Business Led ESG Collaboration: How-to Guide for Business

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Table of Contents

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Introduction

Business leaders recognize that to address society's challenges and ensure their businesses are future-fit, they need to collaborate with others. To advance a sustainable future for themselves, their industry and society, business-led collaborations are essential. By collaborating, businesses can research trends and issues, learn about best practices, develop transition pathways, co-innovate and fund solutions, engage suppliers and other sectors, partner with government on sustainable innovation and public policy, partner with the non-profit sector, mobilize capital, transform markets, and use the influence, reach and scale of their sector.

This is a guide to help Canadian businesses understand opportunities to join existing or launch new collaborations to improve the social and environmental performance and impact of their sector – while de-risking their industries. With this guide, businesses have a roadmap to address the sustainability priorities of their sector and stakeholders. The guide is a valuable resource for other organizations (e.g., government, non-profits, post-secondary institutions) seeking to engage business and industry on social and environmental issues. Leading businesses are encouraged to use these resources for strategies to engage their peers, competitors, suppliers, and business partners and customers on the opportunity of collaboration for a sustainable industry and future.

> ***A business cannot become sustainable on its own. It needs to collaborate with its peers and adjacent industries to enable its transformation. Business Led ESG Collaborations are essential platforms to foster the transition to a sustainable future for sectors and society.***

What is a Business Led ESG Collaboration?

A business led ESG collaboration is a group of businesses in the same industry or across the industry's value chain that voluntarily come together to tackle their social and environmental risks and impacts. They frequently seek to invent and co-create a sustainable pathway for their sector. They focus on non-commercial, pre-competitive collaboration.

They:

- Focus on purely environmental or social topics, or a combination thereof.
- Range in coverage, from regional, to national or global.
- Are launched by a group of businesses, an industry association, or a convening group.
- Are described as a roundtable, group, initiative, council, alliance, coalition, network, or collaboration.
- Often use the term sustainable or sustainability and include the name of the industry or product in the name of the group.

A collaboration is not a one-on-one partnership or joint venture, or a public-private partnership. Instead, it is a multi-organization undertaking to collaborate on shared goals.

Collaborations involve participants working together to achieve a common goal or purpose. They share risks, responsibilities, resources, and benefits and adhere to a shared process for decision-making.[1]

This guide does not address multi-stakeholder collaborations involving business and led by government or the non-profit sectors. While they share many similarities and have many benefits, they are not the focus of this guide.

Terminology

There are several terms, often used interchangeably, to refer to the social and environmental performance, impacts, and risks of the private sector:

- Corporate Social Responsibility (CSR)
- Environmental, Social, Governance (ESG)

[1] BSR: Private Sector Collaboration for Sustainable Development

- United Nations Sustainable Development Goals[2] (UN SDGs)
- Sustainability

This guide uses ESG as the umbrella term for all these practices, which generally refers to the consideration of social and environmental factors in business and how they are governed. The chart below sets out some of the common ESG focus areas for business collaborations found in the profiled case studies.

Common ESG focus areas for business collaborations

Environment	Social	Governance
Climate change Water and ocean health Circular economy Biodiversity	Diversity, equity, and inclusion Human rights Rural development Health Food security	Sustainability management Sustainable procurement

Collaborations pursue different strategies to advance the ESG performance of their members, for example, they:

- Improve the industry's social and / or environmental practices
- Advance innovation in product reformulations and the product value chain
- Transform the system in which the industry operates to be more aligned with planetary boundaries and human flourishing

They differ by complexity, degree of impact, time frame (short or long-term) and system orientation.

Inventory of 100 Business Led ESG Collaborations

There are hundreds of business led ESG collaborations around the world, for a myriad of sectors. Before starting a new collaborative, click here to access the Business Led ESG Collaboration Inventory and determine if your sector is represented and if an ESG collaboration already exists that you can join.

Case Studies in Business Led ESG Collaborations

The following 12 ESG collaborations are profiled in this case study report. Consult these examples to learn about their purpose, list of sectors and stakeholders involved, ESG focus areas, sponsoring organization,

[2] United Nations: The 17 Goals

governance, achievements, and best practices. This is a source of ideas for your own collaboration.

