Leveraging the Power of Collaborations

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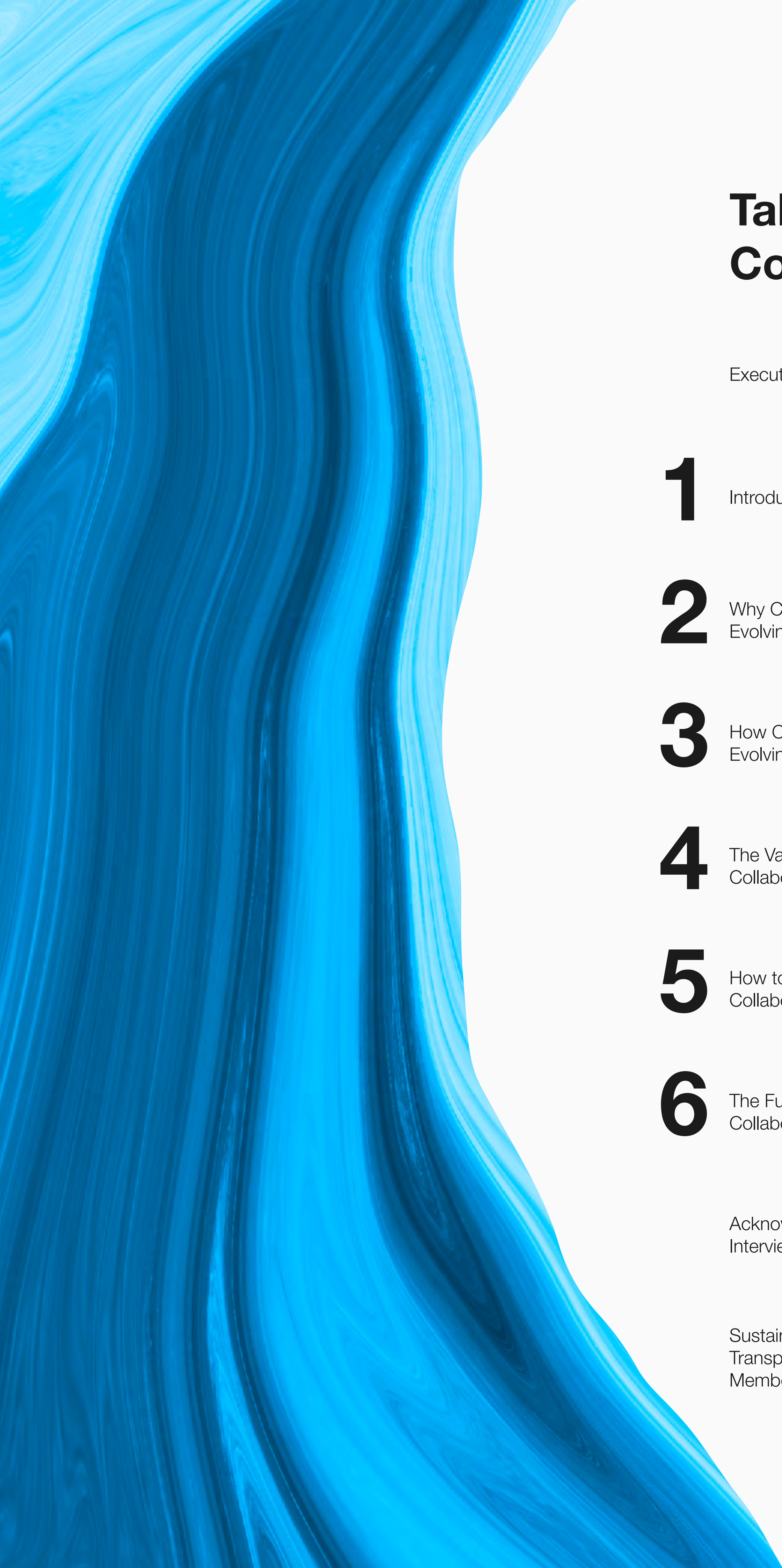
The SustainAbility Institute by ERM



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Executive Summary

Collaboration is increasingly recognized as necessary for making progress on the systemic challenges at the forefront of the sustainability agenda. The desk research, focus groups, and interviews undertaken in developing this report explored the dynamics driving the evolution of company collaboration in and across sectors and highlighted some of the innovative collaboration models that have developed. Our research also led us to create a collaboration life cycle framework to guide sustainability practitioners during development of and participation in effective and impactful collaborations.

Why collaborations are evolving

We identified several factors driving and enabling the evolution of collaborations:

- **Stakeholders expect more ambition and transparency from companies, even on topics that companies do not directly control.**
- **Increasing urgency on sustainability topics is serving as an accelerant.**
- **Uptake of the United Nations Sustainable Development Goals (SDGs) is enabling cross-sector and multi-stakeholder partnerships.**

How collaborations are evolving

As a result of the drivers, corporate engagement in multi-stakeholder initiatives is shifting:

- **Companies are being more proactive and strategic with time and resource investments.**
- **The private sector is overcoming competitive barriers to solve more systemic problems.**
- **Convening models are diversifying to shape and support more successful collaborations.**

The value of collaboration

Core benefits

- Achieves greater impact
- Spurs internal action
- Engages stakeholders and develops external advocates
- Provides credibility and comfort to companies by letting them move with a pack

Additional benefits

- Enhances reputation and legitimacy
- Helps companies and individuals gain access to expertise, skills, or other assets
- Offers a safe space to share challenges and develop aligned approaches
- Unlocks business opportunities by overcoming industry-wide challenges
- Provides outsourced logistical and administrative support

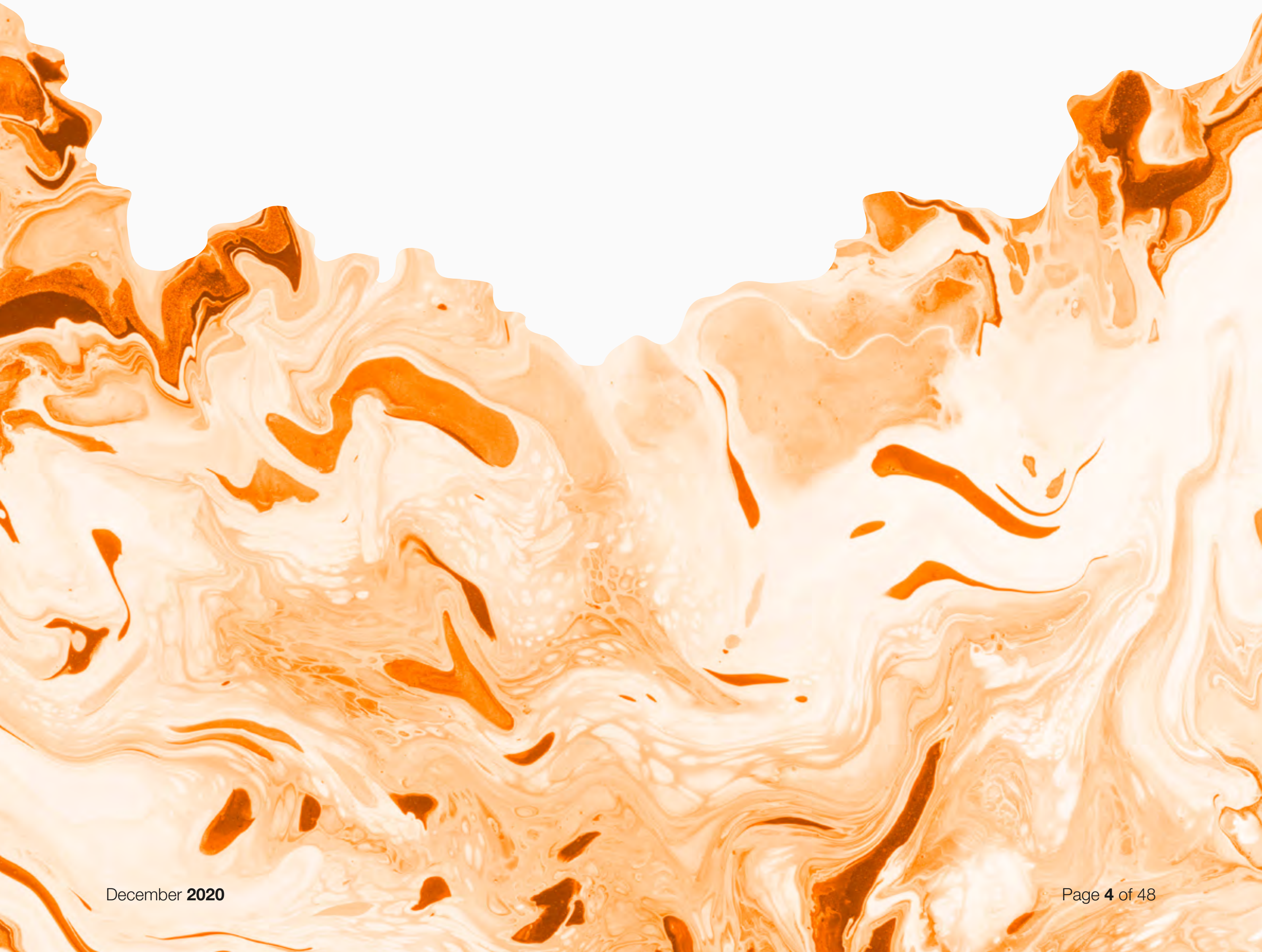
How to be an effective collaborator

Develop a collaboration strategy

Companies benefit from having a high-level strategy to guide how the company and its sustainability team approach collaborations. Designing a thoughtful approach is an essential step, and the strategy should consider the following fundamental areas:

- **Vision** — set out a high-level ambition for the company's collaborations.
- **Breadth vs. depth** — outline whether the company will focus on a few initiatives or spread itself out across many.
- **Type** — identify specific models that the company prefers, e.g., peer coalitions or multi-stakeholder groups focused on policy reform.
- **Sustainability strategy alignment** — ensure focus on material issues and support of company goals.
- **Business strategy alignment** — lay out how the collaboration strategy supports the overall business goals.

> Our partnerships are built on the greatest contribution we can make as a business. We seek to collaborate where we can deliver the greatest business value and long-term, sustainable societal benefit.
>
> **Susan Beverly**
> *Senior Director of Sustainability & Shared Impact*
> ***Abbott***



Manage collaborations throughout their life cycle

We have compiled best practice guidance for managing collaborations throughout four major lifecycle milestones. Following the suggestions outlined for each milestone will help ensure effective and impactful collaborations.

Phases of the collaboration life cycle

The future of collaboration

We identified several trends that will shape collaborations over the next next 3–5 years:

- Diversity, inclusion, and equity topics will be the focus of new collaborations.
- Collaborations will increasingly address intersectional challenges.
- Broadening coalitions will drive innovations in collaborations.
- Despite technological advances, future collaborations will still lean heavily on interpersonal connections.

Our research shows that the private sector is taking a more active role in developing collaborations. Companies are finding new ways to drive change within industries and across sectors through unique models and funding structures. But the stakes could not be higher. We need more action. Our hope is that the recommendations shared in this report will help corporate sustainability practitioners be effective participants in and organizers of collaborations designed to help build a more sustainable world.

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Introduction

Corporations have been leveraging collaborative multisector engagements to tackle sustainability topics for decades. Issues like climate change, water scarcity, income inequality, education, smart cities, and others require collaboration to enact change. Shifts stemming from the COVID-19 pandemic have added complexity and urgency and increased the potential for innovative solutions to emerge. While sustainability issues have increased in intricacy due to broad-sweeping societal and political changes, our research shows that companies are evolving their approaches to collaboration to meet the increasing demands these challenges pose.

In this report, we build on SustainAbility's 2015 report *Orchestrating Change* to explore the dynamics driving the evolution of how companies collaborate. We also highlight some of the innovative models of collaboration that have developed. In the second half of this document, we outline a collaboration life cycle framework to guide practitioners during development of and participation in effective and impactful collaborations.

Objectives

This research examines the current state of collaborations in order to:

- Highlight the application of collaborations to solve systemic challenges.
- Outline best practices and emerging approaches.
- Understand the key aspects that contribute to successful collaborations from both corporate and stakeholder perspectives.
- Provide practical guidance on how to determine when to join or start a collaboration and how to design partnerships for success, measure progress, navigate changing contexts and demands, and how to know when and how to end a collaboration.

Methodology

- **Desk research:** We conducted a literature review on the current state of collaborations that include the private sector.
- **Data analytics:** Additionally, we used Datamaran's patented technology to pull data on private sector communications on collaboration.
- **Focus groups:** We conducted focus groups with a dozen members of the SustainAbility Transparency Network (STN) representing 10 companies. STN members are corporate practitioners with experience and knowledge of collaboration efforts at their organizations and across the field.
- **Interviews:** We held interviews with an additional 30 experts and practitioners from companies, academia, non-governmental organizations (NGOs), and governmental experts in which we explored drivers for collaboration and keys for success.

Glossary

For the purpose of this research we have used the following definitions:

- **Collaboration:** A multi-stakeholder voluntary partnership, including at least one corporation and focused on addressing a sustainability topic.
- **Sustainability topic:** Any environmental, social, or governance (ESG) issue that a company and/or society may be facing.
- **Stakeholder:** An individual or group who affects and/or who could be affected by an organization's activities, products, or services, and/or by the organization's performance. Stakeholders include government, suppliers, investors, customers, employees, local communities, NGOs, labor groups, trade associations, and peers.

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Why Collaborations Are Evolving

When exploring the current state of multi-stakeholder collaborations involving the private sector, we found it illuminating to examine some of the factors driving and enabling the evolution of these initiatives.

Stakeholders expect more ambition and transparency from companies, even on topics that companies do not directly control

Shifting societal expectations and increasing pressure from stakeholders is resulting in greater demand for private sector action and leadership on sustainability topics. This expectation is particularly notable for more complex topics, such as climate change. A recent report by SustainAbility and GlobeScan found that expectations for action on climate change by companies has increased significantly in the last few years. In 2019, 75 percent of respondents stated it was important for companies to act on climate change, up from 58 percent in 2015.

