



ASAE-Association Insights Center Thought Leadership Panel

Primer on ESG
December 2022

Environmental, Social, and Governance (ESG) Priorities for Associations

EXECUTIVE SUMMARY

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.

Likewise, the ASAE Research Foundation's work on [social impact](#), [diversity and inclusion](#), and [governance](#) have connections to ESG without naming it as such. While engaging in ESG contributes positively to addressing broader societal challenges, worthy in its own right, it also impacts overall association health. An association may pursue ESG relative to its own operations, to the industry or profession it serves, or both. ESG can take many forms within an association context.

"This might mean being more mindful of the carbon footprint created by team member travel and finding ways to offset it. It could also be developing employee resource groups (ERGs) where your staff can collectively share and discuss challenges and opportunities related to social matters. From a governance perspective, you'll want your board, and consequently your members' leadership, to have solid policies in place to ensure responsible decision-making with sustainability in mind." (Rudner, 2022)

Metrics to assess the value of ESG policies have been inconsistently employed in the corporate sector, but typically center around how [sustainability strategies and the resulting changes are quantified and monetized to impact growth](#), productivity and risk to deliver stakeholder value – key challenges faced across the association industry.

SETTING THE STAGE FOR ESG IN ASSOCIATIONS

Through interviews with AIC Thought Leadership Panel (TLP) members in spring 2022, ASAE identified a series of challenges facing association executives that reflected a narrative similar to that seen in the corporate sector around ESG. A synthesis of interview results, discussion of themes with TLP members in April and June 2022, layered with an exploration of recent academic literature and association expertise, provided guidance to the development of foundational definitions of ESG, identification of themes impacting ESG, unique and shared benefits of pursuing ESG priorities, and the key questions driving the development of ESG priorities in associations. Data acquired from a survey administered by ASAE to member associations in June 2022 provided a glimpse of the level of

importance given individually to environmental, social and governance priorities by association respondents.

	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, expedient, efficient, ethical and transparent decisions, and comply with laws and regulations, while meeting stakeholder needs
Themes	Climate Change Biodiversity Environmental Impact Pollution Waste	Diversity, Equity, Inclusion, Justice and Accessibility Equal Access Human Rights Labor Standards Social Justice Sourcing Organizational Culture Workforce Development	Data Protection Governance Structures Organizational Behavior Public Perception of Executive Compensation Socially Responsible Investment Policies Transparency Trust
Unique Benefits	<ul style="list-style-type: none"> ● Increased member value ● Lower carbon footprint ● Lower energy consumption ● Reduced resource consumption ● Waste reduction or elimination 	<ul style="list-style-type: none"> ● Strengthened trust ● Improved human performance ● Attraction and retention of top talent across stakeholder groups ● Improved morale productivity, culture, and motivation ● Increased stakeholder engagement ● Expansion of perspectives for better decision making 	<ul style="list-style-type: none"> ● Minimized regulatory and legal action ● Minimized implications of bad actors in the system ● Diminished risk ● Reduced silos ● Improved security ● Transparent pathways to leadership ● Clarity and enhancement of value proposition
Shared Benefits	<ul style="list-style-type: none"> ● Positive financial impact ● Positive 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 		

Priority Level (from AIC survey)	41% report environmental issues are a priority	85% report social issues are a priority	69% report governance issues are a priority
Priority Questions Unique to E, S, or G	How do we identify our mandates around environmental stewardship?	How do associations evaluate whether to take a position on social concerns?	How can associations accelerate the decision-making process?
	Who are our drivers and influencers in our interactions with the environment?	What are the key areas of impact for addressing DEI within associations?	How can we ensure accountability and transparency in governance?
	How do we measure our environmental footprint and what steps can we reduce it?	How do we create an inclusive experience for all stakeholders?	What are the key elements of modern governance structures that enhance organizational performance?
	How do we support our industry in reducing environmental impact to achieve greater strategic freedom?	How do we create a meaningful and beneficial culture for staff and for members?	How does our board need to evolve to oversee, enable and support delivery of an ESG strategy?
Shared Priority Questions	<ul style="list-style-type: none"> • What are the key targets and goals that resonate with stakeholders? • What is our time horizon and how do we measure success? • What is the level of commitment to ESG among stakeholders? • How will we integrate ESG into organizational reporting structures? • What resources and skills are needed to accomplish ESG goals? • How are associations partnering for exponential impact? • How do we vet vendors and partners? 		

HOW ASSOCIATIONS ARE ADDRESSING ELEMENTS OF ESG

Environmental

The Society for Personality and Social Psychology (SPSP) leverages attendee data to [make decisions on where to host meetings based on carbon footprint](#) (Smith, 2021a). The American Institute of Architects (AIA) is working "to exponentially [decelerate the production of greenhouse gases](#) contributing to climate change" with a goal of net-zero emissions in the building sector by 2040 ("Where we stand: Climate action," n.d.). AIA is partnering with organizations like [Architecture 2030](#) to increase collective impact.

