

**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 Zoom at 5.00pm  
on Tuesday 26<sup>th</sup> April 2022**

**Present:** L Matthews chair  
H Eastman  
G Elcock  
K Ferguson\*  
W Hung\* (items 1431 to 1438)  
K Kosmopoulou\* (items 1431 to 1438)  
F Lundie\*  
T Nuding  
S Solomon  
H Thomas\*

**Attending:** B Young (company secretary)  
W Goodhart (chief executive)  
C Curtin (director of education)  
V French (director of finance & operations)  
A Ramsay (director of member services)  
L Gracie (Indigo Independent Governance)  
A Livsey\* (items 1431 to 1435i. only)  
M Galaska\* (items 1431 to 1435ii. only)  
L Gilchrist\* (items 1431 to 1435ii. only)

\* denotes attendance via video conference

**1431 Apologies for absence**

Apologies for absence were received from David Zahn and Philippe Lenoble.

**1432 Declarations of interest**

The register of directors' interests was noted.

**1433 Minutes of previous meeting**

The minutes of the board meetings held on 25<sup>th</sup> January 2022 and 22<sup>nd</sup> March 2022 were reviewed and approved as accurate records for signature. The minutes of the strategy session held on 22<sup>nd</sup> March 2022 were also reviewed and approved.

**1434 Matters arising**

The matters arising report was reviewed and noted.

The recommendation for the redacted board minutes to be published on the society's website and for them to be available via a more accessible page was discussed and approved. It was confirmed that the board minutes would only be published once the minutes had been approved by the board and then redacted in accordance with the approved redactions policy, which was overseen by both the company secretary and chief executive.

**1435 Committee reports**

i. Content steering committee report

The report of the content steering committee was presented by the committee chair and was noted.

The structure of the committee and the management of the content working groups had been streamlined and re-organised and was working more efficiently and effectively. It was noted that multiple pieces of content had been launched over the last year in various media formats. The most popular themes had been in career development, sustainability, innovation such as crypto currencies, and future of money. Podcasts were the most engaging format.

The challenges being faced by the steering committee included keeping working groups engaged and motivated to produce content consistent with core themes, bandwidth of the staffed office for support and IT restrictions, specifically the lack of single sign-on capability in CFA Discover.

The steering committee and working groups were thanked for their work in the past year.

ii. Ethics steering committee report

The report of the ethics steering committee was presented by a committee member.

The work that was being carried out by the committee was viewed as being a key selling point of the society as ethics had always been forefront of the society's core values. Activity over the last year was summarised and it was reported that the committee was seeing improving levels of engagement.

It was planned that events in the coming year would be mainly restricted to two-to-three higher profile events which would be held in-person rather than virtual. This would give the committee the opportunity to engage with the members pre- and post-event and to get more value from each occasion.

The success of the increased engagement was discussed. It was believed that a multi-media approach, with newsletters and easy-to-digest case studies being circulated through the new Open Source system, was helping to encourage members to participate.

The number of members engaging and their demographics were queried and it was agreed this would be looked into and surveyed at future events, although it was the opinion of the committee that a younger demographic had been the most engaged so far.

The board were supportive of the approach to organise fewer but more prominent events aimed at wider audiences and a debate style event was suggested, perhaps on the potential trade off between the 'E' and 'S' considerations in an ESG context.

The committee was complimented on the achievements over the last year and thanked.

iii. Professionalism steering committee update

The professionalism steering committee activity update was taken as read and noted. A more in-depth report would be presented at the July Board meeting.

**1436 Board matters  
Strategic**

i. Society transition working group proposal

The society transition working group proposal paper was reviewed and noted. The proposal to form a working group for an 18-month term to oversee delivery of the transition was discussed at length. The transition areas were noted to cover people, product, brand, IT and digital.

The scope of the working group was discussed and in particular whether there would be unhelpful overlap with existing committees such as the IT committee. The ways in which the working group would collaborate with existing committees would need to be carefully defined and communicated in order to ensure clarity. It was confirmed that relevant committees would remain heavily involved in the transition activities but that the transition working group would be able to take a holistic approach to oversight which helps avoid a disjointed approach.