At the same time, according to Oxfam America, the range of sustainability topics on which the private sector is expected to act is expanding to include subjects outside their direct operations, such as supplier worker rights. Investor pressure is specifically ramping up, with more investors integrating ESG analysis into their decision-making and expecting companies to address the risks posed by different sustainability challenges.

To meet expectations, companies are setting ever more aspirational goals that require collaboration. For instance, one of Novo Nordisk's key programs is "Changing Diabetes." Novo Nordisk notes that its key contributions are in the discovery, development, and distribution of medicines, but that to defeat diabetes it takes "more than medicine." Novo Nordisk founded the Cities Changing Diabetes initiative to collaborate with patients, policymakers, and healthcare professionals to address diabetes risk factors in urban areas.

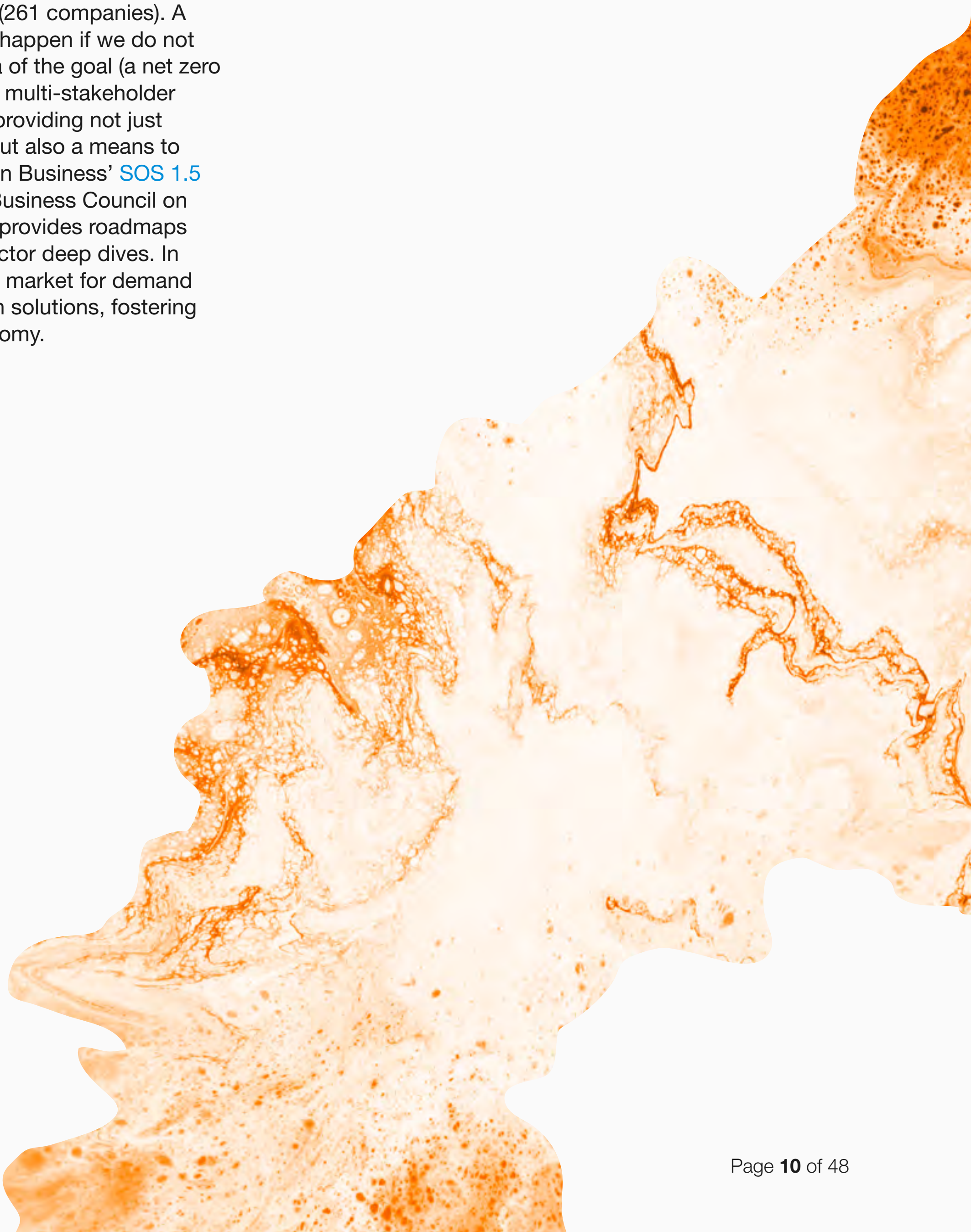
In another example, Dell Technologies has branded their most ambitious targets "moonshot goals," highlighting how ambitious the endeavors are and how the goals cannot be solved by the company alone. To support such efforts, more numerous and more diverse types of collaborations are emerging.

Increasing urgency on sustainability topics is serving as an accelerant

Tragedies like COVID-19 highlight the imperative of acting in a coordinated way across sectors to get ahead of societal challenges. SustainAbility and GlobeScan's 2020 Sustainability Leaders survey found that the private sector needs to increase resilience and the ability to withstand future systemic shocks. To do so, collaboration was mentioned as a top ten response, along with working with governments, and transforming supply chains (both of which involve collaborating). Below we explore two pressing topics—climate change and the impacts of technology on society—to illustrate the types of collective action being sparked by an increasingly widespread sense of urgency.

Partly in response to the failure of enough political leaders to take sufficient action on climate change, we have seen multiple partnerships and collaborations spring up between NGOs and companies, including the We Mean Business Pledge (1,323 companies), the We Are Still In Initiative (2,278 U.S. companies), and RE100 (261 companies). A common understanding of what will happen if we do not act on climate as well as a clear idea of the goal (a net zero economy) accelerated each of these multi-stakeholder initiatives. These collaborations are providing not just platforms for public commitments, but also a means to achieve them. For example, We Mean Business' SOS 1.5 action collaborative with the World Business Council on Sustainable Development (WBCSD) provides roadmaps to a carbon neutral economy and sector deep dives. In addition, they provide a signal to the market for demand for renewables and other low-carbon solutions, fostering further partnerships across the economy.

Researchers and reporters are only just beginning to unpack and understand both the positive and negative roles that social media, search engines, and the internet are playing on human mental health and societal stability. There is increasing urgency to address the consequences of social media platforms as more studies link technology platforms to harm in society, from mass misinformation to mental health challenges. In May 2019, the World Economic Forum launched six Global Fourth Industrial Revolution Councils. These Councils bring together more than 200 leaders from the public and private sectors, civil society, and academia to develop policy guidance and address the absence of well-defined rules for emerging technology. Stop Hate for Profit, a collaborative campaign organized by the Anti-Defamation League, saw 1,200 companies including The North Face, REI, Upwork, Patagonia, and Unilever, pause advertising spending on Facebook in July 2020 to raise awareness and spur action to stem the spread of hate speech on social media platforms. We expect to see further collaboration in this space as we further uncover the unintended outcomes of social media on society.



Case Study: Amazon

Retail giant Amazon leverages other corporate heavyweights to meet the goals of the Paris Agreement 10 years early

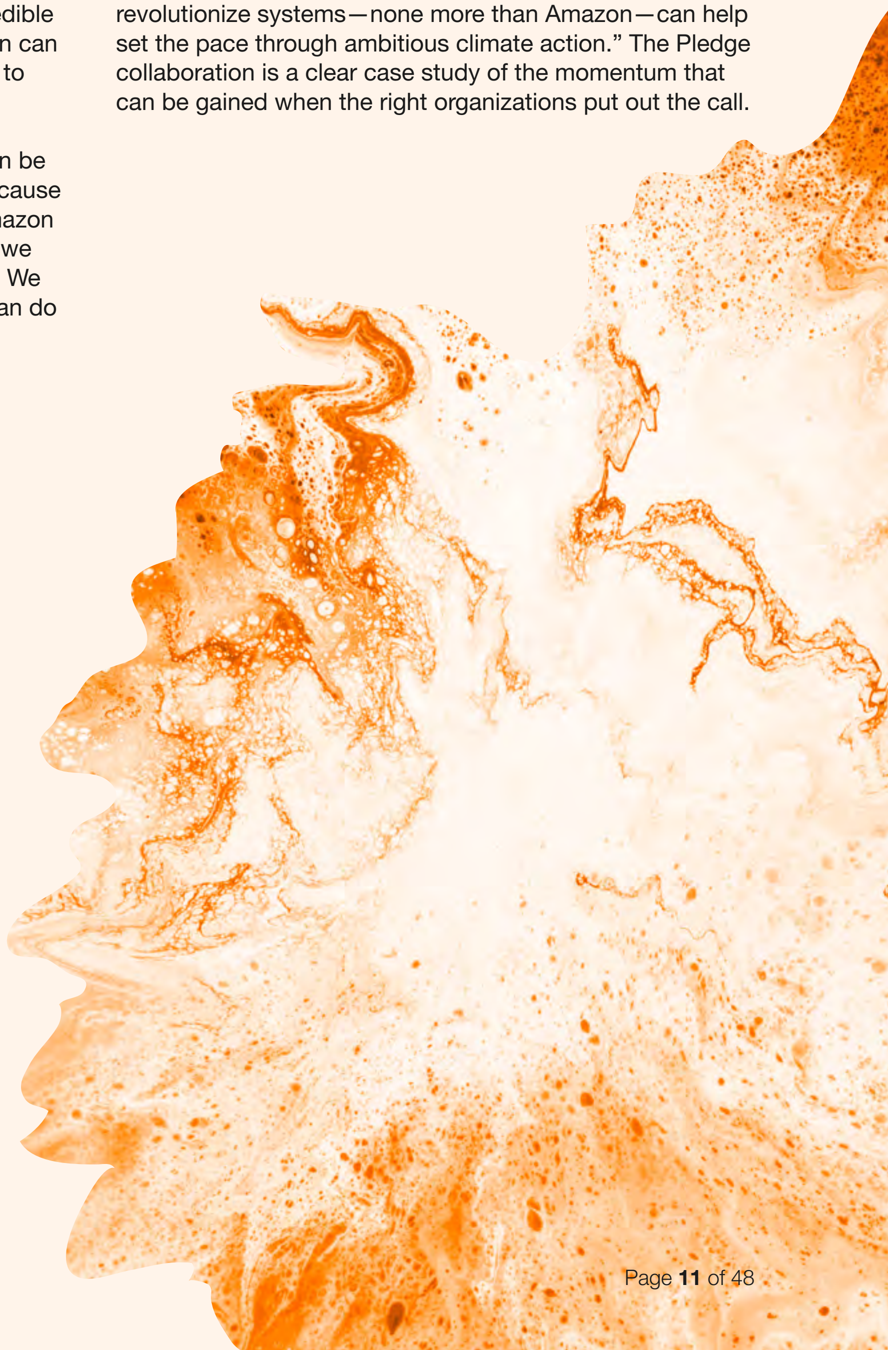
In 2019, when Amazon committed to be carbon neutral by 2040, even its own leaders admitted they were embracing a herculean task. The company subsequently launched the Climate Pledge in partnership with Global Optimism, the platform founded by Christiana Figueres and Tom Rivett-Carnac.

The Pledge platform is both an invitation for businesses to set their own 2040 zero-carbon targets and an opportunity to help each other reach them. Companies as diverse as Best Buy, Siemens, and Mercedes Benz have signed up so far. In 2020, the platform partnered with We Mean Business to encourage a wider range of companies to sign up and to deepen action on key areas, including supply chain and nature-based solutions. The Pledge is an interesting example of how a high-profile company, a deeply credible thought leadership organization, and a broad coalition can inspire and work together to recruit other companies to their mission.

“Meeting these goals is really only something that can be done in collaboration with other large companies, because we’re all part of each other’s supply chains,” said Amazon CEO Jeff Bezos. “So, we have to work together, and we want to use our scale and our scope to lead the way. We know it’s going to be challenging. But we know we can do it—and that we have to.”

Though Amazon was late to the climate movement compared to many peers, and even faced employee backlash as a result, it has since shown ambition to use its scale to drive action on climate beyond its direct operations. The company has launched the Climate Pledge Fund to invest in low-carbon innovations and the Climate Pledge Friendly label to enable shoppers to choose more sustainable options.

When speaking of the Climate Pledge collaboration, Andrew Steer, President and CEO of the World Resources Institute, said: “The innovation, dynamism, and drive fostered by the corporate sector are critical. Companies that have demonstrated the ability to innovate and revolutionize systems—none more than Amazon—can help set the pace through ambitious climate action.” The Pledge collaboration is a clear case study of the momentum that can be gained when the right organizations put out the call.



The implications of COVID-19 for collaborations

The sudden impacts of and need to respond to the COVID-19 pandemic have disrupted businesses and society on all levels. The crisis presents both positive and potentially negative implications for recognition of collaboration's potential.

Collaborating for a cure and more

The pandemic has generated an incredible number of public health collaborations in a very short time, with the private sector working in partnership with governments around the world to develop a vaccine. Companies have also been collaborating with each other and local authorities to more efficiently develop and distribute personal protective equipment, testing kits, and myriad other tools and services to support pandemic response. As Veronique Toully, Vice President and Global Head of Sustainability at UCB describes: "We have become much more flexible in thinking out of the box about how we can support the fight against COVID-19. We never thought we could leverage our expertise to do polymerase chain reaction (PCR) testing, but after we saw the request from the government, we decided to go for it." On page 19, UCB describes some recent collaborations that have come out of innovative approaches to fighting COVID-19.

Companies have been breaking down seemingly insurmountable barriers, such as sharing of information and data, due to the urgency of the challenge. Katrine DiBona, Corporate Vice President Global Public Affairs and Sustainability at Novo Nordisk notes that due to COVID-19: "There is an increased expectation around the value that businesses create and deliver for society. How businesses change the way they work and engage in society will often be driven by partnerships." As the world recovers from the pandemic, we expect to see the private sector continue to collaborate, particularly in the public health space, and to take lessons learned from COVID-19 collaborations and apply them to other new and evolving challenges.