Global Convening Organizations

1. Business for Social Responsibility (BSR)
2. Forum for the Future
3. World Business Council for Sustainable Development (WBCSD)

Business Led Collaborations

4. Canadian Roundtable for Sustainable Beef (CRSB)
5. The Edible Fats and Oils Collaboration
6. The Global Agribusinesses Action on Equitable Livelihoods (GAA-EL)
7. Global Business Coalition Against Human Trafficking (GBCAT)
8. Healthy Business Coalition
9. The Partnership for Global LGBTI Equality (PGLE)
10. Potato Sustainability Alliance (PSA)

Non-profit Led Business Collaborations

11. The Marine Stewardship Council (MSC)
12. We Mean Business Coalition

Business Case and Drivers

Before considering launching or joining an existing ESG collaboration, it is important to understand why and how your business might benefit from engaging in this type of undertaking. In addition, your company has the potential to be a catalyst for collaborative action that will influence the potential for your industry, supply chain, and customer base to be a part of positive social and environmental outcomes. The private sector has a sizeable role to play in reaching Canada's commitments to the Paris Agreement, the 2030 Agenda for Sustainable Development, and Net-Zero 2050[3] however, business as usual will not enable us to reach these goals. As set out below, collaborations are rising in importance as a tool to help business succeed in ways that advance a sustainable future for all.

Why Collaborations and Why Now?

Urgent Demand for Solutions to Environmental and Social Problems

The World Economic Forum's global risk report reveals that social and environmental trends are likely to have a significant negative impact on business, the world economy and society overall. These trends were exacerbated by the global COVID-19 pandemic and highlighted the need for these challenges to be addressed at pace and scale. Collaboration is one such way to accelerate the development and adoption of solutions for industry and society, while building resiliency across organizations and sectors.

Stakeholder Expectations

Canadians are shifting their ideas about the role of business in society. The private sector is experiencing increased pressure from employees, consumers, and shareholders to address these urgent societal challenges. The list of issues for which society holds business accountable is ever increasing, and as ESG gains traction, so does the risk associated with failing to deliver.

Collective Impact

There can be limits to how far a single company can go in advancing ESG initiatives without reducing profits or losing market share, but if an industry moves together, it can make much more significant progress.

[3] Government of Canada: Canada's Climate Plan

These imperatives create the burning platform or ambition for businesses to collaborate with other businesses to advance social and environmental progress in their firms, in their industry and society overall.

Business Case for Launching or Joining an ESG Collaboration[4]

In addition to the societal case, there are several benefits businesses can realize from collective action on ESG issues. They include the following fifteen potential benefits.

1. **Leverage Scale:** Through economies of scale, businesses can use their broader influence and reach to achieve successful, more impactful, and enduring ESG outcomes.
2. **Pool Resources:** Businesses can mobilize and pool their resources to collectively tackle an issue in cases where they lack the resources to do so on their own.
3. **Access Assets:** Industry collaborations enable businesses to access each others' networks, skills, technologies, physical assets, and expertise.
4. **Share Risks:** Working together, businesses can share the risk of new approaches with peers.
5. **Shape Standards:** Business collaborations can create or influence industry ESG standards.
6. **Increase Efficiency:** It is less resource and time intensive to address ESG issues and engage key stakeholders through collective action; some stakeholders may prefer to work at the sectoral level rather than with a single business.
7. **Manage Risks:** ESG issues can pose significant risks to businesses and their value chains. Through collaboration, sectors can identify and tackle the risks together.
8. **Build Reputation:** Collaborating on shared ESG issues builds industry trust, credibility, and reputation and can help build a sector's social license to operate and grow.
9. **Meet Expectations:** Collaborative industry ESG leadership can address employee, investor, customer, regulatory and community expectations.
10. **Influence Policy:** By working together businesses can shape, influence, and prepare for government ESG regulation; business collaborations can more easily influence policymakers than any one organization alone.
11. **Attract Funding:** ESG collaborations can leverage and stimulate government and philanthropic funding (e.g., foundations and donors).
12. **Build Relationships:** ESG collaborations can build positive government and stakeholder relations.
13. **Attract Partners:** Industry ESG leadership can attract partners who share the initiative's goals and can contribute funding, insights, expertise, networks, and other capacity on ESG thus increasing the probability of moving the needle on an issue.
14. **Demonstrate Leadership:** An industry ESG collaboration can show business ESG leadership provincially, nationally, and globally.
15. **Accelerate Innovation:** Industries working together can unlock sector-wide market opportunities.

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[4] Adapted from "The Sustainable and Just Association: The Role Associations Can Play to Help Their Members Accelerate a Just and Sustainable Future."

Drivers of Collaboration

As noted earlier, businesses cannot become sustainable on their own. They need to collaborate with peers and adjacent industries to enable their transformation to a sustainable future for themselves and society. By working together, businesses can mobilize their collective assets to tackle their shared risks, barriers, and opportunities, design the ESG transition pathway[5], and put themselves and society on a sustainable course. These are the drivers of collaboration, that reinforce and complement the business case.

Collective Impact

Engaging in collaboration allows organizations to reach significantly higher levels of impact on a unifying goal. Recognizing that the scale of the challenge at hand could be better influenced by leveraging pooled resources like knowledge, skills, and physical assets, collaborations achieve greater impact thanks largely to collective contributions.

