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# Balancing the short – and the long – term: the challenges of being a “sustainable” NED

with:

Seamus Creedon

Professor Michael Mainelli

Louise Pryor

Dr Yvonne Thompson CBE|DL

# Session Outline



- 1 - How to balance the short-term and the long-term
- 2 - How to balance interests of different stakeholders
- 3 - How to sustain an independent perspective and diversity of perspective
- 4 - Where do external non-financial measures, such as ESG, help, and where do they hinder?

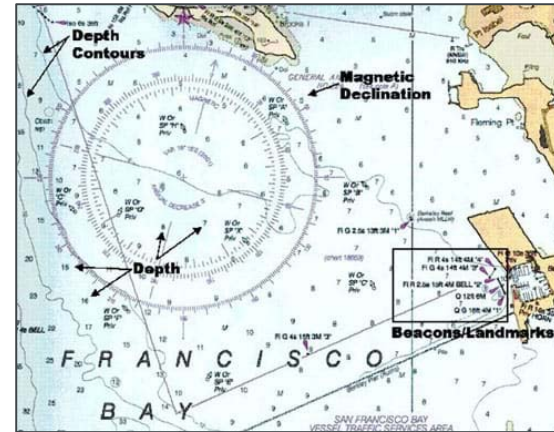
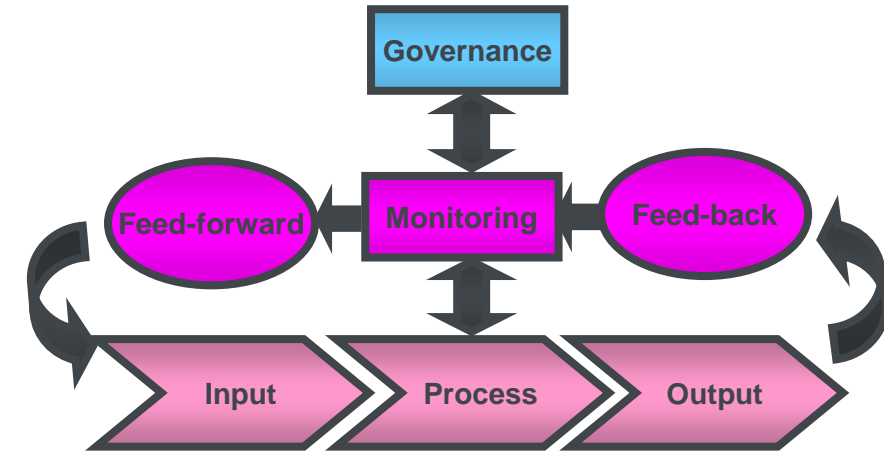
Chatroom main topic – **“What does being a sustainable NED mean?”**



