

Thinking Ahead Institute

Adjusting focus event summary | How Covid-19 is changing the investment industry



Adjusting focus | Agenda



Welcome and focus on wellbeing - with Roger Urwin

Featuring guest speaker Alva Devoy (Fidelity)

- resilience
- changes in attitudes towards wellbeing
- reorientation for the individual and the organisation



Focus on leadership and culture - with Marisa Hall

Featuring guest speaker Sharon Fay (AllianceBernstein)

- a new form of leadership
- shifts in the role of culture
- T-shaped teams and superteams



Focus on the industry and the planet - with Tim Hodgson

Featuring guest speakers Mary Delahunty (HESTA) & Craig Baker (WTW)

- five themes for 2021
- sustainability and ESG
- an ideal future

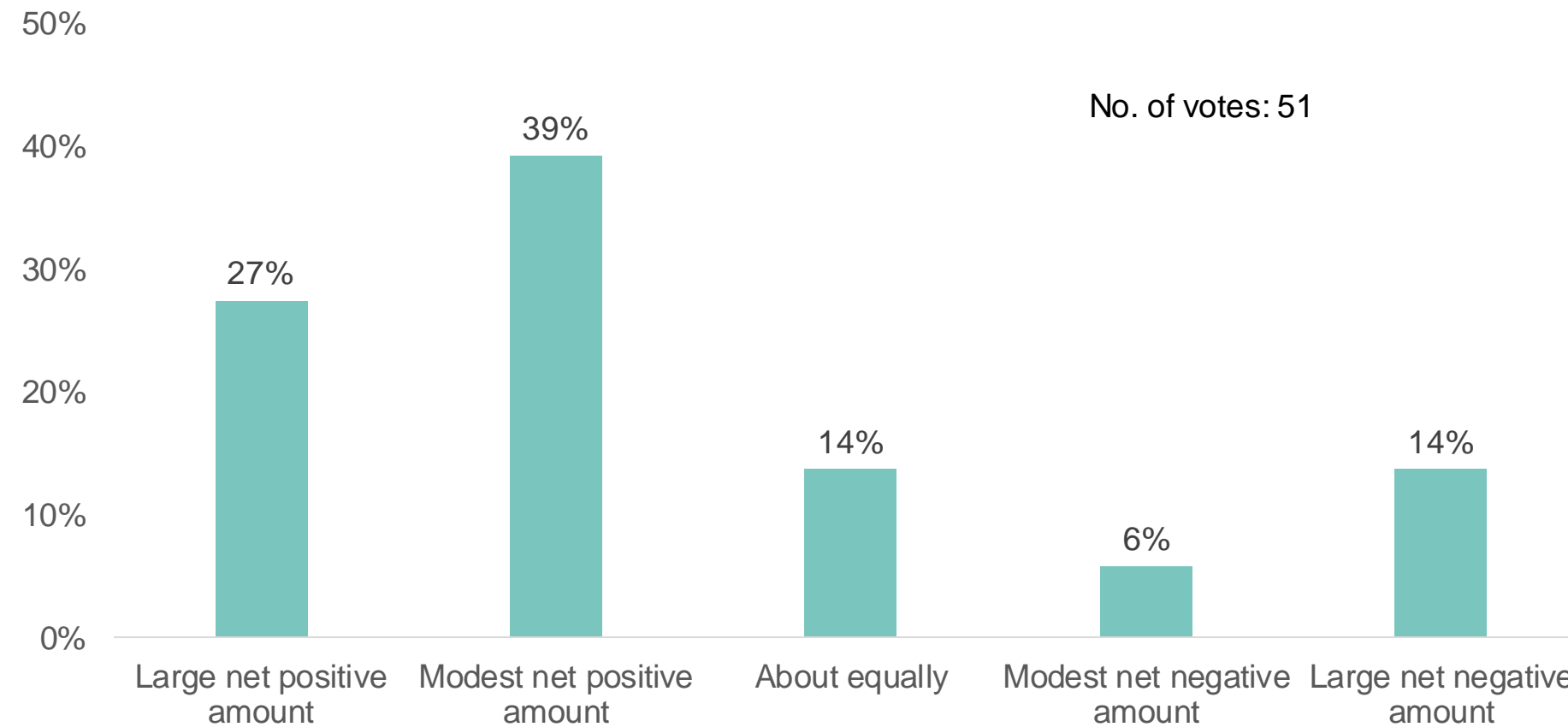


Q&A and round up - with Tim Hodgson

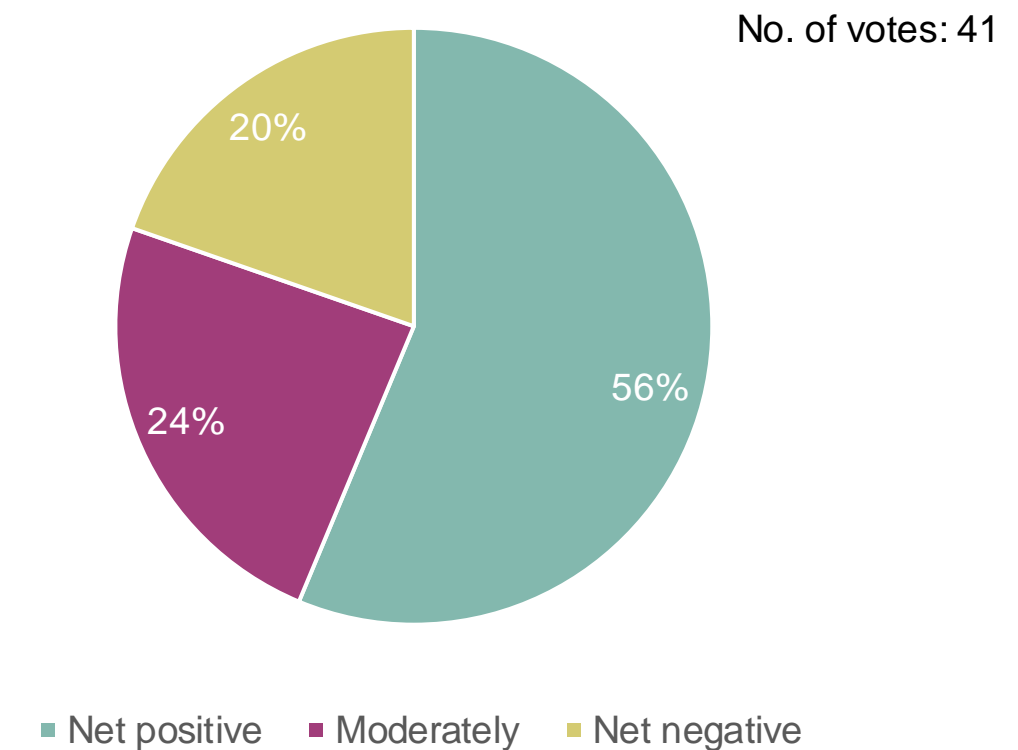
- Speakers will then be available to answer any of your questions live

Introduction - polling results

1. How much have you at work benefited from Covid silver linings relative to suffering from Covid dark clouds?



2. How has your organisation done with its leadership and management through the Covid period (netting off various positive and negative factors)?



- Result from Q1 showed that majority of the attendees have had a relative positive experience during this Covid period. This aligns with the relatively positive backdrop for workers in the finance sector – not a universal experience. And some people have faced significant difficulties as is clear in the data. Therefore, it is important for employers to recognise such uneven experiences and be empathetic and pro-active with employees who have suffered during this period.
- Overall positive responses from Q2 in terms of how organisations have done with its leadership and management through the Covid period. Organisations that have seized the moment have been noticed.

