kevin Dooley reviewed the proposed RFP process. There was some discussion for understanding and concern. The single institution process was concerning to some because of the possible bias within a Sector WG, language was modified to mitigate concern. Greg Jason made a motion to approve the RFP Process, and there was a second. The motion was approved with one abstention.

*External Relationships:* A proposal that would allow the Consortium to establish external partnerships was review. Discussion ensued regarding the wording of partnership and relationship and what might be implied with each. The proposal was changed to reflect external relationships. David moved to approve the proposal, second noted, motion passed.

*GS1/TSC Partnership:* A proposal to approve a formal partnership with GS1 was discussed. Several voiced concern that they did not have enough context or information to be comfortable with this proposal at this time. More information was requested and the proposal was tabled for later consideration.

*Reporting Categories Working Group:* A proposal to for a Reporting Categories Working Group was reviewed. Questions regarding the urgency to form this group were brought up. There was not alignment on whether they should be the same across sectors. Concern regarding the term reporting versus impact categories was raised. Bob Coleman motioned to postpone the vote on reporting categories for 2 weeks, there was a second, and the motion passed.

The meeting was adjourned by the wonderful Chair, Mark Spears!