The gray rhino effect

COVID-19 was a "gray rhino"—a "highly probable, high impact yet neglected threat" in the words of author Michele Wucker. The pandemic called attention to how companies and others must think about and prepare for similar situations, such as the crises expected to arise from climate change. Though some sustainability practitioners worry that the economic fallout of COVID-19 will lead to cuts in sustainability programs that might limit the ability of organizations to address future sustainability challenges (a sentiment reflected in the 2020 SustainAbility and GlobeScan 2020 leaders survey), there is evidence to suggest otherwise.

In the eyes of many practitioners, the pandemic is putting sustainability in front of executives like never before as companies look to mitigate risks and seek opportunities to create a more resilient and sustainable future. Amina Batool, the Sustainability Delivery Manager at Kingfisher notes: "The collaboration agenda is not going to quieten down. It has been re-emphasized through COVID-19. Our executive team and responsible business committee are keen on collaborative efforts, and we're able to make the case for strategic collaborations."

Collaborations are increasingly seen as a necessity to create more stable supply chains and to develop innovative solutions to other challenges facing companies and humanity. On a regulatory front, there have been calls for "building back better" and green recovery packages, with significant investments earmarked to decarbonizing industries. These approaches call for systemic change and require the private sector to work with governments and NGOs to achieve the ambitions.

"I think you're on mute!"

The switch to teleworking and virtual meetings presents challenges not faced when collaborations are undertaken face-to-face. Early signs indicate that the private sector will maintain more flexible work-from-home arrangements in the Americas and Europe post-pandemic, though that trend is less strong in the Asia Pacific region. Corporate travel is likely to be greatly reduced, as companies take the opportunity to rethink the value of in-person meetings. With such strides in technology, there may be opportunities to host content-focused meetings remotely, but in-person meetings are still invaluable for building relationships. For collaborations, which rely on human relationships, and especially newer collaborations, it may prove difficult for some to rely purely on remote meetings. There will also be barriers to entry for some potential collaborators who may not have the access or tools to communicate through technology. As the pandemic progresses, the private sector can help ensure collaboration will continue by helping to lift technology barriers.

Uptake of the SDGs is enabling cross-sector and multi-stakeholder partnerships

The adoption of the United Nations Sustainable Development Goals (SDGs) in 2015 has influenced the evolution and advancement of collaborations. The goals provide a global framework and specific targets for 17 global sustainability challenges to be achieved by 2030, and they have gained significant traction in the private sector. The SDG framework specifically calls for collaboration in its final Goal, SDG 17, *Advancing partnerships,* highlighting again the necessity of working together to solve common challenges.

Our research suggests that the SDGs framework, by outlining key sustainability topics, has created a shared alignment and vision that is enabling novel collaborations to form to help achieve these goals. Joanne Sonenshine, Founder and CEO of Connective Impact, describes how "company collaborations on sustainability benefit from positioning around the notion of the SDGs in order to take advantage of comparative advantage and a more concerted push for positive impact."

For example, a group of Nordic CEOs met with Nordic Prime Ministers with a goal to intensify collaboration between the public and private sectors on the SDGs and Paris Agreement targets. The group represents companies across several industries including energy, air travel, telecom, food and agriculture, postal services, and finance with a shared commitment to integrate SDGs into their business strategies and create a forum to exchange ideas and explore innovation opportunities.

SDG 3, *Ensuring healthy lives and promoting well-being for all at all ages*, spurred the transformation of the international partnership, IHP+ in 2016. The partnership was originally founded in 2007 to improve development cooperation in health to meet the Millennium Development Goals. In 2016, the scope of the initiative was expanded to include strengthening the health system to achieve universal health coverage. In doing so, the partnership grew from 26 to 66 partners and began to engage more deeply with the private sector due to its expanded scope.

The Private Sector Constituency, begun in 2018, convenes public and private sector actors to help understand how the private sector can best play a role in supporting national health priorities and actions. Thirty-seven current participants across geographies and from across the different healthcare subindustries now participate in the collaboration.

As a result of the three drivers outlined above (and many others not highlighted here), the way that companies approach collaboration on sustainability is shifting.

The following section outlines the key findings from our research about the ways collaborations are changing to meet the demands of the shifting corporate sustainability landscape.

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How Collaborations Are Evolving

Global alignment of the sustainability agenda has been supported by efforts to lay out common goals, the inception of more global, interconnected networks that enable more multi-stakeholder collaboration, and by persistent pressure from stakeholders for the private sector to help solve vast and complex sustainable development challenges. In this section, we provide an overview of some of the new ways that companies are collaborating to create change on some of the world's most pressing environmental, social, and governance topics.

Companies are being more proactive and strategic with time and resource investments

Companies are taking more active roles in collaborations. Joanne Sonenshine, Founder and CEO of Connective Impact, talks about this ongoing shift: “In the past, corporate partnerships around social impact and sustainability were very transactional—a corporation would provide money, and other organizations would act. Now collaboration benefits from the concept of co-creation, whereby corporations find partners to act with, thus creating a greater impact than had the corporate acted alone."

Companies are focusing their efforts on specific areas or challenges and being more selective about the collaborations they decide to join and participate in. A sustainability practitioner at a large technology company during their interview reflected on how their company’s thinking has evolved: “Our approach has changed. We have evolved away from general participation to being a specific piece of the puzzle. We have gotten smart at staying in our lane of expertise. It’s not a limiter, it’s a smart move.”

Our research also found innovation regarding the outcomes the private sector seeks from collaboration. The pursuit of diversity in outcomes leads companies to engage in collaborations ranging from education and awareness to building new markets, through to ones focused on co-developing new frameworks, products, or approaches.

For instance, to tackle systemic water challenges, Nestlé participates in multiple forums for different reasons: the 2030 Water Resources Group looks to reform resources in water-stressed communities, the Alliance for Water Stewardship provides a framework for evaluating water stewardship best practices and a standard against which to audit, while the California Water Action Collaborative focuses on California-specific restoration projects. Nestlé has also joined The International Federation of Red Cross and Red Crescent Societies, which runs the WASH program aimed at improving access to clean water, sanitation, and hygiene in Côte d’Ivoire and Ghana.

The private sector is realizing the impact they can have with more active participation in multiple collaborations. Fiona Smith-Laittan, Vice President and head of GlaxoSmithKline’s Global Health Unit, noted this in a recent article: “We have learned to rely on the expertise of others. We have learned that to be truly impactful and sustainable, we have to go beyond traditional philanthropy by working closely with governments and local communities. We have learned that real change takes a long time and requires lasting commitment. Most of all, we have learned that the impact of best-practice partnerships can be enormous.”

> Now collaboration benefits from the concept of co-creation, whereby corporations find partners to act with, thus creating a greater impact than had the corporate acted alone.

Joanne Sonenshine
Founder and CEO
Connective Impact

Case Study: Ford

Ford's approach to collaboration has evolved strategically to align with business needs

Ford's evolution of its collaboration approach exemplifies the shifts we have seen in collaboration strategy in the private sector in recent years. Going back as far as the late 1990s, when Ford launched its first sustainability report, collaborations on sustainability-related topics tended to be more in-line with the scope of sustainability strategies of that era: e.g., connected to company philanthropy and environmental initiatives.

In recent years, collaborations have come to play an essential role in Ford's sustainability strategy and business success. "There have been times in the past where Ford was more focused on doing everything ourselves, and that mindset has shifted very dramatically over the last few years. We look at collaborations as a strategic advantage," shared Raj Sakar, Director, Ford Corporate Strategy.

Ford's strategy for sustainability collaboration is based upon four pillars that relate directly to its core business:

- **Opportunity to strengthen the leadership position of the company:** Does the collaboration enhance what the company is already delivering via increased brand reputation?
- **Efficiencies of scale:** Does the collaboration provide investment and cost-sharing advantages greater than working on the topic on its own?
- **Access to technology:** Does the collaboration offer access to unique technology capabilities that can't be provided in-house or provide a chance to share technological expertise?
- **Potential to drive growth in relevant topics:** Does the collaboration help Ford move key sustainability initiatives forward?

2004

Reopened Ford Rouge Center with its living roof and daylighting system, in partnership with Henry Ford Museum.

2005

Implemented industry-first soybased foam in seat cushions and backs, in partnership with Lear Corporation.

2007

Joined U.S. Climate Action Partnership (USCAP), calling for U.S. Government to drive significant GHG reductions.

Joined Suppliers Partnership for the Environment (SP), a collaboration between automakers and suppliers to advance positive environmental, economic, and community impacts.

2012

Co-founded Plant PET Technology Collaborative (PTC) with Coca-Cola, Nike, Heinz, and Procter & Gamble, to advance research and development of 100% bio-based PET materials.

2016

Developed agave-fiber-reinforced composites, in partnership with Jose Cuervo.

Co-founded Center for Materials and Composites (CB2) to develop renewable resources.

2017

Invested $1 billion in self-driving technology, in partnership with Argo AI.

Co-founded Ionity, a joint venture with several European automakers, to build a High-Power-Charging (HPC) Network for electric vehicles.

Set up City Solutions to develop partnerships with cities and communities that address mobility challenges and reduce vehicle congestion.

2018

Ford Smart Mobility acquired Autonomic to scale up connected vehicle architecture.

Ford Smart Mobility acquired TransLoc, a provider of demand-response technology for city-owned microtransit solutions.

Acquired Spin scooter company to offer customers a first–last mile solution.

Became first OEM to join the Responsible Business Alliance (RBA) Partnership.

2019

Established a partnership with McDonald's to incorporate used coffee chaff in automotive parts.

Established joint venture with Mahindra to offer new products and strengthen Ford brand in India.

Ford Smart Mobility acquired Journey Holding Corp., an intelligent transportation system software provider.

Many of Ford's current collaborations are linked to its ambitious sustainability goals, including an aspiration to only use recycled and renewable plastics in vehicles globally. To achieve this, Ford is involved in multiple partnerships that utilize the reclaimed waste of other companies as recycled sources for Ford's products, including one using coffee bean skin from McDonald's, and another using agave from Jose Cuervo.

In addition, Ford is a part of the Bioplastic Feedstock Alliance, a precompetitive group of leading consumer brands convened by World Wildlife Fund to advance knowledge of the potential social and environmental impacts of bioplastics and provide guidance for responsible bioplastic production and use.

Ford is also a member of the Suppliers Partnership for the Environment (SP), an innovative collaboration between automakers and their suppliers, which brings together companies in the automotive supply chain, in partnership with the U.S. Environmental Protection Agency, to advance projects with positive environmental, economic, and community impact. Given the size of the automotive supply chain, original equipment manufacturers can significantly amplify their impact by sharing best practices with the supply chain through SP. Some focus areas of SP's work include electric vehicle battery recycling, waste reduction, and biodiversity.

"Ford partners with a wide variety of stakeholders with whom we share similar values and aspirations," shared Claudya Arana Sanchez, Sustainability Reporting and Integration Manager. As one example, Ford City Solutions is building an ecosystem of networks and partnerships that can help alleviate challenges around mobility capacity and vehicle congestion, and help cities better manage the flow of people and goods.

Ford's investment in multiple collaboration models related to strategic material topics is typical of companies that are setting and striving for ambitious sustainability goals. Ford's collaboration approach has shifted in focus over the last 15 years from internally focused partnerships to multi-stakeholder external partnerships, including key acquisitions in more recent years.

The private sector is overcoming competitive barriers to solve more systemic problems

Because of the increased corporate interest in exploring innovative collaborations, companies are reconsidering the boundaries of competition and how they collaborate with peers.

Companies have become increasingly comfortable working with direct competitors to tackle common challenges. As one example of a unique precompetitive collaboration model, eight Fortune 500 companies jointly backed Circulate Capital with $106 million to fund the development of recycling infrastructure in Southeast Asia.

The companies shared a common problem—lack of recycling infrastructure—as well as similar ambitions around improving recycling and/or waste management. They could have individually invested in recycling infrastructure at a factory or a regional level, which may have given them a competitive advantage with their peers.

Instead, the companies recognized that the problem was systemic and that by pooling resources they could be more efficient and more sustainable and have a larger impact. To read more about Circulate Capital's approach, see page 18 of this report.

Competitors are also partnering in areas that are closer to historical trade secrets. The two biggest exporters of tea in the world, Hindustan Unilever and Tata Global Beverages, came together in 2014 to drive long-term sustainable improvements in tea farming practices for smallholder farmers with help from an outside organization, the Sustainable Trade Initiative. Given their positions in the market, this collaboration brought every value chain partner in the tea sector to the table. Since the launch of the program, more than 55,000 tea growers have been awarded a sustainable farming certification.

However, the CEO of the Sustainable Trade Initiative, Joost Oorthuizen, described how the partnership took over two years to develop and launch, highlighting the challenges still faced when working with direct competitors. Oorthuizen emphasizes the need for collaboration with peers and the need to work with urgency, frequency, and innovative leadership.

Luke Ng, chief operating officer of Fuji Xerox Singapore highlighted a sentiment many companies still have to overcome when working with others: “It’s always hard to work with competitors,” he said. “To work with competitors and think about how to design our products [to be more sustainable], I think that will take a while for us to get there.”

But two companies in footwear, Adidas and Allbirds, are showing it is possible. They recently announced a collaboration to create a joint product, a sustainable shoe with a minimal carbon footprint. Two companies partnering on a product where they typically compete is unusual, but Adidas and Allbirds realized they had a common goal to reduce the impacts of shoe production, and that a combination of their expertise would move the needle a lot faster.

James Carnes, Vice President of Brand Strategy at Adidas, spoke to *Vogue Business* about the initiative: “We want to be an example that it can be done, that it isn’t just an experiment,” Carnes said. “When you think about competition, you just have to change your perspective. We’re competing in the same race against time, the thing that’s sitting between us and a better future. We’re not really competing with each other anymore—we’re competing with this external force. We hope more companies will think about that and [realize] that if you work together and one of you wins, then you all win.”

