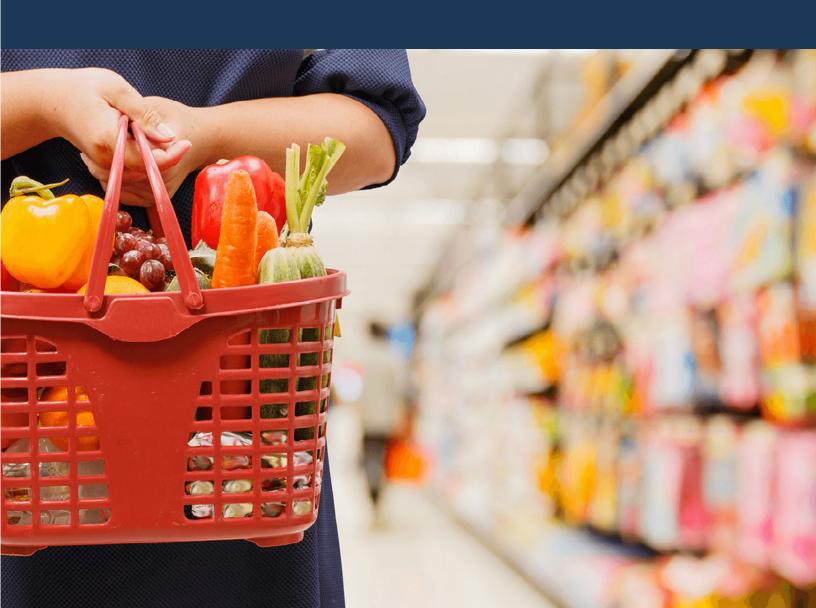# THESIS

BY THE SUSTAINABILITY CONSORTIUM

THESIS Retail Interview External Report

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Summary

In January 2023, The Sustainability Consortium interviewed retail partners who had active THESIS contracts in 2022. The objective of this effort was two-fold:

1) To gather industry perspective on the current scope of THESIS to inform any future strategic changes

2) To understand how the THESIS 2022 campaign season went from a tactical perspective to inform the future THESIS 2023 season

A total of 13 retailers were asked to participate in these interviews. For anonymity purposes, no specific retailers will be named. Retailers will be referred to as Retailer 1, Retailer 2 and so forth.

Two retailers declined participation and one retailer was unresponsive by the deadline. Retailer X did agree to be interviewed, but shared that their former THESIS Point of Contact (POC) had transitioned from the company. The new POC was unfamiliar with THESIS and was not able to provide helpful information for the immediate purposes of the interview. A summary of Retailer X insights is in the Appendix.

As of January 24th 2023, TSC interviewed eight retailers who had active THESIS contracts in 2022.

The Interviews

These interviews ranged from 30-60 minutes in length, dependent on whether a retailer was an active or passive user of THESIS (described below). **The interviewer was Amy Scoville-Weaver, Director of Retail** and every interview with the exception of one was also attended by Christy Slay, TSC CEO. Louise Sturges, Retail Manager, took notes and recorded each interview. The interviews were conducted virtually via MS Teams. The interview questions were developed across TSC leadership and followed a semi-structured approach to allow for flexibility in responses.

The interview questions were broken down into four overall sections:

1. General Questions on Engaging TSC

2. THESIS scope and utility of the assessments

3. Supplier engagement and TSC support for THESIS Campaign

4. THESIS user experience as a platform

Retailer were encouraged to speak openly and honestly about their experience using THESIS. Retailers were asked the same questions regardless of whether they were THESIS users for one year or multiple years.

While every attempt was made to ask every question to each retailer, there were some time constraints that impeded this. Some original questions were condensed into one question for ease.

The Analysis

Analysis was conducted by Amy Scoville-Weaver using transcribed notes taken from the interview in real-time and supplemented by listening to the recordings. A coded analytical approach was taken whereby common insights were drawn out and coded accordingly. A common insight was determined if it was mentioned by at least two separate retailers (given the small sample size this represents 25% of the sampling).

The retailers were broken down into two groups based on the type of THESIS campaign a retailer conducted in 2022. It should be noted that a retailer having an active THESIS contract does not mean each retailer was uniform in the deployment of THESIS or in the using of THESIS results.

Finally, it should be noted that implicit bias may skew results of this analysis. Questions were developed partially on previous feedback from these same retailers and were designed to capture specific information.

