

“Board Diversity by Design at Voya Financial”

By: Rodney O. Martin, Jr., chairman and chief executive officer, Voya Financial

It is an honor to be invited to participate in the SAIS Global Conference on Women in the Boardroom and to be asked to contribute an essay on such an important topic. As one of our board members at Voya Financial aptly noted, it is difficult to make a case for the significant value that diverse boards contribute – to the organizations that they govern as well as to society – that has not been made by experts across numerous and various industries and stakeholder groups.

I would like to share how Voya made board diversity an essential aspect of its governance structure when the company went public in 2013. I will also highlight how the diversity of our board has contributed to our success to date and how we see our board diversity – four of our nine independent directors are women, and our board diversity also includes professional expertise, ethnicity, education and leadership experiences, among other attributes – as a competitive advantage as we pursue further growth.

A purposeful decision to create a truly diverse board

As background, Voya helps Americans plan, invest and protect their savings – to get ready to retire better. Voya was created in May of 2013 via a spin off from ING Group. While Voya was created with strong and established retirement, investment and insurance businesses, and a base of approximately 13 million individual and institutional customers, I often referred to us as a 6,500-person start-up company. In creating Voya, we had an opportunity to change the culture and to change expectations.

The opportunity to establish something new, built on new values and a new vision, is rare. We understood this and accepted the responsibility to create a new kind of company at Voya – including how we would approach corporate governance and evolve our board of directors. I liken this responsibility to the sentiment expressed by Thomas Paine, when he wrote in the *Appendix to Common Sense*, in 1776, “We have it in our power to begin the world over again.” While Paine was referring to the birth of a new nation and we were creating a new company, the opportunity to establish governance brings great responsibility.

In evolving our board of directors, we researched best practices and looked at what leading companies were doing from a corporate governance perspective. The facts were clear to us – companies with more diverse boards tended to be more successful. For example, a Catalyst report on gender diversity found that companies with sustained high representation of women on their board (defined as three or more women in at least four of the preceding five years) outperformed those with sustained low representation. The results – an 84% advantage in return on sales, a 60% advantage in return on invested capital and a 46% advantage in return on equity – were compelling.

We made a purposeful decision to create a truly diverse board because we saw it as critical to our business success and cultural transformation. Our nominating and governance committee has been deliberate in its desire to form a board that

is diverse and does not simply have one person of a certain background or experience or gender, as a check-the-box exercise, but a truly diverse board without one dominant group. As one of our board members recently observed, an environment where every board conversation is engaging and enriched by a variety of viewpoints and experiences enables a better and stronger board, providing more valuable oversight and insight for the company. Having diverse views also mitigates potential blind spots, or groupthink, and allows the firm to be readily adaptable in an ever-changing competitive landscape.

Board influence on Voya's success to date

Since 2013, Voya has delivered strong results and several notable accomplishments. Our market capitalization has more than doubled, and our share price performance has outpaced our peers and the S&P 500. We achieved our 2016 goal for Ongoing Business Adjusted Operating Return on Equity, an important metric for us, two years early, in 2014. Our credit ratings have been upgraded by the major rating agencies and we have returned \$1.7 billion in excess capital to shareholders.

We have also earned recognition for our commitment to conducting business in a way that is socially, environmentally, economically and ethically responsible. Voya has been recognized as one of the World's Most Ethical Companies, by the Ethisphere Institute, for two consecutive years, and as one of the Top Green Companies in the U.S., by *Newsweek* magazine. Additionally, we received a perfect score of 100% on the Human Rights Campaign (HRC) Corporate Equality Index (CEI), an annual survey that assesses workplaces on lesbian, gay, bisexual and transgender (LGBT) equality.

While it would be impossible, and inaccurate, to credit one thing for these successes and achievements, I can say with a high degree of confidence that Voya's board of directors has influenced the company's success to date. We are fortunate to have nine independent directors who combine to provide us with diversity of gender, ethnicity, age and skills. Our diverse board includes current and former CEOs and expertise in areas such as risk management, marketing and technology. Our group of directors also includes extensive financial services experience, government experience and corporate governance experience. This is diversity in a broad sense, and – as one of our directors shared – a successful board marries all of these attributes.

A competitive advantage as we drive further growth

At Voya, we have built tremendous momentum and are now focused on driving further growth. As our company moves forward, we do so with the benefit of a diverse board, sharing perspectives that make our company better. As one of our board members noted, every leader needs the most diverse input that he or she can get – to see and understand the broadest range of implications of a decision to be made or an opportunity to grasp.

Board diversity was designed into Voya's DNA – and we consider it a competitive advantage. Thanks to the positive impact of events like the SAIS Global Conference on Women in the Boardroom, more organizations are seeing the compelling business case for board diversity. We look forward to influencing a broader focus on this important dialogue and to discussing how diverse boards contribute to organizational success.
