

Board of Governors Meeting

Summary Notes

11-12 May 2023

New York City

Attendees:

- **Board of Governors Present:**
Mark Lazberger (Chair), Marshall Bailey, Alexander Birkin, Daniel Fasciano, Banji Fehintola, Marg Franklin, Mei Gao, Joanne Hill, Punita Kumar-Sinha, Heinz Hockmann, Geoffrey Ng, Tricia Rothschild, Maria Wilton.
 - **Presidents Council Representatives Present:**
Jennifer Garbowicz (PC Chair), Pieter van Putten (PC Vice Chair), Shirley Ogden, George Chen, Greg Filbeck.
 - **Leadership Team Present:**
Paul Andrews, Marty Colburn, Steven Hendry, Sheri Littlefield, Paul Moody, Randi Tolber, Chris Wiese.
 - **Others Present:**
Joseph Lange (Meeting Secretary), Anne O'Brien, Leah Hoffman, Melissa Carroll.
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Board Chair Report:

Chair Mark Lazberger opened the session, requesting declarations of conflicts of interest (none were reported). He highlighted the importance of overseeing strategy execution, particularly in response to risks such as artificial intelligence.

Committee Chair Reports:

People and Culture Committee (PAC):

Midyear performance reviews for the CEO were discussed. Development plans for succession planning showed improved diversity in some categories. Attrition trends were favorable, with discussions about balancing internal and external hires.

Society Partnership Advisory Council (SPAC):

Key focus areas included governance and funding for societies, with the proxy statement shared early for feedback. Collaboration among societies to enhance member value was encouraged.

Audit and Finance Committee (AFC):

The committee noted concerns over candidate registration trends and emphasized the need to track the marketing impact on product sales. They recommended approval of FY24 society funding and discussed potential tax increases globally.

Presidents Council Chair Report:

Jennifer Garbowicz reported structural changes to the Presidents Council Terms of Reference. A desire for societies to collaborate more and provide shared value to members, regardless of location, was noted. Feedback from members on Evolve, CFA Institute's learning platform, had improved after a negative start.

CEO Report:

CEO Marg Franklin highlighted progress in Professional Learning, the Data Science Certificate, and the new Level 1 Evolve curriculum. Emerging trends such as AI and fragmentation in higher education were discussed, emphasizing the need for CFA Institute to adapt and leverage industry relationships. AI was noted as both an opportunity and a risk, requiring the Board's attention moving forward.

COO Report:

COO Marty Colburn outlined the interconnection between platforms and workforce strategy. Improvements in society websites and registration systems were expected to enhance productivity and digital experiences. The due diligence period for the sale of the East High Street property was ending, with a \$10M GAAP loss anticipated upon closing.

CFO Report:

CFO Steven Hendry confirmed that FY2023 was on track with cash receipts exceeding forecasts. Candidate deferrals were decreasing, and marketing expenses were expected to align with projections. ESG-related initiatives and the Data Science Certificate were performing ahead of budget.

Investment Subcommittee Report:

The subcommittee, chaired by Punita Kumar-Sinha, focused on managing the portfolio with ESG factors in mind, while liquidity was maintained for contingencies. The committee decided against hedge fund investments to reduce risk.

FY24 Strategic Plan:

The Board approved the FY24 objectives and strategic priorities, emphasizing the importance of tracking key performance indicators (KPIs) and understanding the evolving education landscape, including AI's impact on learning.

Society Long-Term Funding Model:

The Board approved a society grant funding budget of up to \$15.6 million for FY24-FY26 to support a more efficient and predictable funding system for societies.

Standards of Practice Council – Code and Standards Revisions:

The Board approved revisions to the CFA Institute Code of Ethics and Standards of Professional Conduct, effective 1 January 2024, following a six-year review process.

Resolutions Passed:

- Approval of the FY24 objectives and strategic priorities.
 - Approval of the society grant funding budget of up to \$15.6 million for FY24-FY26.
 - Approval of revisions to the CFA Institute Code of Ethics and Standards of Professional Conduct (effective 1 January 2024).
 - Approval of the nominations for Board Chair, Vice Chair, and governors for FY24-FY26.
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Meeting adjourned