

Thinking Ahead Institute

Integrated report 2021





Thinking Ahead Institute Integrated Report 2021

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Welcome to our 2021 Integrated report

If 2020 was the year that changed the way we saw the world, 2021 tested our resilience as well as our convictions to new-found purpose and priorities, most notably around climate change. It was certainly a year when most attention was given to this topic, with COP26 the focal point. Our research initiatives mirrored this and attracted a record numbers of members, engaged with a real desire for answers and was probably reflective of a genuine sense that none of us is as smart as all of us. We are truly grateful to have such high-quality and committed members, and people, with whom to journey at what seems like a pivotal time for our industry and the beneficiaries we all serve.

Integrated reporting appears to be as relevant as ever, which we will attempt to demonstrate in this year's edition by showing how we strived to create sustainable value for all of our stakeholders, primarily for members.

Our research agenda was ambitious, as you would hope. The Investing for tomorrow (climate) working group, comprised 40 people and set about answering the question: "What is the framework for asset owners to establish and set a pathway to achieve their climate ambitions?". In response, the group built a six-step action plan and developed a set of **edgy climate beliefs** upon which to base it.

Recognising that successful implementation of any plan, particularly those centred on climate-change pledges, would require significant organisational change, a high-powered Investment organisation of tomorrow working group was formed. They developed a thesis that a paradigm shift is happening amid a rapidly changing context and a widening of organisational purpose, which requires a much more agile and system-savvy operating approach. Their work about the imperative for transformational change in investment organisations is captured in **Agenda for change** which also contains eight high-level principles for practical application.

In tandem, we continued our study into the power of culture to direct and influence organisational change and wrote up the findings in **Culture - the organisational superpower**. Since this study began, over 550 leadership professionals from 28 investment organisations globally have contributed towards the key finding that not only is culture a key superpower for keeping an organisation on track, but it is the superglue to prevent it from coming unstuck.




Culture is a key superpower for keeping an organisation on track

Thank you for all your work on these research initiatives and your feedback which would indicate that we have met most expectations. Notwithstanding, we intend to continue being agile, particularly conscious of hybrid working dynamics; and do look out for a new study into **the power of teams** in this new world of work.

Looking forward, our membership appears solid and recently we were really encouraged to be joined by half a dozen top-tier asset owner organisations. This growth is good and indicates our value proposition remains attractive and is a credit to all our members. It also means we are well positioned to expand the Institute's influence in enabling systemic change in the investment industry. To this end, we are growing the team, recognising also the increasing demands from more members, more engagement from members and their desire for more practical outputs. Thank you to all for your ongoing support of the mission.



What is the framework for asset owners to establish and set a pathway to achieve their climate ambitions?



The IFT climate working group built a six-step action plan for net zero.





Overview of the Institute

The Thinking Ahead Institute is a global not-for-profit research and innovation hub that connects members from around the investment world to harnesses the power of collective thought leadership. Since establishment in 2015, over 70 investment organisations have collaborated to bring our vision to light through designing fit-for-purpose investment strategies; working towards better organisational effectiveness and strengthening stakeholder legitimacy. This is achieved through:

- **Research:** papers, thought pieces, principles, tool kits
- **Collaboration:** seminars, communication, research working groups
- **Private action:** strategic member engagement sessions, workshops, projects

Meet the team

The Thinking Ahead Group (TAG) is the full-time executive of the Institute. We believe in the value and power of thought leadership, research and collaboration and between us have over 150 years of combined experience in the investment industry.



Paul Deane-Willimas
Director



Jodie Foster
Administration



Jess Gao
Research



Marisa Hall
Co-head



Tim Hodgson
Co-head



Anastassia Johnson
Research



Samar Khanna
Research



Issy Martin
Research



Ruth McDonald
Members & Comms



Roger Urwin
Co-founder

Institute members

2015	2016	2017	2018	2019	2020	2021
 						
 						
 						
						
 						
						
 						

Members shown only where permission is given



Research

In this section we summarise our 2021 research work and papers, and list some practical applications for asset owners and asset managers.

Investing for tomorrow working group

In continuing to drive our sustainability research forward, while building on our value creation and impact work, we ran one climate-change-related working group and a climate beliefs sub-group. The main working group asked, “what is the framework for asset owners to establish and set a pathway to achieve their climate ambitions?” while the sub-group formed six investment beliefs to change the climate trajectory.

The work of both groups is described in our overview paper, **A six-step action plan for net zero**. Even though many investment organisations have already made a net-zero commitment, it is our belief that the implications of those commitments are not yet fully understood, and the accompanying actions have not yet all been discovered. The paper sets out the thinking behind and the structure of a six-step action plan, aimed at helping asset owners navigate the future complexities that climate change will bring. The interested reader is invited to refer to **six underlying papers in this series** which unpack the steps in more detail. For an outline of the six-step action plan, please see Practical applications on **page 15** of this report.

Investment organisation of tomorrow working group

The Investment organisation of tomorrow working group adopted a starting thesis that a paradigm shift is happening in the investment industry amid a rapidly changing context and a widening of organisational purpose. And that this shift will require leaders to be much more agile and committed to being systems savvy when considering change, or transformation, in their organisations. The group’s main conclusions were:

- purpose and vision – multi-stakeholders increasingly frame asset owners’ direction of travel
- investment conventions – risk intelligence and real-world impact need to reach new levels

- infrastructure – asset owners’ infrastructure is critical to deliver change and the ‘soft stuff is the hard stuff’
- holistic picture – to effect change on the scale suggested, the leadership needed is holistic and strategic.

More can be read about the imperative for transformational change in investment organisations in **An agenda for change** which also contains eight high-level principles for practical application.

The power of culture (TPOC) study

We have been researching organisational culture at the Institute since its inception and in 2021 we launched TPOC phase III. This phase was focused on the asset owner model and the areas of purpose, sustainability, Superteams and change. It built on previous phases of the studies that explored best-practice models for improving industry resilience, sustainability and outcomes for all stakeholders, as well as generating support for more widespread positive cultural change. The high-level findings from phase III reveal that:

- strong culture is imperative in the delivery of sustainability and net-zero ambitions
- cultural self-discovery journeys support organisational growth
- strong culture is a big differentiator of investment organisations
- governance and culture are cousins, and both can mature simultaneously.

The aggregate findings were written up in the white paper, **Culture – the organisational superpower**, and shared at two culture events: a TPOC symposium for study participants, and a **culture summit** for all members, with 27 and 90 attendees respectively. Additional information is available on the **culture hub**.

