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# GOVERN GREEN

DRIVING YOUR ORGANIZATION'S  
COMMITMENT TO SUSTAINABILITY



BoardSource®

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# INTRODUCTION

Whether you are a devoted environmentalist with a lifestyle to match, or you believe that the earth and its resources exist for humans to use as they choose, the inescapable fact is that we depend on the natural environment for the resources and materials we need to sustain us and our quality of life. Most readers of this book have had advantages that would have been difficult to imagine a century ago: Our educational experiences, material standard of living, and professional and cultural opportunities greatly exceed those available to the majority of people in our parents' and grandparents' generation. But the benefits that many take for granted in advanced economies have come at a significant cost.

While ambient environmental quality in the United States has improved markedly in recent decades, on a global scale human activity is threatening our most fundamental resources. Given current and projected patterns of consumption and use, it is uncertain whether many amenities we take for granted — such as adequate potable water, flood control, crop pollination, and availability of fish and game — will continue without interruption. Our environment is under siege.

Nonprofit organizations are driven by the mission to serve a social purpose, a cause, or a constituency. Especially in challenging economic times, they must manage scarce resources while keeping a single-minded focus on making a difference by fulfilling their missions. It makes sense for nonprofits to embrace another form of responsibility to their stakeholders and society at large: to assess and commit to reducing their impact on the environment. Whether or not your organization generates substantial waste, pollution, or other obvious environmental aspects, the board and staff leaders should take reasonable steps to improve its environmental posture and performance. With astute leadership, this responsible approach may reveal additional value your organization can offer, such as new or enhanced services to clients or members, or cost savings, operational efficiency, improved staff morale and productivity, or other business-oriented benefits.

This book will help nonprofit boards explore why and how the environment and related matters should be part of their agendas. It is written for board members who understand their governance roles but may not have extensive knowledge of environmental issues in the nonprofit context. In the chapters that follow, I outline some of the major environmental challenges and broader sustainability issues that we face as a society and suggest a role for nonprofit boards in combining effective governance with environmental responsibility.

**Part I** provides the context for sustainability policies and practices in a nonprofit organization. Chapter 1 reviews the global environmental challenges that are reaching crisis proportions, provides a capsule history of response to environmental issues, and introduces the concept of sustainability. Chapter 2 describes what it takes to create an organization fully capable of implementing sustainability practices and explains the barriers that typically exist.

**Part II** addresses the fundamentals of governing green. Chapter 3 lists appropriate points for board involvement: defining the nature of the organization's relationship with the environment, formulating a vision and strategy, developing a sustainability policy, assessing environmental effects, reviewing investments, and providing oversight. To give board members a sense of what's involved at the policy and operational levels, chapter 4 reviews relevant areas for sustainability initiatives in nonprofit organizations.

## **A NOTE ABOUT TERMINOLOGY**

Increasingly, many leading businesses, higher education institutions, nonprofit organizations, and even many environmental advocacy groups are approaching environmental issues through the broad framework of sustainability. Stand-alone approaches focusing only on environmental performance improvement (for example, reducing waste generation or pollutant emissions) are increasingly being abandoned in favor of a construct that is more holistic and, for nonprofit organizations in particular, a more natural fit.

The concept of sustainability emerged from the environmental movement and often is focused on key environmental issues and challenges, but it also encompasses opportunities for nonprofit leaders to examine social equity and economic issues in combination with the environmental aspects of their organizations.

Sustainability, in my view, is a value set, philosophy, and approach rooted in three beliefs:

- that organizations (nonprofit and otherwise) can and must contribute materially to the betterment of society
- that successful organizations must balance their needs, aspirations, and limitations against the larger interests of the societies in which they operate
- that these organizations will be rewarded with loyalty, opportunity, stability, and durable competitive advantage

In this book I use sustainability, rather than greening or environmental improvement, as the key objective to be pursued. Greening sounds and feels admirable, but when economic conditions deteriorate greening programs tend to be jettisoned or scaled back. Sustainability provides the only theoretical and practical environmental improvement framework that can be fully justified and maintained during both good and challenging economic times.

Use of the term green is in vogue, but you should also be aware that organizations must be careful about any claims that they make about their activities and offerings. Terms such as green, carbon neutral, and environmentally preferred are regulated by the U.S. Federal Trade Commission and must be supported with facts and analysis. If you want to learn more about environmental claims and their use, visit [www.ftc.gov](http://www.ftc.gov).

## **WHY ORGANIZATIONS NEED BOARD LEADERSHIP**

To many people, protecting the environment is a civic duty. It may be less obvious, however, why nonprofit boards should concern themselves with this issue, given the diversity of their responsibilities and the challenges inherent in fulfilling them.

Whether your organization is a soup kitchen, an art museum, a child care center, or a wildlife conservation group, it all starts with “governing green”: a commitment on the part of board members to rethink fundamental policies and practices that affect the environment, either directly or indirectly. You may find that in improving your environmental performance, you also improve operational efficiency, reduce costs, raise employee morale, or benefit from a socially responsible image. Or you may believe that when it comes to this urgent global issue, it’s quite simply the right thing to do.



## DEFINITIONS OF TERMS

**carbon footprint.** An organization's total annual emissions of all greenhouse gases, generally expressed in terms of carbon dioxide equivalents (CO<sub>2</sub>-e). Carbon, in fully oxidized form (as CO<sub>2</sub>) is by far the most important contributor to total greenhouse gas emissions worldwide and for most organizations. (*See also greenhouse gas.*)

**corporate social responsibility (CSR).** A self-regulating mechanism in which a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. Acceptance of CSR implies making a positive overall impact on the environment, consumers, employees, communities, and other stakeholders. CSR-focused organizations proactively promote the public interest by encouraging community growth and development and voluntarily eliminate practices that could harm the public, regardless of their legality. CSR and sustainability have common elements, but CSR emphasizes obligations to society, while sustainability, as defined here, equally emphasizes opportunity.

**environmental aspect.** Element of an organization's activities, products, or services that can interact with the environment. A significant environmental aspect has or can have a significant environmental impact.

**environmental footprint.** As originally defined, the area of land (e.g., in acres) required to produce all of the resources used by one person in one year. In common (and imprecise) usage, the total environmental burden imposed by a person, organization, or society.

**environmental impact.** Any change to the environment, whether adverse or beneficial, resulting wholly or partially from an organization's environmental aspects; the effect of an environmental aspect.

**environmental, social, and governance (ESG).** The current formulation by which many investors evaluate the risks and opportunities presented by investments in particular companies. A category of investor that makes use of corporate sustainability information when making investment decisions.

**greenhouse gas (GHG).** A gaseous substance that promotes atmospheric warming by trapping heat, thereby contributing to global climate change. Major greenhouse gases include the combustion gases carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O), as well as the industrial chemicals sulfur hexafluoride, hydrofluorocarbons, and perfluorocarbons. (*See also carbon footprint.*)

**sustainability.** A value set, philosophy, and approach rooted in the belief that (1) organizations (nonprofit and otherwise) can and must materially contribute to the betterment of society; (2) successful organizations must balance their needs, aspirations, and limitations against the larger interests of the societies in which they operate; and (3) those that do will be rewarded with loyalty, opportunity, stability, and durable competitive advantage.