Increased Awareness and Credibility

Collaborations have the ability to bring increased attention to a critical issue. As more stakeholders engage, the visibility of an issue has greater potential. An industry, for example, can more effectively engage policy makers than any one organization can do on their own.

Solutions to Internal Sustainability Barriers

In the process of addressing their ESG impacts, risks and opportunities, businesses confront several internal challenges. This includes difficulties engaging suppliers to improve their ESG performance, inability to access the technology to address an ESG issue, lack of size to influence market demand, shortage of workers trained on a particular ESG competency, etc. By working with collaborators, even competitors, companies can access new insights and resources, and create economies of scale to make progress on their own internal strategies.

[5] Transition pathways outline one or more "paths" that an economy, industry, or region can take to get from 'Point A' (the current states of things) to 'Point B' (a desired future state.

Steps to Implementing an ESG Collaboration

Whether starting a new collaboration initiative or seeking to join an existing one, the following steps are critical. Executing each phase effectively can best equip your organization for impactful collaboration.[6]

Phases and Steps to Collaboration Implementation

1. Preparation	2. Design	3. Purpose	4. Management	5. Closure
Evaluate the opportunity	Identify and engage partners	Set purpose and vision	Build relationships	Pivot or sunset the collaboration
Explore existing collaborations	Develop governance model	Establish strategic approach	Measure impact	
	Engage internal organization	Prioritize ESG practices		

This section elaborates on these five phases and eleven steps to implementing a successful ESG collaboration.

Phase 1: Collaboration Preparation

1. Evaluate the Opportunity

It is paramount to dedicate time and resources to identifying what the problem or opportunity is, and whether or to what degree starting or joining a collaborative initiative with other businesses in your sector is part of the solution.

One useful approach is to develop your theory of change:

- Describe the current state of the ESG issue you seek to address, this includes data, market barriers, etc.
- Clarify the desired end state. What does the world look like, with regard to this issue, if your collaboration is effective? What do you aspire to achieve by what date?
- Outline how you are going to get from where you are to where you seek to be. This includes inputs, activities, outputs, and outcomes.

Once you have framed the problem or opportunity a collaboration can address, look internally to see what resources and unique value your business can bring to a collaboration. Considering that leveraging pooled assets is a benefit of collaboration, it is beneficial to have a clear repertoire of what exactly your

[6] Adapted from [BSR: Private Sector Collaboration for Sustainable Development]

organization can offer. The most common assets businesses bring to collaboration are financial resources, industry expertise, experience, relationships, and ability to scale but you are encouraged to use your creativity to identify other leverageable assets.

Next, assess what your business does not have, or what it might need to gain from a collaboration. An understanding of what potential partners can offer will build stronger, more effective partnerships.

Following this review, determine the benefits of a business collaboration. See the business case for collaboration on page 7 for business case ideas to inform this step. Establishing the business case for engagement is essential for generating sustained commitment, as well as for securing required internal and external buy-in. Identify any possible red lines, or no-go areas, that will affect the collaboration.

Once the company has confirmed the benefits and focus for a collaboration, the next step is to determine what level of support the company should and can provide to resource the effort. This involves securing internal leadership support, allocating resources, and assigning the right staff to participate and represent the company.

It may be helpful to think of collaborative efforts as another form of R&D: a business function that requires space, time, and resources in order to deliver value back to the company in the form of new ideas, approaches, products, and services. Staff who participate in the collaboration can then deliver on the company's responsibilities and confidently make decisions on behalf of the company.

2. Explore Existing Collaborations

Business Led collaborations exist in abundance. It is important to consider whether a collaboration related to your ESG goals already exists. For a non-exhaustive list relevant to Canadian industry, please refer to this Inventory of Business Led ESG Collaborations. Review this list to see if there is a collaboration in your sector you can join right away.

If seeking to join an existing collaboration, compare options and determine if there is a common purpose. Will this collaboration help you with what you hope to achieve? Make sure you understand what partners are contributing, what you are expected to contribute, and if the collaboration will ultimately be a good fit in helping your organization further your ESG goals. If these elements are in place, join an existing collaboration.

The remaining steps focus on designing a new collaboration, and it is recommended you read this section, whether or not you plan to initiate one.

Phase 2: Collaboration Design

If indeed you have found a collaboration gap in your sector or across your value chain, and intend to start one, the following steps build off the pre-collaboration phase to help you design a business led ESG collaboration.

3. Identify and Engage Partners

In order to mobilize your business partners in an ESG collaboration, visualize or map the value chain[7] of your industry. Identify the businesses up and downstream of your operations that are needed to collaborate on the ESG issues you have identified. This can include buyers, investors, and other industry partners. Consider also including industry associations, standards bodies and academic or scientific institutions in your mapping exercise. Once you have determined the ideal partners, prepare a briefing paper or background document that sets out the opportunities of collaborating on shared ESG goals, including the findings from Step 1. Use this briefing paper to initiate a discussion with prospective partners with the aim of recruiting them to join the collaboration.

