

**Minutes of a meeting of the Board of the
CFA Society of the UK (CFA UK) held at 5.00pm
on Tuesday 20th July 2021
by video conference**

Present:

D Murray (chair)	
G Cook	
K Ferguson	
W Hung	(from item 1372)
A Livsey	
M Loneragan	
F Lundie	
L Matthews	(from item 1372)
T Nuding	
K Kosmopoulou	
H Thomas	
D Zahn	(from item 1372)
G Elcock	

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)	
D Clarke	(item 1375 only)

1370 Apologies for absence
Apologies for absence were received from Hilary Eastman.

1371 Declarations of interest
The register of directors' interests was noted. There were no amendments or changes to be made.

1372 Minutes of previous meetings
The minutes of the board meetings held on 26th January 2021, 16th March 2021 and 27th May 2021 and the minutes of the strategy meeting on 20th April 2021 were reviewed and approved as accurate records for signature. It was agreed that minutes with tracked changes should be presented in the board pack so amendments made from the original draft could be reviewed more easily.

1373 Matters arising
The matters arising report was reviewed and noted. An extract of the minutes relating to the action regarding reviewing the complaints procedure would be provided to the CEO for a greater understanding on the context of the action, which would be carried forward to the January board meeting.

It was confirmed that the CEO could delete actions once they had been noted as completed.

It was suggested that definitive deadline dates be added to the actions list.

1374 E & E committee report
The E & E committee report was taken as read and noted.

The importance of the committee and the statutory obligations it is required to carry out by Ofqual were noted. Additionally, the committee provide oversight of both the ESG and IMC certificates in terms of management and performance and it was also responsible for identifying and exploring new certificates.

The decline in registrations of the IMC and the possible causes, which included the decline in membership numbers, a general consolidation of roles in the industry, the impact of Brexit on the

London markets and the removal of the requirement to gain a qualification under the training and competency regime, were discussed.

1375 Scottish committee report

The Scottish committee report was presented by the committee chair, David Clarke. A summary of the changes in the members and officers of the committee was noted.

The strategic focus of the committee and the activities that had been planned and were underway were outlined.

The committee was keen to help improve the promotion of the society in Scotland and to avoid a London and UK-centric focus in messaging. The number of smaller firms made the ambassador system less effective. It was also suggested that Scotland could be used as a trial area for new initiatives.

It was explained that the board was looking for ways to strengthen communication links and the relationships between the committees and the board. Kieran Ferguson volunteered to act as a link between the board and the Scottish committee.

The upcoming COP26 to be hosted in Glasgow was suggested as an opportunity to promote the society to a wider audience in Scotland and Helen Thomas offered to help with communications.

1376 Sustainability working group final report

The final report and recommendations of the sustainability working group were taken as read and noted.

The definition of sustainability was discussed and it was agreed to remove the word 'supports development that'.

The recommended principles were reviewed and agreed, subject to their further refinement by the sustainability working group and their implications being fully understood.

The year one recommendations and sustainable development goals were reviewed and it was agreed that a sustainability working group be formed for the implementation stage of the plans. The format of the working group was discussed and it was suggested that thought should be given to the working group becoming a formal board committee after the implementation stage. The vice chair would lead the sustainability implementation working group.

The importance of the sustainability work being carried out and the possibility of incorporating the society's commitment to sustainability in the articles was discussed. It was agreed that, whilst the board was committed to positive improvements in the area, changing the articles of association too frequently should be avoided and caution was expressed that making articles too prescriptive could create difficulties in a fast-changing issue.

A suggestion was made to include sustainability reporting within the annual report and accounts disclosures and for the working group to address this. However, it was agreed that measurement of the current status should be completed before meaningful disclosures could be made.

1377 Investment committee

The Investment Reserves Policy Statement ("IRPS") and Terms of Reference ("ToR"), reviewed and approved by the investment committee and finance committee, were presented and noted.