Feedback on the proposals was provided by the board which included the need to determine the level of delegation to the working group, particularly with regards to control of the budget. The membership of the working group was also discussed and it was thought to be beneficial to involve a wide cross-section of the board as well as potentially other members of the society with other pertinent skills and experience and representatives of the staffed office and other committees such as the IT committee. The terms of reference should also allow for board members due to retire or former board members to be participants until the working group was disbanded.

The name and the format of the proposed group were also discussed.

It was agreed that the terms of reference would be amended to reflect the feedback discussed in the meeting and would be shared with the officers before being circulated to the rest of the board. In the

meantime, volunteers from the board were requested to express an interest if they wished to be involved in the group, including as chair by email to the chair and chief executive.

ii. CTO/senior technology advisor proposal

The CTO/senior technology advisor job proposal and draft job description were reviewed and noted.

It was confirmed that the IT committee had reviewed the job description and had provided feedback and some objections to the proposal. The IT committee had expressed the opinion that the skill set in the job description was too broad and would be difficult to find, the likelihood of a position becoming a permanent role had been queried and the impact on existing staff had also been raised as a concern.

It was discussed that the current Head of IT had been consulted with regards to the proposal and was supportive of the need for additional support and had provided input to the job description. It had been made clear that the role was intended to be an advisory role during the IT transition project and to support the development of the current IT team and was not intended to replace anyone. It was confirmed that further assurance would be provided to the IT team that the role would be purely advisory and for a set contract length.

An alternative option to use a consultancy firm was discussed, although this was a less favoured approach and was considered more appropriate for shorter project implementations.

The board were supportive of the advisory IT role in principle and it was agreed that the role description would be re-written, based on the feedback received from the IT committee and the board, and would be reviewed by the IT committee again before being circulated to the board for approval by email.

iii. IT projects and staffing forecast spending request

The paper outlining the request for approval of spend relating to the IT project and staffing was reviewed and noted.

Consideration of the proposed spending request was noted to be contingent upon the establishment of the appropriate oversight transition group and the engagement of the appropriate IT advisory role.

A one-year timescale was anticipated and a more refined costing would be provided in due course. It was discussed that the education IT enhancements were considered essential, particularly as qualifications were driving the society's revenue. The spending was approved.

Funding for the foundational digital development work presented to the strategy meeting was discussed. It was queried what proportion of the total digital development work would be delivered in the foundational stage and it was confirmed to be around a third of the total. However, depending on the success and performance of the foundational stage, a decision could be made to continue with further stages of the development or stay at the foundational level at the end of this first stage. It was confirmed that a clear scope for the foundational development would be agreed and the appropriate governance and monitoring of the progress would also be put in place. It was also confirmed that the IT committee had reviewed the plans. The board approved the spending.

It was unanimously agreed that delivery of the single sign-on and membership work be approved.

The proposed staff cost for FY23 was discussed. Additional information relating to the historic staff cost relative to revenue had been provided and analysed. It was confirmed that the ratio of staff costs to revenue had been approximately 40% between 2016 to 2020, but had reduced in 2021 and 2022 to 33% and 26% respectively. The projected ratio for 2023 was noted to be 44%, rising to 50% in 2024 and returning back to 44% in 2025. The average ratio since 2016 was 41%. It was widely agreed that a staff cost ratio of 40% was acceptable and it was agreed to be a useful measure particularly when staff retention challenges had increased. The additional analysis would be emailed to the board. The staff costs, including the senior technology adviser, were approved.

iv. Strategic objectives for year ending 30<sup>th</sup> June 2023 & draft three objectives

The strategic objectives for the year ending 30<sup>th</sup> June 2023 and the draft three objectives were reviewed and noted.

It was requested that the board review the objectives and provide feedback to the chief executive by email prior to the July board meeting, when the objectives would be presented in final form for board approval.