“

When you think about competition, you just have to change your perspective. We’re competing in the same race against time, the thing that’s sitting between us and a better future.

James Carnes
Vice President of Brand Strategy
Adidas

Spotlight on: Circulate Capital

The mastermind who brought competitors together to develop recycling infrastructure in Asia

We conducted an interview with CEO and Founder, Rob Kaplan, to learn about the unique funding model and background of Circulate Capital. The Singapore-based collaboration was founded in 2018 with investment from PepsiCo, Coca-Cola, Danone, Dow, Procter & Gamble, and Unilever to "scale local and innovative companies or projects that divert waste from the environment and into the recycling value chain in South and Southeast Asian countries" via investment capital.

Can you tell us a bit about the origin story of Circulate Capital?

Circulate Capital began as a research project with Closed Loop Partners, a U.S.-based investment firm focused on the circular economy. Several companies we were working with in the U.S. were interested in potentially expanding the Closed Loop model to emerging markets because their recycling and waste challenges were more pronounced in emerging markets than in the U.S.

Around the same time, the Ocean Conservancy released "Stemming the Tide," which found that 60 percent of ocean plastic waste originates in South and Southeast Asia. Further reports found that investment in waste and recycling infrastructure in those markets could substantially stem the flow of plastics. Those reports really changed the dialogue on where and what companies should be doing to address ocean plastics; investing in emerging markets became a number one priority with our corporate partners.

How would you describe the Circulate model?

We felt a fund structure made the most sense because, although all the corporations involved needed recycling infrastructure, none wanted to own that infrastructure in Southeast Asia (or in the U.S. or Europe, where we had already been working for years). There also needed to be capital to develop a supply chain and create a healthy ecosystem that would benefit the entire industry.

The corporations that first expressed interest each gave a small financial contribution through a steering commitment initiative housed within Closed Loop Partners. We used those funds to do a landscape study on what it would take to invest capital directly in the region, exploring the pipeline of opportunities, gaps, types of capital needed, other players, etc. The committee validated the findings and wanted us to accelerate the work given the urgency of the challenge at hand. By June 2018, we had developed Circulate Capital, and then had gone back to the original group of businesses and a few additional ones with a term sheet and a goal of negotiating launch by October of 2018.

Did you face any barriers to setting up the partnership using this model?

Although we moved relatively quickly given the alignment from companies on the overall goal of the work and buy-in to the concept that a "rising tide lifts all boats," there were significant structural challenges to work out. We needed to ensure that the outcomes would give everyone more benefits than what they could feasibly accomplish individually. For instance, even within Southeast Asia, each company was primarily focused in specific and often different countries. So, we had to work through the different geographic priorities to get everyone what they needed.

Another major challenge was developing the legal structure of a new entity, especially the investment fund. We believed that the fund structure would work better for the collaboration than a grant structure because it provided access to larger amounts of capital, but it meant more negotiation of terms.

Because we were working with corporate competitors, we were required to negotiate seven separate terms rather than having lead investors negotiate most of the terms. Once the terms were negotiated though, we were able to move forward quickly with the project because we had such a strong foundation.

What recommendations would you share with companies looking to collaborate with competitors?

One recommendation when setting up more complicated structures with competitors is getting your business teams involved throughout the process. The first time the legal team hears about the collaboration should not be when they are seeing the contract to sign. The same goes for sustainability teams. Once you have reached the contracting phase, it should not be outsourced to legal, rather you should be involved in the process and empowered to make decisions about priorities and explain the goals of the collaboration to business teams.

Case Study: UCB

Taking a multifaceted approach to collaboration on COVID-19

The COVID-19 pandemic is having a profound impact on people around the world, putting pressure on health systems, and disrupting daily lives. Since the start of this crisis, UCB has taken measures to protect their employees around the world, to stand by patients, to help their communities, and to do their part in the global response to the pandemic. More than ever, they have leveraged the power of collaboration to deliver results that could not have been achieved without partners.

As a biopharmaceutical company, UCB has expertise and resources that are essential during the pandemic, and the company felt a social obligation to be present with other partners to contribute to research and treatment development. UCB is collaborating with multiple organizations across the globe, within the healthcare sector and outside of it, including the COVID Moonshot, an open-source science consortium of scientists from academia, technology companies, biotech, and pharma aiming to find solutions to the COVID-19 pandemic.

As part of this group, UCB recently announced a partnership with Microsoft AI for Health to accelerate drug discovery. Generating an initial drug requires a substantial amount of computing power. Running against time, UCB reached out to Microsoft's AI for Health grant program to secure support and partner with their technology experts.

Now Microsoft and UCB scientists are using AI to identify molecules that counteract replication of the coronavirus. Thanks to this collaboration, UCB was able to do in three days what might otherwise have taken six months. The computational design from Microsoft combined with UCB Medicinal Chemistry efforts has resulted in valuable molecules that are moving forward in research studying their efficacy against COVID-19.

In Belgium, the company's home country, UCB participated in a national consortium bringing together government, academia, pharma, logistics, and information technology partners and suppliers. This platform was set up with the Federal Government and brought together public and private partners to support the national effort to scale up COVID-19 testing. Strong existing relationships between the partners facilitated quick development and launch of the collaboration.

As part of this collaboration, UCB engaged committed scientists and technical experts to support the conduct of PCR tests in their research center in Belgium and provided scientific input to assist in the whole project. The UCB lab supported the testing of samples collected from patients throughout Belgium.

Convening models are diversifying to shape and support more successful collaborations

As the types of collaborations diversify, so too do the roles of the NGOs and other non-corporate actors involved. NGOs are broadening their roles as third-party conveners, be it through more facilitation or communications support, or as the conduit or platform to connect organizations or people to each other. NextWave Plastics, founded by Dell, was launched in 2018, and now includes 10 companies (including some of Dell's direct competitors, such as HP), plus a convener, Lonely Whale.

With a goal of commercializing ocean-bound plastics to help create a more circular economy, NextWave provides a platform for exchanging ideas and breakthroughs, as well as a joint communication program the partners use to share a collective message. Lonely Whale helps convene and run member meetings, strengthens relationships within the network, and, with other partners, communicates the cases members want to highlight publicly. If we hearken to a sports analogy, Lonely Whale provides the coaches, general manager, and communications department, while companies provide the key players that ultimately make the plays.

Different types of collaborations have gained more momentum in recent years. Of note is the fact that the private sector is working more on collaborations that seek to shape regulatory and policymaking processes. Companies and industry trade groups have long worked to influence policy, but today we are seeing new, cross-sector collaborations form to help shape local, national, and international policies on specific sustainability topics. Jesse Nishinaga at the Human Rights Business Initiative at UC Berkeley told us: "A lot of us are realizing that some challenges are so systemic, that even if you get several companies to work together, the needle might not move far enough. So while industry collaborations are still an important course of action, companies also need to explore how they can influence public policies in ways that advance the sector on particular issues."

In a unique approach, the Protect Our Winters non-profit acts as a convener between brands, scientists, storytellers, professional athletes, and outdoor enthusiasts in campaigns against environmental degradation that will impact outdoor sports. As a convener, Protect Our Winters is able to connect the stakeholders on a single issue and leverage their particular needs and strengths to push for carbon neutrality given that, for all the brands involved, climate change and environmental degradation pose significant risks.

> While industry collaborations are still an important course of action, companies also need to explore how they can influence public policies in ways that advance the sector on particular issues.

Jesse Nishinaga
Program Director
Human Rights Business Initiative
UC Berkeley

As companies develop more active roles and participate in unique models for collaboration, there is evidence of greater benefit to companies from working closely with others. We highlight the value of collaboration in the next chapter.

4

The Value of Collaboration

As we've highlighted above, companies need to collaborate to tackle systemic issues. More specifically, businesses look to collaborations to achieve outcomes they could not achieve on their own. In our interviews and research, several key objectives surfaced repeatedly, including greater overall impact, decreased risk, spurring internal action, increasing stakeholder engagement, and building more legitimacy for a company's overall sustainability strategy. This section explores these benefits in detail.

Achieves greater impact

In conversations with STN members and other companies, the overarching reason they suggested companies choose to collaborate is the ability to drive deeper impact on a specific topic. "When we engage in partnerships, the main driver, and the most important driver, is to achieve impact and collaborate with partners to tackle issues," shared Anders Kirkeby Larsen, Sustainability Advisor at Ørsted.

Companies recognize that the scale of the challenges they are trying to address requires working together. Katrine DiBona, Corporate Vice President Global Public Affairs and Sustainability at Novo Nordisk explained: "We're a big company, but compared to the scale of the challenge—preventing diabetes—that's a challenge that requires a multi-stakeholder collaboration."

By joining a collaboration, organizations are able to tap into expertise, skills, time, or other assets that they may not have access to internally. Much like individuals on a sports team, whose combined skill sets and contributions allow them to play a game at a high level and to learn from one another, multisector collaborations enable each contributor to bring their strengths to the table and tackle a challenge that would not be possible to solve individually.

For companies, bringing strengths tied to their core business and sustainability strategies helps them contribute most effectively and achieve the greatest impact.

Through collaborating with the public sector, academia, and NGOs, the private sector is able scale impact by reaching additional levers to enact change. For instance, NGOs are able to provide strong facilitation and an approach that enables companies to more effectively utilize their expertise. Nira Johri, Sustainability Director at Rich Products Corporation (and formerly an employee of the World Cocoa Foundation) told us how the World Cocoa Foundation "provided the framework and guidance for implementation, but execution depended on the private-sector companies who had expertise and ownership of the issues on the ground."

> When we engage in partnerships, the main driver, and the most important driver, is to achieve impact and collaborate with partners to tackle issues
>
> **Anders Kirkeby Larsen**
> *Sustainability Advisor*
> ***Ørsted***

The value of collaboration

Core benefits

- Achieves greater impact
- Spurs internal action
- Engages stakeholders and develops external advocates
- Provides credibility and comfort to companies by letting them move with a pack

Additional benefits

- Enhances reputation and legitimacy
- Helps companies and individuals gain access to expertise, skills, or other assets
- Offers a safe space to share challenges and develop aligned approaches
- Unlocks business opportunities by overcoming industry-wide challenges
- Provides outsourced logistical and administrative support

Spotlight on: AEP

Finding win-win solutions through internal and external collaboration

American Electric Power (AEP) owns and operates America's largest power transmission network, which means the company is constantly managing vegetation that grows under these power lines. The AEP team has developed an innovative collaboration to help deliver multiple benefits: ensuring reliable and safe transmission and contributing to the local ecosystems where transmission occurs. We interviewed Sandra Nessing, Managing Director, Corporate Sustainability, and Melissa Tominack, Manager, Corporate Sustainability, to learn more about how collaboration is helping to address a core business challenge while advancing other stakeholders' goals as well.

Why did AEP start the collaboration?

Sandy: The purpose of this collaboration is to reduce the long-term cost of vegetation management under transmission lines. For context, if a tree falls into a line, the fines can be enormous (up to $1 million a day), plus outages negatively impact our customers and our reputation. We typically don't own the land, but we need to manage it to make sure nothing grows into transmission lines, which requires working with property owners. The territory can be very rugged (e.g., on mountains impossible to reach by foot). Typically, how we handle vegetation in such locations is through herbicide treatment or bringing in helicopters to mow. But we wanted to find a better way to address this challenge in the longer term, especially as we build new lines.

What is the focus on the collaboration and who is involved?

Melissa: We are working with a wide range of ecology experts on the use of regionally specific native seed mixes for right-of-way (ROW) land in a range of pilot locations. By encouraging the right mix of plants, we hope to manage permit compliance, site stability, good community relations, and the inhibition of tree regrowth, but also support wildlife.

For example, we are exploring the use of native plant seeds for post-construction site restoration on the campus of our New Albany, Ohio Transmission Headquarters. With help from local conservation organizations—such as the Ohio Department of Natural Resources, the Audubon Society, the National Wild Turkey Federation, and Pheasants Forever—we developed seed mixes to support birds, pollinators, deer, and turkey on a demonstration ROW plot. One of the seed mixes specifically supports solar sites, using plants that grow at a low height and reduce weed growth. As we expand our solar portfolio, these practices are important.

We also see potential for education on environmental stewardship. Prior to the pandemic, I was connecting with a local high school to explore using the demonstration ROW as a science lab. Hopefully, we're able to do that down the road.

What challenges came up during the collaboration that had to be overcome?

Melissa: It can be hard to change mindsets internally; people were comfortable with what we were already doing, but we were proposing a new approach. It was also challenging to work with external groups; all have great ideas, but we have a limited budget and can only do so much. We had to build relationships, break down siloes, and manage expectations both internally and externally. And we had to be persistent—this has been a five-year effort. It took a long time to get everyone in the same room.

Based on your experience with this initiative, what skills do you think are needed for effective collaboration?

Sandy: You need to lead with empathy. Understand your collaborators' perspectives and make sure everyone gets heard. Communication and negotiation skills are key. There were some big personalities in the group; we had to really manage that. Sometimes we had to work one-on-one to build relationships.

You have to know who needs to be at the table to move forward. It's a lot of work to build credibility and trust, but it's worth it to get their support. You also have to know when not to get in the way, to step away when it gets up and running. We're not experts at this. We just brought everyone to the table and got them on the same page, then we could stand back and they ran with it. It's really exciting to see the collaboration gaining momentum.

Provides credibility and comfort in moving with the pack

Collaborations provide strength in numbers. By joining a collaboration, companies get a seat at the table with more players, increase visibility and access, and even gain comfort in pushing on an issue as a group versus as an individual company. The Forest Products Association of Canada, a group of wood, pulp, and paper producers, collaborated to outline an industry roadmap for improving their sustainability performance. By working together, they were able to define and advocate for specific policies that would enable them to improve their sustainability performance as an industry as a whole. The Association was able to go to policy makers with a cohesive set of requests with the backing of most of the industry, which strengthened the credibility of their asks.