Types of Retailers

Active Retailers

An active retailer is defined as a retailer who asked suppliers to submit THESIS assessments and worked with TSC to educate and engage suppliers and understand THESIS data.

Four retailers were interviewed that were active retailers for THESIS 2022.

Passive Retailers

A passive retailer is defined as a retailer who used THESIS in 2022, but did not ask suppliers to submit assessments to them, did not work with TSC to educate or engage suppliers and is not using THESIS data actively.

Four retailers were interviewed that were passive retailers for THESIS 2022. Three retailers were not able to get internal buy-in required to deploy THESIS to their suppliers, which is why they deployed passive campaigns.

Interview Insights – Executive Summary

• The majority of the retailers have large sustainability teams spread across multiple departments.

• THESIS is a main driver for TSC engagement and three of the five TSC-members retailers interviewed see opportunity to get more from TSC membership separate from THESIS.

• Half of the retailers are using SupplyShift as part of their sustainability reporting toolbox, while others are creating their own retailer-specific surveys.

• With the exception of one retailer, all TSC active retailers reported that THESIS is helping them begin engaging their suppliers on sustainability. All four passive retailers said that THESIS has not helped them, although one passive retailer said it was too early to tell.

• Overall, the retailers were alright with THESIS current product category level reporting and didn't register strong opinions for a remarkable change to THESIS scope.

• The majority of retailers did see value in going beyond tiers to ingredient-level data, with two retailers going so far as to say they thought THESIS did that when they purchased their contracts.

• The majority of retailers did see value in adding THESIS assessments at the issue-level, with Scope 3 and GHG emissions issue areas coming out on top.

• Retailers generally were not excited about brand-level THESIS and there was no real consensus.

• Only one retailer stated they preferred global data over retailer-specific data. All other retailers preferred retailer-specific or a mix of the two.

• The majority of retailers saw value in GNFR, although most felt like it was more of a nice to have and not a pressing priority. Retailer 1 and Retailer 5 spent some time thinking about it and said they really hadn't given it much thought before.

• No clear retailer consensus on the number of THESIS assessments (too many or too little).

• All active retailers did communicate directly with their priority suppliers and worked across buyer teams.

• It is clear that supplier engagement takes bandwidth from retailers and retailers want more from TSC to help them engage suppliers. This includes trainings for buyers and suppliers and simplified guidance.

• Retailers cited many roadblocks to supplier engagement (including internal buy-in, need for more training and survey fatigue) and there was not a clear trend towards one specific roadblock versus another.

• All retailers were supportive of a single THESIS campaign start and end date, as well as joint communication!

• The major theme across these questions was that THESIS on SupplyShift was "clunky" citing the supplier management tool, retail exports, and duplicates." Overall, the feedback on the SupplyShift platform was that it was fine and didn't detract from the quality of THESIS. Critics stated the retailer view did not provide insights and that data export was unusable requiring additional manual work. Several said it met their needs and did not have any major issues.

• While half of the TSC members don't use the TSC member portal, two active members do and described it favorably.

Interview Insights – Detailed

This section reviews the major insights drawn across the retailer interviews. These are broken down according to the four different sets of questions asked to the retailers with specific responses. A summary under the answers for each question summarizes the major learnings/conclusion for that specific question (and is captured above in "Interview Insights – Executive Summary."

General Questions on Engaging TSC

These questions asked very high-level, introductory questions to jumpstart the conversation

Question 1: Do you have a sustainability team? How large is it?

• The majority of the retailers (5/8) interviewed said they had large teams and that these teams operated across different departments. All cited ESG as a function of at least one team within the sustainability heading.

• Three retailers said their teams were quite lean, but were growing.

Summary: The majority of the retailers have large sustainability teams spread across multiple departments.

Question 2: What prompted initial TSC engagement? What do you get out of TSC that you aren't getting from other organizations?

• THESIS was the initial entry point and main driving force to engage with TSC for five of eight retailers interviewed.

• For the other three retailers, one engaged first with TSC to explore high-impact commodity work, with an aim to be ready to use THESIS. Another cited that a personal connection drew them to TSC and the third did not answer.

• For those that did answer the second part "What do you get out of TSC that you aren't getting from other

organizations?", TSC's collaboration and openness was cited as a major benefit of joining.

