ACTUARIAL ASSOCIATION OF EUROPE

Proposal for implementing
Key Performance Indicators for the AAE

Discussion and Resolution

The Board is asked to take note of

- the proposal to amend the existing objectives of its committees by comprehensive, consistent engagement plans with Key Performance Indicators (KPIs)
- the proposed roadmap for implementing this and
- the draft format for committees' objectives and engagement plans with KPIs (separate document submitted)

The Board is asked to discuss the proposals above and decide.

Why should AAE implement comprehensive, consistent engagement plans with Key Performance Indicators (KPIs)

Case for change

- AAE's Board must ensure that it delivers consistently with its strategic objectives
- AAE delivers mainly through its committees
- Committees have bottom up objectives, accepted by the board, but currently *How* the objectives will be reached and how success is *measured* is handled inconsistently, if at all
- This impairs the ability of the board to assume its responsibilities efficiently

Goal

- Committees transform their objectives and engagement plans into a *common format* with committee defined KPIs
- Board assesses consistency and comprehensive coverage of AAE's strategic objectives
- Board defines how the monitoring, reporting, and maintaining process should be handled.

Roadmap to implement consistent and comprehensive KPIs (1/2)

Definition, monitoring, reporting, and maintaining

21 March 2018 Board call: **accept** proposal to implement consistent bottom-up Key Performance Indicators (KPIs) throughout the AAE

- Definition
  - Committees transform their objectives and engagement plans into a *common format* with committee defined KPIs
    - proposed format based on committees' current formats
    - slide 8 lines out design principles, first proposal attached
    - committees agree to common format by 28 March and transform for the Lisbon meeting by 2 April

  - Committees' objectives and engagement plans with KPIs need to comprehensively support AAE's strategic objectives
    - Assessment of consistency and comprehensiveness by Wilhelm and Lutz by 5 April

Roadmap to implement consistent and comprehensive KPIs (2/2)

Definition, monitoring, reporting, and maintaining

Monitoring, reporting, and maintaining process (first proposal)

- Monitoring, reporting, and maintaining integrated into the operating rhythm of the AAE
- Committees should monitor their deliverables and their KPIs and report to the Board
- Committees should revise their objectives and engagement plans with KPIs at least annually
- Board should assess consistency and comprehensiveness, decide and report to the general assembly
- Final proposal by Wilhelm and Lutz by 5 April

10 April 2018 Board meeting in Lisbon

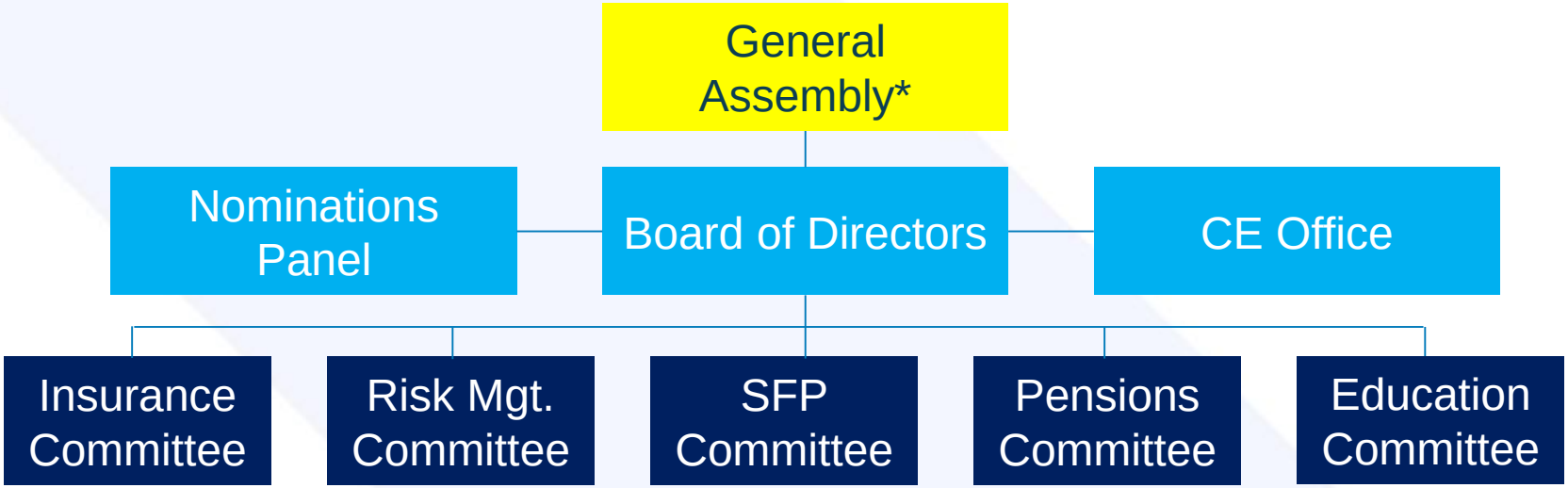
- **discuss** consistency and comprehensiveness assessment
  - final proposal by Wilhelm and Lutz by 12 April
- **decide** on monitoring, reporting, and maintaining process

18 April 2018 Board call: **decide** on committees' objectives, engagement plans and KPIs

Appendix

- Structure of AAE
- Embedding of KPI's into the implementation of AAE' strategy and governance
- Design principles of common format for committees' engagement plans with Key Performance Indicators (KPIs)
- AAE's Strategic Objectives