Wellbeing session – summary

Wellbeing – the individual

- The individual is at the center of a wellbeing system, and we all have unique connections to this system
- Experience during the Covid pandemic has improved our understanding of sustainability and led to a better recognition of the rising risks associated with climate change
- The Covid period has also revealed that we have built a world optimised for efficiency but not resilience. Our system was vulnerable when the pandemic hit us
- Covid-generated issues include:
 1. Feeling more stress than we previously did
 2. Worrying about our mental health (and for others)
 3. Worrying about the quality of trust in our work
 4. Feeling that Covid has reduced our control
 5. Feeling fatigued
- The pandemic has caused a lot of suffering, but every cloud has a silver lining. We have benefited from micro-resiliences, particularly from acting on a number of small positive things
- Resilience, routine, purpose and positivity along with human connections; and perspective of humans can out-number and over-power anxiety, vulnerability, isolation and grief

Wellbeing – the organisation

- With needing new work models and new versions of diversity, equity and inclusion (DE&I) being practiced, this Covid period has offered organisations an opportunity to redefine boundaries
- Challenges and opportunities include:

Hybrid working model is messy	Digital is exhausting	Talent is very dispersed globally
Social capital needs rebuilding	Individuals get personal, organisations get human	
- DE&I is diversity as the *presence* of differences, equity as the *respect* for differences, inclusion as the *leverage* of differences
- Disruptions caused by the pandemic are significant. One of the examples is that working from home has gone from roughly 5% to 50% penetration, creating a supranormal change.
- System changes introduce big sources of ‘rough justice’ that governments and society and investors struggle with
- There are also increasing returns to managing complex situations successfully
- The new boundaries and the control over the future redefine the organisational identity
- Reorientation is critical. The Covid period is a unique time for faster learning and an opportunity for organisations to differentiate themselves on the quality of their worldview, humanistic qualities and ability to identify upcoming challenges

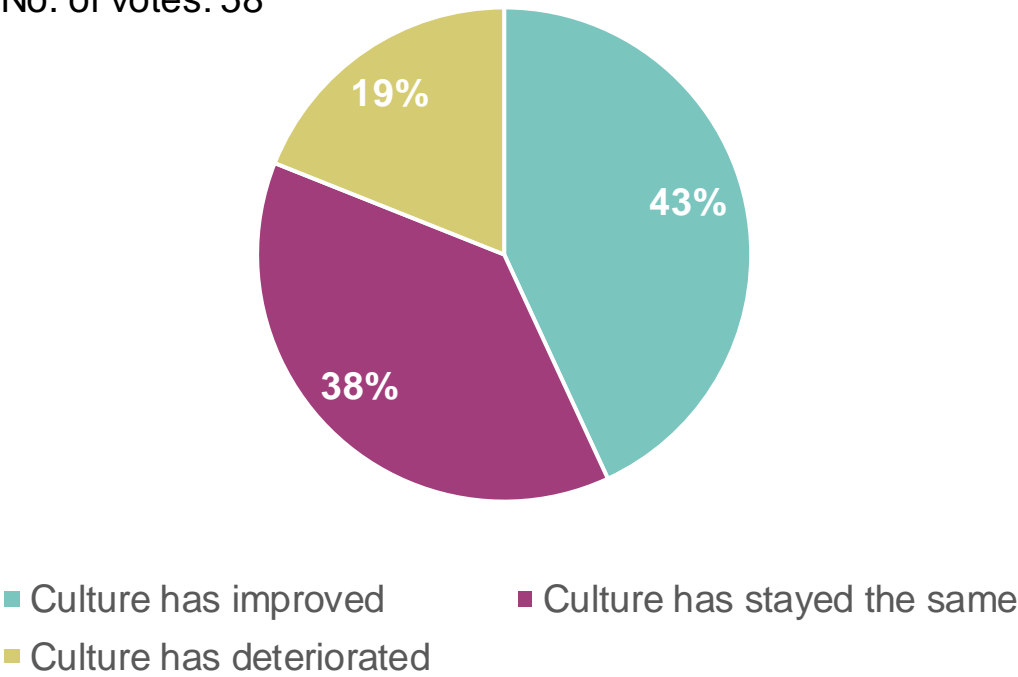
Guest speaker: Alva Devoy - Fidelity International

