

**Minutes of a meeting of the Board of the  
CFA Society of the UK (CFA UK) held at the offices of USS, 60 Threadneedle  
Street, London EC2R 8HP and via Teams at 5.00pm  
on Tuesday 24<sup>th</sup> January 2023**

**Present:** L Matthews chair  
A Byrne\* (items 1470 to 1476 i.)  
H Eastman  
G Elcock  
K Ferguson\*  
W Hung  
K Kosmopoulou\*  
E Koycheva  
P Lenoble  
F Lundie\*  
S Solomon

**Attending:** B Young (company secretary)  
W Goodhart (chief executive)  
C Curtin (director of education)  
V French (chief financial officer)  
A Ramsay (chief operating officer)  
A Pinch (director of customer experience)  
S Verjee\* (director of outreach)  
L Gracie (Indigo Independent Governance)  
T Nuding\* (representative of Investment committee) (item 1476.i. only)  
Haig Bathgate\* (representative of Investment committee) (item 1476.i. only)  
\* denotes attendance via video conference

**1470 Apologies for absence**  
There were no apologies for absence.

**1471 Declarations of interest**  
The register of directors' interests had been updated by all directors with the exception of Katerina Kosmopoulou who verbally confirmed that the declarations recorded on the register remained correct. The updated register was noted. The directors' responsibilities had also been updated.

Elena Koycheva declared an interest relating to her employer, BlueBay Asset Management, and noted that the society invested in a fund managed by them. It was agreed that Elena Koycheva would be recused from any specific discussion about that investment.

**1472 Minutes of previous meeting**  
The minutes of the board meeting held on 22<sup>nd</sup> November 2022 were reviewed and approved as an accurate record for signature. The minutes of the AGM held on 22<sup>nd</sup> November 2022 were reviewed and noted.

**1473 Matters arising**  
The matters arising report was reviewed and noted.

It was confirmed that the action relating to the E&E committee membership was now complete.

**1474 Board matters**  
**Strategic**  
i. Strategy meeting planning  
The paper outlining the proposed approach to the strategy planning and meeting in March 2023, was discussed and noted.

It was agreed that an exercise to review the strategic goals set last year and the progress made against them would be carried out by the leadership team. This would be reviewed at the strategy meeting to inform the goal setting for the remaining two years of the strategy. It was hoped that more information on the direction of CFA Institute in relation to the certificate in climate and investing would be known by March; this would be an important factor in determining the society's strategy, both directionally and financially.

It was agreed that facilitation of the strategic meeting was useful and it was further agreed that the same facilitators should be invited to lead the strategy meeting again this year.

It was suggested that the work of the sustainability committee should be reported at the strategy meeting so that it could be taken into account. The sustainability reporting framework and parameters, both internal and external, should also be considered.

## ii. Volunteer strategic implementation

### *Terms of reference*

The proposed terms of reference for the volunteer implementation board working group ("VIBWG") were reviewed and noted. It was the intention of the group that all implementation plans would complete by the end of 2023.

It was confirmed that the purpose of the working group would be to put forward proposals, and a framework for change, to the volunteer groups but that the volunteer groups would ultimately be responsible for implementation of the plans. A detailed implementation plan had been drafted by the staffed office and would be shared with key stakeholders for consultation. It was agreed that a regular summary of agreed changes would be provided to board members to keep them up to date. It was also noted that the help of some board members might be required to support communication of changes to the membership.

After due consideration, subject to consideration of some points raised in the shared comments facility on Convene, the proposed terms of reference for the VIBWG were approved.

### *Proposed merger of professionalism steering committee and ethics committee*

At the last meeting, some concerns had been raised on the proposed merger of the professionalism steering committee and ethics committee. Since then, discussions had taken place between the current chairs and vice chairs of both committees, the treasurer and the VIBWG. The rationale for merging the two committees had been reviewed by comparing the terms of reference of both committees. It was noted that there were many common objectives between the two and many areas of overlap. The feedback from the representatives of the committees had also been positive towards the merger. However, it was acknowledged that the practicalities of the merger would need to be carefully considered, not least because the people involved, and the skillsets required, might need to be adjusted to meet the requirements of the new committee. Concern was raised over continued staffed office support.

After due consideration, the merger of the two committees, accepting that there were a number of practicalities still to be resolved, was approved in principle.

