

Getting Started Guides: An Introduction

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An Introduction

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WHY DID WE DEVELOP THIS SERIES?	3
WHAT TOPICS DO THE GUIDES ADDRESS?	4
KEY FOUDATIONAL CONCEPTS	6
KEY CONTENT IN EACH GETTING STARTED GUIDE	11
ACKNOWLEDGMENTS	13

1

WHY DID WE DEVELOP THIS SERIES?

Whether you are developing your first strategy for sustainability or refining an existing one, our *Getting Started Guides* can help provide clarity on the work ahead.

Gaining buy-in and momentum for your strategy for sustainability can be challenging. Your leadership and board may understand that they need a sustainability strategy and public goals, but they may still be reluctant to commit without a clear sense of the path to get there. While they may support the idea of decent work, a healthy environment, and community resilience, the path often seems daunting and unclear because they do not have enough clarity on the work and resources required to achieve these ambitions.

Building on this need to bridge the gap between knowing where to go but not how to get there, we conducted research into the actions companies are taking to cross the chasm on a range of important environmental, social, and governance issues. We then developed a series of *Getting Started Guides* that can help your organisation build a foundational understanding of the issues, understand evolving expectations, and build momentum by setting process-based interim targets.

This introduction to the series shares our overall approach and clarifies the value of setting a clear strategy anchored in your company's most material issues. It also explains the key concepts that underpin the work outlined within each guide, including building an understanding of system thresholds and process-based interim targets.



WHAT TOPICS DO THE GUIDES ADDRESS?

The Getting Started Guides are organised under eight broad sustainability issues and are broken down into key sub-issues, as listed in the table below. A complete list of the content addressed in each issue and subissue can be found in our guide Scan: A Comprehensive List of Sustainability Issues for Companies.

ISSUI	E CATEGORIES	SUB ISSUES
Rights and Wellbeing at Work	Human Dignity and Integrity	
	Safe and Healthy Working Conditions	
	Rights and Wellbeing	Fair Compensation
		Right to Organise
		Company-Worker Relations
		Respectful, Equitable, and Inclusive Workplaces
		Worker Health and Wellbeing
	Company-Community Relations	
	Housing and Land	
		Local Economic Opportunities and Resilience
		Education, Knowledge, and Skills
		Inclusive Banking, Credit, and Insurance
	Community Health and Wellbeing	
	Rights and Resilience in Communities	Food
		Healthy Natural Spaces
iii Communities		Social and Cultural Connections and Civic Engagement
		Respectful and Inclusive Community
		Human Dignity and Integrity Public Safety and Justice Water, Sanitation, and Waste Management
		Energy, Transportation, and Mobility
		Information, Innovation and Telecommunication Services

ISSUE CATEGORIES	SUB ISSUES
	Consumer Rights and Safe Products and Services
	Data Oversight
	Respect for Rule of Law and Traditional and Community Knowledge
	Anti-Corruption and Anti-Bribery
Governance and Ethics	Advocacy, Lobbying, and Political Engagement
	Fair Tax and Benefit Sharing
	Redress
	Governance and Oversight
	Aligned Executive Compensation
	Accountability, Transparency, and Disclosure
	Nitrogen and Phosphorous
	Hazardous Chemicals
	Metals
	Particulates
Pollutants	Gaseous Air Quality Pollutants and Odours
	Radiation
	Noise Pollution
	Vibrations
	Light Pollution
	Zero Waste
Waste and Circularity	Product and Materials Stewardship
	Packaging Waste
	Biodiversity
Nature	Protecting and Restoring Nature and Ecosystem Services
Ivature	Regenerative Land Use
	Animal Rights and Welfare
	Water Quantity
Water	Water Quality
	Water Governance
	Climate Risk Preparedness and Adaptation
Climate and Energy	Emissions Reduction
	Energy Transition

KEY FOUNDATIONAL CONCEPTS

Before we share the outline of each guide, here are some key concepts that may be helpful to review.

THE IMPORTANCE OF AN EMBEDDED STRATEGY

Every business depends on the social and environmental systems around it for its continued success. Companies need to transition from traditional views of shareholder value and stakeholder value to pursuing **systems value**. Your company's operations and value chain form part of nested system – one that is bounded by and embedded in the environmental, social, and economic systems around you.

An <u>embedded strategy</u> is one that aligns with doing your part to ensure the resilience of the environmental, social, and economic context in which your company operates, taking into account longer timeframes and a broader understanding of value creation that includes **systems value**.

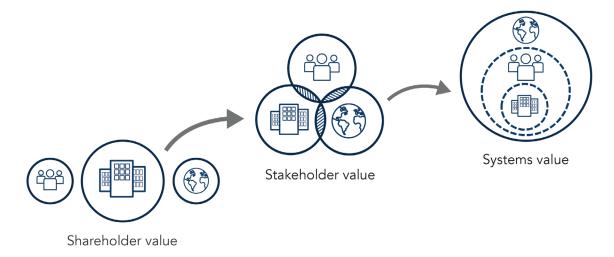


Figure 1: Embedded Strategies: The shift to a systems view of value creation.