With a long history of mobilizing around climate change issues, the American Planning Association (APA) was ready to take action when President Trump promised to withdraw from the 2015 Paris

climate agreement. Timing is a critical factor when choosing to speak out on an issue, APA's decision was made "after months of careful media monitoring," "seed[ing] the ground with messages and member engagement at the local and state levels, where climate change goals and greenhouse gas emissions targets were already being set" and "drafting a rapid-response plan so that APA could move quickly the moment the administration began the withdrawal process" (Ebner, 2020).

The Outdoor Industry Association (OIA) announced plans in 2021 to become the world's first "climate positive" industry by 2030. The initiative brings together prominent members including Patagonia, YETI, Osprey, Dick's Sporting Goods, and REI as part of its [Climate Action Corps](#), which seeks to aggressively "reduce greenhouse gas emissions in the production of outdoor gear, removing more carbon than the industry emits" (Smith, 2021b). OIA has "established a credible, practical pathway, supporting resources, and interim milestones that will guide and accelerate programs for companies no matter how far along they are on the path" (Smith, 2021b). Corps members "commit to share progress annually demonstrating accountability toward a shared industry-wide climate positive goal and emphasizing progress over perfection" (Rogers, 2021).

Social

The American Speech-Language-Hearing Association (ASHA) brings together subject-matter experts and its leadership to have conversations around when to speak out and make a public statement in response to news events. "A recent case of Brigham Young University discontinuing speech and hearing services to transgender clients prompted a discussion that [led to a statement](#)" (Athitakis, 2022).

Similarly, after receiving requests from members to make statements on social issues, the Society of Teachers of Family Medicine (STFM) developed a [policy and evaluation process](#) which included a decision tree to help analyze issues and implement the policy (Brungardt, 2016).

Working to advance Diversity, Equity, and Inclusion (DEI) principles in medical education, the Association of American Medical Colleges (AAMC), develops [tools for individuals, organizations, and communities](#) including DEI competencies that will be released later in 2022 that aim "to add depth to ongoing efforts; help guide curricular and professional development; and facilitate critical reflection, formative performance assessment, cross-continuum collaborations, and improvements in health care services and outcomes".

The American Psychological Association (APA), American Public Health Association (APHA), International City/County Management Association (ICMA), National League of Cities and YMCA of the USA have joined forces to transform workplace culture by prioritizing employee mental health and calling on organizational leaders to sign onto an initiative called [Striving for Mental Health Excellence in the Workplace](#). In doing so, leaders make a commitment to support employee mental health and influence a workplace culture shift.

Governance

When the National Association for College Admission Counseling (NACAC) set out to revitalize its governance structure to become more nimble, modern, and responsive, it also recognized that it needs to be more representative of its stakeholders. Diversity, equity and inclusion (DE&I) factors prominently in the field's values, driving NACAC to build a governance model that would support greater diversity, expand inclusion, and help address long-standing policies, practices and

assumptions. As a result of these [changes](#), NACAC not only has a stronger governance model, they were able to also significantly reduce operational expenses.

The National Association of Credit Management (NACM) states that one of the founding principles behind its formation was “to be the guardian of economic stability and ethical, sound business practices” (Smith, 2022). Robin Schauseil, CAE, past president of NACM reflected on how the organization’s work to drive efficiencies, professionalism, and transparency into the credit process has evolved the credit industry from “the back room” to a “corporate partner” (Smith, 2022). “Whether it comes to vetting supply chain partners, whether it comes to vetting merger partners, whether it comes to actually making the decisions to extend or not extend credit to customers” NACM demonstrates transparency (Smith, 2022) which is a key principle of the “G” in ESG and an area members of the AIC TLP feel associations are well-positioned to lead in.

The National Asphalt Pavement Association had an antiquated governance structure that ranged from 56 to 80 board members at a time. This structure was prohibitive of strategic discussions and board meetings tended to focus simply on report-outs. Audrey Copeland, who became NAPA’s President and CEO in early 2019 said, “Either people weren’t willing to speak up in such a big room, or it was just very difficult to get everyone on the same page” (Athitakis, 2021). NAPA convened a task force to reassess its governance (Athitakis, 2021). Copeland says that the new governance structure positions the board to be more forward-thinking and efficient in determining priorities.

CONCLUSION

Though ESG issues are often deeply intertwined, the examples provided above paint a picture of how leaders are prioritizing and acting on ESG within associations. A strategic focus on ESG can improve an association’s bottom line; create greater strategic freedom through deregulation; boost employee motivation, productivity, and morale; optimize investment returns and impact overall association strength. Perhaps instead of asking “to ESG or to not ESG,” more associations can begin to identify the work they are already doing that falls under the ESG framework and determine additional opportunities to leverage sustainable business practices that create even greater impact.

ABOUT THE ASSOCIATION INSIGHTS CENTER

ASAE launched the Association Insights Center (AIC) in Spring 2022 to help association CEOs navigate today’s extraordinary change and increasingly complex issues and decisions. The AIC connects community and research through collaboration, delivering real-time solutions for real-time challenges. ASAE and our partner, [McKinley Advisors](#) have developed an approach to provide just-in-time intelligence to boost decision-making capabilities. The current focus areas are ESG and innovative business models.

If you are interested in learning more about AIC, please contact Christin Berry, CAE at cberry@asaecenter.org. The second year of AIC will launch in March 2023.

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