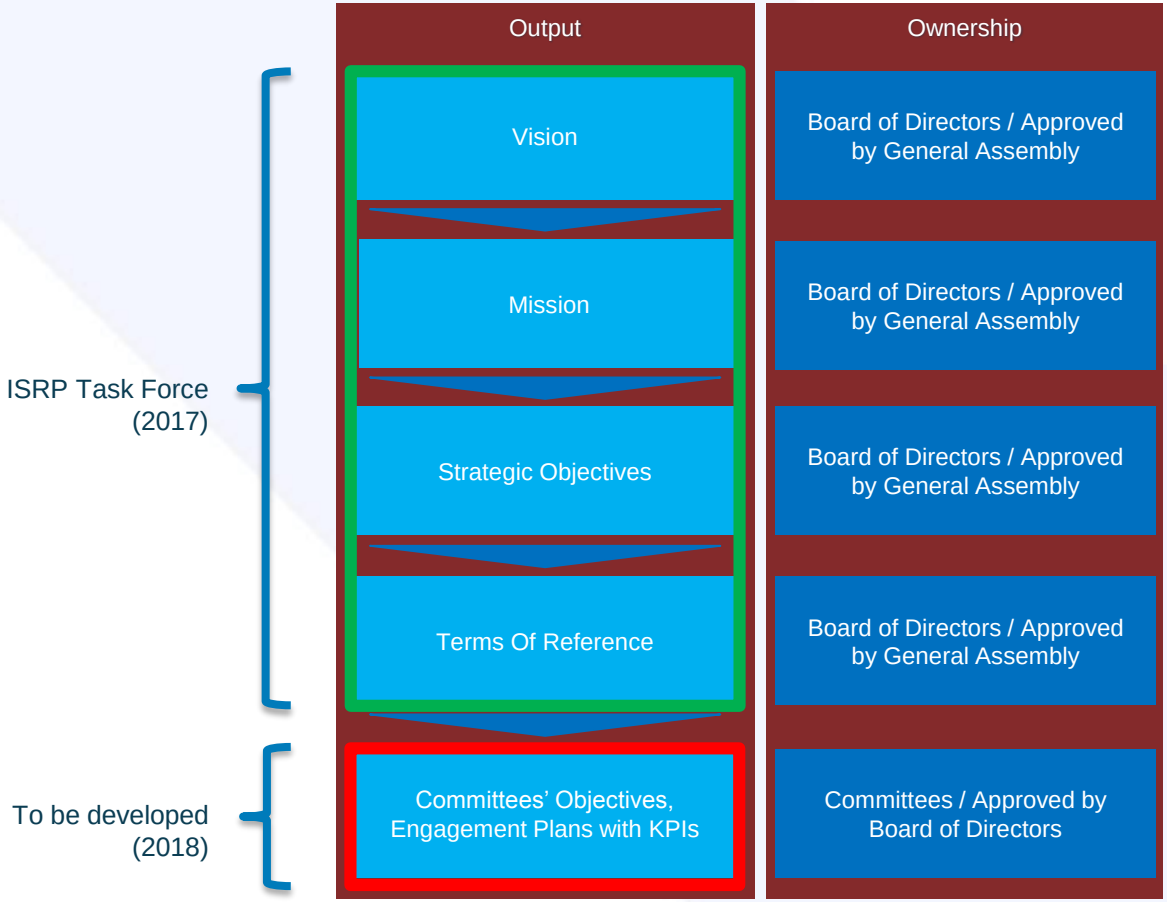
AAE's new structure



** General Assembly decides on creation and dissolution of Committees but the oversight is done by the Board of Directors.*

Committees' Objectives, Engagement Plan, KPIs:

last step in finalising AAE's new strategy and governance



The Objectives describe **what** each committee wants to achieve.

The Engagement Plan outlines **how** the Objectives will be achieved and lists the key deliverables, milestones and deadlines. It defines KPIs.

Committees' Objectives, Engagement Plan and KPIs

Committees' Objectives	Engagement Plan and KPIs
▪ Aligned with AAE's strategic objectives ▪ Covering AAE's strategic objectives ▪ Each committee documents its objectives and links them to AAE's strategic objectives	▪ Deliverables linked to each objective ▪ Owner for each deliverable ▪ Timeline for each deliverable ▪ KPIs for each deliverable

SO 1
Enhance relations with European institutions
	• Establish and maintain relationships with key European institutions, so that the AAE can effectively provide them with high quality professional advice to improve the soundness of decisions from an actuarial perspective:
	  • Play a prominent role in shaping the development of new European legislation, and in the review and refinement of existing legislation, affecting the work of actuaries in traditional areas and in wider fields as actuaries extend their areas of involvement;
	  • Reinforce existing relationships with the European Commission and EIOPA;
	  • Build and enhance relationships with the European Parliament and the Council of the EU; and
	  • Maintain contact with other European organisations such as industry and consumer protection bodies.

SO 2
Promote Professionalism
	• Promote consistent standards of education and professionalism among actuaries in Europe:
	  • prescribe minimum requirements for the education of actuaries to be applied by member associations;
	  • facilitate continuing professional development of actuaries;
	  • ensure that all member associations have a code of professional conduct which reflects at least the requirements of the AAE's Code of Professional Conduct, and an appropriate disciplinary process;
	  • develop and maintain model standards of actuarial practice for work undertaken by actuaries in relation to EU regulatory requirements;
	  • maintain a mutual recognition agreement which is consistent with the requirements of the EU Recognition of Professional Qualifications Directive;
	  • support the development and recognition of individual member associations;
	  • help to ensure that regulated actuarial work is performed by those properly qualified to undertake it and subject to relevant professional and technical actuarial standards; and
	  • support the development and recognition of actuarial work in wider fields as actuaries extend their areas of involvement.

SO 3
Promote a European community of actuaries
	• Promote a European community of actuaries between AAE member associations, their members and the AAE:
	  • encourage the exchange of information and ideas;
	  • facilitate networking between actuaries, especially in wider fields;
	  • strengthen awareness among member associations and their members of the work of the AAE; and
	  • facilitate mutual assistance between member associations.