- The investment industry and organisations within the industry have been largely resilient during the Covid period
- Vulnerabilities have been observed at individual levels with more mental health issues reported to HR. It is important that managers receive adequate training to deal with this issue
- There is a degree of boredom among industry employees due to lack of variety in daily life (work and personal life)
- There will be a new work model that combines remote work and office time post-Covid. We will need to get the balance right. Communication, transparency and trust are crucial
- Culture needs to be better measured and managed within organisations. It should be led by senior management with a supporting policy environment.

Wellbeing session – polling results

3. How has the culture at your organisation changed through the Covid period netting off various positive and negative factors?

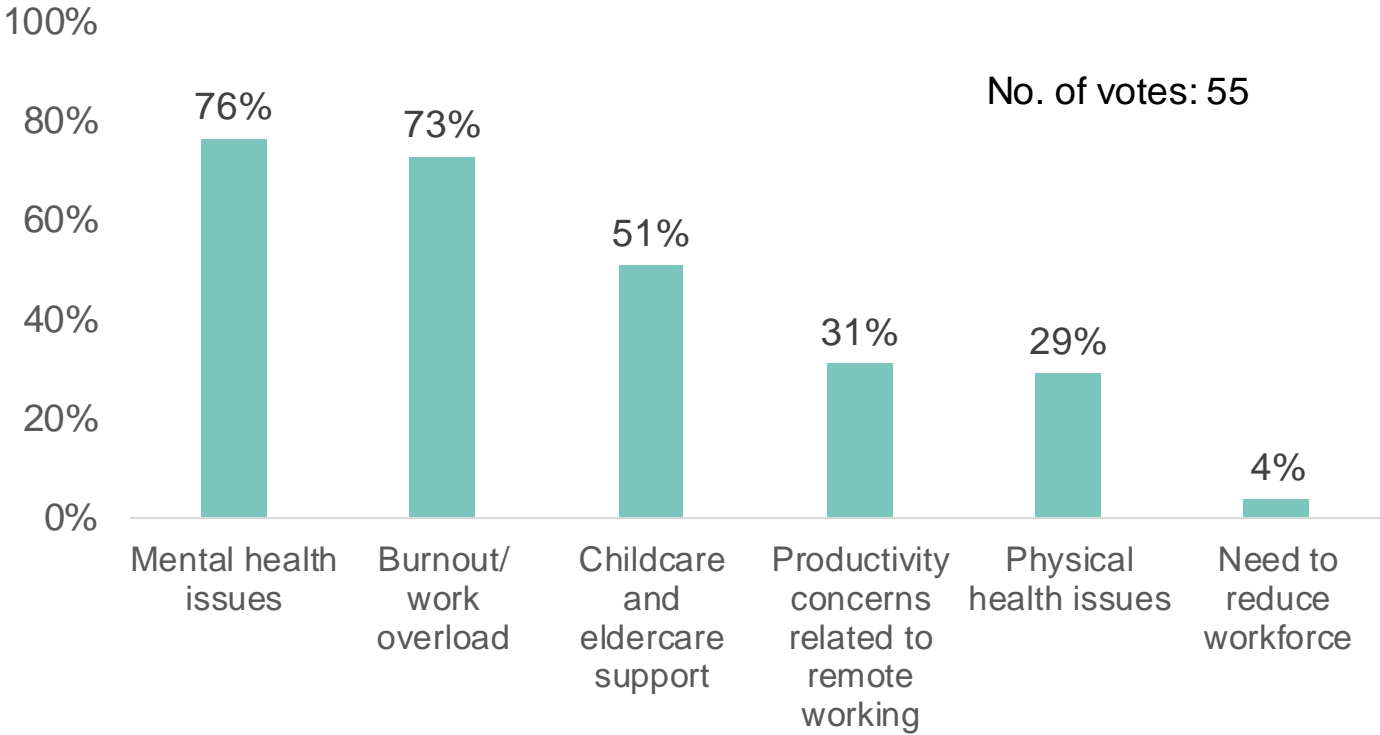
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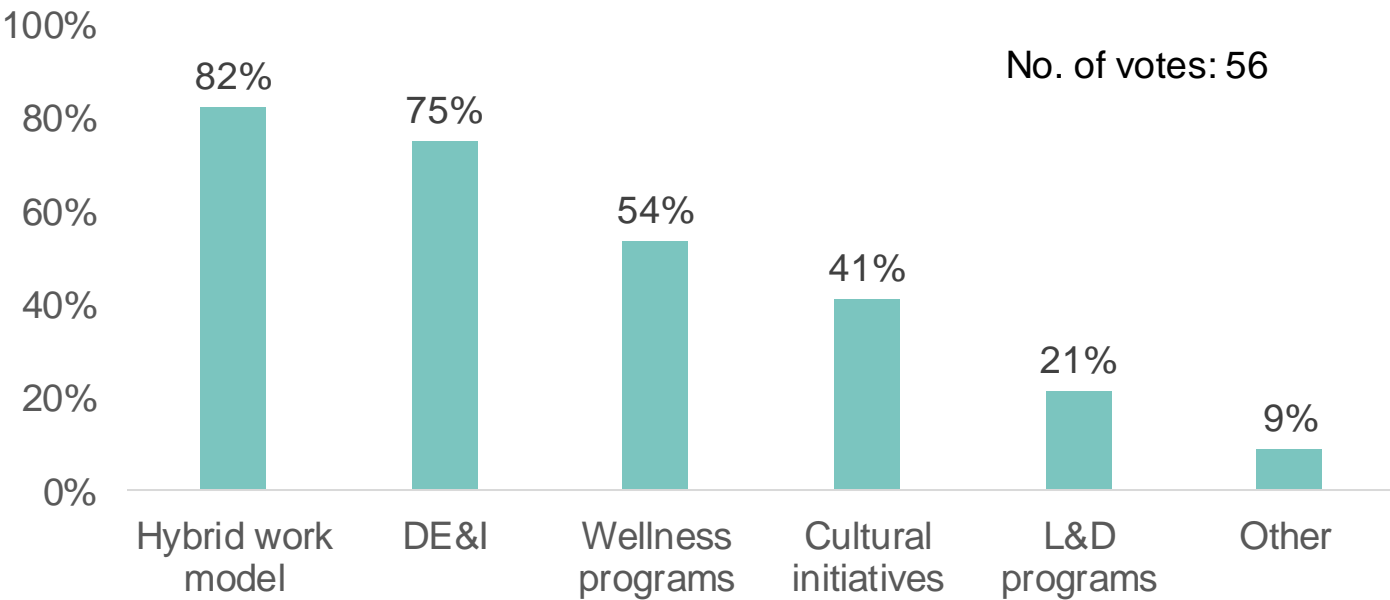
- Results from Q3 showed that the perception is that most organisations were able to either improve or maintain their culture during the Covid period. Our research also suggested that organisations entering the Covid period with a strong culture were able to stretch their lead. In contrast, organisations starting with a relatively weak culture faced more difficulties, and their culture weakened over this period.

- As expected, mental health issues and burnout/work overload were the two biggest concerns showed in Q4. Childcare and eldercare support followed due to the work life integration we had during the Covid period.
- The environment that organisations operate post-Covid will be different and lead to significant changes within organisations. Results from Q5 showed organisations are moving forward with new hybrid work models, new version of DE&I, better wellness programs to tackle mental health issues and enhanced cultural initiatives.

