

Why this organization is now paying its board directors and why others should follow

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Kachuwa Impact Fund is an investment cooperative and public benefit corporation focused on owning and operating real estate and investing in privately held companies that have positive impact in at least one of ten areas (environmental conservation and stewardship; renewable energy and energy efficiency; B-Corp, LEED, organic, and/or fair-trade certification; majority ownership and/or leadership by women or BIPOC; employee ownership; cooperatives; democratic workplaces; sustainable agriculture, forestry, and land use; social justice; and community wealth building).

As a positive impact focused cooperative, we are continually learning and adjusting for what it means to apply justice, equity, diversity, and inclusion (JEDI) perspectives to our governance, operations, and investment decisions. As such, the board brought a proposal to begin compensating board directors to a vote among cooperative members. We are excited that the investment cooperative members voted unanimously in favor of this proposal. This decision came after nearly a year of very engaging dialogue.

One of the cooperative members first presented the idea of board compensation as a matter of justice. The rationale? *Board work is still work*, and as such should be compensated. While joining a board may be technically optional, those with less privilege (e.g. less social capital due to systemic racism) may feel compelled to go into an uncompensated situation to access important networks and opportunities. It's one of the unwritten rules that no one speaks of, but we think we should.

The initial board reaction was mixed. Some board directors felt like we should not go down the compensation route while the fund was still on the smaller side (with ~\$15 million in co-op member equity – i.e. similar to a conventional fund with ~\$15 million in assets). Others had strong preferences for volunteering given their own financial privilege and advantage. However, the “privilege of volunteering” was exactly what the Kachuwa Impact Fund ethos sought to avoid; we did not want to limit our board selection to those who benefit from generational wealth or are otherwise wealthy enough to volunteer their time.

The racial wealth gaps are real, both from a domestic U.S. perspective and a global perspective. For example, in the U.S., the gap between the finances of Black people and white people was still as wide in 2020 as it was in 1968; one in seven white families are now millionaires, while for Black families, it's one in fifty. We realized that we may be unintentionally perpetuating the practices that maintain this gap through our own failure to compensate labor. This realization was not an easy one, as unpaid boards in both the non-profit and for-profit social and environmental impact arena are commonplace. When we conducted a survey, only a handful of our peers were compensating their board directors.

In balancing our willingness to pay with our ability to pay, the board decided that we would pay an honorarium of \$100 per board meeting starting in Q3 of 2022. While we are well aware that this amount is below the market value of a board director's time, we believe it is an important start. We will increase the amount over time as the fund grows. Ultimately, we felt this was a good balance between recognizing the dignity of work and the current limitations brought by the current size and profitability of the cooperative. It should also be noted that we decided not to provide the ability to “opt out” of receiving the honorarium except when there's a regulatory or professional prohibition (e.g. a professional investment advisor who makes recommendations to their clients to invest in the cooperative). We wanted to prevent any unintended consequences as a result of some board directors choosing to opt out (e.g. guilt, discomfort, unspoken pressure, etc.).

We encourage other mission driven funds and organizations to strongly consider this path and begin to compensate board directors – and all forms of labor. The conversation and consultation alone will undoubtedly deepen an understanding of privilege and justice. We hope that by being transparent about the nominal start to our honorarium can serve as a motivation for other organizations that may be hesitant to start this process.

As many have said before us, *If not us, who? And if not now, when?*

- Kachuwa Impact Fund's Board of Directors