Collaboration can also raise the profile of an issue. A focus group participant from Shell highlighted: "Involving a well-known brand or organization can bring quite significant weight and recognition to collaborations." This legitimacy provides all collaborators with access to a host of organizations or people that may otherwise be unavailable or unwilling to come to the table.

The Japan Climate Initiative, spearheaded by NGOs CDP, World Wildlife Fund (WWF) and the Renewable Energy Institute, has consolidated its external communications under a single external representative, Takejiro Sueyoshi, a Special Advisor to the United Nations Environment Programme Finance Initiative in the Asia Pacific region. The representative frequently engages with the Japanese government, representing the interests of the collaboration, and serves as the public face of the collaboration, which is focused on decarbonizing Japan. Companies feel more comfortable pushing the Japanese government to act on climate change from within the group and with the support of a third-party representative.

Spurs internal action

Many interviewees shared that when there is a coalition or group of companies driving change, it can help spur individual company action on the issue. This could be due to a wide range of factors, such as perceived reputational risk of not being the odd one out or internal pressures. In a focus group, one of our network members touched on how public collaborations can be motivators for action due to a perceived risk of being left behind: "You can pursue a partnership to decrease cost-related risk or political/reputational risk. Sometimes the biggest wins we have seen have been because there was a coalition that we didn't want to be left out of."

By working with outside organizations, companies are able to learn best practices from others and leverage the outcomes of these collaborations to drive their own strategy forward. When talking about the Water Resilience Coalition, Ivan Menezes, CEO of Diageo, said: "Those of us in the private sector have an incredibly important part to play, and we need to collaborate more to share knowledge, best practice, and solutions—as well as drive significant action across our own supply chains."

Engages stakeholders and develops external advocates

Certain sectors noted that being part of collaborations is an additional way to engage and work with stakeholders. Michelle Abbott, Director of Sustainability at Duke Energy shared: "For us, it's important to get stakeholder input and understanding on our plans, as we have a lot of stakeholders who are interested in how we plan to deliver energy in the future."

Collaboration can strengthen stakeholder relationships and provide companies with more avenues to communicate relevant sustainability efforts. It also provides stakeholders with more touchpoints and understanding of the company, enabling them to feel more comfortable making statements about a company's actions or intent due to the close relationship.

Given the value that working with others provides, companies would benefit from clear guidance on how to engage in collaborations.

The following chapter highlights best practices for effectively designing and implementing multi-stakeholder partnerships.

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5

How to Be an Effective Collaborator

As vital and useful as collaborations are, they are not without their challenges. Prior research on collaborations indicates that wrong approaches or lack of efficiency can lead to poor outcomes. Our interviews and focus groups highlighted numerous difficulties that can arise in creating and joining collaborations. The following section highlights our recommendations for how corporate sustainability practitioners can build effective collaboration strategies and manage collaborations throughout their life cycles.

Develop a collaboration strategy

Most companies do not have a formal overarching strategy for choosing, creating, or exiting sustainability collaborations. Based on our focus groups and interviews, the number of collaborations that companies participate in varies widely—from several to hundreds—depending on how collaboration is defined internally. Practitioners did mention certain factors to consider in developing an approach. Most approaches to deciding which collaborations to be a part of were bottom-up, with specific internal teams outlining a need and finding the partners. This can lead to duplication of efforts and potential missed opportunities to look at a topic from multiple perspectives across the enterprise. To avoid such duplication, companies must define how they will approach collaborations regardless of whether from within the sustainability department or beyond it.

Several companies that we spoke with noted that they do not have a formalized approach for deciding when to join a collaboration or how to evaluate whether participation in one or another would result in the most impact. Sustainability practitioners are frequently tasked with collating all of a company's collaboration efforts and deciding which ones to elevate to a more strategic level (e.g., by increasing enterprise involvement or more prominently highlighting efforts in sustainability communications) and which ones to exit over time.

At the point at which a collaboration has been identified, some companies report having a standard approach for vetting the collaborators—e.g., through a risk lens or by ensuring alignment with company values and communication. Bianca Conde, Corporate Sustainability Coordinator at Suzano described the balance her team tries to strike: “We look for areas where we spearhead, but we also want to be in collaborations where we’re influenced by others pushing other agendas.”

Even in the absence of a formal strategy, companies should still be able to outline the relevance of an initiative before joining or starting it. Collaborations that address topics that are of importance to both the business and its sustainability performance are more likely to have both benefit to the company and impact on the topic. One way of ensuring a connection between the collaboration and the business is to reflect on whether the core issue and sought solution are tied to issues identified in the company’s sustainability materiality assessment.

To take it further, the issue and the collaboration intended to address it should link directly to the core business strategy. As one example, Susan Beverly, Senior Director of Sustainability & Shared Impact at Abbott, described the company’s collaboration strategy as intimately connected to its business strategy: “Our partnerships are built on the greatest contribution we can make as a business. We seek to collaborate where we can deliver the greatest business value and long-term, sustainable societal benefit.” To learn more, read about Abbott’s Shared Value collaboration and its link to the company’s core business strategy on page 30.

Companies benefit from having a high-level strategy to guide how the company and its sustainability team approach collaboration. Designing a thoughtful approach is an essential step, and the strategy should consider the following fundamental areas:

- **Vision**—set out a high-level ambition for the company’s collaborations.
- **Breadth vs. depth**—outline whether the company will focus on a few initiatives or spread itself out across many.
- **Type**—identify specific models that the company prefers (e.g., peer coalitions or multi-stakeholder groups focused on policy reform).
- **Sustainability strategy alignment**—ensure focus on material issues and support of company goals.
- **Business strategy alignment**—lay out how the collaboration strategy supports the overall business goals.

Once a strategy is in place, collaborations should be managed intentionally to avoid pitfalls that prevent collaborations from reaching their full potential.

> We look for areas where we spearhead, but we also want to be in collaborations where we’re influenced by others pushing other agendas.

Bianca Conde
Corporate Sustainability Coordinator
Suzano

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Manage collaborations throughout their life cycle

To help sustainability practitioners, we have compiled best practice guidance for managing collaborations throughout four major life cycle milestones. Following the suggestions outlined in each milestone will ensure effective and impactful collaborations.

Assess company needs and what assets it brings

One often-overlooked part of the collaboration process is taking an initial step back to understand what the problem is and whether and how joining or starting a collaboration could help solve it. Many companies noted a history of joining collaborations based on personal connections or relationships with others rather than strategic reasons. While there is virtue in developing collaborations with trusted parties, it can be helpful to take the time to consider why an external collaboration may be necessary to solve a particular issue and to ask what assets the company could bring to building a solution.

Companies bring unique value to partnerships. Once a need for collaboration is clearly defined, sustainability practitioners should specify the assets the company will bring to a partnership. Our focus groups and other research found the most common assets the private sector brings are financial capital, industry expertise, first-hand business experience, brand recognition, and the ability to take things to scale.

The value the company brings may differ depending on the sector. For example, in the tech sector, Hewlett Packard Enterprise’s motivation to collaborate “stems from the bread and butter of our business, which is innovation,” explained Tiffani Jarnigan, Sustainability Manager, Customer & Stakeholder Engagements at Hewlett Packard Enterprise (HPE). “Being able to share wealth and capitalize innovation for social good is a big motivator for us.”

In the case of energy company Ørsted, they bring first-hand experience of offshore wind to their biodiversity partnership with WWF Denmark. Anders Kirkeby Larsen, Sustainability Advisor at Ørsted described the skill sets of each partner: “We bring our understanding around the impact our assets have. We can share knowledge and expertise to make the standards higher and mitigate the risks for our business. WWF Denmark adds to that their knowledge on biodiversity to help achieve our partnership’s goals.”

In considering entering a collaboration, non-corporate partners are also assessing what assets they would need companies to bring to a collaboration. Speaking for one organization known for successfully collaborating with the private sector, Victoria Mills, Managing Director at EDF outlined what assets they look for from corporate sector partnerships: “We look at the level of ambition of the company and potential for results at scale. We want to know that the collaboration will drive as much change as possible in a given sector.” It is important to keep in mind and articulate what the company can realistically bring to the partnership to ensure its success.

Review existing collaboration options

Before starting a new collaboration, be sure to assess fully whether collaborations already exist that would help solve the issue at hand. When considering which existing collaborations might meet your company's needs, look across the options and understand each of their purposes. Evaluate participation in collaborations with intention.

Collaborations come in all shapes and sizes and are designed to serve different purposes. Joanne Sonenshine, Founder and CEO of Connective Impact cautioned: "It's better to take the time to find the right fit. Find partnerships where you provide value, and ensure you get as much value out of the partnerships as well. Don't just add your name to a partnership without doing extensive evaluation on the benefit of doing so."

Keep in mind that participation in a collaboration is not a permanent decision. Depending on the maturity and structure of the company, different types of collaborations will be more impactful at certain times. For example, Nira Johri, Sustainability Director at Rich Products Corporation shared: "Rich's is more involved in knowledge-sharing collaborations that can inform strategic decision-making. Participation in collaborations, and which ones, has to do with where you need the support and expertise, and it evolves over time."

Ultimately, it is helpful to remember that different types of collaborations are part of an ecosystem, and that "[in] most cases of successful scaling, there are mutually reinforcing linkages between the different levels and types of partnership," as Jane Nelson, Director of Corporate Social Responsibility Initiative, Harvard Kennedy School, highlighted in a recent report.

Collaborations fit for purpose

The table below illustrates the general types of collaborations, organized by the purpose they serve, and suggests when to consider joining one.

Models	Partnership between two businesses	Partnership between business and NGO	Precompetitive group	Multi-stakeholder initiatives	Global topic convener
Examples	Adidas and Allbirds UCB and Microsoft AI for Health	Ørsted and WWF Denmark Ford and MIT	NextGen Consortium Bioplastic Feedstock Alliance	Abbott, Rwandan Ministry of Health and Society for Family – Rwanda Circulate Capital	CEO Water Mandate Business Fights Poverty
Purposes	‣ Direct action on specific topic ‣ Knowledge and skill-sharing	‣ Direct action on specific topic ‣ Knowledge and skill-sharing	‣ Creative solution building on specific topic ‣ Learning and awareness building	‣ Direct action on specific topic ‣ Learning and awareness building	‣ Collaborative action and awareness of global topic ‣ Learning and awareness building ‣ Advocacy

Test partner compatibility

Whether joining an existing collaboration or starting a new one, corporate and non-corporate partners recommend taking time to assess compatibility. Nidumolu et al. outline the potential consequences of misalignment succinctly in a Harvard Business Review article: "By design, many sustainability collaborations embrace a diverse array of stakeholders from the very beginning. Unfortunately, this approach dooms many efforts: By including participants with opposing intentions at the outset, progress is often stalled or killed before productive momentum can build. Even when the economic benefit to all participants is clear, these types of collaborations are difficult because of the complex human and organizational issues involved."

There are multiple dimensions to consider when entering a collaboration, and these factors should be reassessed periodically throughout the life cycle of a collaboration, as some may change based on shifts in individuals involved, business changes, or other evolutions of the collaboration's dynamics.

Based on our interviews, we recommend studying the following factors:

- **Alignment of goals:** After defining the company's own goals and objectives, test whether potential partners share the same vision. It can be helpful to put goals in writing to ensure a clear mutual understanding of what the collaboration hopes to achieve.
- **Similar level of investment:** Assess whether each collaborator has a similar stake in the collaboration through the resources each is contributing and in terms of how much is at stake for each company in the partnership. Potential resentment or misalignment could hinder the progress of a collaboration if one party is perceived to have more invested than others.
- **Well-matched cultures:** While there will always be differences in the cultures of corporate, non-profit and civic organizations, it's important to assess whether cultural mismatches might create too high a barrier to success. If cultural differences seem surmountable, it's critical to be clear about what roadblocks on process, progress, speed, and language might exist.
- **Sufficient topic-level maturity:** A relatively similar level of understanding about the collaboration topic between partners is a sometimes-overlooked compatibility aspect. A mismatch can lead to some partners feeling like they are always in the role of educator, while others may not have enough to contribute for the partnership to feel balanced.

It is worth noting and remembering that, while compatibility is very important, diversity of thought and skill sets add tremendous value and are often a key reason for collaborating with others. As David B. Smith and Jeanine Becker point out in their article in Stanford Innovation Review: "The gift in cross-sector collaboration is that it is possible to use differences as an asset—differences in resources, experience, demographics, industry, and sector, as well as differences in perspective, such as assessments of risk, time, and scale. Cross-sector leaders recognize that the most robust and sustainable solutions will come from designing with (and not just for) the communities most affected."

Checklist guide to defining a collaboration

The questions below can help reflect on reasons to collaborate and identify the best-fit solution:

- What issue is the company trying to solve and why?
- What would the ideal outcome of a collaboration on this issue look like?
- What are the main benefits the company is hoping to gain from addressing this issue?
- What resources from potential partners would be useful complements to the company's unique assets?

Case Study: Abbott

Intentional planning leads to successful shared value results in Rwanda

The success of Abbott's public-private partnership with the Rwandan Ministry of Health and the non-profit Society for Family – Rwanda is the result of careful evaluation, planning, and dialogue during co-creation. Piloted in 2019 to help increase access to health care in rural parts of Rwanda through the development of small community clinics, the partnership began for Abbott as an exploration of how to improve standards of care in its emerging business markets. After the acquisition of Alere, a rapid diagnostics business with strong emerging markets leadership, Abbott sought to partner to create business value while addressing a social problem.

From the start, Abbott was intentional about its own goals for the partnership. "We wanted to be more than just transactional," emphasized Susan Beverly, Director of Sustainability & Shared Impact, at Abbott. "We wanted to co-create a model that would have a lasting impact and the ability to be implemented in multiple markets." To identify the right opportunity for this type of partnership, Abbott leaders embarked on exploration trips to learn from potential partners and other stakeholders on the ground, a step that was critically important to their process.