It was suggested and agreed that the final objectives be shared with the volunteers via a webinar.

v. Development of certificate in Impact and Investing proposal

The proposal for the development of the certificate in Impact and Investing was taken as read and noted. It was confirmed that the E&E committee were fully supportive of the development of the certificate. Positive feedback of the proposed certificate syllabus had been received from all 25 firms approached and the level of demand was expected to be good.

It was confirmed that the syllabus covered the Impact and Investing in a broad way and it did not conflict with the ESG nor the climate certificate syllabuses.

The expected cost of the development had been included in the budget.

It was noted that CFA Institute had indicated that they would be interested to be involved in the development of this certificate, as well as the climate certificate, at an earlier stage than with the ESG certificate and this was being worked on with the Institute.

**Governance**

vi. Professionalism steering committee terms of reference

The revised terms of reference for the professionalism steering committee were reviewed and noted.

It was confirmed that amendments to the terms of reference had been made in respect of the enhanced gate keeping process and to update language.

It was suggested that, in line with other steering committees, a clause for conflict of interests and for dispute resolution should be added. It was also discussed that the rules surrounding member termination processes should also be added. It was agreed that a standardised set of clauses for inclusion in all terms of reference should be developed for use across all committees, co-ordinated via the volunteer steering committee.

vii. Sustainability working group governance proposals

The sustainability working group governance proposals were reviewed and noted.

It was noted that the wording of the mandate of responsibilities should be amended to 'recommend to the board' rather than 'set' the overarching strategic framework of the society's position in relation to sustainability so as to retain final decision making responsibility within the board.

Subject to that change, the recommendations made by the sustainability working group, namely to authorise the formation of the sustainability committee and the appointment of Fraser Lundie as committee chair, were approved.

The committee would develop the purpose, terms of reference and governance and provide final proposals for approval at the July meeting.

The appropriate type of groups for management of different society activities was discussed. It was confirmed that the chief executive would draft definitions for working groups, committees and steering committees, as a basis to the structure review with the aim of providing a clear understanding of the difference between each. These proposals would then be brought back to the July board meeting.

vii. Committee board liaison member proposals

The paper on board guidance on volunteer leadership oversight was reviewed and noted. The vice-chair had been tasked to review the governance structures of the society and had recommended that, in order to improve communication to and from the board for the various volunteer forums, a board liaison system be put into place.

Feedback was provided to the paper and discussed. The ambiguity of the different types of forums was discussed again and this had already been agreed to be defined. The recommendation for a board liaison system to be developed was supported in principle.

In addition to communication channels, it was agreed that a working group be formed to review the governance structures of the society. The vice-chair would lead the working group and Sylvia Solomon and Weiyen Hung agreed to support the work. It was discussed that the chief executive and director of member services should also be involved together with the chair of the volunteer steering committee.

It was noted that, although the VED documented standard procedures across the different volunteer forums, it would be good to ensure the procedures were implemented and embedded and that volunteers, particularly chairs, were familiar with the VED. It was also suggested that the VED should be reviewed to ensure it was up to date with inclusion and diversity guidance and training.

It was hoped that the working group could provide recommendations to the board for feedback at the July meeting and final proposals could be presented for approval at the September board meeting.

#### viii. E&E committee governance

The proposed E&E committee governance document and the separately circulated replacement pages were reviewed and noted.

It was requested that the wording of purpose 2 be amended to the governance of “educational activity”. Subject to that change, the governance document was approved.

#### ix. Board evaluation 2022

The proposal to run the board evaluation process in the current year was reviewed and noted.

It was agreed that the review process should be run regularly and was especially important this year as there had been significant changes to officer appointments.

It was recommended that questions were kept similar to the previous year in order to provide comparative analysis, however, it was requested that board members provide any feedback or suggested amendments to the questions posed in the evaluation by email to the company secretary as soon as possible. The final questions would be approved by the chief executive.