• One retailer said the main benefit they receive from TSC is "innovation," but also said the working groups are a great benefit of TSC engagement. Another cited the open nature of TSC and being able to "call anyone at will" for guidance and direction.

• Three of the TSC-member retailers all indicated that they would like to know more about how to engage with TSC outside of THESIS and learn more about membership benefits.

Summary: It is clear that THESIS is a main driver for TSC engagement and that three of the five TSC-members interviewed see opportunity to get more from TSC.

Question 3: Are there any other supplier assessments tools that you use or are considering using?

• Half of the retailers interviewed said they are using SupplyShift for additional supplier assessment tools. One retailer is using Pure Strategies to help them and also considering deploying CDP.

Two retailers rely on retailer specific surveys for supplier engagement.

Summary: Half of the retailers are using SupplyShift as part of their sustainability reporting toolbox, while others are creating their own retailer-specific surveys.

THESIS scope and utility of the assessments

This set of questions was designed to inform any high-level, strategic changes that might need to be made to THESIS in terms of scope and content.

Question 1: Has THESIS helped you improve your sustainability engagement with suppliers and strategy overall? How can THESIS better help you?

• Retailer 1 was pleased that suppliers have returned and they are seeing year over year improvement. In this way, THESIS has been helping them improve their engagement. They would like to see more simplified data overall, but made clear the questions and the content of THESIS is great. Retailer 1 would like to partner with TSC to develop a scorecard for sourcing to use. This could look like asking suppliers to answer more basic questions to inform areas of particular interest to Retailer 1.

• Retailer 4 was happy with the initial data they have received from TSC and THESIS and is working with TSC on ways to improve THESIS. They would like suppliers to see each other's names to know who they are competing with in THESIS, as well as have an option for only GHG-specific questions.

• Retailer 7 was also positive about THESIS 2022 and that THESIS is helping inform their strategies. They are currently exploring how to use THESIS to create supplier scorecards.

• Four retailers said that THESIS has not helped them with supplier engagement on sustainability (although each had their own specific reasons for this).

• Retailer 2 has not been using THESIS data actively and said that THESIS has not been providing them specific areas of risk they can use. They said the main reason for this is that THESIS needs to be able to "inform a commitment," which Retailer 2 didn't link it to.

• Retailer 3 only had 3/13 suppliers reply to THESIS 2022 and a change in leadership that influenced campaign success.

• Retailer 5 did not use THESIS data, stating two main barriers: one, that the lead "could not get past his boss who wasn't able to connect what they would do with THESIS information once they received it." The second barrier was THESIS on SupplyShift and that it wasn't "user-friendly." Retailer 5 said the questions are "awesome and relevant," but perhaps too technical.

• Retailer 6 believes in the "potential of THESIS," but needs the business to want it and cannot get past a lack of internal buy-in.

• Retailer 8 hasn't deployed THESIS 2022 yet, but did say that they feel the assessments are not detailed enough for what they are trying to achieve. They want assessments specific to the products Retailer 8 specifically sells and the attributes they want the product to have.

Summary: With the exception of one retailer, all TSC active retailers reported that THESIS is helping them begin engaging their suppliers on sustainability. All four passive retailers said that THESIS has not helped them, although with Retailer 8 it is too early to tell.

Question 2: THESIS is at the product category level – how does this work for your needs? If not, why not?

• Retailer 6 and Retailer 3 did not know how to answer this question.

• Half of the six retailers who did answer the question (Retailer 4, Retailer 7 and Retailer 1) said that product category works for them. Retailer 1 and Retailer 4 clarified that answer to say that product category works for them now, but that might change later.

• Retailer 4 specifically said that "category level is a good start, but future state is at that product level."

• Retailer 7 did offer additional feedback that the product category selections set up now are too "fragmented" and offer too many "repeating results." They requested a simpler model to understand the product category at the assessment level.

• Retailer 8 does most of their work at the item level to help them identify specific improvements and actionable next steps. However, they didn't specifically say that product level doesn't work for them.

• Retailer 5 said that, when thinking about their specific impact areas, they care most about specific ingredients & commodities going into it versus just final product.

Summary: This was a tricky question to understand the answers fully. Overall, the retailers were alright with product category level reporting and didn't register strong opinions for a remarkable change to THESIS scope.

Question 3: We've had some retailers and suppliers ask us about deploying THESIS at the ingredient-level (past the final manufacturer supply chain). What are your thoughts on this?