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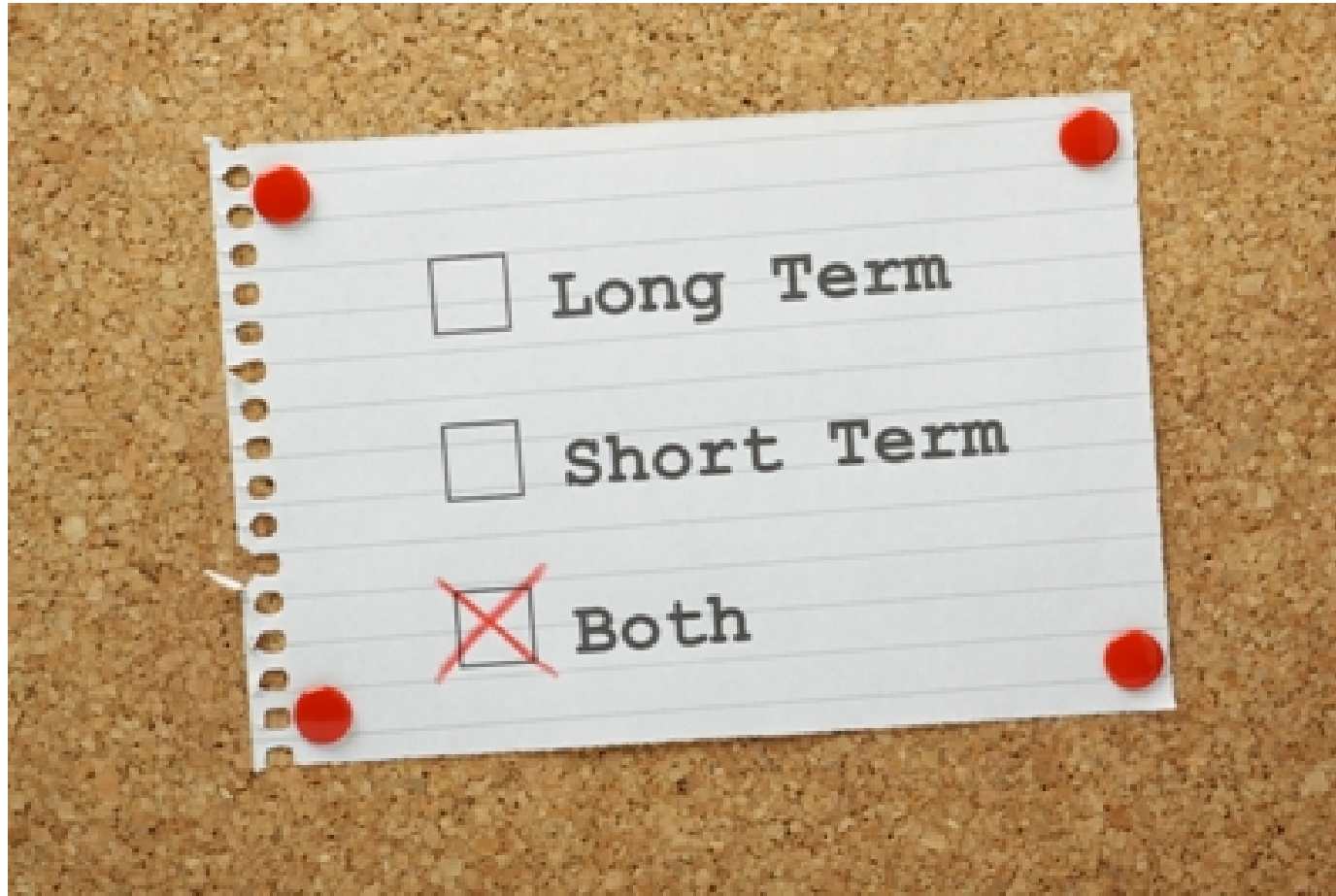
# Chairman's Remarks

- Cybernetics & systems
- Governance
  - managing
  - directing
- Sustainable



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# 1. How to balance the short-term and the long-term



# Poll 1 - Time

Are boards :

- Too short-term?
- Too long-term?
- Just right, “Goldilocks”?



# Seamus Creedon – Learnings from life as a NED

- ESG – it's a puzzlement!
- What's good for General Motors may not be good for the USA!
- The (mutual) member is always right!



# Dr Yvonne Thompson – Does Diversity Matter.



## McKinsey Management Consultants says “Yes It Does”

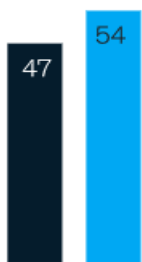
The business case for diversity in executive teams remains strong.

Likelihood of financial outperformance,<sup>1</sup> %

By gender diversity

Why diversity matters<sup>2</sup>

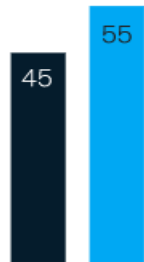
+15%



2014

Delivering through diversity<sup>3</sup>

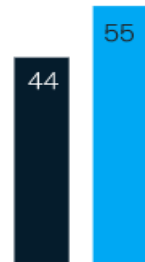
+21%



2017

Diversity wins<sup>4</sup>

+25%



2019

<sup>1</sup>Likelihood of financial outperformance vs the national industry median; p-value <0.05, except 2014 data where p-value <0.1. <sup>2</sup>n = 383; Latin America, UK, and US; earnings before interest and taxes (EBIT) margin 2010–13. <sup>3</sup>n = 991; Australia, Brazil, France, Germany, India, Japan, Mexico, Nigeria, Singapore, South Africa, UK, and US; EBIT margin 2011–15. <sup>4</sup>n = 1,039; 2017 companies for which gender data available in 2019, plus Denmark, Norway, and Sweden; EBIT margin 2014–18.