Once Abbott decided to focus its efforts in Rwanda, they had transparent conversations with potential partners about what each could bring to the partnership and their goals. "We assessed the collaboration by understanding if we had similar values," shared Beverly. "We asked: Do we have the same vision of the end goal that we're trying to achieve to move the needle on health for the Rwandan people? The openness and good productive dialogue lead to a really successful outcome."

Prior to designing the new health posts, Abbott underwrote the services of a design and workflow analysis firm to understand how existing health posts were utilized and identify gaps in the building layout. Then they deployed teams to the field to meet with villagers, nurse operators, and district health leaders to gain in-depth knowledge of their concerns and needs. Finally, workshop sessions with key stakeholders within the Ministry of Health from the national to the district level ensured alignment on the most important design factors.

Thinking with the end in mind, the blended team leveraged project management techniques and developed data collection tools to ensure that key milestones and outcomes were documented. Frequent debrief sessions ensured the project stayed on track and true to its objectives.

By all measures, the collaboration has been a successful one and has achieved shared value: there are eight community health posts open that provide a range of health services including prenatal care as well as treatment for infectious diseases and helps Abbott grow its business in emerging markets. To learn more, visit Abbott's 2019 Sustainability Report.

Establish governance structure, policies, and procedures

As with any working relationship, formalizing expectations and structures can be beneficial. The type of collaboration, the number of partners, and the kinds of organizations involved will dictate the setup, but some type of structure is essential for success. Especially with new partners, agreeing on a structure and formal policies from the beginning will help build trust. By addressing these formalities, you're enabling more focus on the content and purpose of the relationship.

One example of the kind of structure that can aid collaboration and increase chances of success is the World Benchmarking Alliance, an organization that convenes "Allies" in a collaborative community to drive system transformation to achieve the SDGs. Key to its success is the way that it specifies what is expected of each of its Allies from the beginning. "We have terms of reference that set out mutual expectations. They outline illustrative ways we might work together, including methodology, policy, and communications and outreach. It outlines operational functions and things Allies should be aware of," said Pratik Desai, Strategic Engagement Lead at the World Benchmarking Alliance.

At the same time, too much formality in structure can create inefficiencies or unnecessary inflexibility. The goal should be to ensure that each partner understands their role and contributions so that expectations and accountability are aligned. Victoria Mills, Managing Director at EDF, shared their balanced approach to structure for the Climate Corps program: "Every year we both strengthen the operational robustness and jettison what isn't working. We never want to be overly rigid, so sometimes we get rid of a process if it's not worth our time."

Another consideration to take into account is whether the size or stage of the collaboration necessitates more rigidity. Filippo Veglio, Managing Director at the World Business Council for Sustainable Development (WBCSD) cautioned against too much formalizing at conception: "You need a good mix of formality and informality. Collaborations are based on trust, follow through, and sweat equity."

Keeping all that in mind, each structure will be as unique as each collaboration. For guidance and inspiration, we have included one example of governance structure from the GHG Protocol in the case study on the following page.

Case Study: GHG Protocol

Clear guidelines for engagement and responsibilities set expectations for multi-stakeholder collaboration

Recently, the Greenhouse Gas (GHG) Protocol, a multi-stakeholder collaboration that develops GHG accounting and reporting standards and tools, launched the Carbon Removals and Land Sector Initiative. As part of the communication about the Initiative, the GHG Protocol, along with partners at the World Resources Institute (WRI) and WBSCD, succinctly outlined the responsibilities and commitments of each group within the collaboration with its Governance Process.

The Governance Process, included in the image below, serves as an example of the type of written documentation that can help establish norms and set expectations for key participants, including specific time and resource commitments. Though not feasible for every collaboration, documenting the governance process in a transparent way is an effective tool for successfully managing a collaboration throughout its life cycle.

To learn more, read about the GHG Protocol's governance process for its Carbon Removals and Land Sector Initiative.

Summary of responsibilities and expected commitment of each stakeholder group

GHG Protocol's governance approach as outlined in its Project Overview.

Group	Responsibilities	Commitment
Secretariat (WRI and WBCSD)	Convene, facilitate, and oversee process.	The secretariat will consist of 4 FTE staff dedicated to this initiative.
Advisory commitee	Provide strategic guidance on the goals and discretion of the project.	Participate in 1 in-person meeting per year and 2-3 conference calls per year.
Technical working group(s)	Develop the technical content of the standards/guidance.	Participate in biweekly conference calls between approximately January 2020 and July 2020 (unless fewer calls are necessary); with possibly of 1 in-person meeting per year; and the necessary time to prepare and review materials (approx. 5-10 hours per month).
Review group	Review and provide feedback on draft standards/guidance as they are produced through the working group process.	At the discretion of the participant, review and provide written comments on draft standards/guidance twice during the process (once in 2020 and once in 2021).
Pilot testing group	Implement the draft standards/guidance and provide feedback for their improvement.	Implement the draft standards/guidance over 6 months in early 2021. Provide feedback on the strengths and weaknesses of the draft standards/guidance. Generate case studies to be included in the final publication(s).

Spotlight on: REBA

Evolving collaborative approaches to evolving collaborator needs

In the seven years since the Renewable Energy Buyers Alliance (REBA) was founded, the organization has driven deep collaboration on the scaling up of renewables across the energy system. As a membership organization, it has built a coalition of Fortune 500 companies as well as NGOs and other stakeholders. We spoke with Kevin Haley, Senior Director at REBA, to learn more about the organization's approach and lessons learned.

What is unique about REBA's approach to bringing together different actors across the energy value chain?

Kevin: By organizing as an "energy buyer-led" group, REBA's approach brings together companies who may compete on core business issues, but do not compete on the issues core to REBA—namely energy use and procurement. This model creates ways for many different companies to work collaboratively without significant fear of sacrificing competitive advantage.

REBA also brings the supply side of the energy industry to the table. By uniting buyers and sellers through a neutral, third-party platform, REBA can engage multiple transaction parties in collective problem-solving. REBA's goal is to create comprehensive market solutions, rather than simply pushing a one-sided approach.

How has your structure evolved over the years? How important is governance and structure in advancing the organization's mission?

Kevin: REBA was founded in early 2014 as an umbrella convening body. Established as a loose coalition of corporate energy buyers and US-based not-for-profit organizations, REBA's early work was largely designed to facilitate stakeholder engagement.

Over the next 4-5 years, the individual elements of the REBA community helped grow the market and advance a few specific goals, including matching buyers and sellers, market analysis tools, and identifying procurement best practices.

However, the lack of a formal governance and structure began to slow progress as the market matured and corporate buyers' needs became more complex. In 2019, REBA formally organized as a membership association and now seeks to tackle a more comprehensive set of industry issues. In addition, REBA created a board of directors to provide organizational governance, and an advisory board to enable industry participants to formally guide programmatic work.

What engagement formats or tactics have you found to be most successful in driving collaboration on renewable energy?

Kevin: Facilitated small group meetings are one of the highest-impact vehicles REBA uses to achieve substantial, outcomes-based collaboration. We specifically use group-based problem and solution set identification, and create small work groups of industry participants to rapid prototype, implement and report out on solutions.

REBA 's multi-party approach to stakeholder engagement has the advantage of accelerating outcomes and reducing implementation friction by pulling from both sides of the transaction table to propose solutions that appeal to different groups.

How do you track the impact of the collaboration? How do you attribute it to the Alliance?

Kevin: REBA uses a mix of (1) quantitative metrics that it controls, (2) quantitative outcomes that do not directly link to its work but include correlated success factors, and (3) qualitative feedback from stakeholders. A few examples include:

1. Number of resource downloads and number of individuals attending REBA training sessions.
2. Number of transactions by REBA stakeholders and number of new participants in the market.
3. Feedback that members' transaction times were substantively reduced after participating in trainings. REBA also analyzes membership retention and makeup to see where its collaboration value is most appreciated over time.

What lessons can be learned from collaboration in the renewable energy space that can be applied to other issues?

Kevin: We have proven that combining mission-driven elements with business goals can be a powerful uniting force for initiating collaboration between unlikely stakeholders.

In addition, matching long-term outcomes with long-term business needs creates some freedom to take on projects that may not yield immediate favorable outcome.

Secure multiple levels of support across the company

Along with a formal governance structure, the individuals within the company whom you involve directly in the oversight and day-to-day operations and engagement of the collaboration will have a significant impact on its success. Our research points to two key levels of seniority being especially important: practitioner-level support to maintain consistency of company action and senior-level representation to ensure buy-in.

Without the support of senior leadership, there may be a lack of momentum for the company's role in the collaboration. A focus group participant from Shell expressed that collaborations that they have participated in were more successful when they had the buy-in of senior leaders: "Senior leadership's support brings gravitas and impetus to the collaboration. It helps people drive change."

Ensuring practitioners and senior executives work in concert is key. Nessa Whelan, Associate Officer at the United Nations Global Compact (UNGC), described how this dynamic has helped with the success of the UNGC-supported partnership, Project Breakthrough: "Each participating company identifies a young professional to engage with the content and then go back and apply the learning within their own organization. A senior level sponsor is also identified to serve as a sounding board, test ideas, and to support internal approval processes."

Cross-functional support and strong internal collaboration across the company also bolster understanding and success. At many companies, creating such cross-department connectivity is often the role of the sustainability team. Sandy Nessing, Managing Director of Corporate Responsibility at American Electric Power (AEP) highlighted this from her own experience: "People from all over the company come to us with ideas. We are facilitators and storytellers, and we are able to bring the right people to the table, internal and external. We can facilitate and discuss if it's the right thing for AEP."

It can be advantageous for sustainability practitioners to extend this attitude of internal collaboration to bring in ideas from across the company and ensure a cohesive understanding of the goals and outcomes of the collaboration.

Consider having a third-party convener facilitate and administer the collaboration

One element we see woven into many successful collaborations is the role of the third-party convener. Such conveners are typically a non-profit or external consultant who manages the collaboration and acts as a facilitator to provide a “safe space” in which to share sensitive information. Larger collaborations, especially those with a wide diversity of partners, can benefit greatly from this kind of support.

The role of the convener comprises several elements, the first of which is providing administrative support and resources to help keep the momentum of a collaboration. Andy Harig, Vice President, Tax, Trade, Sustainability, and Policy Development at FMI - the Food Industry Association, explained why the Food Industry Association's role as a convener in the Food Waste Reduction Alliance is so critical: “Administrative aspects are really important. The scheduling, pulling data, and even just managing meetings and sending out reminders. The easier you make it for a company to participate, the more likely they will.”

Especially when collaborations involve direct competitors, third parties can be crucial for success, as they can provide legal neutrality. In our research, one interviewee talked about a collaboration that never really got off the ground, positing that it may have been more successful with a third-party facilitator who could have helped navigate competitor dynamics.

A convener also plays an important role as consensus-builder, helping to navigate conflicts. “An independent facilitator can play a more transparent brokerage role,” explained Emily Farnworth, Global Director, Low Carbon Economy Transition at ERM, of her prior experience working at the World Economic Forum. “It’s quite a unique position that a third-party can be in ... being open and transparent without sharing confidential information in a group setting.”

Similarly, Nira Johri, Sustainability Director at Rich Products Corporation, in talking about her prior work at World Cocoa Foundation, discussed the role third-party conveners play in shaping a collaboration: “As the conveners, a huge part of our job was to bring together the common perspectives into one voice. We spent time meeting with participants before and outside of large meetings to understand their individual perspectives and sought ways to align participants to outcomes that supported our shared objectives.”

Ultimately, a convener can help to build momentum, organize, and maximize the impact of the collaboration. Kevin Haley, Senior Director at Renewable Energy Buyers Alliance (REBA), a community of energy buyers, shared the organization’s internal guiding principles as conveners: “It's not enough to present a space for collaboration, you need to facilitate the collaboration. At REBA, we are trying to build something that is greater than the sum of its parts, so rather than asking the same of every group in a collaboration, we treat each collaborator with a certain level of uniqueness.”

Similarly, reflecting on the impact of the Sustainability Consortium, Euan Murray, Executive Director of the Consortium, shared: “We internalize a lot of the complexity, but out of that comes … solutions that [participants] can all take back to their organizations ... back into their supply chain.”

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Don't neglect the human aspect

With a strong structure in place, a collaboration has a strong foundation built on clear expectations, roles, and objectives. These expectations will guide the process and ensure that day-to-day management is set up for success, but it is important to recognize and manage the personal relationships within a collaboration also.