• Retailer 4, Retailer 6, Retailer 5, Retailer 2 and Retailer 8 said they would like THESIS to go past the final manufacturer stage and saw value in exploring data at the ingredient-level.

• Retailer 5 and Retailer 7 both said they thought THESIS on SupplyShift would be able to go beyond tiers as is, and realized only later after contract it did not.

• Retailer 4 emphasized this would need to be done in consultation with suppliers to ensure they found it helpful.

• Retailer 3 and Retailer 1 did not answer this question.

Summary: The majority of retailers did see value in going beyond tiers to ingredient-level data, with

Retailer 5 and Retailer 7 going so far as to say they thought THESIS would do that before purchasing a contract.

Question 4: We've also discussed adapting THESIS to ask questions/assessments at the issue level – thoughts on this?

• Retailer 5, Retailer 4, Retailer 3, Retailer 2 and Retailer 1 all said they see value in having issue-specific assessments. Of these, Retailer 4, Retailer 3 and Retailer 1 identified Scope 3 as a priority issue they would like to see as potential THESIS supplements.

• Retailer 8, Retailer 7 and Retailer 6 did not answer this question when asked.

Summary: The majority of retailers saw value in assessments at the issue-level, with Scope 3 and GHG emissions work coming out on top.

Question 5: What if THESIS covered brands (for example: Aquafina vs Mountain Dew)?

• Retailer 2, Retailer 6 and Retailer 3 did not answer this question.

• Retailer 5 answered to say their focus was on private label.

• Retailer 4 and Retailer 7 described brand coverage as likely necessary in the future and an extra benefit, but separate from their current THESIS use.

• Retailer 8 said brand level would be good "if trying to dial-in…on purpose-driven brands." Note Retailer 8 is focusing their reporting on private-label brands.

• Retailer 1 did not see initial value in taking THESIS to the brand-level.

Summary: Retailers generally weren't excited about brand-level THESIS and there was no real consensus. This may have been due to confusion about the question.

Question 6: THESIS asks questions at the global level and is not retailer specific – what are your thoughts about this?

• Retailer 5, Retailer 1, Retailer 8 and Retailer 2 (4/8) preferred retailer-specific data. Retailer 5 said that they can't use global data to report upwards for ESG. Retailer 2 reasoned that global data doesn't accurately account for uneven distribution across a supplier's supply chain and want to take credit for what goes to Retailer 2.

• Retailer 2 requested a THESIS survey modification that allows a global response and a supplementary retailer-specific response.

• Retailer 1 clarified their response that, while retailer-specific is great, they do use global data and just do the back-end work to identify what it important to Retailer 1. Retailer 1 specifically asked for regional-specific data especially for GHG data.

• Retailer 3 didn't quite understand the question, but did state that they care most about GHG which they want at the retailer-level and not global. They see global data was more important for social and governance areas, which they are not currently monitoring.

• Retailer 4 was indifferent to global versus retailer-specific data. They are aware the data they receive is global and do the work internally to understand the impact on their specific volume or spend they receive from suppliers. However, Retailer 4 did say that they will be interested in region-specific data at some point, but that global data is just easier right now.

• Retailer 7 was very specific that they want to know how their suppliers operate as a business and what their policies are on the whole, so global data was key. Note Retailer 7 was the only retailer who specifically said they wanted global data from their suppliers.

• Retailer 8 did say they see value in global data, but that they really want retailer-specific as well.

Summary: While Retailer 4, Retailer 7 and Retailer 1 were happy with global data, Retailer 7 was the only retailer who stated they preferred it over retailer-specific data. All other retailers preferred retailer-specific or a mix of the two.

Question 7: Existing THESIS content can be used for Goods Not for Resale (GNFR). Do you see this as a need?

• Retailer 7, Retailer 1, Retailer 2, Retailer 6, Retailer 4, Retailer 8 and Retailer 5 (7/8) described GNFR as a "nice to have," and agreed that it had value for their companies.

• Retailer 3 said GNFR was way too early for them and they have "bigger fish to fry."

Summary: The majority of retailers saw value in GNFR, although most felt like it was more of a nice to have and not a pressing priority. Retailer 1 and Retailer 5 spent some time thinking about it and said they really hadn't given it much thought before.

Question 8: Too many assessments? Too little?

