

ASSOCIATION
INSIGHTS
CENTER

Leading with ESG for Associations

How to Use this Deck

- Use the following slides to introduce a discussion on opportunities to identify your association's ESG priorities.
- Customize the slides as needed. It's likely that some aspects of ESG discussed here are more relevant to your association than others. You can add your branding, revise text, and insert new slides.
- This deck takes approximately 15-20 minutes to present.

What is the Association Insights Center?

A community of experts collaborating to face the increasingly complex environment and challenges ahead. The AIC provides critical, on-demand intelligence and tools to support association CEOs as they face the tough decisions yet to come.

The slides that follow provide synthesis of the community's work in 2022 to support CEOs in guiding Boards of Directors to discuss their approach to ESG.

What is ESG?

ESG is frequently discussed in the media, financial, and corporate worlds as an opportunity to positively impact overall organizational strength, including financial sustainability (Whelan et al., 2021), but it is not as commonly used among associations. While associations are in the early days of ESG as a label, or established framework, many associations have been mobilizing around ESG priorities in recent years, especially those that align with member priorities.

What does ESG mean in the context of associations?

	Environmental	Social	Governance
AIC Working Definitions	Accounting for the resources consumed and waste/pollution generated by the association (and its profession/industry) and their impact on our natural environment	Condition of relationships between the business and stakeholder groups (e.g., members, staff, customers, vendors, partners) including those which are impacted by the association but have little to no influence and how the organization treats people	Guiding principles and governing practices employed by associations to self-govern, make effective and accessible, expedient, efficient, ethical and transparent decisions, and comply with laws and regulations, while meeting stakeholder needs
Themes	<ul style="list-style-type: none"> • Climate Change • Biodiversity • Environmental Impact • Pollution • Waste 	<ul style="list-style-type: none"> • Diversity, Equity, Inclusion, Justice and Accessibility • Equal Access • Human Rights • Labor Standards • Social Justice • Sourcing • Organizational Culture • Workforce Development 	<ul style="list-style-type: none"> • Data Protection • Governance Structures • Organizational Behavior • Public Perception of <ul style="list-style-type: none"> – Executive Compensation • Socially Responsible <ul style="list-style-type: none"> – Investment Policies • Transparency • Trust

Criticisms of ESG

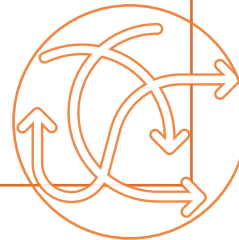
- How can we fit ESG within our strategic framework?
- Will members perceive rolling up priorities into ESG as diluting current priorities?

It's a Distraction



- How does E-S-G come together?
- How do we balance different issues against multiple viewpoints that are sometimes politically charged?
- How should we prioritize one issue over another?

Too Difficult



- How do we connect ESG to tangible outcomes?
- How does our association impact the environment or society? What actions should we take to counter it?

Not Measurable/
Connected to
Performance



Advantages of ESG

Positive financial
impact

Favorable business
model impact

Operational
efficiencies,
enhanced
performance and
lower cost of capital

Strengthened brand
preference and
reputation for
association

Strengthened
relationships and
higher trust between
stakeholders and the
association

Reasons to Consider Implementing ESG

Environmental	Social	Governance
<ul style="list-style-type: none">• Increase member value• Lower carbon footprint• Lower energy consumption• Reduce resource consumption• Reduce or eliminate waste	<ul style="list-style-type: none">• Strengthen trust• Improve human relationships and performance• Attract and retain top talent across stakeholder groups• Improve morale productivity, culture, and motivation• Increase stakeholder engagement• Expand perspectives for better decision making	<ul style="list-style-type: none">• Minimize regulatory and legal action• Minimize implications of bad actors in the system• Diminish risk• Reduce silos• Improve security• Increase strategic impact• Create transparent and accessible pathways to leadership• Clarify and enhance value proposition

Positioning Your Association for Success in ESG

Association executives cited the following reasons for confidence relative to their organization's response to ESG.