At this point you may decide that going through your industry or professional association to launch the collaboration is the most viable option. See the resources section for guidance on the role associations can play to convene the industry value chain to collaborate on shared ESG goals.

4. Develop Governance Model

Once you have confirmed your industry partners are interested in an ESG collaboration, you are ready to set up the governance and engagement structure for the collaboration. This is a shared undertaking.

As is the case with any business relationship, outlining expectations early can optimize engagement. With clear terms of reference being the minimum requirement, the collaboration will require a governance structure that suits its unique needs.

It is important to formalize the rights and responsibilities of collaboration members in a document that all can agree on including procedures for decision-making and voting.

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[7] A value chain is the full range of activities needed to create a product or service from sourcing inputs, through manufacturing, distribution, customer use and relationships, and disposal / end of use phases.

An operating charter may be a useful framework. Here is an example: "The Global Business Coalition Against Human Trafficking: Operating Charter." The World Business Council for Sustainable Development also has a Sector Project Board Charter framework which can be used as a resource. Page 21 of the Business for Social Responsibility report on Private Sector Collaboration has a checklist to inform collaboration governance and structures. See Appendix A for a Governance Case Study of the Potato Sustainability Alliance.

At this juncture, you and your business partners should decide on the facilitation process. Your options include: 1) one company takes on the convening, coordination, and facilitation role; 2) the group agrees on and pays a third party to perform this function; 3) the group sets up and resources a secretariat to organize the initiative. Whatever approach you take, the facilitation team should collectively have management, facilitation, and topical expertise, allowing them to develop viable strategies, navigate nuanced negotiations between members, and represent the collaboration in public forums. See page 40 of the BSR report on Private-Sector Collaboration for Sustainable Development for examples of responsibilities for secretariat staff.

When the collaboration is getting started, its organizational structure should remain agile, like a startup. Collaborative efforts are often fluid, with their membership, governance and organizational models evolving to accommodate the needs of each phase of their growth and development.

Depending on the type of partnering organizations, and whether they include suppliers or competitors, it may be important to develop an anti-trust compliance policy or non-solicitation policy.

Consider whether you would like to have observers, scientists, or advisory councils supporting the collaboration. Many business led ESG collaborations go this route, so it is something worth including in your governance model.

Determine your funding model and how you will resource the collaboration over time. Get your financing in place early. Options include corporate sponsorships, membership dues, foundation grants, government grants, multi-lateral agency support, private donors, fees for services, etc.

Look to see if it is possible to replicate governance structures other organizations in an adjacent sector or international body have adopted. Explore whether they have initiated an ESG collaboration, and if they have, learn from their model, and use it to inform yours.

5. Engage Internal Organization

To be a supportive partner in collaboration it is imperative that your company has senior level buy-in. Ideally, your involvement in or design of a collaboration is part of your company's organizational strategy signaling long term commitment to the ESG collaboration.

Effective collaborations involve people in different functions within the organization, from product development to marketing and sales to operations. Staff need to be involved from the start to help design the initiative and ensure its learnings are applied across the company. Your company's CSR / ESG practitioners are also valuable contributors. They can provide subject matter expertise and act as the conduit for knowledge transfer.

Forming these uncommon relationships across your company allows for new ideas and communication pathways to form. This underlines the benefit of these forms of collaboration as they remove barriers created by organizational silos thus better enabling innovative solutions to emerge. Collaboration participants should be empowered and encouraged to share learnings from the collaboration internally to foster accelerated innovation across the company.

Phase 3: Collaboration Purpose

Once you have convened your partners, established your governance model, and engaged your organization, you should determine the focus for your collaboration.

6. Set Purpose and Vision

To establish the purpose and vision of the ESG collaborative, additional research on the shared ESG challenges, risks, and opportunities your industry faces will be needed. It is important that participants in your collaboration have a shared understanding of the "burning platform" (urgency) or "burning ambition" (motivation) and the imperative for collective action.

The collaboration may want to embrace "future-fitness" for the industry, meaning setting a goal for the industry to be relevant in the future. This would involve understanding and addressing leading trends in sustainable business. This report on the Future of Business in Society may help inform this effort.