Over the past three years, TPOC has involved over 550 leadership professionals from 28 investment organisations with combined responsibility for over US\$11.3 trillion. In 2022 we will build on this work in the power of teams (TPOT) study.

Other research papers



It's about time

In previous years we have explored the benefits of adopting a total portfolio approach (TPA) over traditional strategic asset allocation (SAA). These discussions have centred around four key areas:

- the critical role of governance
- the centrality of culture and people
- how sustainability works better with TPA
- the place of factors, technology and private markets.

In **It's about time**, we argue for a switch in thinking to one that better connects the total portfolio with fund goals as they change over time. And we assert that TPA is more efficient at delivering risk-adjusted returns and long-term outcomes.

With great power comes great responsibility

Governance and culture feature heavily in our research because they are essential for realising good investment outcomes. In our view, the investment industry can improve those outcomes through better governance. The duty of ownership working group established the high-level principles and beliefs associated with active ownership and stewardship. They scoped out the components of 3D mandates targeting risk, return and impact and considered:

- how the changing interpretation of fiduciary duty is affecting and will affect institutional investors
- how effectively voting rights, engagement and shareholder resolutions are performed, and ways for these functions to be improved
- what part institutional investors could and should be playing in the transition to a low-carbon economy.

More of the findings are set out in [the paper](#).



Other activities

Wider perspectives on the Covid-19 crisis – Adjusting focus

Impacts from the coronavirus have been multiple and far-reaching, spanning governments, markets, organisations, end investors, wider society and the planet. In June we hosted the second event in our Wider perspectives series, **Adjusting focus**, where we discussed how the coronavirus has impacted individuals, the investment industry and wider society. Our further thoughts from the Wider perspectives series are captured on our [coronavirus coverage hub](#).

Global asset studies

We produced four global asset studies:

- **The Asset Owner (AO) 100** provides key insights and trends on the top 100 asset owners in the world. With US\$23.5 trillion worth of assets under management, this represents the most influential capital on the planet
- **The Global Pension Asset Study** – covers pension fund assets across 22 major markets (the P22), which now total US\$52.5 trillion and account for 80% of the GDP of these economies. Assets in 2020 grew by 11% from the previous year. The pension fund market remains highly concentrated, with the US accounting for 62% of total P22 assets. In addition, the 7 largest markets make up 92% of P22 assets.
- **The world's largest pension funds – 2021** (P&I / TAI 300) is an annual study of the world's 300 largest pension funds conducted in conjunction with Pensions & Investments. The study discusses how pension fund boards are increasingly focusing their attention on managing the systemic challenges of tomorrow and are evolving to adapt to the growing complexity in the investments industry.
- **The world's largest asset managers – 2021** (P&I / TAI 500) is a joint annual research study of the world's 500 largest asset managers (AMs). This edition discusses the challenges and opportunities that the largest asset managers are expected to face over the next decade. Asset managers have been addressing growing complexity in the industry and more sophisticated demands by asset owners by evolving their processes. The pace of competition and consolidation is quickening in the industry. Of the top 500 managers, almost half of the names featured on the list a decade ago in 2011 are now absent in 2021.

Our most-read forum posts of 2021



2040 portfolio | two thoughts regarding the future landscape

– **Tim Hodgson, 1 February 2021**

Inspired by work with the World Economic Forum's global future council on investing, Tim offers two thoughts regarding how the investment macro landscape might look in 2040. It is difficult to contemplate the scale of transition required to complete our second halving of emissions by 2040. By 2040, we need to have made considerable progress in converting the world's energy supply to renewables. This represents both good news and bad news. [Read on here.](#)

The big five 2021 issues

– **Roger Urwin, 19 February 2021**

At the Institute, we believe the investment industry gives too much emphasis to things that are easily measurable, through hard data, and not enough to the most meaningful issues that are captured through soft data. So, our list tries to produce a balance of the two and arrives at alternatives, benchmarks, collaboration, diversity and ESG. [Read on here.](#)

Absolute emissions as top dog

– **Tim Hodgson, 12 August 2020**

This piece started with a question: how do we marry the macro position (the need to align with Paris / keep temperature rise below 2C and preferably to 1.5C), with the need to produce a meaningful climate-orientated dashboard for an individual portfolio? Tim explores the issue via a thought experiment and reaches the conclusion that our focus must be on absolute emissions – and managing them down to close-to-zero. [Read on here.](#)

“We can do more to build a stronger, clearer and professional mind that is fit to face a complex world in uniquely stressed times. And this comes most from what we read.” – *Roger Urwin*

Good index bad index

– **Tim Hodgson, 17 June 2020**

This piece started with the idea of whether we could use the good bank, bad bank construct as an analogy within investment. Further thinking and some initial discussions suggest there might be something in it.

Wikipedia defines a bad bank as a corporate structure which isolates illiquid and high-risk assets held by a bank. This allows investors to assess the bank's financial health with greater certainty. If we port this idea to investment, what would it look like if we split the market cap index into a good index and a bad index? Would that give us greater clarity on appropriate valuations? Would it more effectively starve bad index constituents of capital? Would, or could, the bad index portfolio be managed differently? [Read on here.](#)

Reading to make you think

– **Roger Urwin, 12 August 2021**

Roger Urwin shares his top 15 books of “essential reading”, plus another 35 that he highly recommends. Roger's reading lists are always popular with our members and wider team alike, as we search for the best ideas to face a complex world in uniquely stressed times. [Read on here.](#)

Practical applications for asset owners and asset managers

Based on our 2021 research, we suggest the following as possible actions:

Investing for tomorrow

1. Refresh organisation's identity – a net-zero commitment effectively binds an organisation for a number of decades and so this should be consistent with the existing, or refreshed, organisational purpose and vision.
2. Settle climate beliefs – strong and settled beliefs form the foundation for successful climate action. We recommend a rigorous process is undertaken and documented.
3. Decide level of climate ambition – the ambition will lie somewhere between complying with regulation and aligning with a climate objective. Decarbonising a portfolio is relatively easy but doesn't eliminate climate risk.



The working group were guided by the ethos “we do what we can with what we've got”.

4. Address internal resources – climate action will bring new stresses to the governance, executive and investment functions. The provision of adequate training for internal staff is the minimum first step required.
5. Address external resources – we see a need for new and stronger strategic partnerships, but our main work here was on 3D mandates (risk, return and impact). A net-zero commitment requires us to move to a 3D framework, managing our carbon emissions (impact) alongside risk and return goals.
6. Report against ambition – we propose a framework of different classes of metrics, which all cast a different light on the management problem. We suggest an investor chooses at least one metric from each class to monitor and report on.

You can read more about these principles in [A six-step action plan for net zero](#).