Which of the following are reasons you are confident about your organization's level of response on ESG issues?
(Base=140 Assoc Execs)



Organizational values and culture support response to ESG issues



Organization provides solutions to ESG issues



Organization leadership places an appropriate amount of discussion and consideration on ESG issues

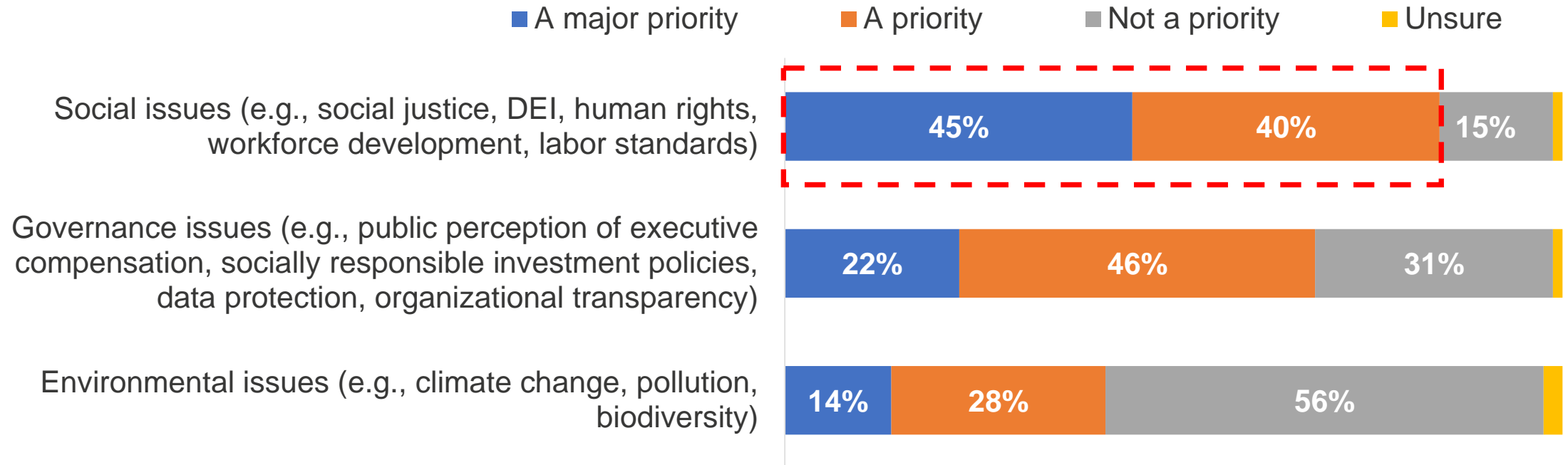


Organization has the capacity to respond to ESG issues in a quick and nimble way

ESG Priorities Among Associations: Social Issues are Greatest ESG Priority

Which of the following environmental, social and governance issues are a priority for your organization?

(Base=165 Assoc Execs)



Opportunities to Embed ESG into Organizational Strategy

And what it means for associations...

Embedding “E” into Strategy



- **Align with mission:** While some organizations have a clear link to the environment, others might consider how the environment impacts them or their stakeholders to find alignment on the issues.
- **Leverage standards and coalitions for influence:** Programs and partnerships offer the opportunity to create change.
- **Understand the organization’s impact:** Associations can catalyze change by assessing the organization’s environmental footprint, as well as evaluating the field/ industry it represents for environmental impact and designing a plan for action.

“Our board has challenged us with raising our work in the Environmental over the next three years to a level equal to human rights.”


- *Manufacturing Industry
(Trade Association)*

“Our association at times moves more quickly to embrace ESG issues than the industry we represent - the industry is ..simply not as nimble as our organization is..however, sustainability is a sensitive topic for our membership given the environmental impact of their operations and products.”

- *Manufacturing Industry
(Trade Association)*


Associations Taking Action on Environment

Associations are activating a variety of strategies to advance environmental priorities to reduce impact, educate stakeholders and support the advancement of industry initiatives.



