How The Sustainability Consortium creates THESIS Key Performance Indicator Sets

KPI Methodology Brief
Science Based • Stakeholder Informed • Impact Focused

The Sustainability Consortium (TSC) has a rigorous methodology to evaluate available scientific knowledge, identify environmental and social impacts, and identify improvement opportunities for many different types of consumer products, using this knowledge to develop Key Performance Indicators (KPIs) for completing and communicating product category-level sustainability performance. An overview of the major steps of the methodology are outlined below.

The Life Cycle Perspective
The KPIs are designed with manufacturers, suppliers, and retail buyers in mind, but address more than sustainability in manufacturing. Social and environmental hotspots throughout the product category life cycle are included, from raw material extraction to product disposal.

The Multi-Stakeholder Process
Members of The Sustainability Consortium members include stakeholders from business, civil society, government, and academia convened by TSC to collaboratively develop the THESIS KPIs. The process is focused on creating credible, scalable, and effective tools through Sector Working Groups with regular workshops, discussions, and commenting in which all members are welcome to participate.

The Final Tools
THESIS KPIs sets detail the hotspots, sustainability issues, improvement opportunities, and key performance indicators for a product category. It also lists referenced scientific sources, term definitions, and resources that can help in responding to the KPIs. This is available to TSC members and licensees.

Sustainability Snapshot is a 1-page quick reference that includes the sustainability issues, also available to members and licensees.

The Main Steps to Producing a THESIS KPI Sets
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<td><strong>1</strong></td>
<td>TSC members, staff, and invited experts select a category of products to examine.</td>
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<td><strong>2</strong></td>
<td>TSC reviews a range of scientific sources for information relevant to the product category.</td>
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<td><strong>3</strong></td>
<td>Evidence is sought for hotspots: activities in the life cycle that cause one or more social or environmental impacts.</td>
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<td><strong>4</strong></td>
<td>Evidence is sought to support improvement opportunities that can address the hotspots.</td>
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<td><strong>5</strong></td>
<td>The evidence is evaluated against several criteria to determine if it will be included in the KPIs.</td>
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<td><strong>6</strong></td>
<td>Key Performance Indicators are designed that allow measurement of manufacturers’ progress against the hotspots.</td>
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<td><strong>7</strong></td>
<td>All the elements are assembled into THESIS KPI sets and go through two rounds of review from members.</td>
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<td><strong>8</strong></td>
<td>THESIS KPI sets are available for manufacturer to customer assessment and communication by members and licensees.</td>
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<td><strong>9</strong></td>
<td>KPIs are updated as needed based on new research, feedback from users, and analysis of reporting results.</td>
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1. DEFINE THE PRODUCT CATEGORY
   - Each THESIS KPI set addresses a unique product category, (e.g., computers, tomatoes, or plush toys) rather than individual products or entire organizations. Defining the category involves deciding:
     - What types of products are included and excluded,
     - What components, materials and ingredients will be considered, and
     - The major process that occur in the product life cycle.
   - These decisions are based on industry norms, the similarity of supply chains, and feedback from stakeholders.
   - Priority is given to categories with significant environmental and/or social impact

2. REVIEW RELEVANT SCIENTIFIC SOURCES
   - TSC researchers, members, and other experts collect scientific publications that describe the sustainability impacts of the entire product category life cycle.
   - Life cycle assessments (LCAs) are particularly sought after because they can directly compare impacts across the product category life cycle.
   - Each individual source is assessed by TSC researchers for its source quality based on how its review process and the type of data used to draw conclusions
   - TSC researchers carefully review the scientific studies

3. RESEARCH HOTSPOTS
   - TSC researchers identify hotspots, which are activities within a single life cycle stage of a product category that creates materially significant social or environmental impacts.

4. RESEARCH IMPROVEMENT OPPORTUNITIES
   - TSC researchers identify in the sources Improvement opportunities, which are specific actions that manufacturers can take to address the hotspots.

5. EVALUATE THE EVIDENCE
   - The materiality of the hotspots is determined by considering the number and quality of the sources, or the largest impacts identified by life cycle assessment.
   - Improvement opportunities must meet criteria for the number and quality of the sources, or derive from transparent, multi-stakeholder processes.
   - Hotspots and improvement opportunities must be actionable; meaning a typical manufacturer in the product category is to have visibility into the supply chain to gather information and sufficient influence to effect a change.
   - At least one valid improvement opportunity must be identified for each hotspot (see below).
   - Each product category may have up to 15 hotspots.
   - There is a maximum of three improvement opportunities per hotspot.

6. DESIGN KEY PERFORMANCE INDICATORS
   - Key Performance Indicators (KPIs) are questions that allow decision makers to quickly assess the performance of manufacturers against the identified sustainability hotspots.
   - The KPIs are designed to be answered by brand manufacturers either at the request of a customer or for self-assessment.
   - Several design principles require the KPIs to:
     - Be traceable back to the original scientific research;
     - Maintain an objective tone;
     - Use clear and unambiguous wording
     - Be actionable by a brand manufacturer
     - Be measurable by being quantitative and outcome oriented wherever possible, otherwise using a rational qualitative scale
     - Be differentiating by covering range of performance that allows both average companies and leading companies to report progress over time
     - Be strategic by having the set of KPIs for a product category address the hotspots and improvement opportunities as concisely and logically as possible
     - Have consistent, repeatable forms and use the same metrics for the same hotspots to create a smooth user experience.

7. MULTI-STAKEHOLDER REVIEW
   - Members of The Sustainability Consortium are stakeholders from business, civil society, government, and academia who collaboratively develop THESIS.
   - The process for developing high quality content relies heavily on regular workshops, discussions, and commenting in which all members are welcome to participate.

8. PUBLISH THE KPI SET
   - THESIS KPI sets and Sustainability Snapshots are published and are available for manufacturer to customer reporting.
   - The Snapshots include short descriptions of the major themes arising from the hotspots, improvement opportunities, and KPIs.

9. UPDATE AND REVISE THESIS KPIs
   - THESIS KPIs are updated based on new research, feedback from users, and analysis of reporting results, balancing the need to improve usability with the value of having consistent reporting over time.