Product Sustainability Realized
Intro to SAP Product Stewardship Network and The Sustainability Consortium

28th May 2015
About SAP

- 253,500 companies and organizations
- 400 of the Global Fortune 500 run SAP
- 80% are small to midsize businesses
- 79% of the world’s chocolate production
- 77% of the world’s beer production
- 86% of the world’s athletic footwear
About SAP Product Stewardship Network

PSN is a global network. It is a cloud-based solution with web-browser access, allowing anyone to participate. It is available in multiple languages. In consumer products industry over 50% of the top 100 global brands are already registered and have participated in one or more surveys.

Some of those top 100 companies include:

- Nestle SA
- The Procter & Gamble Company
- The Unilever Group
- PepsiCo Inc.
- Mondelez International
- Tyson Foods Inc.
- L’Oreal SA
- 3M
- Groupe Danone
- Henkel
- Kimberley Clark Corporation
- Kraft Foods Groups Inc.
- Diageo PLC
- Colgate-Palmolive Company
- General Mills Corporation
- Reckitt Benckiser
- Johnson & Johnson (consumer segment)
- Kellogg Company
- ConAgra Foods Inc.
- Smithfield Foods Inc.
- Dean Foods Co
- Beiersdorf
- Campbell Soup Company
- Mattel Inc.
- The J.M. Smucker Company
- The Clorox Company
- Maple Leaf Foods
- Energizer Holdings Inc.
- Dole Food Company Inc.
- Hasbro

PSN allows you to create a many-to-many private network from its company directory...

...and deliver out-of-the-box or customized surveys then...

...report the results
The need: Measure and communicate product sustainability using a standardized and practical approach

As the sustainability leader, you are responsible for making key decisions concerning your organization’s supply chain sustainability amid a world facing abundant environmental, economical, and social challenges.

Water
- Even though about 70% of Earth’s surface is covered by water, less than 1% is available for human use.
- Globally
  - 70% of freshwater use is for agriculture,
  - 22% for industry, and
  - 8% for domestic activities,

Deforestation
- Worldwide, 1.6 billion people rely on forest products for all or part of their livelihoods.
- The net loss of the world’s forests is estimated at 7.3 million hectares (18 million acres) per year.

Waste
- Food loss and waste are associated with approximately
  - 173 billion cubic meters of water consumption per year, which is 24% of all water used for agriculture.
  - 198 million hectares of cropland used per year.
  - 28 million tons of fertilizer

Worker Health & Safety
- Workplaces claim more than 2.3 million deaths per year—350,000 are fatal accidents and close to 2 million are work-related diseases.
- The economic burden of poor occupational safety and health practices is around 4 per cent of global GDP each year.

Sources:
• World Resources Institute and Food and Agriculture Organization of the United Nations
• Forestry Department Food and Agriculture Organization of the United Nations
• EPA
• ILO
• OECD
About The Sustainability Consortium (TSC)
Enabling the consumer goods industry to provide more sustainable products

• A multi-stakeholder, cross-sector, non-profit organization that translates scientific information into business practice
• Mission: to design and implement credible, transparent, scalable, science-based measurement and reporting systems accessible for all producers, retailers, and users of consumer products
• A global organization, with offices in the United States, Europe and China
• >100 Members and 1000s of users worldwide
## Alignment with Key Initiatives

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<th>Cross Sector</th>
<th>Food, Beverage, and Agriculture</th>
<th>Electronics</th>
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- **General Merchandise**: cfsi
- **Paper, Pulp, and Forestry**: cfsi
TSC Product Sustainability Toolkits
Impacts, issues, practices, key performance indicators

TSC Product Sustainability Toolkits are science-based and stakeholder-informed, including input by companies, academics, civil society organizations, and government agencies.

110 TSC Product Sustainability Toolkits available!

Sustainability Snapshot
A one-page summary of relevant issues, hotspots, and improvement opportunities for a product category in an accessible overview. A Snapshot pulls information from the Category Sustainability Profile.

Category Sustainability Profile (CSP)
A summary of the best available, credible, and actionable knowledge about the sustainability aspects related to a product category over its entire life. Each CSP represents the culmination of a significant body of scientific research and expert opinion. This document also contains key performance indicators.

Key Performance Indicator (KPI)
Questions that companies and organizations can use to assess and track the performance of suppliers on critical sustainability issues. The KPI questions focus on the relevant environmental and social issues to a single product category or family of consumer goods.

TSC Research Database: One of the world’s largest collection of scientific evidence on environmental and social hotspots and improvement opportunities within a product’s life cycle.
Benefits/Lessons Learned from an Index-based Approach

Benefits

• Comprehensive
• Scientific
• Standardized (but Configurable)
• Available & Cost-Effective
• Useful to ID Both Risk and Top Performers

Lessons Learned

• Corporate/Institutional Commitment
• Long-Term Vision & Short-Term Goals
• Master Data Matters
• Reach the Right Supplier
• Balance Carrots, Sticks, & Harness Competition
• Make it Easy!!
Many-to-many reporting

Use market forces to drive and harmonize supply network measurement & reporting

TSC

Retail

Single Request

SAP PSN

Reporting Platform

Single Response

10-15 product category specific indicators

Manufacturers

Other reporting systems

Other content providers

Multiple tiers of suppliers
TSC metrics are available and being used by buyers, procurement teams, and suppliers to address product sustainability in a cost efficient way.

**TSC® provides**
- Hotspots
- Improvement opportunities
- Key Performance Indicators
- Category Sustainability Profiles

**Buyers**
Communicate efficiently and effectively with suppliers:
- Ask category-specific questions
- Track supplier performance using KPIs

**Suppliers**
Address product sustainability more effectively and efficiently:
- Use a single reporting tool across buyers
- Enhance product development
- Reduce spending on sustainability research and reporting
- Evaluate performance of their suppliers

**Improved product sustainability and cost efficiency**

**Hotspot:** Sustainability focused social and environmental high impact areas
Thank you!

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