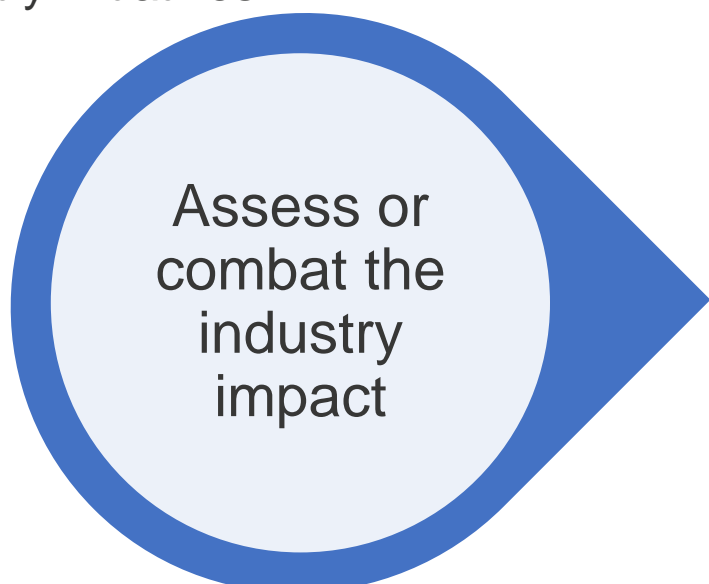
Assess or
combat the
association's
impact

- Analyze footprint of association's meetings
- Reduce association's impact on climate change (changes to events, governance meetings)



Educate or
inform
stakeholders

- Form a committee on sustainability
- Facilitate discussions on environmental issues
- Host webinars



Assess or
combat the
industry
impact

- Fund research to reduce field's impact
- Spread awareness of how field impacts climate change
- Form/join a coalition to advocate for green policies
- Create industry standards

Embedding “S” into Strategy



- **Embed DEIA in strategy, programs and industry:** Engage underrepresented groups to understand how the association can positively impact Diversity, Equity, Inclusion, and Access (DEIA)/conscious inclusion and assign metrics to evaluate progress.
- **Clarify and address the industry’s relationship with equity and social justice:** Examine impact of the field on social justice issues and identify strategies to remedy.
- **Strengthen workforce strategies that foster engagement through inclusion:** Explore new avenues for training and development to engage new talent.

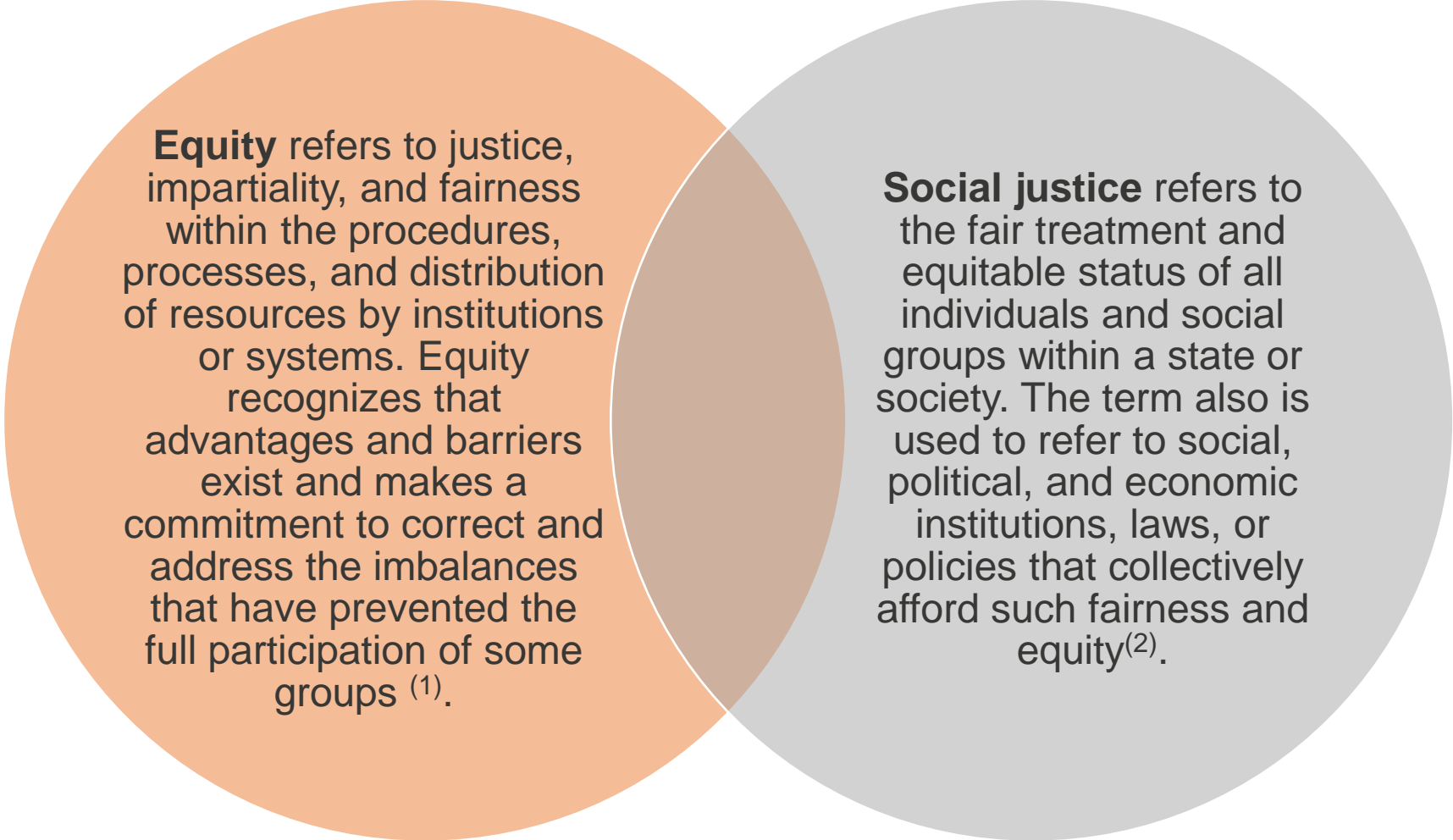
“Recent member survey had several comments that we are “too woke” and need to dial back our DEI initiatives. These comments are coming from members who have been in our industry for more than 20 years. It's a small voice but it's giving those on the fence a chance to say we should pull back.”