Minor changes to the ToR were approved. Proposed amendments to the IRPS were explained and discussed. It was agreed that the wording in the purpose section should be revised and brought back for review at the next meeting. Lindsey Matthews would liaise with Tim Nuding regarding this outside of the meeting.

The investment committee posed three questions to the Board for guidance and each were discussed. It was confirmed that portfolio return and risk strategy remained appropriate.

The plan for the investment committee to reduce the portfolio's carbon footprint by creating a carbon impact working group was challenged in respect of a number of points, including the upcoming changes to the UNPRI rating format, how the current carbon impact level could be measured and monitored and consideration to widening the focus of the group to all sustainable measures, not just carbon. It was agreed that more thought would be given by the working group to consider the points raised.

The final proposal was for the investment committee to build a portfolio that would contribute for a bursary for socially and economically disadvantaged candidates to be able to take the CFA, IMC, ESG or other CFA UK developed examinations. The current portfolio income was noted to be approximate £12k per annum. The idea was discussed at length and was fully supported by the board, in principle. However, it was agreed that the bursary initiative was a complex area and needed to be understood in more detail. Careful thought would need to be given to all aspects of the proposed bursary scheme. It was agreed that the chair and Tim Nuding would discuss ways to progress this matter further outside of the meeting. Weiyeen Hung offered to provide details of a bursary scheme run by a similar organisation.

1378 Board matters

i. Strategic objectives and one-year business plan

The strategic objectives were taken as read and noted. The objectives had been thoroughly discussed and reviewed at the strategy meeting and were requested to be approved so that the one-year business plan, which had been developed based on the objectives, could also be approved and actioned.

The draft purpose statement was approved, subject to consultation of the membership. It was proposed that the outcome of the membership consultation be presented at the AGM.

The objectives were discussed in detail. The viability of the target membership of 15k by 2024 was queried and it was confirmed that the 15k target was an ambition based on basic assumptions and that detailed analysis of how it could be achieved had not been completed. The member connection objective at 65% was queried and it was confirmed that this would be reviewed to ensure that the target was aspirational whilst not being overly burdensome to measure.

The timing for publication of the manifesto in June 2022 was justified to allow sufficient time to develop the manifesto meaningfully and to consult with the membership.

The proposed D&I objectives would be reviewed with the D&I committee to ensure alignment.

The bandwidth of the staffed office and the resource available to implement the business plan were queried and it was suggested that some activity be scaled back. It was noted that university outreach activity had been reduced and that additional resources in education and membership teams would be sought. Some areas were being reformed to improve efficiency rather than reducing or ceasing activity altogether.

The future of SIGs and their support were discussed. The plan to have dedicated community engagement resource to support strengthening of the society's community was noted. It was confirmed that the mentoring initiative had not been considered a priority focus area.

It was agreed to add a reference to continuing the IMC into the three-year objectives on page five.

After discussion, the three-year objectives and the one-year business plan were approved, subject to minor amendments as agreed and consultation with the membership on the purpose and manifesto. The revised version would be circulated to the board with tracked changes.

ii. Draft forecast FY22

The draft forecast FY22 was reviewed and noted. It was noted that there would be changes to revenue in the year, mainly related to the transfer of operations of the ESG certificate to CFA Institute, with a lower income thereafter derived from that source. It was also assumed that the new Investing in Climate certificate would start to generate revenue in the year. It remained unclear what long-term affect the pandemic would have on the society.

The significant changes to revenue generated over the next few years was being driven by the various certificates and their varying degrees of maturity. It was confirmed that assumptions for the Climate in Investing certificate had been conservative at 25% less uptake than the ESG certificate. It was agreed that it would be prudent to model a downside scenario that covered the Climate in Investing certificate being less successful than current assumptions and taking into account a worst-case basis where ESG underperformed and membership declined.

The competition for the Climate in Investing certificate was discussed. While three potential certificates had been identified, they were not considered direct competition for the new certificate.