Investment organisation of tomorrow (IOOT)

The IOOT working group identified eight high-level guiding principles for transformational change in the investment industry:

1. Systems-wide framing – investment organisations should be holistic and systems-savvy in approaching change
2. The business model – the purpose of investment organisations is shifting in the direction of a multi-stakeholder orientation in which wider stakeholder interests are factored into activities and decisions
3. Priorities and boundaries – need to be clearly set and communicated through identifying stakeholders with accompanying goals and accountabilities
4. The people model – investment organisations have a significant opportunity to apply superteam principles to how teams are organised and function
5. The (asset owner and asset manager) investment model – 3D investing frameworks can and should be created that balance the risk, return and impacts of strategies
6. Total portfolio approaches – integrated thinking is needed for the achievement of sustainability within fiduciary constraints
7. The change model – the three areas of change – business, people and investment – need to be undertaken and delivered together
8. Enablers are needed – successful change will require a strong organisational culture, the right skills and technologies, together with a compelling vision, an aligned coalition and rigorous process.

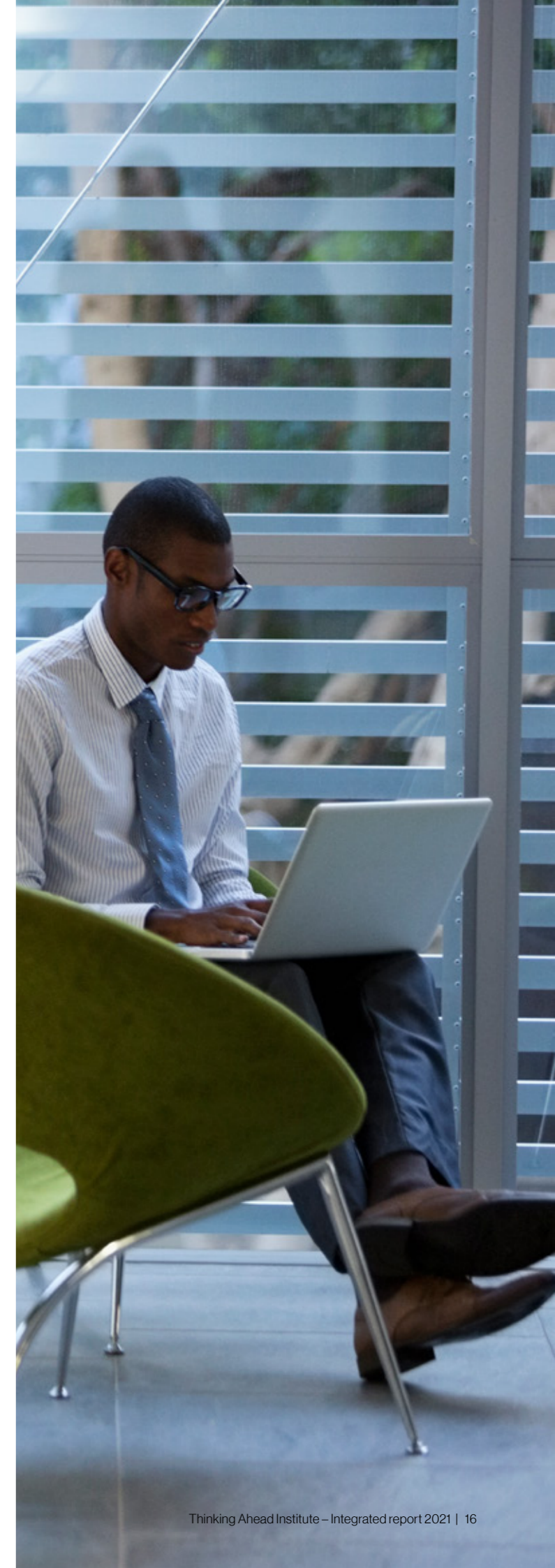
You can read more about these principles in [An agenda for change](#).

Duty of ownership

Our duty of ownership working group identified five key conclusions:

1. The fiduciary model – the ‘fiduciary window’ (where asset owners feel comfortable with their policies) remains a constraining force for progressive sustainability practice, but we suggest there is a slow but quickening shift in the direction of sustainability and wider stakeholder responsibility.
2. The active ownership model – this function is critical to sustainable investment practice, but is both under-resourced and under-delivering, requiring major improvements in the people model and investment model. It should also be more focused on system-wide engagement.
3. The asset owner investment model and 3D framework – the asset owner (AO) should adopt an investment model that comprises the three dimensions (3D) of risk, return and impact. In implementing the 3D framework AOs must be prepared for challenges in longer time horizons and reporting.
4. The asset manager 3D mandate – the 3D mandate – with its longer-term orientation and scorecard reporting – has a significant future in both active and rules-based strategies. Paris-aligned strategies have central parts to play in this evolution.
5. Solving the reporting, data and ecosystem gaps – there are gaps in our ecosystem that are compromising the effectiveness of sustainable investment practice. These gaps comprise enablers in critical infrastructure and incentives and are most evident in skills; reporting, data and technology; collaboration and culture. For these gaps to be fixed, significant change is required in public policy and organisational culture and action.

You can read more about these principles in [With great power comes great responsibility](#).





Leadership

Re-engage and empower your people through a new form of leadership

- Leadership models have had to adapt to increasingly complex contexts. Dominant leadership which features command and control styles may be poorly positioned as it lacks the connections to build intrinsic motivations and openness to secure alignment. While this leadership style remains important in times of crisis and organisational stress, it needs to be better balanced with a more inclusive servant leadership focussed model. This model highlights:
 - serving and empathy with soft power influence and an inclusive narrative ('in this together')
 - being long-term and system-savvy with a focus on solidarity and coalitions
 - flat-networked organisational design.
- These following leadership principles can help to shape effective culture:
 - **Speak out** – people crave strong leadership shaped from rich values
 - **Draw on your legitimacy** – speak within the sphere of your competency and stakeholder reach
 - **Be empathetic** – read the audience
 - **Leadership courage necessary** – cautious leadership deals badly with the need for change
 - **Be clear and consistent on your values** – organisational values and your values should synch; be authentic to these values