- *Financial Industry
(Combined Trade/ Professional Association)*

“We are only willing to connect members with experts, we are unwilling to speak or provide a position of our own. Very frustrating but we are concerned with screwing up.

- *Healthcare Industry
(Combined Trade/ Professional Association)*

Defining Equity and Social Justice

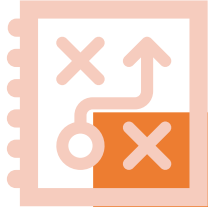


Equity refers to justice, impartiality, and fairness within the procedures, processes, and distribution of resources by institutions or systems. Equity recognizes that advantages and barriers exist and makes a commitment to correct and address the imbalances that have prevented the full participation of some groups ⁽¹⁾.

Social justice refers to the fair treatment and equitable status of all individuals and social groups within a state or society. The term also is used to refer to social, political, and economic institutions, laws, or policies that collectively afford such fairness and equity⁽²⁾.

Associations Taking Action on Social

Associations are activating a variety of strategies to advance social priorities in ways that both *strengthen the association and ensure future success*, as well as those that accelerate progress in the field for the business benefit of stakeholders and create positive impact in society.



Embed DEIA in Strategy & Operations

- Incorporate Diversity, Equity, Inclusion, and Access (DEIA) within strategic plan with corresponding metrics to measure progress
- Strengthen organizational culture on DEIA/Conscious inclusion
- Foster accessibility and inclusion in member representation and programming/ content
- Create DEIA roadmap for members
- Assess governance structure and opportunities for more access



Strengthen the Workforce

- Create programs to improve retention, pay and working conditions for industry professionals
- Recruit underrepresented individuals to the field
- Change or improve public perception of the industry and contribution to society/economy to fuel professional pipeline
- Create new pathways to the profession through partnerships, programs, grants
- Develop benchmarking surveys, report cards, etc. to measure progress and show commitment

Associations Taking Action on Social

Associations are activating a variety of strategies to advance social priorities in ways that both strengthen the association and ensure future success, as well as those that *accelerate progress in the field for the business benefit of stakeholders and create positive impact in society.*



Become a DEI Change Agent in Industry

- Require salary ranges on job board/postings
- Offer scholarships that support underrepresented groups
- Develop policies to strengthen diversity of membership
- Advise members on creating inclusive organizations



Advocate for Justice

- Adopt and promote socially responsible policies
- Take a public stance against social trends that are harmful to marginalized groups*
- Develop standards for members and their suppliers related to social justice

Embedding “G” into Strategy



- **Foster transparency to strengthen leadership:** Clarity in policy, mission and values ensures that all stakeholders understand pathways to decision-making.
- **Adopt investment policy that reflects values:** Connecting financial investments to ESG priorities that are mission-aligned builds credibility among stakeholders.
- **Streamline governance and operational structures to build agility and accessibility:** A reexamination of organizational policies and procedures can lead to elimination of unnecessary steps, allowing the association to minimize lag and boost responsiveness and access.