As an example of innovating a transformational roadmap for its sector, the Sustainable Cosmetics Summit was held in 2022. The future-focused topics of the Summit included the following, which give insights into how an industry collaboration can bring forward future-focused issues that its sector can tackle together:

- Sourcing from regenerative agriculture
- Blockchain for ingredient traceability
- Regenerative approach to product design

- Upcycled ingredients for cosmetics
- Innovating with carbon-captured molecules
- Plant-based cosmetics and veganism
- Moving to plastic-neutral cosmetics

After your group has a shared understanding of the issues and opportunities, bring them together to determine the purpose and vision of the collaboration. The purpose refers to why your collaboration exists, and the vision refers to where it is headed, or how participants and the world are made better in the future as a result of the collaboration.

Use the Business Led ESG Collaboration Case Studies for examples of the purpose and vision statements that other business ESG collaborations have set. Consider using the UN SDGs (multi-issue) or the goals of the Paris Agreement (climate change focus) as a resource in this exercise, the latter if addressing climate change is a priority.

If using the UN SDGs, you might wish to survey participants on the risks and opportunities of not achieving the SDGs. Here is a resource you can tailor to your initiative: UN SDG Risk Management Tool. With the results of this survey, it is possible to determine the focus of your purpose and vision.

Collaboration purpose and vision statements can range from improving ESG practices, to redesigning products and shared value chains, to transforming the system in which the industry operates – to developing and executing a social purpose for the industry to help society address its challenges. Work with your partners to develop and agree on a long-term purpose and vision for your ESG collaboration.

> ***"The most successful collaborations have high ambitions, a clear objective and shared understanding of what all the parties are trying to accomplish… Successful collaboration is not easy, so I have seen companies — and stakeholders — inspired by big goals. Without those big goals, you are going to see incremental progress."***

Aron Cramer, CEO, Business for Social Responsibility

7. Establish Strategic Approach

It is important to gain alignment with your company and industry partners on the scope of change that the collaboration seeks. The continuum below may be helpful to secure agreement from partners. Review the continuum and discuss with your collaborators the level of ambition they aspire to. Which of these four levels does your collaboration hope to target?

Strategic approaches to Business Led ESG Collaborations: What is your ambition?

Level 1 Improve ESG practices	Level 2 Manage value chain risks	Level 3 Transform ecosystem	Level 4 Adopt social purpose
Participants agree and execute on common social & environmental performance improvements	Participants understand and address shared social and environmental risks in their value chain	Participants convene their broader industry ecosystem and create an ESG transition pathway	Participants agree on their collective purpose to help address society's challenges

Once you have determined the strategic approach to fulfilling your purpose and vision, the next step is to determine goals, targets, metrics, and a timeline for achieving them. These goals, targets and metrics will set the strategic course for the business led ESG collaboration and become the basis for reporting later.

8. Prioritize ESG Practices

Now that you have determined the purpose, vision, goals, targets, and metrics of the ESG collaboration, you will want to get agreement on the key ESG practices to pursue together.

The following graphic provides a set of practices your collaboration can review and prioritize. It is divided into foundational practices for collaborations just starting out and more advanced practices. For more information on the graphic, please see The Sustainable and Just Association: The Role Associations Can Play to Help their Members Accelerate a Just and Sustainable Future.

ESG Practices for Business Collaborations

www.corostrandberg.com

Another resource for ESG practices is the [Business Led ESG Collaboration: Case Studies] report, which profiles 12 industry ESG collaborations and lists some of their key ESG undertakings. For example, the Edible Fats and Oils Collaboration has plans to shape investment policies and legislation and help bring new innovations to scale.

Review the ESG Practices for Business Collaborations rubric above, and / or the Business Led ESG Collaboration Case Studies and prioritize the practices you would like your collaboration to address. Get agreement from your partners on these priorities.

Phase 4: Collaboration Management

9. Build Relationships

The steps outlined above are foundational. Good governance, accountability, and shared goals are helpful, but will always be impacted by the human aspect. The success of any collaboration will depend on the ability of those involved to build and manage meaningful relationships. In an increasingly remote or hybrid work environment, it can be difficult to maintain effective human interaction but paying attention to and nurturing the relationships involved in the collaboration will support its success.

These are some key action steps to ensure trust is built between participants:

- Secure agreement on policies, procedures, and ways of working to create a safe space to collaborate.
- Build trust over time as participants are held accountable for the actions they commit to.
- Learn to take risks together in a way that mitigates their impact or realizes their potential.
- Include opportunities for face-to-face interaction, where possible.
- Work on a project together that results in success that no one group could have achieved on their own.
- Share successes and celebrate wins, giving credit where it is due.

10. Measure Impact

With a shared goal in mind and a framework in place to address it, it is critical to evaluate progress and note lessons learned. With the magnitude of pooled assets involved it is in all participants' best interest to make sure they are contributing to an impactful initiative. Measurement frameworks, accountability practices, and desired outcomes must be agreed upon and tracked along the life cycle of the collaboration. Accountability can be achieved by reporting on progress. It is also important to share how resources are being expended both internally and with external audiences.