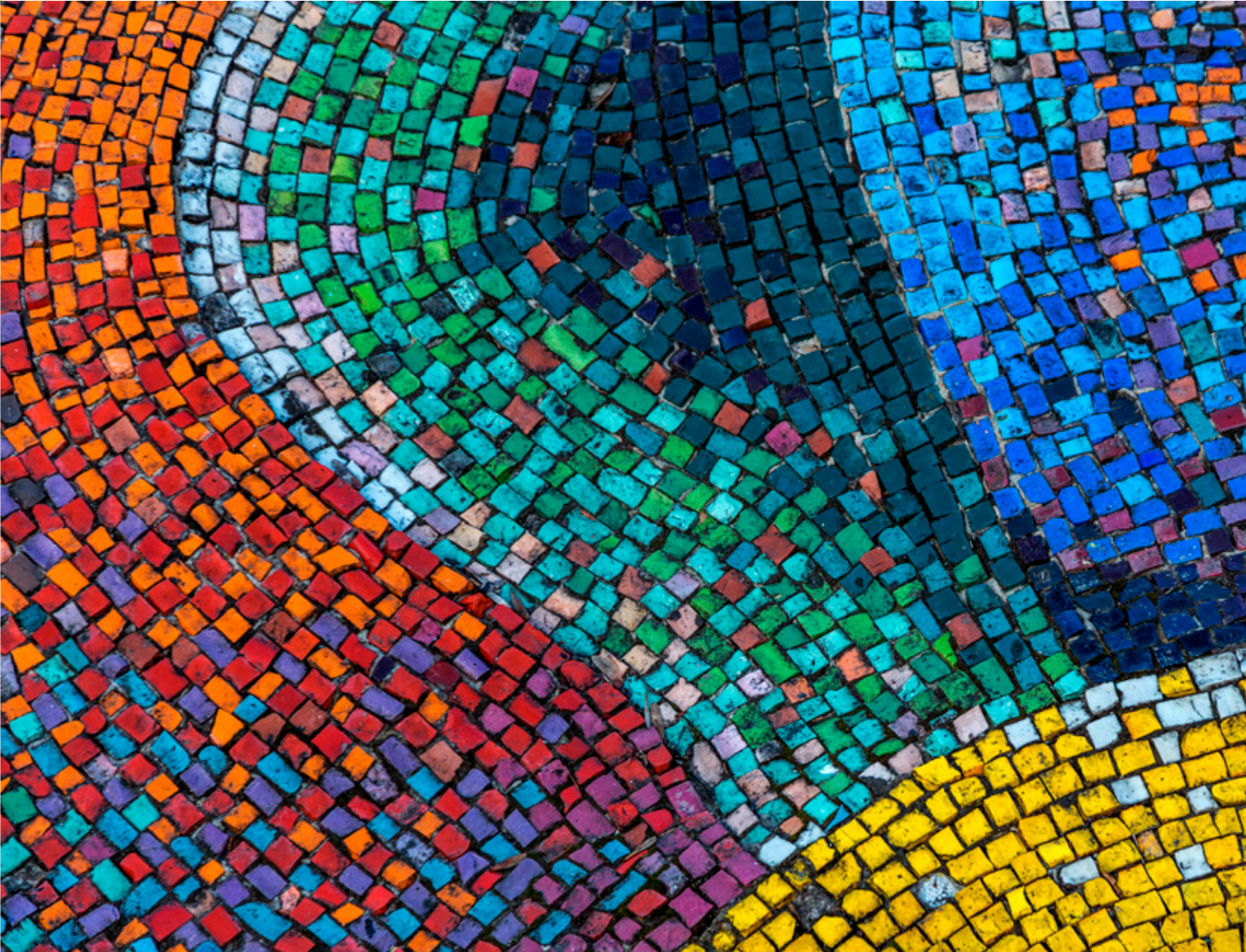
[View research.](#)

Culture

The virtual / hybrid working model, while generally well-managed in the industry, will continue to present certain challenges to the maintenance of positive cultural forces. In particular, the cultural issues associated with combining teams, onboarding new colleagues and maintaining the best elements of collaboration and teamwork. Going forward, we see an opportunity to elevate the role of culture in achieving a successful management of teams, through some deliberate new actions, developed during our three-year **Power of Culture study**.

Overall, we believe the biggest return on time invested in culture is engaging employees at all levels on how culture works for them. This can be a workshop program or a learning and development tool created specifically for cultural appreciation, perhaps highlighting diversity and inclusion. In support of engagement, there is a critical need for consistent scripting of cultural messages that combines a common language for culture, a fact base for culture (key facts that support its importance and verify its current shape), and a model of the culture value proposition (a clear articulation about the way that culture creates value for stakeholders). Importantly, the power of incentives can be captured through increasing the weighting of culture in performance management reviews. The ten specific actions below, applicable in both AM and AO organisations, could be prioritised following an Institute culture assessment, which also helps establish an organisation's target culture:

1. Create a silo-busting working group to improve information flows, cross-organisation co-operation, and incentives to collaborate
2. Move from stated diversity policies to explicit KPIs for gender and ethnic diversity at a five- and ten-year horizon, with executive accountability
3. Intern hiring specifically from non-majority segments
4. Introduce a new people management track that identifies individuals best-suited to role, and introduce various training and tracking support
5. Introduce explicit assessment of associates' alignment to organisational values in the performance review for discussion with people managers
6. Conduct team culture assessment that highlights particular strengths and opportunities with current state
7. Conduct Superteams assessment by addressing talent, diversity, and governance alongside culture – particularly inclusion and trust
8. Top team commit to increased townhall communication and increased alignment to leadership norms
9. Communications on the cultural journey and the collective behaviours that act as beacons (and red flags) to guide associates' thinking and action
10. Leadership initiative to capture unique personal stories that align to organisational cultural themes – diversity, talent and development.



Case study 1

Setting up a Superteam – Investing for tomorrow working group

The Institute's climate beliefs subgroup produced a challenging set of beliefs that, if adopted and applied would transform institutional investing behaviours. Below Tim Hodgson describes the formation and activity of the subgroup.

“The Institute's climate beliefs working group comprised nine self-selected individuals who signed up for a demanding weekly cadence of meetings at unsociable hours for the Pacific coast (10pm) and UK (6am). The individuals also agreed to operate as a Superteam, in the light of the Institute's current research and power of teams project.

