

Overview of the Board of Governors

General

The Board of Governors is the highest governing authority of CFA Institute. It is responsible for defining the organization's vision, mission, and strategies, and provides leadership and oversight through a policy-based approach. The Board is composed of 15 members – 14 independent governors who serve in a volunteer capacity plus the president and CEO. They are from 7 countries: Australia, China, India, Switzerland, United Kingdom, United Arab Emirates, and United States.

Roles and Responsibilities

The Board is responsible for oversight of the following key areas of CFA Institute:

- Our business and operations, including ongoing assessment and management of risk;
- Guiding and monitoring management of our strategic, financial, and operating goals and their implementation;
- Overseeing compliance, including the integrity of our financial reporting and disclosures;
- Talent management, including evaluating, compensating, and succession planning; and
- Maintaining effective governance structures and processes, including board composition and renewal.

Risk Oversight

The Board, directly and through the Audit and Risk Committee, has responsibility for overseeing risk management. This oversight includes assessing whether our risk governance framework and guidelines, and the policies and processes for monitoring and mitigating risk used by management, are adequate for their purpose.

Strategic Oversight

Our strategic plan is developed by management in consultation with the Board of Governors and then submitted for Board approval. Management is responsible for implementing the strategic plan, and the Board receives reports on the plan's implementation at every Board meeting as well as in between meetings. This affords both the Board and management the opportunity to assess whether the plan is being implemented effectively and whether changes in the plan or its implementation may be desirable.

Talent Management and Succession Planning

The Board believes that overseeing talent management and succession planning is among its key responsibilities. Accordingly, succession planning is discussed in executive session at the in-person Board meetings throughout the year.

Compliance

A commitment to ethical conduct is essential to our core philosophy and culture. The Board, directly and through the Audit and Risk Committee, oversees the operation of our Compliance & Ethics framework and the activities of our Chief Compliance, Risk and Ethics Officer, who reports dually to the CEO and the Audit and Risk Committee.

Governance

The Board is responsible for overseeing the governance structures and practices of CFA Institute. As part of this oversight responsibility, the Board conducts an annual self-assessment to evaluate and, where appropriate, modify governance to better support the organization's performance. The areas covered include Board and Committee composition and processes, governance, collaboration, communication, leadership and culture, as well as individual contributions.

Governors' Commitment

Each Governor is elected by the CFA Institute membership for a three-year term from 1 September to 31 August. The Board annually holds a day long retreat and four in-person meetings. The meetings usually last 2½ in length. In addition to membership on the board each Governor is typically assigned to one of the committees of the Board. These committees meet during and between board sessions by telephone or video. The frequency of the committee meetings varies according to the function of the committee.

Fiscal year 2019 (1 September 2018 to 31 August 2019) Board meeting dates:

- 8 September 2018 – London, UK
- 28-30 October 2018 – Charlottesville, VA USA
- 9 January 2019 – Conference Call
- 31 January 2019 – 2 February 2019 – Shanghai, China
- 11-12 May 2019 – London, UK
- 11-13 July 2019 – San Francisco, CA USA

Governors are encouraged to attend CFA Institute seminars and meetings held in their locale and to act as “good will” ambassadors for CFA Institute with employers, regulators and the public. As time permits, Board members are also encouraged to participate with local CFA Institute societies in their activities. Governors are covered by a Code of Conduct and must disclose any conflicts of interest. Board members are covered by D&O insurance in the amount of \$30 million and by indemnification to the maximum extent allowed by law. Governors are not compensated for their time, but reasonable travel expenses are reimbursed.

Recruitment Priorities

During the Board Retreat, the attributes below were identified as recruitment priorities for the Nominating Committee for the immediate two cycles ahead. These included:

- Technology pertinent skills
- One to two women (one for a Board of 13 // two for a Board of 14 or more)
- Strong preference for Asian area expertise
- Minimum one person who meets the public standards for the Audit Committee
- Minimum one per year with Board Chair potential (ability, willingness and capacity)

And by the time of the fiscal year 2020 intake:

- Public company board experience
- Corporate Governance expertise
- Pertinent Academic/Educational experience

Additional Reference Resources

- Fiscal Year 2017 Proxy Statement - <https://proxyreport.cfainstitute.org/index.html>
- Fiscal Year 2016 Annual Report - https://www.cfainstitute.org/about/governance/Documents/annual_report_2016.pdf
- Governance Structure - https://www.cfainstitute.org/about/governance/leadership/Pages/current_board.aspx
- Compensation Philosophy - <https://www.cfainstitute.org/about/governance/compensation/Pages/index.aspx>
- Board Bios - <https://www.cfainstitute.org/about/governance/leadership/Pages/index.aspx>