The collaboration's purpose, vision, goals, targets, and metrics developed earlier will become the basis for monitoring, measuring, and reporting impact. See Appendix B for a Case Study of the Canadian Roundtable for Sustainable Beef's approach to impact measurement.

Here are three examples of collaborative successes and the impacts they can generate[8]:

Better Cotton Initiative	**Gavi Vaccine Alliance**	**Maritime Anti-Corruption Network**
More than 12 percent of global cotton production is produced by farmers who have been certified by the Better Cotton Initiative (BCI) for their adoption of more environmentally, socially, and economically sustainable production practices. BCI engages companies across the apparel value chain – from farms to fashion and textile brands – to make "better cotton" a commodity.	Half a billion children have been vaccinated and more than 9 million lives saved in the world's poorest countries since the founding of Gavi, the Vaccine Alliance, in 2000. Vaccine companies contribute to this public-private partnership with their research and technical expertise to supply vaccines that address the needs of developing countries.	The Maritime Anti-Corruption Network (MACN) is successfully driving progress to eliminate corruption across the maritime industry's value chain. For example, MACN influenced a new regulatory framework adopted in Argentina that was codeveloped between government and industry to increase the efficiency, integrity and transparency of dry-bulk vessel inspections.

[8] From BSR: Private Sector Collaboration for Sustainable Development (page 12)

Phase 5: Collaboration Closure

11. Pivot or sunset the collaboration

Over the lifecycle of the collaboration, it may need to consider different growth paths, including scaling to new geographies or sectors, spinning off, merging, or pivoting. Sometimes the collaboration evolves to become an independent organization. It may also be beneficial to end or "sunset" the collaboration.

Exit strategies are very beneficial to all stakeholders involved. Some shared goals may be established with an end-date in mind, but for those that are not, a tangible timeline can help steer progress and maintain momentum. Oftentimes an end-date can increase participation as organizations have a clear idea of the resource commitment expected of them.

Not all collaborations can or should have a clear end-date. In that case it should periodically evaluate its success to assess if the collaboration is continuing to further its shared purpose and delivering results; if it should pivot to meet new opportunities or address new developments; or if it has met its goals. If the latter, it can wind up its activities and issue a final report to stakeholders. To help design future collaborations, it can be helpful to debrief the initiative and understand lessons learned

Critical Success Factors

To achieve success implementing these five phases, developing a successful business ESG collaboration requires special attention to five key fundamentals, as outlined below.[9]

1. Shared purpose

Business partners should agree on a common purpose that forms the basis for how all participants will benefit from engaging in the collaborative effort in addressing an environmental and/or social challenge. The purpose should inspire all partners involved and define the value that independent partners may expect from their engagement. For optimal engagement, the shared purpose and desired outcomes should be defined by all participants.

2. Right Partners in the Right Roles

Those staffing the collaboration should be able to bring the needed level of authority and resources required to drive the collaboration forward. This will expediate the efforts of the collaboration and build the requisite trust to accelerate action.

3. Governance

While governance structures can take many forms, they all require efficiency, transparency, and equitable decision-making. Additionally, the governance of your collaboration should be designed to fit the specific purpose. Determining decision-making processes are a starting point, and as the collaboration grows, the governance may evolve to include boards of directors or sub-committees. See the Governance Case Study: Potato Sustainability Alliance in Appendix A for an example of collaboration governance.

4. Organizational Structure

An organizational design, inclusive of resourcing and staff considerations to operate effectively, is paramount. This includes how the collaboration will be financed as well as how and by whom it is managed and carried out. It may be of interest to leverage the experience of neutral third-party conveners of these types of collaboration to design and host the initiative. Historically, many collaborations are launched with contracted third-party conveners, and then become formal independent organizations at the appropriate scale.

[9] Adapted from BSR: Private Sector Collaboration for Sustainable Development

5. **Commitment and accountability**

For the respect of the partners at the table and the goals the collaboration has agreed to pursue, it is critical that the partners commit to measure the collaboration's progress. All partners must be held accountable to deliver on their organization's commitment. Evaluation is key and transparency and public reporting increases credibility. Levels of commitment, financial or otherwise, and expectations for accountability should be clearly defined in the collaboration's governance documents.

Barriers and Opportunities[10]

ESG collaborations can face barriers and challenges in their execution. These are the commonly found sticking points at different stages of the collaboration and strategies to overcome them.

Startup

- Lack of a "burning platform"
- Launching prematurely, before participants have bought-in
- Lack of business value for participants

To prevent these challenges when starting a collaboration, it is necessary to spend the time to prepare and engage partners. Collaborations take an average of 18 months to move from early discussions to launch. This is a longer time frame than most participants expect, but the time is well spent on attaining buy-in and developing the initiative's value proposition.