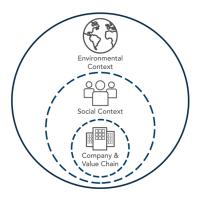


Figure 2: An embedded approach

By adopting an embedded approach and including systems resilience as a part of your long-term risk conversation, your organisation will be better able to proactively manage disruptive risk, enhance its social acceptance by anticipating shifting expectations, understand your relevant impacts, and identify your strongest levers for positive change.

UNDERSTANDING SYSTEM THRESHOLDS

System thresholds describe the point at which the resilience of an environmental, social, or economic system becomes compromised - the 'tipping point' of a system where it is fundamentally altered and experiences a profound shift and is no longer able to function in the same way. This occurs when the total impacts imposed on the system exceed its capacity to assimilate those impacts.

For example, these limits can be seen in the planet's ability to withstand environmental stress or its capacity to handle the waste that we produce or in a community's ability to function in the face of stresses like chronic income inequality or systemic discrimination.

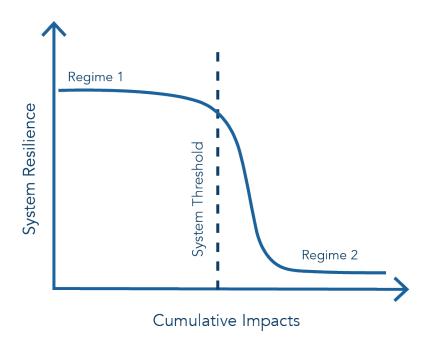


Figure 3: Thresholds and systems resilience

The exact point at which a system will cross a threshold can be challenging to define. Identifying exactly when an environmental or social system will exceed its capacity and experience a regime shift is difficult to predict as there are many underlying dynamics that influence and shape how a system responds to stresses. While estimates can be made, often thresholds are only truly identified once they have already been surpassed.



The <u>Planetary Boundaries</u> framework represents a scientific consensus on the upper limits for nine human–environmental coupled systems that underpin a stable and healthy Earth. The boundaries include: climate change, novel entities, stratospheric ozone depletion, atmospheric aerosol loading, ocean acidification, modification of biogeochemical flows, freshwater change, land system change, and biosphere integrity.

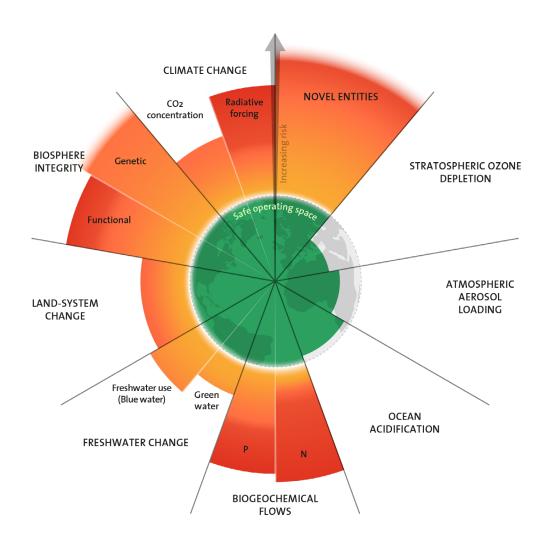


Figure 4: Status of planetary boundaries as of 2024 Source: Stockholm Resilience Centre

As of 2024, six out of the nine planetary boundaries have already breached past their safe operating space. For those looking to delve deeper, the <u>Planetary Health Check</u> is a report and tool that can help you to build a greater understanding of the health of Earth's vital systems and the actions required to enhance their resilience.



The Doughnut of Social and Planetary Boundaries, also called Doughnut Economics, builds upon the Planetary Boundaries. It combines upper environmental thresholds (described as ceilings) with a set of lower thresholds (called social foundations) beneath which the resiliency of social and economic systems is threatened. Operating within these upper and lower thresholds helps to maintain the resilience of the systems we live within.

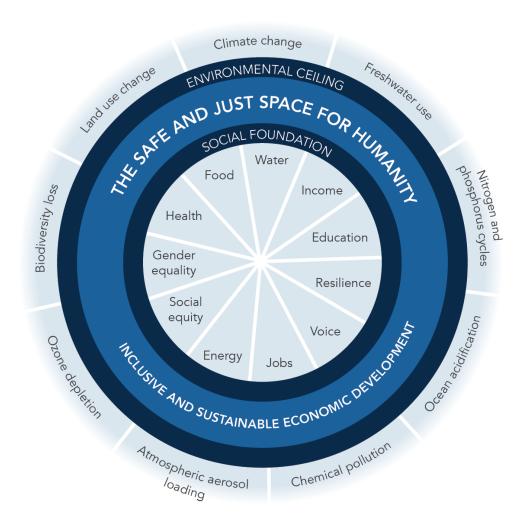


Figure 5: Doughnut of social and planetary boundaries Adapted from: Kate Raworth's Doughnut of Planetary Boundaries and Social Foundations

It is important to note that our collective understanding of system thresholds and resilience cannot rely only on one, predominantly western, perspective. Traditional and Indigenous knowledges, based on communities' own traditions, explorations, observations, trial and error, and situated lived experiences stewarding the land over long periods of time, have a key role to play in how we understand and address the health and resilience of key systems.