“Our leadership sometime struggles with deciding which areas are not only important but where we also have some ability to respond.”

*- Healthcare Industry
(Professional Association)*

“We are still learning the balance of responding quickly and in a timely manner – with consultation, thought and strategy.”

*–Entertainment Industry
(Professional Association)*

Associations Taking Action on Governance

Associations are activating a variety of strategies to advance governance priorities to create greater transparency, alignment and efficiency with the goal of advancing organizational mission, expanding influence and amplifying agility.



Build Transparency to Expand Leadership

- Conduct governance review and increase diversity of Board
- Create policies around transparency with Board, members, and the public



Align Investments with Organizational Mission

- Work with an advisor to review policies to ensure social responsibility
- Designate 10% of investments to socially responsible investments



Design Efficient and Inclusive Governance and Operational Structures

- Create policies and procedures around data privacy and protection
- Overhaul committee structure to focus on effectiveness
- Implement policies and structures that foster greater access, transparency, and equality for all

Advanced Practices in ESG

Associations who have been engaged in their ESG journey have considered or implemented additional initiatives to advance their goals.

Environmental & Social

Governance

Formally recognize the association's past faults to begin remedying injustices

Expand the Code of Conduct to incorporate ESG priorities

Leverage partners and suppliers to collect data and enhance operational capacity to tackle ESG

"Show up" in the communities the association wants to support through ESG work

Implement educational efforts to build understanding around the complexities and trade-offs in decision-making

Pursue programs that will make a difference but may also create discomfort

Widely distribute work-in-progress; provide access to learn together

Questions to Consider when Identifying E-S-G priorities

Priority Questions Unique to “E”

To get started on Environmental priorities, associations can invite dialogue and input around the following questions:

Stewardship



What are our mandates around environmental stewardship?

Drivers



Who are our drivers and influencers in our interactions with the environment?

Footprint



How do we measure our environmental footprint and what steps can we take to reduce it?

Support

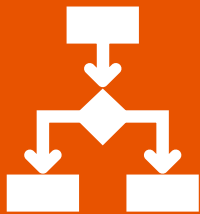


How do we support our industry in reducing environmental impact to achieve greater strategic freedom?

Priority Questions Unique to “S”

To get started on Social priorities, associations can invite dialogue and input around the following questions:

Position



How do we evaluate whether to take a position on social concerns?

Impact



What is needed to impact DEIA within our association?

Inclusion



How do we create an inclusive experience for all stakeholders?

Culture



How do we create a meaningful and beneficial culture for staff and for members?

Priority Questions Unique to “G”

To get started on Governance priorities, associations can invite dialogue and input around the following questions:

Accelerate



How can we accelerate our decision-making process to keep pace?

Transparent



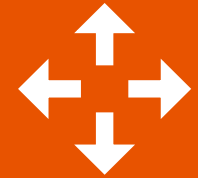
How can we ensure accountability and transparency in our governance?

Performance



What elements of modern governance structures will enhance our organizational performance?

Evolve



How does our board need to evolve to oversee, enable and support delivery of an ESG strategy?

Getting Started with ESG for Board Leadership

Key Question:

How could we leverage ESG to advance our mission and generate financial and operational results that grow the association?

How does our field/industry connect to ESG?

What do our members and stakeholders expect of us with regard to ESG?

What might be the consequences of doing nothing?

What external influences must be considered, relevant to our field/industry?

Is our governance sufficiently nimble to support ongoing and rapid evolution?

What are the key targets and goals that resonate with stakeholders?

What is the level of commitment to ESG among our stakeholders?

What resources and skills are needed to accomplish ESG goals?

How are associations partnering for exponential impact?

How do we vet vendors and partners?

Getting Started with ESG for Staff Leadership

Key Question:

How can we implement ESG to create new value that resonates with stakeholders, strengthens financial stability and expands our influence?

How does ESG integrate into our existing operational plans?

What are the key targets and goals for which we are positioned to deliver now?

How will we measure success?

How will we integrate ESG into organizational reporting structures?

What resources and skills are needed to accomplish ESG goals?

How do we vet vendors and partners?

What business intelligence do we need to make informed decisions?

What do we need to get creative?

What skillsets do we need to engage around this? Are they available to us now?

What might need to change in our current operations?

Resources

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