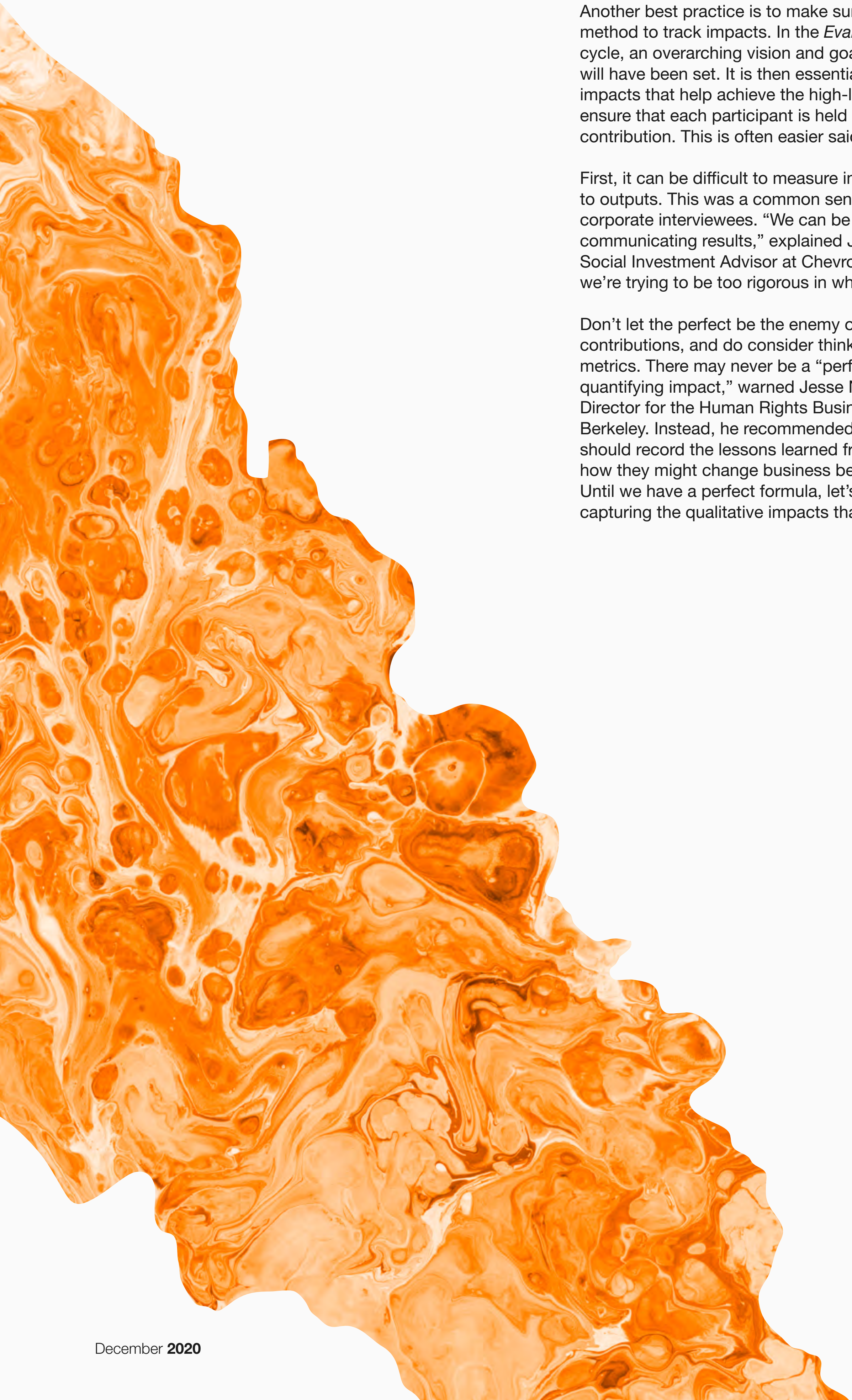
At the end of the day, a collaboration is a group of people with all the strengths and flaws inherent to human relationships, meaning these initiatives are not without personnel challenges. Even with shared goals and a clear governance structure, there are bound to be misalignments between different actors, especially where topics are urgent. The success of collaborations often comes down to the strength of people's relationships. Nurturing these relationships helps build shared understanding and trust, facilitates decision-making, and can help with arbitration when conflict occurs.

Additionally, the human element is what can ensure people are willing to put in the extra effort required to ensure success. At the beginning of the partnership, it can be difficult to speak with each other," noted Ines Roessler at Volkswagen, "but you grow fond of each other, and develop healthy, interesting, appreciative cooperation and partnerships." In this way, working with new people and learning from different experts can be a key development opportunity for those involved in collaborations, an added benefit that should not be overlooked.

Collaboration behaviors to avoid

Practitioners need to consider the things they won't do as well as the things they will do to help build successful collaborations. From our conversations with collaboration partners, we believe the following behaviors need to be avoided:

- **Looking good on paper.** Only put your company's signature to an initiative if you have the corporate support to make your commitment possible.
- **False promises.** Be clear and realistic about the work and resources you and your company will be able to contribute.
- **Unwillingness to adapt.** Accept and embrace change. Collaborations are for the long term and need room to evolve to be successful. Be willing to leave a collaboration if it no longer works for your organization.



Measure impact

Another best practice is to make sure that there is a method to track impacts. In the *Evaluate* phase of the life cycle, an overarching vision and goal for the collaboration will have been set. It is then essential to capture specific impacts that help achieve the high-level goal and to ensure that each participant is held accountable for their contribution. This is often easier said than done.

First, it can be difficult to measure impacts as opposed to outputs. This was a common sentiment among our corporate interviewees. “We can be hesitant about communicating results,” explained Jeff Erlich, Senior Global Social Investment Advisor at Chevron. “Often it’s because we’re trying to be too rigorous in what we can prove.”

Don’t let the perfect be the enemy of the good in tracking contributions, and do consider thinking beyond quantifiable metrics. There may never be a “perfect formula for quantifying impact,” warned Jesse Nishinaga, Program Director for the Human Rights Business Initiative at UC Berkeley. Instead, he recommended the following: “We should record the lessons learned from collaborations in how they might change business behavior or decisions. Until we have a perfect formula, let’s not forget about capturing the qualitative impacts that we are generating.”

Case Study: The Ellen MacArthur Foundation

Measuring the impact of national, regional, and global collaborations on plastics

The Ellen MacArthur Foundation's Plastics Pact—a part of the New Plastics Economy Global Commitment initiative that was launched in 2018 to encourage action on the circular economy—provides a unique example of customizing local targets as a way of measuring impact effectively.

Each of the eight national and one regional Plastics Pact spearheaded by local organizations has taken the set of targets under the New Plastics Economy Global Commitment, tailored them to local contexts where needed, and developed national or regional roadmaps to measure and achieve the targets.

The Global Commitment's set of targets are distinct for business signatories, governments, and endorsers. Though some of the targets define specific metrics, much of the specifics of the targets are left to the signatory organizations to develop. For instance, for packaged goods companies, retailers, hospitality and food service companies, and packaging producers, the following targets are outlined:

- Take action to eliminate problematic or unnecessary plastic packaging by 2025.
- Take action to move from single-use toward reuse models where relevant by 2025.
- 100% of plastic packaging to be reusable, recyclable, or compostable by 2025.
- Set an ambitious 2025 recycled content target across all plastic packaging used.

Plastics pacts in different locations have customized additional ambitions depending on the organizations involved and the challenges they want to address in their regions. For instance, the French Pact has added a commitment to "leading awareness-raising and educational activities with the general public on the issues related to plastic pollution." The Polish Pact has committed to "effective support of the packaging collection and recycling system to achieve a recycling rate of at least 55 percent on the Polish market."

This global approach with regional networks is effective in providing a way to measure impact and progress against the ambitious challenge of creating a circular plastics economy globally.

Communicate in a coordinated way

Reporting on a company's role and impacts through a collaboration is an important part of the life cycle. At the beginning of a collaboration, take care to align expectations about how each partner will communicate externally and internally about the project. Setting out clear guidance and understanding will help avoid any conflict that could arise from an uncoordinated communications plan.

Based on his experience as Senior Director, Global Water Stewardship at The Coca-Cola Company, Greg Koch, now Technical Director, Water at ERM, recommends asking high-level questions to help develop a shared approach including the following:

- What's your appetite or expectation for publicity and attribution?
- If we're successful, how much do you want to talk about your and our and other collaborators' roles in this?
- Who can talk about what and when?

When deciding what level of detail to disclose in communications, we recommend as much transparency as possible. More transparency leads to better outcomes, and sharing more about collaborations can help encourage others to follow or join in.

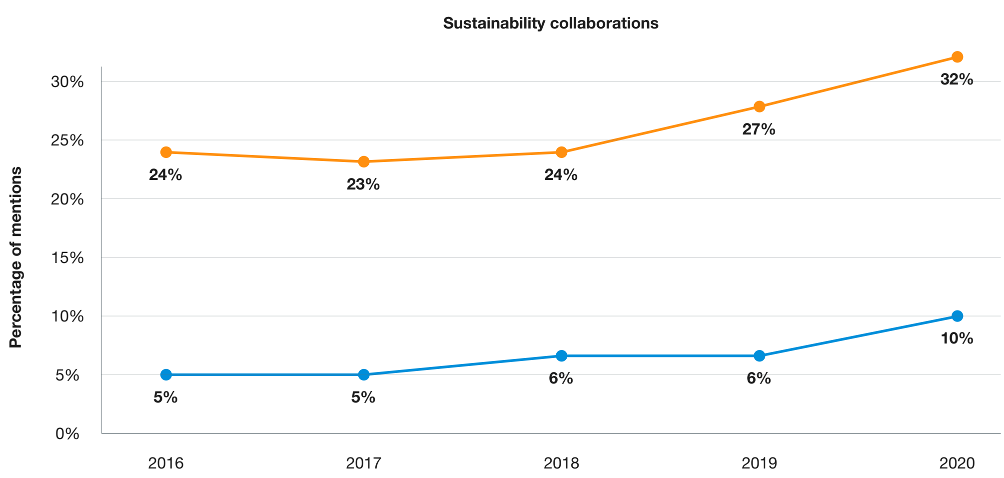
In our interviews, a sustainability practitioner at a large technology company spoke to the benefits of transparency: "Many collaborations have remained private, and as a result the momentum and scale they could have had was stifled. We always default on the side of transparency because it gets others to want to be part of the process."

Many companies are communicating more about their collaborations. Our research in the software analytics platform Datamaran found that mentions of sustainability collaborations have risen since 2017, with under a quarter of companies talking about them in their sustainability reports in 2017, and a third of companies mentioning them in 2020. The number of mentions in annual reports has gone up slightly also, signaling some integration of collaboration efforts into core business strategy.

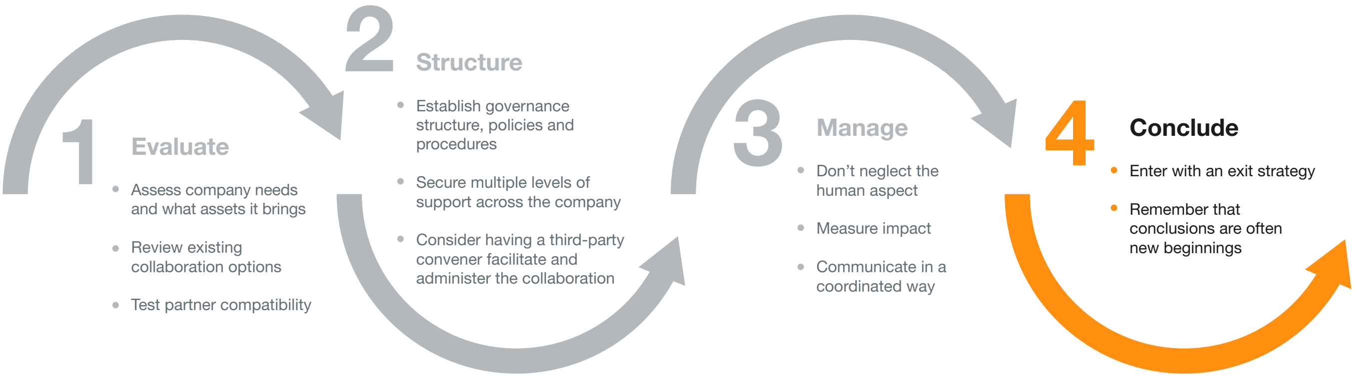
In addition, Christian Vousvouras, Corporate Communications and Public Affairs Manager at Nestlé noted a shift that has happened internally in communicating about Nestlé's collaborations: "The communications part has always been kind of a second-step priority. Now there is more opportunity to show what has worked well and where there are challenges with more and more brands embedding purpose and sustainability at the core of their activities."

Communication about collaborations in financial and non-financial reports is increasing

Disclosure of collaboration on various ESG issues



Source: Datamaran. Mentions of collaboration (search terms: all forms of collaboration/partnerships) in concert with various ESG terms across financial reports and sustainability reports have increased from 2016 to 2020 in Datamaran's database. Read more about Datamaran on page 46 of this report.



Enter with an exit strategy

One often-overlooked aspect of the collaboration life cycle is planning when it should end or when to leave. Don't be afraid to set an end-date for the collaboration, whether for a pre-existing collaboration or for a new initiative. Having an end-date in mind can help drive progress toward goals and set clear expectations among partners for how quickly that should happen. Multiple interviewees also suggested that having an end-date might also make it easier to get internal approval for the collaboration because the amount and duration of financial and employee resources will be clearly defined.

For some collaborations, having an end-date may be impractical or may be a decision already made. In these instances, be sure to evaluate progress on a regular basis, perhaps in-line with an internal materiality or strategy refresh process, to ensure the collaboration remains connected to the company's most material topics and overall business strategy. The list of questions in the box below can guide reflection.

Checklist of questions to consider when assessing whether to conclude a collaboration

- Has the collaboration continued to make progress toward its goals? If not, what role can your company play in driving it forward?
- Do the goals of the collaboration still align with the company's sustainability strategy and business objectives?
- Does your company still have the resources to effectively support the goals of the collaboration, and the internal buy-in needed to be successful?
- Have better options emerged since you started this collaboration that you should engage instead?

Case Study: California Water Action Collaborative

Driving Californian water stewardship

Created in 2014, the California Water Action Collaborative (CWAC) seeks to improve water security in California for the benefit of the state's residents, businesses, agriculture, and nature. CWAC stemmed out of another collaboration, the United Nations Global Compact's CEO Water Mandate.

Several companies in the CEO Water Mandate realized they had a joint interest in California's water challenges, and that, by working together with one another and with leading environmental NGOs, they could make a demonstrable impact on water security in the state.

"The impetus was the drought in California in 2014. That was the critical point. Companies began to see a material risk to their supply chain and operations and looked for opportunities to act on these," explained Cora Kammeyer, a Senior Researcher at the Pacific Institute.

Today, there are 30 members of the CWAC, including Google, Coca-Cola, Nestlé, The Pacific Institute, WWF, and The Nature Conservancy. The organizations involved have set three priorities:

1. Build social capital for improved local water management.
2. Return water to natural systems—both surface water and groundwater.
3. Drive corporate water stewardship aligned with state and global water stewardship goals.

To deliver on its priorities, the CWAC has developed more than 10 projects. The projects vary from water stewardship initiatives in specific regions of California, to upper watershed restoration, to urban water efficiency, to facilitating industry-level solutions for reducing water pollution in the dairy industry. Each project is led by at least one member of CWAC, supported by at least two additional CWAC members, and brings in additional partners from outside of the formal collaboration, ensuring its impact extends beyond its direct reach.