Ultimately, the continued existence and success of your company is directly linked to operating in ways that contribute to the resilience of these systems, rather than eroding them.



IDENTIFYING YOUR MOST MATERIAL ISSUES

Taking action on every issue area at once is an impossible ask – you need a credible process that helps you to prioritise your efforts in meaningful ways.

A robust materiality process will be anchored in understanding your company's impacts and its value chain's impacts on the resilience of key social and natural systems and how those impacts translate into strategic constraints for your company (for instance, those that require additional investment or even a shift in your core strategy).

The process needs to be comprehensive and ensure that your company examines a full range of environmental, social, and governance issues, including issues that may not be currently identified in reporting standards or by your industry peers. That is because emerging sustainability issues can bring rapid and disruptive changes to businesses, regions, and industries as their awareness 'hops over the fence'. Taking a wide lens helps you to

consider and begin to meaningfully monitor and address emerging issues proactively.

To enable meaningful understanding of your company's actual and potential impacts, the process should differentiate between what is within the direct control of your company, what takes place in your value chain (indirect control), and your company's potential for positive influence on the resilience of broader environmental and social systems (where your company has influence, is a key decision-maker or gate-keeper, or holds key knowledge or resources within the system).

To do this, your process needs to consider how your company (and its value chain) affects each issue (with reference to relevant thresholds) and how each issue, in turn, can affect your company and its ability to achieve its objectives. When we recognise that sustainability impacts can be a crucial a source of strategic risk, the strategic potential of an impact-focused materiality process becomes even more clear.



KEY CONTENT IN EACH GETTING STARTED GUIDE

Each getting started guide covers the following in information:

UNDERSTANDING THE ISSUE

Each guide begins by providing a brief explanation of the issue at a global scale along with rising demands for corporate action.

KEY THRESHOLDS

Each guide discusses our current understanding of the demands placed on key systems and the behaviours expected of companies to support the ongoing health and resilience of those systems.

KEY CONCEPTS AND KEY ACTORS

In each guide, we define key concepts and introduce key actors working in the space.

LONG-TERM GOALS

Companies often begin their sustainability strategy process by looking to the future - by developing ambitions or vision statements that clarify their conviction about the need for action and then setting long-terms goals to clarify the company's commitment to action.

There are a growing set of external expectations that can guide or frame what needs to be done, such as net zero by 2050 or even net zero by 2040, nature positive by 2030, or aligning with one or more of the Sustainable Development Goals for 2030.

To be credible, companies need to set goals around their most material issues (those where they have the most material impacts in their direct operations and in their value chains and where their action can have the most positive impact). They also need to set goals that align with doing their part to maintain the resilience of the environment and communities where they operate. Ultimately, contextual (or context-based) goals should be informed by the action required to contribute to systems resilience and clarify what proportion of the necessary response your company is taking on.

Based on our research, in each guide we offer a sample of common long-term aspirations and goals. The long-term commitments that your organisation elects to make will be based on your own identified priorities and the resources and capabilities that you will need to build to undertake the work required.

INTERIM TARGETS

In each guide, we also share examples of the shortterm interim targets that provide accountability and help those inside and outside of the organisation to know whether you are making meaningful progress towards your longer-term commitment or goal.

In some cases, they will be lagging indicators – they will specify expected outcomes such as a 20% emissions reduction or water use reduction by year 1, a 35% reduction by year 2, and so on. These are



outcome-based interim targets, so you will be judged on whether you achieved the impact. While they are certainly important, leadership teams and boards can fear them at early stages, especially when there isn't a clear plan to achieve them.

Whereas, at the early stages of working on sustainability issues, we find that leading indicators in the form of process-based interim targets that clearly outline the specific actions that your company intends to take to achieve its high-level goals or commitments are very helpful. For instance, you may need to undertake work like gathering data by completing baseline assessments at all your facilities in the coming year, developing workplans by the end of year 1, developing and/or delivering training in year 2, undertaking pilot projects, and developing policies or processes. These processbased targets can be specific tasks, collaborations, initiatives, or interventions. You will be judged on whether you completed the action in the time frame that you committed to do so.

In each guide, we outline the common interim targets that companies set. The idea is to help you understand the kind of work that you may need to undertake and the resources and capabilities that you may need to build along the way.

While we have grouped these actions on a yearly basis over a hypothetical five-year cycle, the proposed timelines within the Getting Started Guides are only for guidance and are based on the pace we see outlined by other companies. We encourage you to take the insights and apply them to your organisation as it works for you.

KEY RESOURCES

Finally, each guide closes with a curated list of helpful resources and tools that can provide additional guidance and support for the work ahead.

We hope the guidance presented here clarifies the value of developing an embedded strategy anchored in your company's most material issues and aligned with contributing to systems resilience. We also hope that the individual guides in the series help you and your company to make progress on developing a credible strategy for sustainability.



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