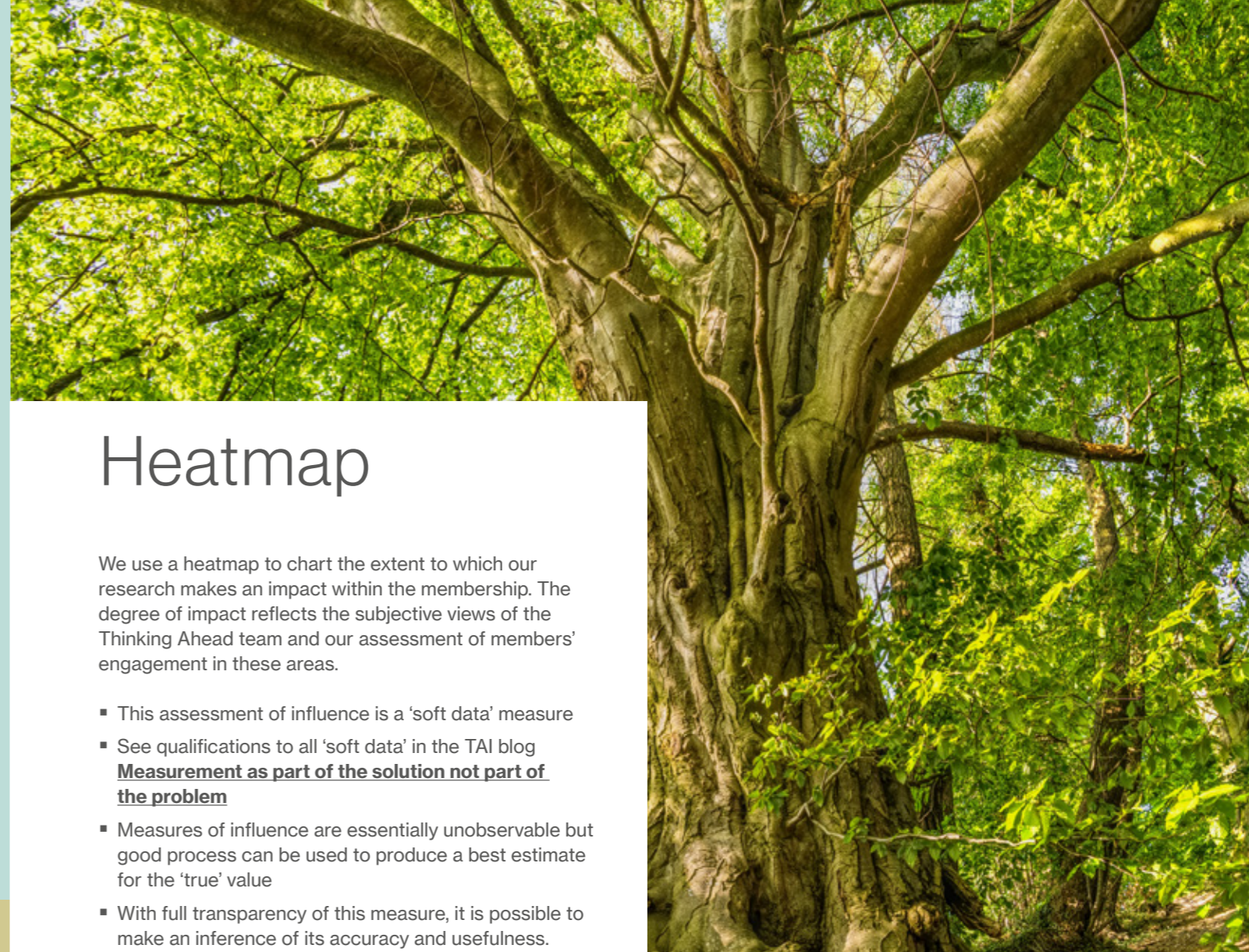
The quality and quantity of the group's output in only 16 weeks was remarkable. But what is most remarkable, in my opinion, is how the work was produced. And I think I know one of the main reasons why.

Each call had five minutes dedicated to check-ins, and the same for check-outs. In other words, we deliberately allocated over 15% of our time budget to engage with each

other's humanity, and not their work potential. By initiating this practice we learned about individuals' hopes and fears, concerns over sick pets and children, challenges and joys. We learned to trust each other and, for me at least, we grew to love (philia) each other, which also probably accounts for a remarkable productivity bonus. Being in the zone with a trusted and collaborative team was a career highlight, and a real advert for how Superteams can produce exceptional results. Incidentally, of all the Superteam behaviour changes we signed up to, it was the check-ins and outs that this, and other group members, chose to implement in their own organisations.

The experience was also confirmatory that we must bring our hearts to the climate crisis, as there is a distinct difference between heart knowledge and head knowledge, which is expounded on in a previous top1000funds article **What's love got to do with it?**

While there are many other climate beliefs and ways of getting them settled, this group believes that this set of beliefs is necessary if we want to save the liveability of our planet. I commend them to you and the Superteams approach which helped form them and hope both will inspire you to take an essential and positive step towards meeting our very challenging emissions reduction targets.”



Heatmap

We use a heatmap to chart the extent to which our research makes an impact within the membership. The degree of impact reflects the subjective views of the Thinking Ahead team and our assessment of members' engagement in these areas.

- This assessment of influence is a 'soft data' measure
- See qualifications to all 'soft data' in the TAI blog **Measurement as part of the solution not part of the problem**
- Measures of influence are essentially unobservable but good process can be used to produce a best estimate for the 'true' value
- With full transparency of this measure, it is possible to make an inference of its accuracy and usefulness.

Case study 2

The 2021 calendar featured member conversations to discuss the increasing challenges and opportunities of assessing the real financial risk of climate change, caused by a profusion of metrics and growing unhedgeable and undiversifiable systemic risks. These innovation events were set up specifically to explore climate metrics and practical solutions related to system transition (free-rider opportunities), mandate changes, stewardship, climate solutions and de-risking. Craig Baker, from member WTW, was invited to join a panel to explain how Climate Transition Value at Risk (CTVaR) can be a way to better judge the true financial risk of climate change. He described how decarbonisation metrics are only partially useful in relation to real-world outcomes (ie they could prevent investment in carbon-intensive climate solutions) and that there is very little correlation between carbon footprint and financial risk. In contrast he showed how CTVaR can measure the value lost (or gained) during the transition to a low-carbon economy. He was joined by David Nelson, from WTW, who showed how he and his team had used the CTVaR methodology to develop a Climate Transition Index (CTI) to price in transition risk; challenge active managers; and help companies plan for the climate transition. The events were well attended and interactive.

How the CTI works:

- Uses data already available to portfolio managers and equity analysts
- Measures what would happen to different commodities and companies under different climate-transition scenarios; then the difference between current market value and projected value under each scenario, based on the present value of free cash flows that underpin a company valuation
- Uses a simple, low-cost approach based on assets and strategies currently in place; not potential options in the future.

Its benefits:

- Allows governments, corporates, asset managers, investors and society to work together in a more consistent way
- Goes beyond carbon footprint and expected change in carbon price
- It assesses forward-looking company transition risk, rather than using historic carbon emissions data
- Focuses on the wide range of changes needed at the systems level to drive down GHG emissions consistent with the goals of the Paris Agreement.