The format of the evaluation would also remain the same as previous years, directors would be asked to provide a score from 1 to 5 for each question but were also encouraged to provide written comments.

#### x. Investment committee climate impact working group proposals

The investment committee climate impact proposals paper was taken as read and noted.

The transition of the portfolio to net zero by 2045, and the plan to implement that, were summarised. It was noted that baseline data was being collated in order to have a starting point to monitor progress against.

It was agreed that decarbonisation of the investment portfolio was an important aspect for the society to implement in support of its sustainability objectives. The chief executive was very grateful to the investment committee for the work that was being carried out and it was requested that thanks to the committee be passed on.

### **1437 Chief executive's report**

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

#### i. ESG and climate certificate updates

The ESG and climate certificate updates were taken as read and noted.

#### ii. CFA Institute discussion regarding climate certificate

The update paper on the discussions with CFA Institute regarding the climate certificate was taken as read and noted.

iii. Update on XL society meeting in New York

The chief executive provided a verbal update on the XL society meeting in New York.

It was noted that discussions relating to a master service agreement, whereby the society would incubate certificates, had continued and it was hoped that the agreement would commence with the climate certificate in line with the Institute's desire to be more involved with certificates at an earlier stage.

It was also noted that there was an opportunity to sub-let office space within the Institute's offices. It was noted that the Institute's facilities for hybrid working and technological capabilities were better appointed than the existing arrangements in the society's offices and a move could be beneficial. The notice period for the existing lease was nine months and the opportunity would be further explored.

Information relating to the CFA program take-up and pass rates was also discussed and the potential impact to the society's new membership rates was noted.

It had been confirmed that the Institute was still developing its technology systems and the solutions were not considered appropriate for large societies. Accordingly, the society was right to continue with its own IT transition projects. It was noted, however, that the Institute was open to collaboration on IT and single sign-on between the Institute and CFA UK might be a possibility in the future.

iv. Future working practices at CFA UK

The update on future working practices at CFA UK was taken as read and noted.

**1438 Finance report, management accounts and KPIs**

The finance report, management accounts and KPIs as at 31<sup>st</sup> March 2022 were taken as read and noted.

It was noted performance was better than forecast. The year to date positive variance to reforecast included a timing difference due to the ESG IP payment being received in March, earlier than expected.

Profit before tax year-to-date was highlighted to be 12% higher than reforecast.

It was confirmed that the CFA Institute's figures had been used for ESG registrations in the forecast which had been more prudent than the initial forecast projected by the society. It was noted that the Institute had agreed a price increase for the ESG certificate up to \$795.

Headcount was highlighted, 10 colleagues had left so far during the financial year and there had been five new joiners. The roles of the new joiners were summarised and noted.

**1439 Any other business**

i. Vice chair update

The vice chair update from the nominating committee was reviewed and noted. Having noted that both candidates were strong and equally appropriate for the role, the board were being asked by the committee to provide more specific skills requirements as guidance for the committee to assist the decision.

The requirements for the vice chair role were discussed and it was noted to be important that the person selected would have sufficient time to support the chair and chief executive. It was also suggested that, given the transition projects being implemented in the next 18 months, experience with change management would be useful. Other potential priority skills were noted to include the ability to co-ordinate and facilitate communication between board members on a less formal basis and to collaborate with a broad spectrum of people. An interest in the volunteer structure of the society would be beneficial, as would experience of being a volunteer.

The guidance provided would be relayed to the nominating committee to assist it make a recommendation for the vice chair role and a board call would be arranged in May to consider and approve the recommendation made.

**1440 Date of next meeting**

It was noted that the next board meeting would be held on Tuesday 12<sup>th</sup> July 2022 at 5.00pm at the offices of USS, 6th floor, 60 Threadneedle Street, London EC2R 8HP.

There being no other business, the meeting was closed at 8.14 pm.

4<sup>th</sup> Floor, Minster House  
42 Mincing Lane  
London EC3R 7AE

Signed: \_\_\_\_\_

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