4.What are your biggest concerns about employee wellness? Specify all that apply



5. In which of these areas is your organisation currently working on change initiatives or about to do so?. Specify all that apply



Leadership and culture – summary

New forms of leadership and shifts in the influence of culture

- Organisations in our industry have become more purposeful, gaining more traction with and trust from clients, and promoting a strong culture that attracts talent
- The race to zero and calls for improved diversity put further pressure on organisations to change how they work: moving away from a singular focus on performance and short-term results to a new balance of creating value for multiple stakeholders, contribution to positive climate initiatives and through investing in people and their development
- In an attempt to improve the definition and language used around culture and look at how it could be managed and measured, TAI has developed a culture model that explores 10 distinct areas:

Core attributes:	1. Client focus	2. People and teamwork ethos	3. Empowering leadership	4. High performance	5. Integrity and respect
Culture edges:	1. Diversity and inclusion	2. Innovation	3. Transparency	4. Purpose	5. Staying power culture

- The role of leadership during the Covid-period has become more critical and complex. There is shift from command and control styles of leadership towards servant-minded and quietly inspiring leadership types. Servant leadership, where powers are granted from lower down, plays out most strongly in organisations that have created inclusive and psychologically safe spaces and helped their people with resilience during the pandemic period.

T-shaped teams and superteams

- Experience from this pandemic where physical interaction has been replaced by online connections has emphasised the importance of building teams, or superteams, that are capable of dealing with complex challenges and delivering exceptional results
- Such teams are led to success through combining diverse and exceptional talent whose collective intelligence is fully leveraged by great culture and governance:
 1. Diversity – linked to fairness and promoting equity and inclusion in the workplace
 2. Cognitive diversity – where we look at diverse competencies, perspectives and experiences
 3. Collective intelligence – where we look at the combined effectiveness of how team members interact and collaborate.

Guest speaker: Sharon Fay – AllianceBernstein

- Leadership is about motivating people to achieve a common goal and purpose. Great leaders lead by building trust with integrity, openness and empathy in mind, while still focusing on analytics of the business. They are capable of making difficult decisions and communicating transparently. This type of leader has done particularly well during the pandemic
- The following three elements have helped our employees and organisation during the Covid period:
 1. Showing rigour and having intellectual curiosity
 2. The caring and kindness culture we have built up over time
 3. Staying confident and being resilient

The industry and the planet – summary

The big six themes affecting the investment industry in 2021 and beyond:

Alternatives: allocations are likely to increase, assisted by more streamlined and democratic vehicles	Benchmarks: a growing significance in helping us understand the new realities of our complex world	Collaboration: the growth reflects the increased preference for, and opportunities from, team-based and partnership-based endeavour
Diversity: plays a key part in the drive for more emotional intelligence and acts as an anchor in the nexus of organisational purpose, culture and sustainability	ESG: a very slow-moving but unstoppable train. Now the pace is really picking up	Faction: combines the idea of ‘facts’, objective data, with ‘fiction’, a subjective narrative

