



Actuaries and Sustainability

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The questions to answer

- What?
- Why?
- Where?
- How?
- Who?
- When?

What is actuarial sustainability work?

- Encompasses many distinct areas
- Some are current areas, some are potential
- Many rules on sustainability disclosure
- Often apply to insurers, pension schemes, asset managers...
- ...so actuaries are involved...
- ...especially if knowledge of impact on liabilities needed

What is actuarial sustainability work?

- EU Non-Financial Reporting Directive (NFRD)
- EU Sustainable Finance Disclosure Regulation (SFDR)
- EU Corporate Sustainability Reporting Directive (CSRD)
- UK Climate-related Financial Disclosure Regulations (CFDR)
- IFRS S1, S2
- ...and so on

What is actuarial sustainability work?

- Can be thought of in terms of “double materiality”
 - Outside-in (impact of environment on a firm)
 - Inside-out (impact of the firm on the environment)
- Outside-in might be effect of climate change on premiums
- Inside-out might be energy use (ghg emissions)
- A lot of this involves using existing projections...
- ...and applying to actuarial use cases
- However, there is scope for actuaries to develop projections

Why should actuaries do this work?

- Some of this work requires domain knowledge
 - Insurance, pensions, investment...
- Some of this work requires modelling skills
 - We're quite good at that...
- Some of this requires communication
 - Again, actuaries can do more than just sums
- All of this requires being able to take a strategic view
 - This is the actuarial superpower

Where are these jobs?

- Two aspects to this
 - Jobs currently involving actuaries
 - Jobs that could involve actuaries
- Many actuaries in sustainability are working in
 - Insurance companies
 - Asset management
 - Consultancies
- But there is also scope for work in academia, government...
- ...and scope of consultancy could be broader

How do actuaries get to work in these areas?

- How not to do it – “what you need is an actuary”
- We will be hired because we can solve problems...
- ...not because we have particular letters after our names
- Easiest way is by adjacency
- Look at where you want to get to...
- ...then look at how to get close to that role
- Get close enough to show you can solve problems...
- ...that relate to sustainability

How do actuaries get to work in these areas?

- Also, not just about taking opportunities, but making them
 - Network – inside and outside your firm
 - Go to conferences
 - Join working parties, groups
 - Write articles

Who can do this?

- In theory, anyone...but more suited to some than others
- Those with domain knowledge can leverage this...
- ...but must also build knowledge on sustainability
- Those interested in modelling should build experience here
- There is a lot of skill transferability
 - Time series analysis
 - Dimensional reduction
 - Etc...

When is the right time to move?

- When you've got some domain experience (if necessary)
- When an opportunity arises
- Before you've got too senior?
 - Not essential, but if you need to take a pay cut it can hurt...
- But get involved via networking, working parties now!