• Retailer 7 said there were too many assessments, but they were the only retailer to note this.

• Retailer 6, Retailer 4, Retailer 2, Retailer 8, Retailer 5 and Retailer 1 were unsure how to answer the question or had no opinion.

• Retailer 3 did not answer the question.

Summary: No clear retailer consensus on whether there are too many THESIS assessments or too little.

Supplier engagement and TSC support

This set of questions was designed to capture how suppliers were engaged and the ways that TSC helped or didn't help engage suppliers to answer THESIS

**A note: When it came to understanding supplier engagement, the retailers deploying passive campaigns had little to offer in terms of insight. This is because passive retailers did not ask their suppliers to complete THESIS. Therefore, only four retailers were able to answer the majority of these questions.

Question 1: Did you communicate directly with all your suppliers? If so, how did you manage this communication? Did you work across your buying teams? If not, why?

• Retailer 5, Retailer 8. Retailer 2 and Retailer 6 (4/8) were unable to answer this question. Note that Retailer 8 will communicate to their suppliers beginning February 2023.

• Retailer 4, Retailer 3, Retailer 1 and Retailer 7 communicated directly with their buying teams and directly with their suppliers.

• Retailer 4 focused on engaging suppliers incredibly early and found that to be helpful.

• Retailer 3 did communicate directly in person at a conference and also via email once.

Summary: All active retailers did communicate directly with their priority suppliers and worked across buyer teams.

Question 2: How did you feel about supplier engagement overall?

• Retailer 5, Retailer 8, Retailer 2 and Retailer 6 (4/8) were unable to answer this question.

• Retailer 4 and Retailer 7 both said they worked hard to engage suppliers with TSC-support and cited the amount of internal bandwidth it took to engage suppliers. They have both asked for more support in helping their suppliers understand THESIS and trainings.

• Retailer 1 was positive about the changes for THESIS 2022 and that "the kick-off was really crisp and explained the why to suppliers." Overall, they were happy with the supplier engagement and asked for more buyer training.

• Retailer 3 gave pointed feedback about their disappointing campaign and lack of supplier engagement, although noted that TSC did all they could to support the deployment of the campaign.

Summary: It is clear that supplier engagement takes bandwidth from retailers and retailers want more from TSC to help them engage suppliers.

Question 3: What roadblocks have you experienced with supplier engagement?

• Retailer 3 and Retailer 6 both cited internal buy-in as a roadblock experienced in engaging their suppliers. For Retailer 3, "trying to get the attention of senior leaders internally and the perseverance required was something (we) didn't have the ability to do." Retailer 3 described themselves as a "cross-functional organization that requires getting and maintaining buy-in."

• Supplier education and ability to answer the questions were cited by 3/8 retailers. Retailer 4 and Retailer 2 stated that they would like suppliers to be able to see the questions before they purchase a license to better help them understand the questions.

• Retailer 1 also said that suppliers aren't sure how to best answer the questions, so they don't and that many of their suppliers do not feel "equipped" to answer the questions.

• Retailer 4, Retailer 2 and Retailer 8 (3/8) said that they feel the burden of asking suppliers "to do yet another thing," and were wary of overburdening their suppliers.

• Retailer 7's response differed from others – they replied they had "reached a point of saturation" where those that could answer THESIS already have and

that, aside from mandating THESIS, they aren't sure how else to get them to do it.

• Note that Retailer 1, Retailer 7 and Retailer 4 also all cited issues with shared suppliers not sharing across multiple retailers. For example, Unilever would share with one retailer, but not with another.

Summary: Retailers cited many roadblocks to supplier engagement (including internal buy-in, need for more training and survey fatigue) and there was not a clear trend towards one specific roadblock versus another.

It should be noted that Retailer 4, Retailer 3 and Retailer 1 also adjusted their campaigns to align with Walmart at the request of suppliers. Retailer 4 was the only retailer to note this during the actual interview, but it can be assumed that this is a shared roadblock across a majority of the retailers.

Question 4: How likely are you to renew for a 2023 campaign? Why or why not?

• Retailer 8 is still deciding whether to sign an active THESIS contract and will decide only after reviewing THESIS 2022 data in March 2023.

• Retailer 4 is also not sure if they will renew their contract and is working with TSC on a proposal to leadership to request an expansion of their initial THESIS pilot for 2023.