The ideal future with our planet as the focus

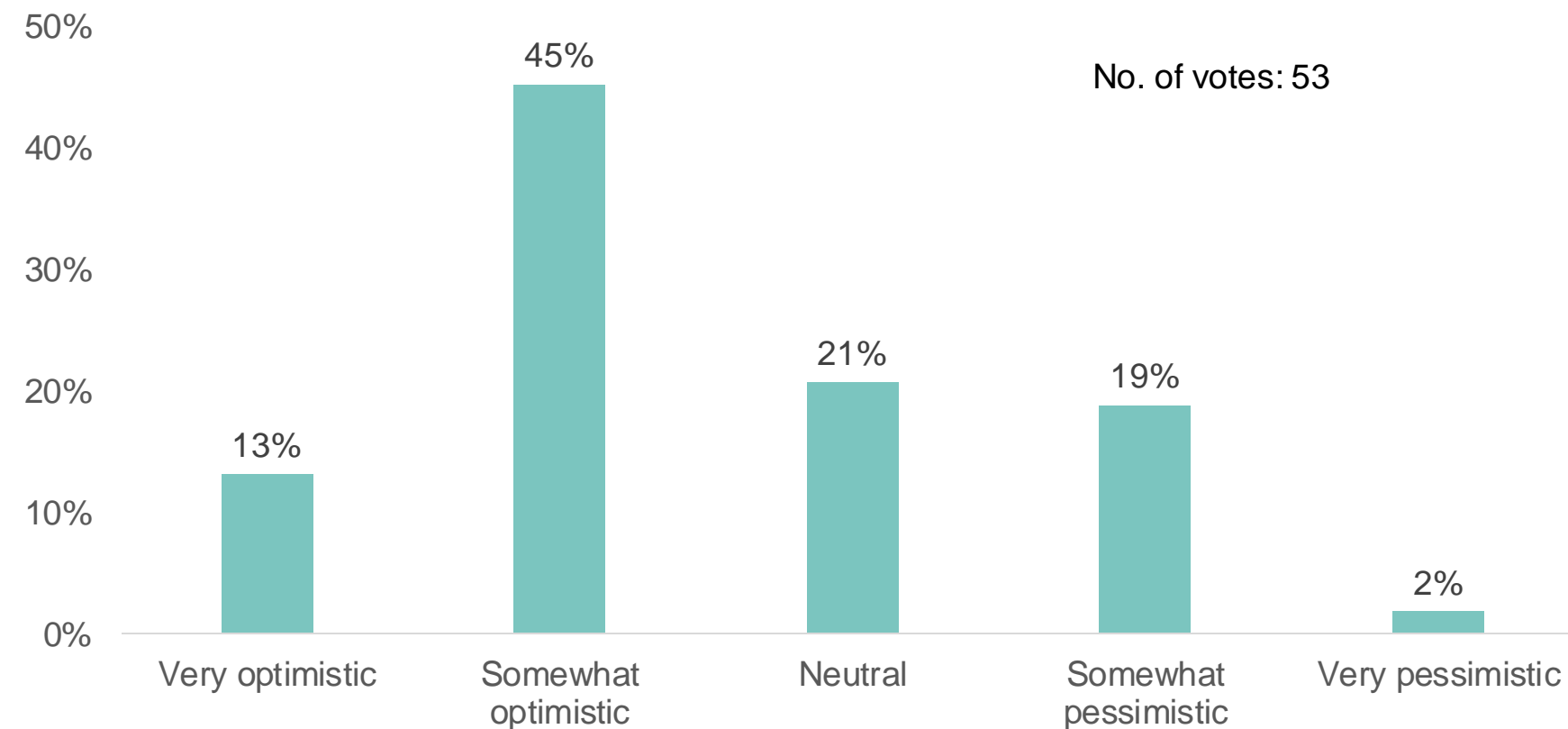
- Apart from climate change, we also face other sustainability challenges with biodiversity loss and social inequality being the two biggest ones. The UN sustainable development goals remain the best ordering of the multiple challenges we face
- The investment industry can play a key role in securing a better future by addressing the SDGs, navigating net-zero, while risk managing the path we take between competing demands
- Two issues we may face:
 1. Fiduciary duty – how far can we pursue impact? It’s very positive that the fiduciary window will move over the next five years to allow a stronger impact stance
 2. The concept of universal ownership – a universal owner is exposed to the entire market
- Actions we can take to meet our sustainability goals:
 1. Active ownership and engagement – more resources should be allocated and more collaboration
 2. New primary investment – investing in climate solutions