How the Institute creates value

Creating value for members

We want to help our members better fulfil their commitments to more sustainable outcomes for end savers, wider society and the planet.

Our members are very important to us and we want them to derive value from Institute membership. We collaborate with members to design fit-for-purpose investment strategies; work towards better organisational effectiveness; and strengthen the industry's stakeholder legitimacy. This year our members scored us 7.8/10 when they assessed us on creating member value, up from 7.7/10 in 2020 (see next section for more details).



Illustration of our global media coverage

Being a member of the Institute means:

- Being at the forefront of new investment thinking
 - Our members drive the **research agenda** and we work with them to co-create intellectual capital and develop proprietary investment tools and practical solutions.
 - Over the last year we ran seven tailored culture assessments with member leadership teams as part of the **Power of Culture study**, and an additional seven 1-2-1 interviews with C-suite investment leaders.
 - We are proud to have had three of our papers receive awards: **The world's largest asset managers – 2021** was highly commended for Best Investment Industry Paper 2021, while both our **Global Pensions Asset Study** and **The world's largest pension funds – 2021** were highly commended for Best Pensions Paper 2021.
 - On the Institute's members-only **discussion forum**, we published 14 investment insights, setting out our latest thinking. We also co-wrote 11 research papers with members over the year and regularly send members Memo – our twice-monthly newsletter featuring our latest research.
- Collaborating with some of the world's leading investment organisations and academics committed to influencing the industry for the good of end savers, wider society and the planet
 - Working groups are a fundamentally important mechanism for maintaining and growing our relationships with members. In 2021 we ran three working groups – investing for tomorrow, climate beliefs and investment organisation of tomorrow. 34 member organisations actively participated in these working groups and 100% of members that provided feedback felt that they came away from the working group with something valuable for them personally and for their organisation.
 - We ran **14 events in 2021** (13 for members only) with 46 member organisations in attendance. A further 48 non-member organisations attended our public event, **Adjusting focus**. Average feedback for our events was 4.1 out of 5 and 82% of attendees rated our events as 'good' or 'excellent'. All of our events were run twice to accommodate our global membership in different time zones.
 - We have spent time developing our digital capabilities so that members are able to directly engage with each other and the Institute's research through our website, videos and podcasts. Our new-look website went live in January 2022; improvements have halved the time it takes for users to load a page. Website users increased by 2,000 (+3%) over the year to 77,673. Page views increased by 7% to 181,333.
- Driving positive change to create a sustainable future in a world worth living in
 - In partnership with our members, in June we hosted the second event in our Wider perspectives series, **Adjusting focus**, where we discussed how the coronavirus pandemic has impacted individuals, the investment industry and wider society. Our further thoughts from the Wider perspectives series are captured on our **coronavirus coverage hub**.
 - Our podcast series (**Spotify / iTunes**) explores the challenges and opportunities facing the investment industry as it adapts to a low-carbon future. The transformational change that is required brings on additional complexity which board trustees and asset managers have to grapple with. The podcast seeks to outline which gaps need to be bridged in order for organisations to make progress on sustainability.

As advocates for change, we believe it is important for our research with members to have a public voice and so the Thinking Ahead team regularly speak at a number of external events and do media interviews and podcasts. The Institute's work has been published in over 108 industry magazines, journals and newspapers globally.

Featured articles

Valuing natural capital is key to the future of investment. Here's why

The future is impossible to forecast, but that doesn't mean we can't build the world we want. In his piece for the **World Economic Forum**, Tim Hodgson argues why valuing natural capital is key to Investment's future.

Doing all you can with what you've got

In his **article for IPE in the lead up to Cop26**, Roger Urwin outlined the units of soft power needed to address climate change at speed and scale. Finance and truly sustainable organisations have the potential to punch above their weight. But to do so, they must combine forces with people, corporations and policy makers.

“The Institute's work has been published in over 108 industry magazines, journals and newspapers globally.”



Creating value for colleagues

We want to be a great place to work, with the development opportunities to enjoy a high quality and fulfilling career in a supportive and inclusive environment.


- The pandemic has motivated many organisations to reimagine the future of work where new skills, lifelong learning, well-structured work environments and employee well-being are even more critical. As such, Thinking Ahead spent much of the year developing our thinking on how to internally and externally apply Superteam principles to better understand how a diverse array of talented individuals can generate exceptional outcomes while being part of an exceptionally rewarding experience. Our work looked at how this could be unleashed through diversity, good governance and strong culture.
- Applying Superteam principles to Thinking Ahead, we continue to believe that diversity, equity, and inclusion is critical to a building a well-functioning team. We actively implement turn-taking where everyone's voice can be heard and use techniques from our better-decision making research to harness the power of cognitive diversity to improve our collective intelligence.
- The remote working model has produced challenges in terms of building connections and onboarding new team members and so we continued our weekly team stand-ups where colleagues are given the space to share and are encouraged to score their level of engagement (including work/life considerations) and their level of stress to create a '**net happiness score**'. **Our initial research on work styles** shows that streamlined hybrid working with greater coordination and with stronger and better leadership, with culture applied, improves the experience of colleagues and so as a team we have started moving to this approach.
- Thinking Ahead actively fosters a culture of continuous learning, and supports the making of mistakes as evidence of progress. Every year, each colleague receives 360 degree feedback and is assessed on adherence to wider WTW values of teamwork, member focus, integrity, respect and excellence and Institute values of being curious, collaborative, caring and courageous.
- Researchers in particular are expected to read widely, share thoughts, and contribute to the development of colleagues. The team meets twice weekly to test ideas and learn from each other and also regularly engages with external academics, industry practitioners and multidisciplinary experts to improve their knowledge.
- As a team, we also do more formal culture check-ins every three years, using our proprietary culture framework, with our last assessment having been in 2019.



Creating value for wider society

We want to help contribute to the global society that we live in and support our members and our colleagues in doing so.

