

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.

Certifications, standards, and tools lists certifications, standards, and tools that may be used to respond 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

If you are responding to a retailer request, they will provide a description of the product types to address with your responses. The scope provided by a retailer may differ somewhat from the specific scope language provided on the first page of the Category Sustainability Profile of the assigned Toolkit.

By default the information you provide to respond to the KPIs should cover all products you produce that are within the specified scope, 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 from 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.

Versions and release notes

To understand how KPIs may have changed over time, begin by looking at the version number displayed at the beginning of the CSP document. The first two digits are the major version and the second two are the minor version. The major version number increases when there has been a thorough update of the KPIs and/or underlying research. The minor version increases when there are any changes to KPI questions, response options, or guidance that will affect how you might determine your response. Starting in 2017, each CSP contains a release notes section which outlines these types of changes.

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??

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

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

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 palm oil 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, 2015 to June 30, 2016. You could use this same figure to respond to a KPI in January of 2017, but not August of 2017.
- If you are responding to a question on April 3rd, 2017. You may only use data for products produced after April 2nd, 2015.

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

TSC produces the **Sustainability Insights** to provide an overview for a general audience of the issues and opportunities for each product category. Visit <https://www.sustainabilityconsortium.org/product-sustainability/productfinder/> to access the Insights free of charge.

The Sustainability Consortium has produced a **set of tools** to help companies respond to KPIs including spreadsheet versions of the Category Sustainability Profiles and data collection and calculation templates for select KPIs. Find them free of charge a <http://www.sustainabilityconsortium.org/respondenttools>.

For more information on the **methodology** TSC uses to create Product Sustainability Toolkits, please visit <https://www.sustainabilityconsortium.org/what-we-offer/measurement-reporting-system/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 help@sustainabilityconsortium.org.

Extended guidance on preparing your survey response

These instructions are written for the lead person who is responsible for coordinating the gathering of data and ensuring the survey is completed on time.

Learning about the Category

After purchasing or acquiring access to the category-level questionnaire that you have been requested to complete, download the corresponding TSC Category Sustainability Profile (CSP) and Sustainability Insight. The CSP is available via the PSN as you complete your questionnaire and the Insight is available at <https://www.sustainabilityconsortium.org/product-sustainability/productfinder/>.

The category's *Sustainability Insight* is a one-page summary of the critical environmental and social issues relevant (or "material") to the category, across the whole life cycle of a product. These documents can be very useful to share with various parts of your organization, including your sales and marketing team and upper management, to let them know the critical issues that customers are expecting your company to attend to. Here's an excerpt from the *Cotton Textiles Sustainability Insight*:

Workers and Communities

Forced or Child Labor

Forced and child labor are global issues being addressed by businesses and organizations worldwide. Manufacturers should implement codes of conduct for their suppliers, audit facilities across their supply chain, and publicly report their performance, to help ensure that there is no use of forced or child labor.

The Category Sustainability Profile (CSP) has the following components:

A cover page provides the scope of the category, general information about The Sustainability Consortium that developed the survey, and a table of contents. Always refer to any scope descriptions provided by a requesting retailer.

The KPI Quick Reference List provides all the KPI questions and response options within the category. These are the same as seen on the PSN platform.

Each KPI in the category has a dedicated section that provides the question and response options, and then guidance concerning how to make any calculations; certifications, standards, and tools that can be used to comply to scope of KPI; additional background material; definitions; and the particular hotspots addressed by the KPI.

With the CSP at hand, read through the CSP's KPI Quick Reference List to see the KPI questions and response options that you will need to answer. If you want to understand why you're being asked about certain environmental and social issues, read the Hotspots section of the CSP. If you want to understand how to act on the hotspots, read the Improvement Opportunities section of the CSP. These two sections provide much more detail as well as references to additional sources. Read through the CSP's KPI Quick Reference List to see the KPI questions and response options that you will need to answer.

Thinking about types of KPIs

The KPIs can be thought of belonging to three general categories based on the types of data you need to collect to answer them.

Category KPIs

Require you to collect data from all your products within the product category. They ask about an organizational practice that pertains to all the SKUs within the category. For Category KPIs requesting numerical data (e.g., "Recycled content"), you will need to calculate a weighted average across the SKUs within the scope of the category. Examples include KPIs addressing:

- Product design
- Product safety
- Recycled content
- Packaging raw material and end of life
- Sustainable packaging design and production
- Transportation to retailers

Facility KPIs

Require you to collect data from each facility responsible for final manufacturing of products within the category. Note that this may include contract manufacturers who provide such operations. Examples include KPIs addressing:

- Air quality – Manufacturing
- GHG emissions intensity – Manufacturing
- Labor rights – Manufacturing
- Water use intensity – Manufacturing
- Worker health and safety – Manufacturing

Supply chain KPIs

Require you to collect data from relevant suppliers (direct or indirect) within the category. Examples include KPIs addressing:

- Certification – Supply chain
- GHG emissions – Supply chain
- Water Use – Supply chain
- Worker health and safety – Supply chain
- Supply chain mapping

These descriptions meant as suggestive rather than normative. For example, you may need to collect data from a supplier for a Category KPI (e.g., a logistics service provider to answer Transportation KPI); or you may be responding about your own operations for what is otherwise termed a Supply Chain KPI because you are highly vertically integrated).

Steps for responding to KPIs

The first step in answering the KPIs is to determine which of your products correspond to the category of the survey. Many companies use their product's SKU number to internally signify which product types are being referenced by the survey answers. Remember that a requesting retailer may have specified which product types should be in scope for your response to them. Be sure to review the scope before preparing your responses.

Most KPIs will require you to collect data from multiple individuals, departments, or sites for your company if you have not already centralized your sustainability data. Below are suggested steps for gathering data and generating your responses for the different types of KPIs discussed above.

For Category KPIs

1. Identify all the product types (e.g., SKUs) that fall within this category.
2. Identify the attribute that the KPI is requesting and the manager or subject matter expert who can access or collect the required data. For these KPIs, the engineering, marketing, or sustainability teams are likely to have the required information.
3. Work with manager or subject matter expert to collect that data for all the relevant SKUs.
4. If the attribute is qualitative, identify the response that is most common across the relevant SKUs.
5. If the attribute is quantitative, calculate a weighted average of the attribute over SKUs. The KPI response options and guidance will inform you what units to use for the weighted average.

For Facility KPIs

1. Identify all the product types (e.g., SKUs) that fall within this category.
2. Identify all facilities that are responsible for final manufacture of those SKUs.
3. Identify the manager or subject matter expert who can access or collect the required data. For these KPIs, the production and operations, facilities, or sustainability teams are likely to have the required information.
4. Identify the quantitative attribute that the KPI is requesting and work with manager or subject matter expert to collect that data for all the relevant facilities.
5. If the final manufacturing facility is operated by a supplier, then this data will need to be requested from the supplier.
6. Calculate a weighted average of the attribute over facilities. The KPI response options and guidance will inform you what units to use for the weighted average.

For Supply Chain KPIs

1. Identify all the product types (e.g., SKUs) that fall within this category.
2. Identify all supplies, materials, or ingredients that are asked about in the KPIs.
3. For the relevant SKUs, identify the suppliers that provide the relevant supplies, materials, or ingredients.
4. Identify the procurement or supply chain managers who can access or collect the required data.
5. Identify the attribute that the KPI is requesting and collect that data for all the relevant suppliers.
6. Calculate a weighted average of the attribute over suppliers. The KPI response options and guidance will inform you what units to use for the weighted average.