Early Implementation

- Negotiation breakdowns between critical participants
- Breaches of trust between participants
- Insufficient resources to meet the ambitions of the collaboration

The first two barriers can be overcome by spending time developing personal relationships and building trust. Trust is the glue that holds collaborations together when the going gets tough. Create opportunities for participants to meet in person and invest in building relationships to increase their commitment to each other and the effort.

[10] Adapted from BSR: Private Sector Collaboration for Sustainable Development (page 26)

To address the problem of resource constraints, ensure that the financial resource requirements are well-forecasted and secured early. Funding options include corporate sponsorships, membership dues, foundation grants, government grants, multi-lateral agency support, private donors, fees for service, etc.

Scaling

- Loss of enthusiasm / energy
- Inability to pivot to accommodate new developments
- Lack of a strategy for sunsetting

To keep the initiative current and fresh, consider rotating leaders to expose more people to the leadership role. This allows more organizations to participate in governance roles and creates natural periods for the initiative to refresh its strategic vision. The collaboration should also agree on indicators or milestones to review during each strategy cycle to determine when it is time to consider different growth paths, including scaling to new geographies or sectors, spinning off, merging, pivoting, launching a new organization, or sunsetting the collaboration. Some initiatives may determine from the beginning that they will be time-bound, lasting only a few years to accomplish their objective.

Cross-cutting

A generic, cross-cutting barrier to effective ESG collaboration across all stages is the lack of skills and experience in external collaboration. Businesses often do not have the in-house competency and know-how when it comes to partnering on ESG with organizations in their ecosystems. Here is a resource that can be used to develop training programs for teams involved in collaborations: Sustainability Competencies and Talent Management, pages 8 – 10. It sets out the foundational and advanced skillsets needed for external collaboration.

It is important to anticipate these barriers in advance and invest in the solutions, outlined here, to overcome them. Doing so will reduce burn-out and increase the likelihood of success.

Conclusion

This How-to Guide brings together the Business Case and Drivers, Steps to Implementing an ESG Collaboration, Critical Success Factors and Barriers and Opportunities to create or join an industry ESG collaboration. It also provides links to a database of business collaborations and 12 case studies of ESG collaborations.

With this information, business and industry groups are equipped to begin the multi-year process to transition their organizations and sectors to be future-fit, resilient, and positive contributors to society. These collaborations are essential to foster a sustainable future for all.

Appendix

A) Governance Case Study: Potato Sustainability Alliance

The Potato Sustainability Alliance (PSA)[11] consists of growers, supply chain partners, non-profit organizations and advisors working together to improve the economic, environmental, and social aspects of potato production in the United States and Canada. The Alliance works with members to support the identification and adoption of sustainable production practices and meet consumer and market expectations by benchmarking and communicating the sustainability performance of potato production.

The PSA has a governance structure to support effective private sector collaboration. It's governance structure includes:

Board Of Directors	▪ The industry's value chain (Growers, Processors, Fresh Packers, Buyers, etc.) is represented on the board. ▪ Seats are filled annually and voted on by all PSA member organizations.
Executive Committee	▪ The Board of Directors elects a Chair, Vice Chair, Secretary and Treasurer who form the Executive Committee for two-year terms. ▪ The Executive Committee provides guidance to the PSA and oversees the strategy, budget, and annual work plan, between meetings of the Board of Directors.
Board Strategy Group	▪ A Board Strategy Group provides advice and direction on strategic aspects of program design and development to the Program Design Team. ▪ Consists of 4 PSA members who meet quarterly.
Program Design Team	▪ The Program Design Team participates in design and development of program framework and elements. ▪ Consists of 10 PSA members who meet monthly.

The PSA has bylaws (Bylaws of Potato Sustainability Alliance, Inc.) for how they aim to support their members. The charter is founded in values like being credible, transparent, farmer-centric, and simple.

> ***"Sustainability means leaving the land that's had the same last name for many years in better shape than I got it. I believe that by constantly honing our skills as sustainable farmers, we can deliver safe quality food to the world, while making sure our farm is constantly benefiting from those production methods."***