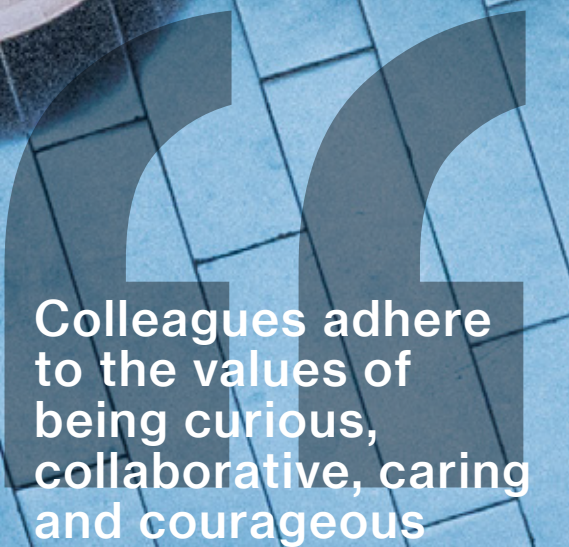
- Our core purpose is to mobilise capital for a sustainable future and so it is important that we influence not only our members, but the wider industry as a whole. Our members scored us 7.0/10 on how well we influenced the industry (see page 28 for further details) and our research agenda continues to have a significance focus on contributing to wider society through sustainable investment and through our work on organisational transformation, culture, leadership and diversity in the investment industry.
- Each year we produce a number of publicly available industry-focused surveys: the **Global Pension Asset Study**, **The world's largest pension funds** and **The world's largest asset managers** (in collaboration with Pensions & Investments) and the **Asset Owner 100 study**. These studies remain hugely popular and are the most downloaded content on our website.
- We also made five research papers publicly available on our website and have a dedicated 'friends of the Institute' newsletter - **Grapevine** - to share our research more widely (with over 300 recipients). We held our second virtual global public event, **Adjusting Focus: How Covid-19 is changing the investment industry**, that reached almost 100 attendees.



Creating value for the planet

We work with our members to understand the real-world impact of their businesses and how they invest on behalf of end savers. As an Institute we believe that how we act is important and we aspire to have a minimal carbon footprint.

Another year of not travelling and hosting virtual-only events has made it pretty easy to claim victory as far as low emissions are concerned. However, our aim is to create more significant value for the planet than that. We hope and believe that through our thinking and research we are able to influence our member organisations towards greater positive planetary impact. Over the year we have pushed ourselves harder on **systems thinking** and have socialised the need for systems leadership; we have built the case for transformational change within investment organisations; we have created a **six-step net-zero** action plan; and we have co-created an ambitious set of **climate beliefs**. While we refer to them as climate beliefs, we specifically incorporated the ideas of protecting biodiversity, increasing circularity, and being mindful of inequality. We genuinely believe that this body of thinking will have an increasingly positive impact on the planet over time, with the main tool being 3D mandates which convert the thinking into action and build impact directly into the portfolio's objectives.



Colleagues adhere to the values of being curious, collaborative, caring and courageous

Member involvement

Thank you to the following Institute friends and members for taking part in our key events and working groups this year.

2021 events

Adjusting focus

- Sharon Fay – Alliance Bernstein Limited
- Alva Devoy – Fidelity International
- Mary Delahunty – HESTA

Culture summit | Superteams: understanding legends and building legacies

- James Kerr – bestselling author and high-performance expert
- Jean Hynes – Chief Executive Officer, Managing Partner and Portfolio Manager – Wellington Management

Sustainability summit | The climate is changing, how are we changing?

- Diana Fox Carney – Public policy expert and strategic adviser
- Lucy Thomas – Head of Investment Stewardship - TCorp
- Adrian Trollor – Head of Portfolio Delivery - TCorp
- Kate Bromley – General Manager, Responsible Investment - QIC
- Jeffrey Chee – Global Head of Portfolio Strategy – Willis Towers Watson

Working groups

Investment organisation of tomorrow

- Sue Brake (Future Fund)
- Stewart Brentnall (TCorp)
- Robert Brown (Uninvest)
- John Chilman (Railways Pension)
- James C. Davis (OPTrust)
- Alva Devoy (Fidelity International)
- Emilio Garcia de la Sierra (Santander Asset Management)
- Natasha Kronouer (Future Fund)
- Tom Lee (NYSTRS)
- Andrew Lill (Rest Super)
- Tim Mitchell (WTW)
- Eoin Murray (Federated Hermes)
- Frank Naylor (BT Pension Scheme)
- David Neal (IFM Investors)
- Luba Nikulina (WTW)
- Sarah Owen (New Zealand Superannuation Fund)
- Russell Picot (HSBC Bank Pension Trust)
- Michael Sales (Nuveen)
- Sonya Sawtell-Rickson (HESTA)
- Jaap van Dam (PGGM)

Investing for tomorrow

- Jyoti Banerjee (North Star Transition)
- Adrian Benedict (Fidelity International)
- Kate Bromley (QIC)
- James Burgess (BTPS)
- Tracy Burton (Coronation)
- Jeff Chee (Willis Towers Watson)
- Helen Christie (Uninvest)
- Tom Cullen (S&P Dow Jones Indices)
- Ed Evers (Ninety One)
- Charlotte Gibson (Ninety One)
- Philip Greenheld (QSuper)
- Arthur Grigoryants (RWC)
- James Harris (CQSM)
- Michael Jabs (Kraft Heinz Pension)
- Liisa Juntunen (QMA)
- Matt Lanstone (Capital Group)
- Ben Leale-Green (S&P Dow Jones Indices)
- Alison Loat (OPTrust)
- Tom Lyons (Allspring Global Investments)
- Zak May (IFM Investors)
- Herschel Pant (AXA IM)
- Jeroen Rijk (PGB Pensioendiensten)
- Elena Shatrova (Santander AM)

- Leo Taglieri (Barclays Pension)
- Jodie Tapscott (AllianceBernstein)
- Lucy Thomas (NSW Treasury Corporation)
- Adrian Trollor (NSW Treasury Corporation)
- Nacho Valiñani (Pensions Caixa 30)
- Jaco van der Walt (RBC Global Asset Management)
- Sarah Wilson (Nuveen)
- Debra Woida (Willis Towers Watson)
- Christine Young (Polen Capital)

The power of culture (TPOC)

- BlueBay Asset Management
- British Telecom Pension Scheme
- Business School of Tilburg University
- Crabel Capital Management
- Future Fund
- IFM Investors
- MAN Group
- OPTrust
- Pensions Caixa 30
- PGB Pensioendiensten
- Polen Capital
- Rabobank Pensioenfondsen
- Santander Asset Management
- Uninvest

2021 Institute statistics

186

Total global TAI coverage in 2021 (186 articles) is up significantly compared to 2020 (111 articles)

43

In the UK, premium articles (focused on the Institute and/or our message) grew strongly with a doubling, from 21 in 2020, to 43 in 2021, of which 20 occurred in Q4 2021

16

Due to availability, TAI was quoted slightly less often in broader articles in 2021 than 2020, quoted 16 times in the year. Marisa Hall is the most frequent spokesperson in these opportunities and overall

62%

Just under two thirds of TAI coverage in 2021 (62%) was published in specialised institutionally-focused media channels