• Retailer 7 is under contract for THESIS 2023 and will decide if they will renew again following THESIS 2023. Retailer 6 lives under Retailer 7's contract, so had no reply.

• Retailer 2 renews THESIS contract yearly and does want to think about how to use the contract more. They acknowledged it is "currently sitting idle" due to lack of internal prioritization.

Summary: The contract status of each individual retailer impacted answers to this question, with the exception of Retailer 3 who did not know their contract status at the time of the interview. Retailer 5 had ended their contract at the time of the interview.

Question 5: For 2023, we'd like retailers from 2022 to return to THESIS in 2023 and have a common start and stop date to help ease supplier confusion and show unity from many retailer customers and drive engagement. What do you think about this?

• All eight retailers responded "yes" to the idea of a common start and stop date for THESIS 2023.

• Note that the passive retailers answered this question theoretically, given they do not deploy specific active campaigns. However, they were still in favor of it.

• Retailer 7 noted specifically that the multi-retailer functionality of THESIS "does not exist," and that this approach might solve for this.

Summary: All retailers were supportive of a single THESIS campaign start and end date, as well as joint communication!

THESIS user experience as a platform

This set of questions was designed to capture retailer's views of the THESIS user experience on the SupplyShift platform, as well as the TSC Member Portal.

Question 1: Please describe your user experience SupplyShift platform for you as a retailer. What enhancements or changes would you like to see?

• Retailer 1 replied "it is what it is."

• Retailer 4, Retailer 2 and Retailer 5 both used the word "clunky" when describing the platform, and specifically referred to the inability to utilize the THESIS dashboard available for the retailer.

• Retailer 2 and Retailer 4 both said that the data dashboard was helpful and no changes were needed. They both did say it would be helpful if there was some automation or API options.

• Retailer 7 was overall favorable in the potential for the utility of the platform and requested more training from SupplyShift to utilize all the capacities of the platform, as well as an instructional guide.

• Retailer 8, Retailer 6 and Retailer 3 had no feedback.

Summary: The major theme across these questions was that THESIS was "clunky." Overall, the feedback on the SupplyShift platform was that it was good and added to the quality of THESIS.

Question 2: How familiar are you with the TSC Member Portal? Thoughts on the portal?

• This question was applicable only for TSC-member (6/8) retailers.

• Of these six retailers, half of them (Retailer 3, Retailer 6 and Retailer 7) said they barely or have never used the TSC Member Portal.

• Retailer 4 is actively using the TSC Member Portal to explore assessments and are excited to use it more. They would like to use the Retailer Databank more and were disappointed that the current version doesn't have much information.

• Retailer 1 also uses the TSC Member Portal and likes it.

• Retailer 2 did not answer this question.

Summary: While half of the TSC members don't use the TSC member portal, two active members do and described it favorably.

Highlighted Retailer Feedback

• "Questions are awesome and relevant. Indeed, where THESIS excels is in giving that stakeholder feedback."

• "We are a cross functional organization that requires getting and maintaining buy-in and needing to work across layers in the hierarchy. One big goal is to get super clear on our cross-functional stakeholders and try to engage in a more formalized stakeholder analysis and figure out a communication strategy for these audiences that works."

• "We found interesting things from sending assessments to get commodity information, but if we are going to do the effort to gather the information, it needs to be informing a commitment. We need to be planning to DO something with the data, especially as suppliers pay to participate."

• "TSC provides support – and when I say support, I mean soft things like responding to questions, giving advice, collaboration and having a partner, alongside the extensive knowledge TSC brings. Having someone pick up the phone to talk with us about things…it makes us feel we aren't alone in this."

• "We are not a business that tells our suppliers what to do and we've been thinking about that carefully. How we can do something that breaks suppliers into THESIS, so we can break down the barriers and get them to do more and more?"

Next steps

In addition to this internal, confidential TSC report an anonymized report will also be made available to all THESIS retailers and those who agreed to be interviewed. This will be completed and sent in mid-February.

Appendix

Retailer X insights

• Retailer X is prioritizing private-label brands over national and global brands (like Retailer 8)

• Retailer X uses SupplyPilot to assess their suppliers on animal welfare and other issues. It is retailer-specific and is not global in scope.

• The biggest roadblock for THESIS use is that Retailer X wants a system that can integrate the data directly into their Retailer X specific database. Retailer X shared that SupplyPilot can do that, but THESIS cannot.