### *Naming conventions for sub committees*

The proposal for three alternatives to the name 'task group', to be used for the categorisation of a sub committee intended for a short period or one-off purpose, was reviewed and discussed.

After a vote, it was agreed that 'project group' would be the most appropriate term and would be adopted in the classification convention.

It was confirmed that, notwithstanding the classification, individual groups would not need to include the words 'project group' in their name.

## iii. Update on discussions with CFA Institute and CCI partnership

The update paper on the discussion with CFA Institute regarding the potential partnership and sale of the Certificate in Climate and Investing (CCI) was discussed and noted.

The chief executive provided some historic background to negotiations and outlined some further developments since the paper had been written. The Institute had conveyed to the society that their direction in relation to learning had changed and they were no longer interested in a partnership for CCI. As such the Institute's interest was now limited to possibly acquiring a portion of the intellectual property rather than entering into a partnership arrangement for distribution and development of the qualification.

The early performance of CCI, compared to the significantly greater success of the ESG certificate, was discussed. It was noted that version 2 of CCI was being launched, with shorter learning materials, which should attract more registrations and sittings. Discussions with the Institute to explore the opportunity to provide a dual approach to product delivery in a later version, both in a professional learning modular fashion and through the existing certificate method, were thought more likely to be successful if higher registration volumes were achieved for version 2. To support the launch, it was proposed that a more aggressive short-term marketing campaign be progressed to promote the certificate and support for that proposal was confirmed.

The discussions held with the Institute and the negotiations to date were discussed at length. Options to market certificates to other societies might need to be considered.

It was emphasised that it was important to the society to maintain good relations with the Institute and to maintain the cooperative working relationship currently enjoyed by the society. Communication with the Institute would continue and it was hoped that a more certain position could be reported back at the March strategy meeting.

## **Governance**

### iv. Business transition board working group

The terms of reference for the business transition board working group were reviewed and noted.

Some changes were requested to be made to the terms of reference, namely, to keep consistent references to the 'funding approved by the board' rather than 'envelope of funding', for the chair of the working group to provide regular updates to the finance and investment committees, to add the roles of the working group members and the capacity in which they were members and for the frequency of board reporting be aligned to board meetings rather than quarterly.

It was agreed that the information to be reported to the board should include a review and progress against the objectives of the working group. It was requested that any other feedback on what should be included in the report to the board should be sent to the chair of the working group by email.

A verbal update was provided on progress being made with the business transition. It was noted that IT projects using third party suppliers now had more impetus and the involvement of the CTO had been positive.

After due consideration, the proposed terms of reference for the business transition board working group were approved, subject to the aforementioned amendments being made.

### v. Board induction slides

The updated board induction slides were reviewed and approved for circulation to the new directors, subject to any comments submitted to the chief operating officer.

### vi. Board code of conduct review

The board code of conduct was reviewed and noted.

It was agreed that the reporting of offers of gifts and hospitality over the value of £50 should be made to the company secretary rather than the chief executive.

After due consideration, the code of conduct was approved, subject to the aforementioned amendment being made.

### vii. Board paper improvement recommendations

The adoption of report header sheets and the trial of board portal, Convene, were noted to be working well and providing more clarity. It was suggested that the author of the paper be moved to the information at the top of the page to avoid it slipping to the continuation page on lengthier documents.

It was agreed that, where papers needed to be replaced with newer versions in Convene, the older version would be moved to an appendix rather than deleted to avoid losing annotations.

The Convene trial would continue for the remainder of the six-month free period and a decision to use the portal going forward would be made in the April board meeting, following collation in March of board members' feedback.

#### **1475 Chief executive's report**

The chief executive's report was taken as read and noted.

##### i. Forecast for FY23-24 and FY24-25

It was confirmed that work to forecast the FY24 and FY25 years was underway. Early indications were that both years could produce significant losses. It was agreed that ongoing business as usual IT operating costs would be identified for FY26, based on an assumption that all the IT project work was delivered. The forecasts would be available to review at the strategy meeting in March 2023.

##### ii. Membership update

The membership update report was taken as read and noted.

It was highlighted that, whilst membership numbers were almost 2% ahead of the prior year in aggregate, the new level one membership numbers were weaker and were likely to deteriorate further in the next two to three years. It was suggested that more routes to local members would need to be considered to mitigate the level one membership losses.