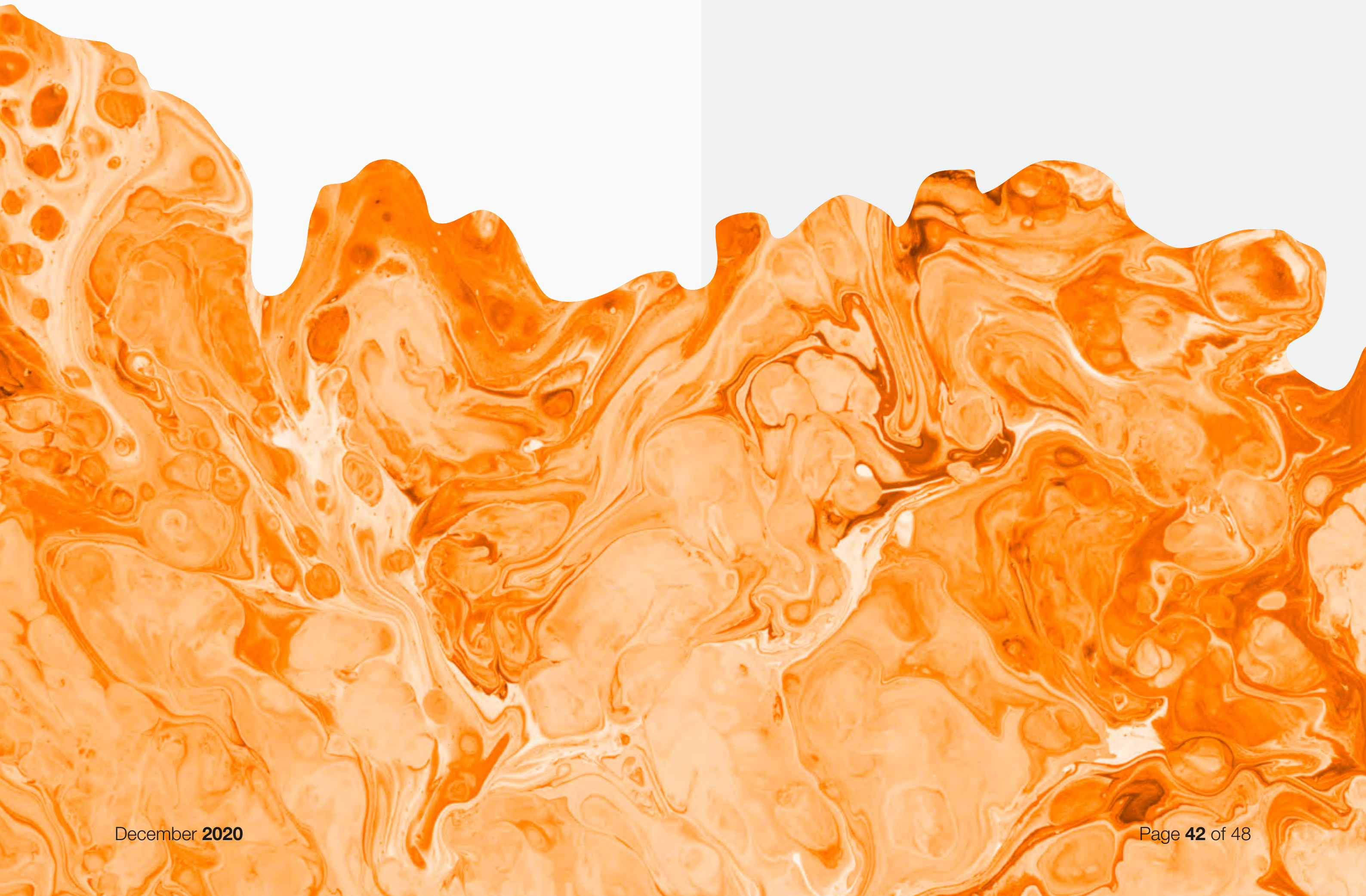
Remember that conclusions are often new beginnings

Keep an eye out for opportunities to evolve the company's role in a collaboration. For example, a large collaboration may help build relationships with new people and form connections to new organizations that could lead to a more specialized collaboration with a subset of participants from the original initiative. As an example of this, see the case study on the previous page about the California Water Action Collaborative, born out of the CEO Water Mandate, a subset of the UNGC.

On the flipside, there may be opportunities to consolidate or align collaborations that are working toward similar goals. Consolidation can be advantageous for a mature topic like climate change where countless collaborations exist, or for newer topics, such as plastics waste, where the burgeoning number of collaborations may be duplicative. In the case of mature topics, it can be "a challenge of sunk costs that make them difficult to leave," said Rob Kaplan, Founder and CEO at Circulate Capital. To concentrate resources on systemic problems, it is worth considering whether and when the benefits of consolidation of similar initiatives outweigh the opportunity costs.

Regardless of how the collaboration ends or how a participant exits, companies may find themselves with time and budget to expend on a new or different collaboration. We recommend practitioners return to their collaboration strategy and assess which challenges are most pressing or primed for collaborations before engaging anew.

The approaches we recommend for developing a strategy and managing the life cycle of a collaboration are in-line with current best practices. In the next chapter, we explore what is on the horizon for collaborations in the next 3–5 years and what sustainability practitioners should anticipate and address in planning for the future.



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The Future of Collaborations

As we move further into the decade of action 2020–2030, the environmental and social challenges we face will require even more innovative, sophisticated, and collaborative approaches and solutions. As a result, we foresee a number of trends that will impact the way companies will collaborate now and in the future, which we outline in the section below.

Diversity, inclusion, and equity topics will be the focus of new collaborations

Considering increasing urgency and pressure to act on societal topics, more collaborations centered on diversity and inclusion and racial justice will develop. “Examples of collaboration on climate and the environment are more well established. There are many platforms and engagement opportunities for business, and it is becoming increasingly clear what is expected of business in support of climate and the environment. The same cannot be said of the social space,” explained Nessa Whelan, Associate Officer at the UNGC. “We hope to see more collaboration by business to address social challenges, such as inequality, particularly given how the COVID-19 pandemic has exacerbated and exposed inequalities across the globe.”

Several new and ambitious collaborations have already begun to emerge. As one example, a cross-sector group of 44 executives and organizations from U.S. companies, including Uber, Merck, Sonos, and United Airlines, announced the Board Challenge, a campaign calling on companies to add a Black director within 12 months. In addition, CEO Action for Diversity & Inclusion, a CEO-driven business commitment to advance diversity and inclusion in the workplace through collective action, has been signed by 1,300 global executives.

We are encouraged to see swift, creative, and ambitious action on pressing social issues. In an interview with GreenBiz, Anthea Kelsick, Co-CEO, B Lab U.S. & Canada, called on companies to maintain their momentum on diversity-related actions: “This is a moment in time when all of the initiatives can easily become one-off, as opposed to the first step in changing the way we work over the long run. We don’t need any more Band-Aids.”

Collaborations will increasingly address intersectional challenges

Across our research and interviews, we noticed an emerging trend toward collaborations explicitly designed to address multiple issues simultaneously. In one crosscutting example, the Sustainable Food Lab's core approach is built around systems change. For each new location or sector, Lab collaborators work to uncover how land and economic systems impact each other and strive to address both environmental and social challenges in their solutions.

In another example, the Vietnamese conglomerate Hanwha Group collaborated to reduce carbon emissions and biodiversity simultaneously. Through a partnership with national and city governments and a local NGO, they replaced diesel boats with solar-powered ones to clean up trash on the Mekong River. This allows garbage collection to proceed without diesel leaks or carbon dioxide emissions, and with less noise, thus limiting disturbance on local wildlife. We expect to see more collaborations approaching global challenges with more than one topic in mind in the future.

“There’s an enormous need to take a multidimensional approach to solving global challenges,” noted Jane Nelson, Director of Corporate Social Responsibility Initiative, Harvard Kennedy School. Similarly, Cora Kammeyer, Senior Research Associate at the Pacific Institute encouraged companies to pursue multi-faceted approaches, advising companies to “push more toward a multi-benefit approach and collaborations that are more holistic.”

Broadening coalitions will drive innovations in collaborations

Sustainability collaborations often include more types of organizations and people with more varied expertise and experience than other types of collaborations have in the past. Within the private sector, start-ups and companies are collaborating more to solve sustainability challenges. In an example of action on the circular economy, several major global brands, including Unilever, Gillette, Tide, and others, partnered with the start-up Loop (under parent company TerraCycle) to create and provide products in refillable packaging for customers.

Loop is also partnering with major retailers, including Kroger, Tesco, Walgreens, and others to leverage their scale and distribution systems in bringing products to customers. This level of collaboration completely changes the game, creating what Loop calls a "global ecosystem for the reuse movement."

In addition, the private sector is increasingly expanding the network from with which it is seeking input and collaboration through open-source forums. In one example, Sanofi and Regeneron posed a challenge via OpenIDEO of how to help people living with eczema navigate daily life. Any person or group can submit ideas via the platform and see all the other ideas as well. Using this type of model has the potential to expand with whom and how companies collaborate.

Jesse Nishinaga, Program Director of the Human Rights Business Initiative at UC Berkeley encouraged companies "to collaborate more with groups that aren't typically in the sustainability sphere, especially those who haven't engaged in the sustainability field much in the past." Expanding the realm of collaborative partners will only continue to drive innovation and new ideas to tackle the challenges we face.

Despite technological advances, future collaborations will still lean heavily on interpersonal connections

Advances in digital technology and accessibility have accelerated the use of virtual technology in global collaborations. As corporate employees who lead and participate in multi-stakeholder collaborations have been mandated to work from home, and as travel has been restricted, new tools and software are enabling collaboration across geographies. "As COVID-19 has made remote work the standard, physical distance between people has become less of a concern," shared Masako Oshima, Manager at E-Square. She predicts that as a result "collaboration between people across the globe will go further in the future."

While technology can lower barriers to entry—primarily in the form of eliminating travel costs and scheduling limitations—increasing reliance on technological tools comes at the risk of limiting advancement of personal relationships. As Lindsey Lyman states in her essay in the Chicago Booth Review: "You simply cannot build trust-based relationships with other humans when you are not physically with them on a regular basis." This is particularly risky for collaborations on complex sustainability topics and across sectors and industries where trust is often the foundation for driving the agenda forward.

One potential outcome of travel restrictions is that, to be effective, collaborations may become more localized, potentially narrowing their scope away from coordinated global actions. A focus group participant from Shell suggested: "Building trust is different now without talking face-to-face, which could change the nature of collaborations."

We expect that dependence on technological tools and virtual collaboration will certainly remain at an increased rate relative to 2019; however, in-person conversations and meetings are too fundamental a tool to the success of collaborations—and the sustainability topics being solved too urgent—to remain as only virtual.

Conclusion

Collaboration is increasingly essential for addressing the systemic global challenges of our era. As we have shared, there is much to be optimistic about. The private sector is taking a more active role in developing collaborations and finding new ways to drive change within industries and across sectors through unique models and funding structures.

The stakes couldn't be higher. Our hope is that the best practices and recommendations for managing collaborations shared in this report will help corporate sustainability practitioners be effective participants in and organizers of collaborations to build a more sustainable world.

Acknowledgements

This report was developed with support from the members of the SustainAbility Transparency Network (STN), a group of global companies, convened by the SustainAbility Institute by ERM, which explores how transparency, stakeholder engagement, and integration accelerate progress toward a more sustainable future. A key benefit of the network is access to our annual research output, which focuses on topics and challenges of relevance in members' roles as sustainability practitioners. Members contributed to the research by selecting the topic and by sharing ideas through interviews, focus groups, and ongoing discussions.

We would like to thank our SustainAbility Transparency Network members for their time and insights and for sharing their direct experiences on the opportunities and challenges involved in starting and participating in sustainability collaborations. We could not have created this report without their input and support as members of the network.

Many other organizations helped inform our thinking on this topic. We would like to thank all the interviewees. We appreciate their sharing of time, insights, and experience with us as we conducted research for this report.

In addition, we gained valuable corporate disclosure insights from Datamaran. Datamaran is the only software analytics platform in the world that identifies and monitors external risks, including ESG. Trusted by blue-chip companies and top tier partners, it brings a data-driven business process for external risk and materiality analysis. In house – at any time. Datamaran's patented technology offers real-time analytics on strategic, regulatory and reputational risks, specific to your business and value chain. Companies worldwide use Datamaran to:

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- **Monitor these material and emerging risks** through live dashboards.
- **Strengthen risk management, Board oversight and annual reporting** with credible data and real-time insights.

Datamaran®

Interviewees

- Abbott*
- AEP*
- Base Titanium Ltd.
- Business in the Community (BiTC)
- Chevron*
- Circulate Capital
- Coca-Cola European Partners*
- Connective Impact
- Duke Energy*
- EDF+Business
- Emily Farnworth, Partner at ERM
- E-Square
- Food Industry Association
- Ford*
- Greg Koch, Partner at ERM
- HPE*
- Jane Nelson, Corporate Social Responsiblity Initiative at Harvard Kennedy School
- Jesse Nishinaga, Human Rights Business Initiative at UC Berkeley
- Kingfisher
- Nestlé
- Novo Nordisk
- Ørsted*
- Pacific Institute
- Renewable Energy Buyer's Alliance (REBA)
- Rich Products Corporation
- Roundtable on Sustainable Palm Oil
- ShareAction
- Shell*
- Suzano*
- UCB*
- United Nations Global Compact (UNGC)
- Volkswagen*
- Weyerhaeuser
- Whole Foods
- World Benchmarking Alliance
- World Business Council on Sustainable Development (WBCSD)

***Denotes member of the SustainAbility Transparency Network**

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The purpose of the SustainAbility Instititute by ERM is to define, accelerate, and scale sustainability performance by developing actionable insight for business. We provide an independent and authoritative voice to decode complexities. The Institute identifies innovative solutions to global sustainability challenges built on ERM's experience, expertise and commitment to transformational change.

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