Guest speakers: Mary Delahunty – HESTA; Craig Baker – Willis Towers Watson

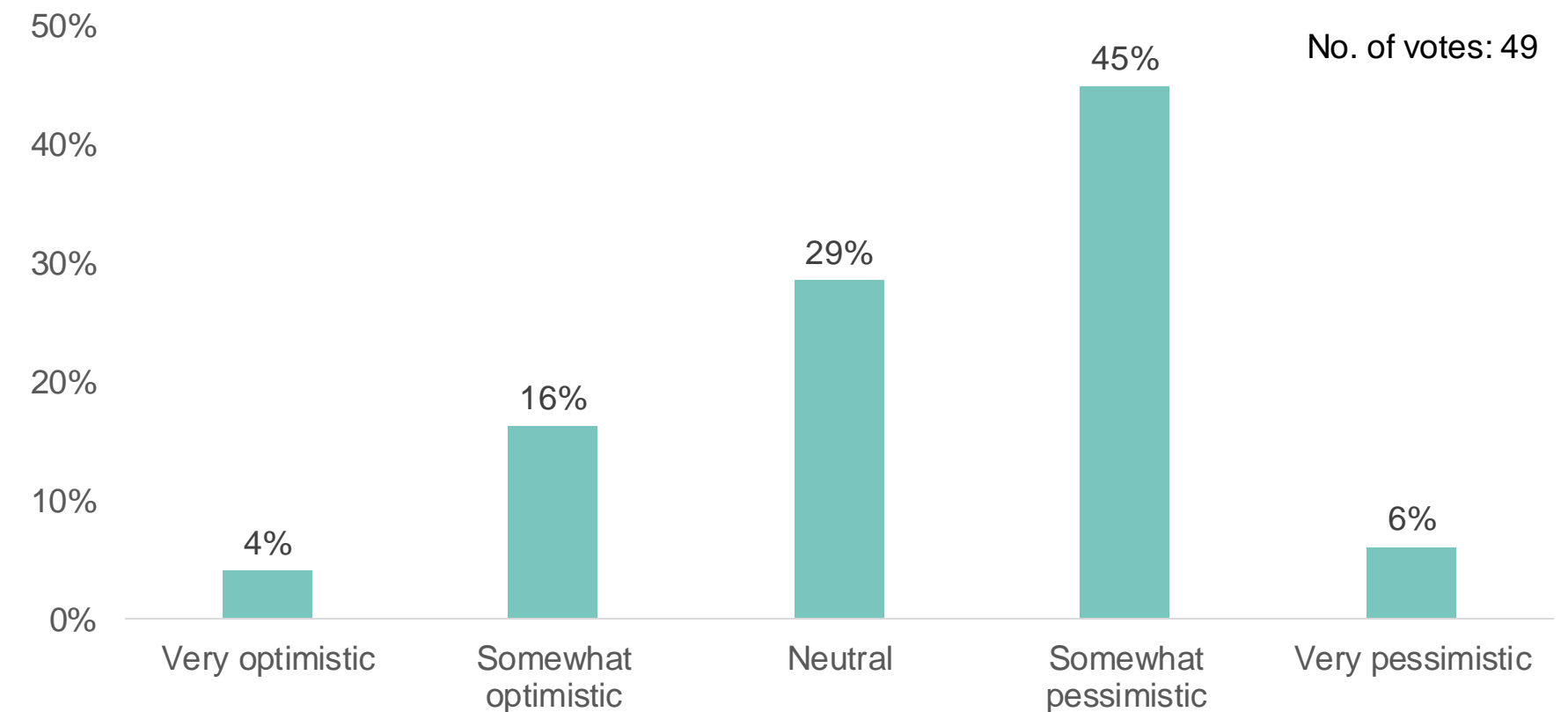
- The Covid pandemic and working from home did not slow down the acceleration of sustainable investing in both organisations
- Climate change is increasingly being addressed separately from sustainability. This is because people’s understanding on climate change has advanced, climate data is becoming more accessible and climate risk modelling has developed
- Experience and events during the Covid period have led to a growing focus on social issues (the S of ESG) including diversity, decent work and labour standards
- With the race to zero and making a climate commitment, it’s important to develop the implementation roadmap to meet these climate targets

Q&A – polling results

6. How much confidence have you in the world emerging from Covid in better shape than when we entered it?



7. How much confidence have you in the world's problems with climate, inequality and polarisation being overcome?



- Result from Q6 showed quite a spread in people's confidence of the world emerging from Covid in better shape, but the majority of attendees remained confident.
- In contrast, results from Q7 showed attendees having much less confidence in our ability to address climate, inequality and polarisation issues.



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