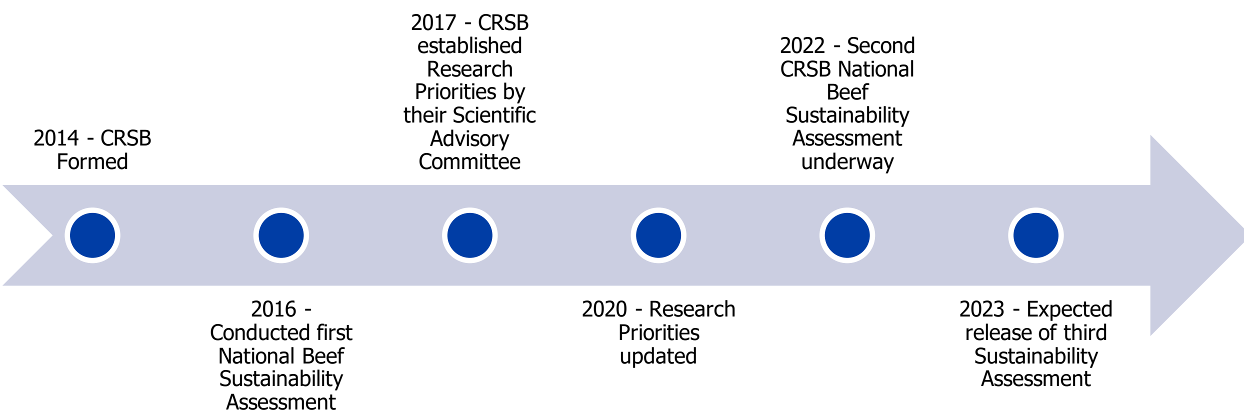
– Jason Kehler, PSA Grower

[11] https://potatosustainability.org/about-the-alliance/

B) Measurement Case Study: Canadian Roundtable for Sustainable Beef

The Canadian Roundtable for Sustainable Beef (CRSB)[12] showcases a strong history of effective ESG benchmarking for its participants and broader industry.

The CRSB is a collaborative community of stakeholders devoted to advancing sustainability within the Canadian Beef industry. Their membership includes organizations across the beef value chain and beyond: farmer/rancher associations, processors, food and agriculture businesses, retail and foodservice companies, academic institutions, governments, and observers. They define their purpose, mission, and vision and share it publicly. This case study focuses on one of three pillars of their work: Canadian Beef Sustainability Benchmarking.



These benchmarking and measurement efforts help the collaboration understand the industry's ESG progress. The first 2016 assessment revealed that the industry produced approximately half of the global average of the greenhouse gas emissions per kilogram of product produced. The CRSB [publishes the results of the benchmark] on its website and is transparent about the areas needing improvement. Their practices are exemplary of the value of consistent benchmarking in keeping collaborations impactful and effective. The original assessment informed the development of a collaboration strategy to steer future work. They designed assessments to occur every 5-7 years and are on schedule to release the 2023 assessment.

[12] https://crsb.ca/sustainability-benchmark/

C) Methodology

Desk Research:

Desk research was conducted to compile a list of 100 private sector Canadian and global industry ESG collaborations to understand the nature of the field. Twelve collaborations were then closely scanned to identify best and advanced practices.

Several published resources on this topic were leveraged for insights on business led collaboration. Please refer to the Acknowledgements section to access these additional resources.

Interviews:

Interviews were then held with executives from three international organizations who specialize in designing, launching, and facilitating successful and impactful business led ESG collaborations:

- Business for Social Responsibility (BSR)
- Forum for the Future
- World Business Council for Sustainable Development (WBCSD)

The research was conducted in 2021 and 2022.

D) Additional Resources

Business Led ESG Collaboration: Inventory. MaRS Discovery District

Business Led ESG Collaboration: Case Studies. MaRS Discovery District

Private Sector Collaboration for Sustainable Development. Report. BSR

Future of Business in Society. Report. Coro Strandberg

The Sustainable and Just Association: The Role Associations can Play to Help their Members Accelerate a Just and Sustainable Future. Report. Coro Strandberg

Intersectoral Collaboration Assessment Tool. Report. Township of Langley

Authors

Marek Nakonieczny, Associate, Business for Purpose Network at the MaRS Discovery District, researched and co-authored the guide.

Coro Strandberg, President of Strandberg Consulting, and a national ESG expert, provided advice on the research and co-authored the guide.

Allyson Hewitt, VP Impact at the MaRS Discovery District and co-founder of the Business for Purpose Network is a social innovation expert. As the staff lead on the guide, she helped shape its development.

About MaRS Discovery District

MaRS is North America’s largest urban innovation hub. The anchor of Canada’s tech ecosystem, MaRS helps Canada’s most promising tech companies grow and succeed. MaRS also convenes all members of the innovation economy to drive breakthrough discoveries, create jobs and make an impact by solving real problems for real people – in Canada and around the world.

Acknowledgements

Interviewees:

We would like to thank representatives from Business for Social Responsibility, Forum for the Future, and the World Business Council for Sustainable Development for their generous time and unparalleled insights cemented in global expertise on the benefits, barriers, and outcomes of starting or joining environmental or social private sector collaborations. Without their willingness to collaborate we could not have created this guide. We would especially like to thank BSR for permission to excerpt sections from their guide on private sector collaboration.

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