<sup>5</sup>n = 364; Latin America, UK, and US; EBIT margin 2010–13. <sup>6</sup>n = 589; Brazil, Mexico, Singapore, South Africa, UK, and US; EBIT margin 2011–15. <sup>7</sup>n = 533; Brazil, Mexico, Nigeria, Singapore, South Africa, UK, and US, where ethnicity data available in 2019; EBIT margin 2014–18.

Source: Diversity Wins data set

McKinsey  
& Company



### Leadership and culture

#### Strategy and business case

- Do you have a D&I strategy in place? And does this strategy set out how you will deliver on / continue to deliver on the Parker recommendations?
- Have you articulated an organisation specific business case for a diverse Board (and workforce)?
- Are you regularly reinforcing this organisation specific business case within communications and learnings?

#### Culture

- How do you hold your leaders to account for creating an inclusive working environment?
- What mechanisms have you made available to employees to ‘speak up’ if they experience poor behaviours at work?
- Do you capture data to assess whether these ‘speak up’ measures and metrics are effective?

#### Governance

- Do you have an executive level sponsor for D&I?
- Is there sufficient expertise in the organisation to steer effective D&I initiatives?
- Is there clear lines of accountability for delivering on actions within your D&I strategy?



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# Ecology

Building Society

## Our Vision

"A fair society in a sustainable world"

## Our Mission

"A member organisation dedicated to improving the environment and society by enabling sustainable building and communities"

## Values

Fairness, Openness, Responsibility,  
Co-operation and Activism

System Value – We seek to create holistic value for society and the environment





## 2. How to balance interests of different stakeholders

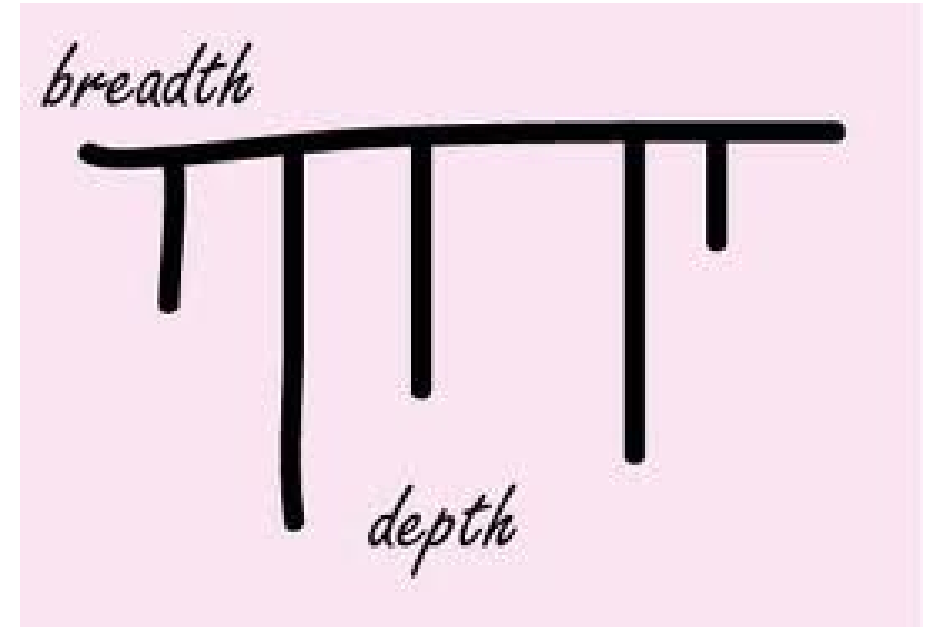


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## Poll 2 – Breadth versus depth

Which is more important:

- A deep understanding of the business?
- An independent perspective?



