

Board of Governors Meeting

Summary Notes

16-17 February 2023

Dubai

Attendees:

- **Board of Governors Present In Person:**
Mark Lazberger (Chair), Marshall Bailey, Daniel Fasciano, Marg Franklin, Mei Gao, Joanne Hill, Heinz Hockmann, Geoffrey Ng, Tricia Rothschild, Maria Wilton.
 - **Board of Governors Via Zoom:**
Banji Fehintola, Yimei Li, Punita Kumar-Sinha.
 - **Board of Governors Absent:**
Alexander Birkin.
 - **Presidents Council Representatives Present:**
Jennifer Garbowicz (Chair), Pieter van Putten (Vice Chair), George Chen, Greg Filbeck, Jason Lee, Peter Varga.
 - **Leadership Team Members Present:**
Sheri Littlefield, Paul Moody, Joseph Lange (Secretary).
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1. Opening Remarks

Board Chair Mark Lazberger welcomed attendees and requested any conflicts of interest. None were reported.

2. Committee Chair Reports

- **Audit & Finance Committee (AFC):**
The 2022 annual audited financial statements were approved. Discussions included FY24 Society Funding and global tax implications.
- **Governance Committee (GC):**
The GC focused on PCR restructuring and Board Chair compensation. Concerns were raised about the complexity of the committee structure, which will be reviewed in 2023.
- **People & Culture Committee (PAC):**
The CEO's OKRs and succession planning were discussed. January 2023 dashboard results showed improving staff diversity, but challenges such as burnout and inflation pressure remain.
- **Society Partnership Advisory Council (SPAC):**
SPAC reviewed the Society Operating Model and partnership effectiveness survey results. There is a need for clear communication related to society funding changes.

3. CEO Report

CEO Marg Franklin provided an update on several key initiatives:

- **CFA Program Enhancements:** A new phase of CFA Program enhancements is underway.
- **Professional Learning:** Investment Foundations and other certificates, including Climate and Data Science, will be launched in 2023.
- **Global Policy and Research Centre:** The soft launch is scheduled for May 2023.
- **Diversity, Equity, and Inclusion (DEI):** The CFA Institute DEI Code exceeded its signatory target.

The Board discussed targeting data science professionals and incorporating AI into future learning programs. Product launches will be monitored to ensure quick adaptation to market feedback.

4. Presidents Council (PC) Chair Report

PC Chair Jennifer Garbowicz presented amendments to the Presidents Council Terms of Reference (PCTOR), which were approved by the Board:

- **Expansion of Vice Chair Roles:**
Three Regional Vice Chairs will replace the single Vice Chair role.
- **Roles of Vice Chairs:**
Regional Vice Chairs will assist the PC Chair, serve on SPAC, and attend non-executive sessions of the Board of Governors.

The Board also discussed society activities, including concerns about the loss of free member learning opportunities and the need to engage younger professionals.

5. Investment Subcommittee Sunset Report

The Investment Subcommittee (IsC) Chair, Punita Kumar-Sinha, provided an update on ongoing efforts to manage reserves with a focus on ESG impact. Liquidity and security remain primary considerations, and potential allocation changes were discussed. Hedge funds will not be used, but other options are being explored.

6. Brand, Marketing, & Distribution Strategy

Paul Moody and Tom Berry presented the marketing strategy. Salesforce is the central data platform, and efforts are focused on customer engagement and product portfolio management. The Board encouraged greater investment in ESG marketing and society partnerships to drive product success.

7. Professional Learning & CFA Program Reports

Chris Wiese discussed the alignment of Professional Learning and the CFA Program. Feedback from employers on new certificates has been positive. The Board was cautioned about potential shifts in registration behavior due to upcoming changes in exam formats. AI applications, such as ChatGPT, are being explored for exam development and grading.

8. Society Funding (FY24)

Randi Tolber presented the FY24 Society Funding budget. The funding amount remains flat year over year, but some societies will see up to a 40% reduction in operational funding. The Board expressed concerns about the severity of cuts and requested further review.

Resolution Passed:

- Approval of the FY24 society funding budget of up to \$14.9 million, including \$10.5 million for operational grants.

9. CFO Report

CFO Steven Hendry provided an update on FY23 financials. Professional Learning revenue was on track, and expenses lagged due to personnel savings. Cash flows remained flat, with a \$25M outflow for strategic transformation investments. A breakdown of CFA Program revenue and deferrals was requested for future reports.

10. COO Report

Marty Colburn discussed the evolving operating model and the implementation of Salesforce for society websites, event registrations, and marketing. The sale of the East High Street office was proceeding, and risk data is being monitored for continuity across meetings.

Resolutions Passed:

- Approval of the Presidents Council Terms of Reference amendments.
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Meeting adjourned.