Advocacy

Content

11 

published papers

14 

forum posts

Engagement

53 

members

35 

working group calls

14 

organised events

5 

podcast episodes

277 

event attendees

2,937

social followers (Twitter & LinkedIn)

Reach

181,333

website visits

2,000

Website users have increased by over 2,000 from 75,160 to 77,673

10,000

Webpage views have increased by over 10,000 from 169,578 to 181,333

17%

Sessions coming to the website from social media was up 17% from 2020

97%

Twitter saw a 97% growth in traffic directed to the website

4

press releases

551

receiving Memo

297

receiving Grapevine

Speaking at global forums and other events

- PGGM - Vision 2030 event
- WTW – Climate risk and financial stewardship summit
- WTW - Earth Day experts panel
- PLSA investment conference
- Nuveen conference – The impact of culture on institutional investors
- Sponsors for Educational Opportunity London
- Kings' Business School
- Oxford University – Executive Education Roundtable
- PEI Media – DE&I roundtable
- #TalkAboutBlack
- IPE – diversity, equity and inclusion across asset management
- Citywire podcast
- Alliance Bernstein conference
- 50 faces podcast with Aofinn Devitt
- RWC conference
- WRN Science for Resilience event - panellist
- Nuveen - tackling climate change roundtable
- Responsible Investor webinar with MFS
- World Economic Forum (WEF) Global Future Council on investing
- S&P DJI round table
- University of Cambridge Advisory Roundtable
- Janus Henderson Investors event - speaker
- Denel Pension Fund presentation
- HSBC Trustee Investment Day
- TD bank pension plan event - panellist
- BCA research event - panellist
- London Business School event - panellist
- FEAL conference speaker
- CFA Institute Sustainability roundtable panellist
- CFA Institute Insurance conference
- CFA India conference speaker
- Fiduciary Investment Symposium speaker

Member assessment

We aim to continually improve and learn from member feedback. This year we asked members to complete a short survey in four parts: two scored responses, and two free-form responses.

1. Influencing the industry


- Thinking Ahead Institute research is highly regarded, influential and widely cross-referenced in the investment industry
- The Institute is effective in promoting a better and more sustainable investment industry for the public good through events, trade media and social channels.

2. Creating member value

- High-quality research and events, with useable content, are delivered in an engaging way
- The Institute provides a useful forum to members for wider industry engagement
- Members are using or adopting some of the content and innovations developed in the Institute.

3. What were any Institute highlights for you during the year?

4. Please identify improvements we could make to provide better member value.

	Min	Max	Average	Weighting
Influencing the industry	2	10	7.0	50%
Creating member value	3	10	7.8	50%
Overall score	7.4			

Score out of 10 by 25 individual members

What survey members said were highlights of the year

Super team!

Being part of the climate working group, lots of high quality contributions and very well chaired/organised by Tim, Jessica and Samar

I found the working group which produced the climate reporting dashboard particularly useful and transferrable to the day job. I also find the working group an invaluable source of further reference documents and research (for example, the Exponential Roadmap, which I had not heard of before but which directly informed a project I had to deliver).

It is also a great global networking forum and way of meeting peers and learning what they are doing.
Helen Christie, Senior Portfolio Manager, Univest

Discussion on building specific action plans for individual organisations. *Andrew Lill, CIO, Rest*



I appreciate the authentically independent perspective, the obvious deep thinking and the genuinely long term focus that underpins the work of the TAI. The Institute's inputs always make me think.

Thank you!

Initial work on Super Teams



Continuation of effort irrespective of the COVID constraints!

Improvements

- Corona has made interaction more difficult. Hopefully next year we have live events again.
- A session perhaps on how members are using TAI input could be interesting. Given TAI has been going on for a few years - that could be a interesting, showcase session.
- More external focus. Much, much, much shorter pieces.
- In person events as soon as possible to allow greater interaction. Guidance / members share ideas of how they are using and adopting content internally and externally
- I would like to see a blog like forum, in which the members can interact with one another in an "open source" style - to provide and discuss ideas. The current interaction between members, in a remote world, seems limited.
- Publish additional case studies on how studies, research and finding from TAI have influenced investors.
- Maybe distribute working group notes to all members throughout the process?
- External brand could/should be higher for the quality of work produced.
- Please do more case study work and develop the associated practical solutions, especially in area of climate transition.

Other member feedback

- "I participated in your [sustainability summit] webinar last week organised by your Institute. A big compliment for the excellent, inspirational content and professional execution!"
- "Thank you for continuing to work with us this year. Our participation in TAI continues to be valuable and with all the ongoing challenges we all face it is wonderful to be able to see you today in person! We look forward to continued collaboration throughout 2022." – S&P Dow Jones Indices team
- "Very good Sustainability summit. Many thanks for that. How even greater and more energizing would this have been as a live event. Really missing the live interaction." – Jeroen Rijk, Manager Balance Sheet Management Investments, PGB Pensioendiensten
- "The [Investment organisation of tomorrow working group] sessions were both insightful and enjoyable, and I look forward to more." – Stewart Brentnall, Chief Investment Officer, NSW Treasury Corporation (TCorp)
- "I just wanted to say a heartfelt thanks to everyone involved in the IOOT WG. It's been an absolute privilege to engage with 'a mastermind', as Napoleon Hill would call our collective, on the big issues of the day for our industry and businesses. Thanks to all who worked to make our engagement so productive, our hosts Roger and Paul, 'lurkers' Tim and Marisa and all behind the scenes, ensuring smooth sailing. Thanks to everyone involved for your openness and candour, I learned a great deal and reformulated some views along the way... During a period of 'isolation' the WG has been a great source of synaptic moments for me and I for one am up for more!" – Alva Devoy, Managing Director Australia, Fidelity International

Limitations of reliance – Thinking Ahead Group 2.0

This document has been written by members of the Thinking Ahead Group. Their role is to identify and develop new investment thinking and opportunities not naturally covered under mainstream research. They seek to encourage new ways of seeing the investment environment in ways that add value to our clients. The contents of individual documents are therefore more likely to be the opinions of the respective authors rather than representing the formal view of the firm.

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About the Thinking Ahead Institute

The Thinking Ahead Institute seeks to bring together the world's major investment organisations to be at the forefront of improving the industry for the benefit of the end saver. Arising out of Willis Towers Watson's Thinking Ahead Group, formed in 2002 by Tim Hodgson and Roger Urwin, the Institute was established in January 2015 as a global not-for-profit group comprising asset owners, investment managers and service providers. Currently it has over 50 members with combined responsibility for over US\$16 trillion.

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