# 3 - How to sustain an independent perspective and diversity of perspective



## Poll 3 - External

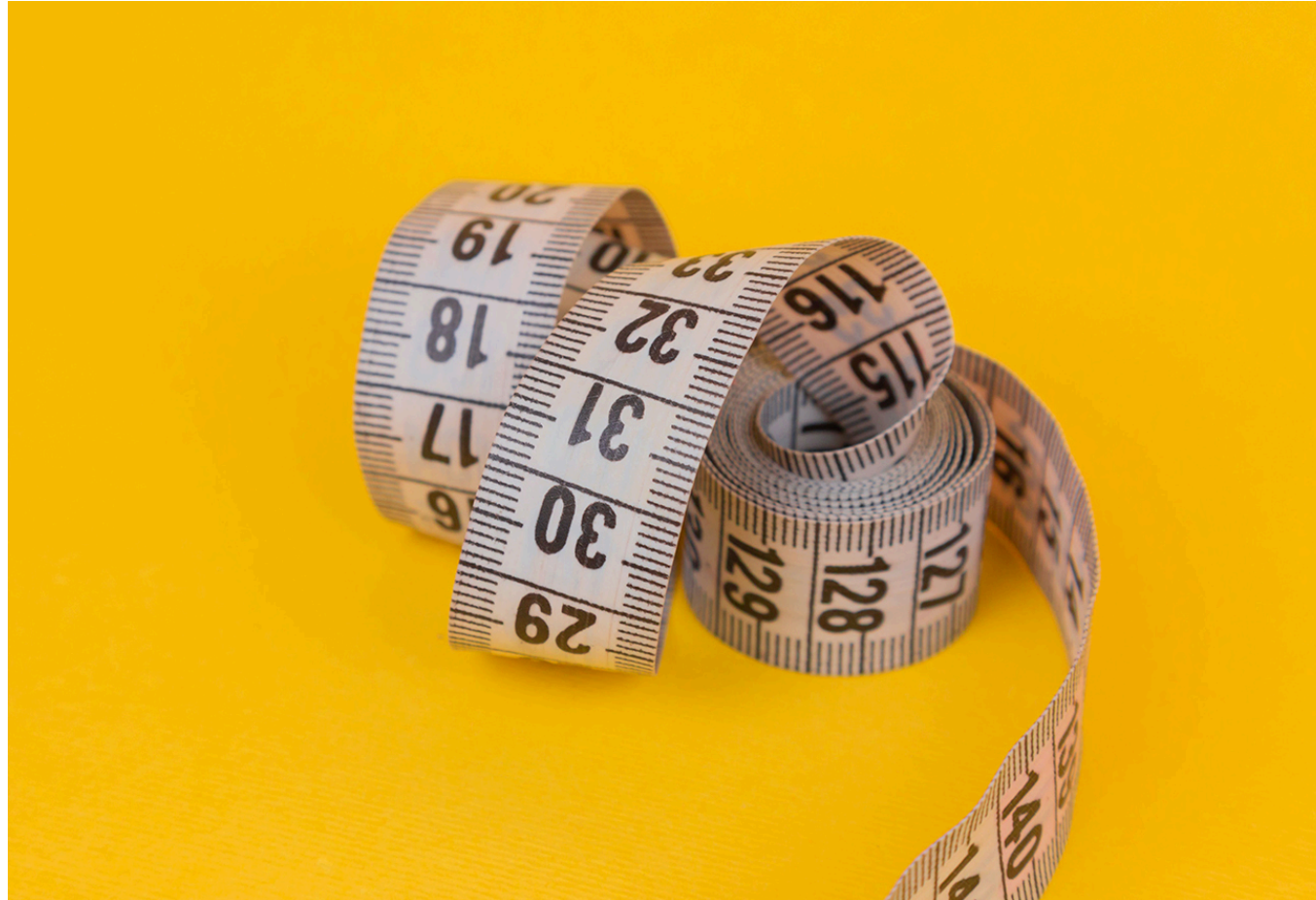


How much time should boards dedicate to ESG?

- More?
- Less?
- It's about right?



## 4 - Where do external non-financial measures, such as ESG, help, and where do they hinder?



## Poll 4 – Sustainability & diversity



Which of the following Diversity strands matters most to the sustainability of NED Boards:

- Race?
- Gender?
- Both?
- Neither?



# Closing Remarks



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