It was confirmed that contact with new members was an initiative that was part of business as usual.

##### iii. Office move

The paper outlining the proposed office move and the proposed lease terms, were reviewed and noted.

The ten year lease terms for the proposed new office at Boston House, which included a five-year tenant break clause, were summarised. The chair and Philippe Lenoble had visited the potential offices and had agreed that they were in a good location, had good facilities and could have a positive impact on staff. The potential to sub-let could be considered in future, if the need arose.

After due and careful consideration, the move to the new office at Boston House under the proposed lease terms was approved. It was agreed that the chair and treasurer be delegated authority to sign the lease and any such other documents as may be required to give effect thereto and to approve any minor changes to the lease or ancillary documents that may be considered necessary or desirable.

#### **1476 Committee reports**

##### i. Investment Committee report

The existing chair and successor chair of the investment committee were welcomed to the meeting. The investment committee report for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> December 2022 was taken as read and noted.

The performance over the last six months had been marginally positive, despite the challenging market conditions. Some portfolio changes had been made in the period to mitigate volatile markets.

The new investment committee chair summarised the chair handover process. The future plans for the investment committee would continue on a similar strategy, namely, to make small adjustments to the portfolio in order to reach the objectives already set. The continued use and the appropriateness of benchmarking against CPI+1% in the current high inflationary environment was being discussed by the committee; the aim to keep benchmarking consistent was preferred but it would be reviewed. The composition of the 'other' portfolios category was noted to be a mix of infrastructure, commodities, global multi strategy and real estate funds.

Ten-years of service by Tarik Ben-Saud, CFA on the investment committee was noted with thanks as it was reported that he was leaving the committee.

ii. Diversity, equity and inclusion committee report

The diversity, equity and inclusion committee report was taken as read and noted. The committee had organised many events and was achieving good engagement and traction with their work.

The paper summarising the young women in investment initiative hosted with CFA Institute was noted; the intention was that the event would scale year on year.

Thanks were extended to Katerina Kosmopoulou and Victoria Thompson who would be stepping away from the committee after both being involved for 10 years.

It was noted that a DEI code for EMEA was being developed with the Institute.

**1477 Finance report, management accounts and KPIs**

The finance report, management accounts and KPIs for the financial year to 30<sup>th</sup> November 2022 were taken as read and noted.

It was reported that the first five months had outperformed the reforecast, with operating profit of £643k versus £344k reforecast. This was mainly due to a spike in registrations for the ESG certificate in November, which was thought to be a one-off, prior to an 18% price increase in the ESG certificate in December applied by CFA Institute. Volumes had decreased, in December.

The cost and impact of CFA Institute marketing spend on ESG volumes was queried and it was confirmed that it would be followed up with the Institute including an information request to CFA Institute on marketing plans and their own product launches.

IMC performance was positive, with volumes to 30 November noted to be 8% higher than the prior year. It was confirmed that the E&E committee was continuing to review the IMC product.

Transition costs, including IT project and rebrand costs, were in line with the reforecast at £266k for the financial year to 30 November 2022.

The remaining £200k event cost forecast, for the seven months to 30 June 2023, was noted to include two charterholder ceremonies, the climate conference, monthly events as per the Alenth consultancy, as well as some smaller events. Analysis on the value and the return on investment on events was requested to be provided and it was confirmed that this would be circulated in due course.

It was also requested that event dates be sent to board members for future planning.

It was confirmed that the calculation of any excess cash held within operating reserves, for transfer to investment reserves, would be identified as part of the forecast exercise. The amount would be reviewed and approved by the finance committee, in line with the reserves policy, prior to a transfer being made.

**1478 Any other business**

i. Nomination process

It was confirmed that the directors' questionnaire would be sent to all directors to determine the interest in officer roles and potential involvement in the nominations committee.

ii. Head of HR

It was agreed to arrange for the board to meet with the new head of HR to hear about the first few months in the role. The staff survey results would also be reviewed.

**1479 Date of next meeting**

It was noted that the next meeting would be the strategy meeting on Tuesday 31<sup>st</sup> March 2023 commencing at 3.00pm. The venue would be confirmed in due course.

There being no other business, the meeting was closed at 7.52pm.

4<sup>th</sup> Floor, Minster House  
42 Mincing Lane  
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Signed: \_\_\_\_\_

Dated: \_\_\_\_\_