A significant increase in revenue generated from events had been assumed as physical events were expected to return but it was noted that, if events could not run as anticipated, whilst the revenue would not be received, the associated costs would also not be incurred. It should be noted that events are usually run at a net loss for the society.

It was confirmed that forecast models would continue to be refined and flexed budgets would be developed for different scenarios and threshold action points defined. The forecast would be brought back to the board in September.

iii. Risk register

The revised risk register was reviewed and noted. It was confirmed that the register had preliminarily been reviewed by the finance committee and it would be reviewed by ex-board and finance committee member, Stephen Wackerle, who has an expertise in the risk area.

The top-rated risk, failure to deliver value to members, would be upgraded to a risk weighting of one. Risks two to four were highlighted and discussed. It was confirmed that cyber risks were being addressed by the IT Committee. The fourth risk, relating to the revenue impact of a pandemic, had been an addition to the register having been separated out from other risks relating to a pandemic.

It was suggested that some measures and thresholds be agreed for risk one to determine at which point membership levels would be considered a risk to the society. The aforementioned forecast scenarios would support both risks six and 25, relating to the performance of the ESG certificate and online examination capabilities.

iv. Board review

The board review had been carried out by the Company Secretary and the findings report was taken as read and noted.

It was summarised that the main areas highlighted for improvement related to communication with members and setting the strategic objectives. It was confirmed that work was already ongoing to improve both of these areas and would continue.

v. Sabbatical policy

The sabbatical policy which was reviewed at the meeting on 27th May 2021, was presented for information and was noted. It was confirmed that the policy had also been approved and adopted by the Remuneration Committee.

1379 Chief executive's summary

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

i. Qualifications update

It was discussed that the Climate in Investing pilot examinations were expected to take place throughout December 2021 and January 2022, with a view to launching the certificate in Spring 2022 with examinations commencing in Summer 2022

The progress made in relation to the next certificate for development, the Impact in Investing certificate, was queried and it was noted that a working group, to explore the opportunity and to agree a high-level syllabus, would be set up in September 2021. It was confirmed that no qualifications had been identified

that would be in direct competition with the potential certificate, although there were some qualifications that could be undertaken through business schools and colleges.

ii. Stakeholder and media engagement update

The recommendation to contract with Vested to administer the 'Sustainable Futures' PR campaign and communication plan was reviewed and noted.

Two quotes had been provided and the different levels of service under each of the options were discussed. It was confirmed that, whilst the acceleration of the delivery of the manifesto and campaign was not considered a benefit under the higher cost contract, it was considered an advantage to have constant dedicated PR support from Vested. The senior management team would favour the contract with the higher level of support considering the scale of communication required to encourage membership engagement and to attain a 30% increase in membership.

Taking into consideration the importance of engaging with the membership and increasing membership numbers in the strategic objectives, it was agreed that the dedicated support would be beneficial and the contract was approved.

iii. IT project update

The updated IT project paper was reviewed and noted.

It was noted that progress was being made at a steady pace, albeit a little slower than expected. A digital project manager had been employed to oversee the following stages of the IT project implementation.

A proposal for phase 1C of the project would be brought to the September board meeting for review.

1380 Finance report, management accounts and KPIs

The finance report, management accounts and KPIs were taken as read and noted.

1381 Any other business

It was announced that the chair was re-locating to Zurich in the coming weeks but the move would not affect his remaining tenure as chair, which was due to come to an end at the AGM in November.

It was noted that the recent advertisement for board members had generated a large number of quality applications and the nominating committee were interviewing prospective board members over the summer.

1382 Date of next meeting

It was noted that the next board meeting would be held on Tuesday 28th September 2021 at 5.00pm. The final arrangements for the meeting would be confirmed nearer the time.

There being no other business, the meeting was closed at 8.10 p.m,

4th Floor, Minster House
42 Mincing Lane
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Signed: _____

Dated: _____