

Quarterly conversations

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Hassell H. McClellan
Chairperson, John Hancock Group of Funds
Board of Trustees

We sat down with Hassell McClellan to discuss board composition, why it's important, and how the board takes a strategic approach.

Q: Board composition is a much-discussed topic in fund and corporate governance. Why does board composition matter?

Hassell: From the perspective of fund oversight, everything we do as a board is a function of the people and the team that make up the board. Whether we're talking about monitoring fund performance, evaluating new prospective subadvisors, or meeting or exceeding industry standards for fund governance, our success or failure at these things comes down to how well we work together. In this way, board composition—or, as we might say, strategic board composition—is critical for fund oversight and our efforts to act in the best interests of fund shareholders.

Q: How does diversity figure into the idea of strategic board composition?

Hassell: When we talk about diversity at the board level, we primarily mean diversity of perspectives rather than diversity of race or gender, which are commonly intended by the term “diversity.” That's not to say that racial, ethnic, and gender diversity—or, by the same token, geographical, cultural, or linguistic diversity—aren't important. But we see these forms of diversity as a natural fallout of our practice of strategic board composition rather than the other way around.

What do I mean by this? The strategic aspect of board composition is about ensuring that the board represents both the diversity of skills and the complementarity of roles required for the board to optimally fulfill its fiduciary responsibilities—that's our goal. To accomplish this, we cast a wide net for candidates that includes women and people of color. So while gender and racial diversity isn't our goal in strategic board composition, it's a byproduct of our approach.

Q: How do you go about seeking a complementarity of roles when you're interviewing board member candidates?

Hassell: One of the outside firms we've worked with is a talent optimization company called The Predictive Index. This firm provides a platform for systematically getting beyond the resume, so to speak, to help us understand the types of roles individual candidates might play on our board.

This has been most helpful for our recruitment efforts during the pandemic that resulted in the recent appointment of four new trustees. There are intangible things about a person that are hard to perceive when you don't have the luxury of scheduling multiple in-person visits. How do they interact with you in real-time conversation? What does their body language say about their curiosity or how well they listen? How well might they “fit” with the personalities and communication styles of an existing team?

In a standard prepandemic context, this sense of how people think and how they work with others is a function of the individual perceptions of perhaps 10 different people who participate in in-person interviews with each of the top candidates. But in the absence of this during the pandemic, The Predictive Index gave us a way to standardize certain aspects of our evaluation of these intangibles. The questionnaire-based framework offered by The Predictive Index provides insight into individual psychological profiles, offering ways of mapping individuals' tendencies for how they lead, how they collaborate, and how well they move between different types of strategic, creative, and tactical roles. Interestingly, the framework gave us insight into the tendencies of the existing board members as well and what we might stand to lose when any one individual retires.

Q: So strategic board composition is part of the board's succession planning process?

Hassell: Absolutely, yes. A key aspect of our responsibility is to help ensure that the board remains a strategic asset for the funds and for shareholders in perpetuity. We believe the current state of the board is strong, that it represents that diversity of perspectives that we discussed, and that it represents a robust and interactive team that contains the right balance of skills and roles. This is important—now more than ever—because we believe changes in the investment industry require us to be even more intentional than we've been in the past with our board structure. That's why we strive to ensure that we're strategically composed with a complementary and comprehensive set of skills to assist investors today and into the future.



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