

Annual General Meeting on 6 February 2023 - Q&A

1. As someone who has had to avail of the Chartered Secretaries Charitable Trust in order to pay my membership fees this year, I ask that the board consider changing the payment approach to allow for monthly payments of membership fees. Currently payment has to be made as a one off, given the changing economic climate (cost of living) this would seem a reasonable adjustment. Can you please consider it?

We will be considering this in the context of the new finance system. However, we need to be mindful of the additional cost of this kind of arrangement. If anyone is having particular difficulties, we would encourage them to talk to us directly.

2. Who has oversight of the CGIUKI Board? My understanding is that the Oversight Committee has been disbanded. The proposal to reduce the number of Past Presidents to one will reduce any oversight and corporate memory even more and to non-existent if the most recent individual is unwilling to serve. We are Corporate Governance Professionals, but as is more often than not the case, we don't apply the same rules to our professional body as required of the company and organisational boards that our members are employed in. All these boards are required to have Non-Executive director oversight. One or possibly no Past President as a Non-Executive director is unacceptable. In the documents before this meeting, no case has been presented for this change. I will not be voting for this change. As a Committee of the Board, the Oversight Committee never had oversight of the Board, all the members of which are non-Executives.

The role of the Past Presidents on the Board is to support the serving President and provide links to past decision-making. The President and the Board highly value their experience, wisdom and insight, but we believe that reducing the number of Past Presidents from two to one is the right way forward. The support the Past Presidents can offer a new President is valuable, but that support does not have to be as a member of the board. It can be offered personally, through formal or informal catch-ups, or engagement via the committee structure.

There is scope for Past Presidents to be co-opted (or indeed elected) to the board where the board believes there are specific reasons for them continuing on the board. However, their continuance on the board should not be automatic; good governance would not usually permit a Past Chair to remain on the board.

3. The Nomination and Remuneration Committee had recommended that the board be reduced to 10 members. Can I take that the advent of Associates being able to be elected meant that 20 was retained to enable diversity to occur as per proposed regulations?
Yes, the proposed changes are designed to make the Board more inclusive and improve its effectiveness and diversity. They will enable us to attract a broader range of skills by allowing Associates, Affiliated Members and non-Institute members to stand as Board members.

4. Clarification of some issues:

- a. Regulation 10 - states that Board be between 10 and 20. How many could it go to? The maximum number of members on the Board at any given time is 20. The Nomination and Remuneration Committee regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and makes recommendations to the Board about any changes it thinks fit. This would include making recommendations of increasing/decreasing the size of the Board as long as it remains between 10 and 20 as per Regulation 10.
- b. Regulation 13 - reads to me that co-opted members can fill vacancies on the Board (for up to one year) but clearly states that the total number of members (including this co-option) cannot exceed the 20 stated in Regulation 10. So, are co-options included or excluded from the maximum of 20 allowed? The co-opted members are included in the maximum of 20 members that the Board can have at any given time.
- c. Regulation 14 - In the spirit of 'getting new blood' onto the Board (by electing Associates, Affiliated, non-Institute members and co-options), this Regulation should be deleted altogether so it aligns with the new constitution of:
 - I. only one past President on the Board
 - II. Six years being the maximum time that members can be on the Board (plus a further year for a past president) to provide stability for any member to be on the Board)
 - III. Removal of pre-existing past presidents/will allow more vacancies to be filled by Associates as all the Board members are Fellows at present.This Regulation clarifies the maximum term of office of Presidents, Vice Presidents and Past Presidents for whom the 'regular' six-year term does not apply as per Regulation 16. Therefore, it would not be right to delete it.
- d. Regulation 20 – I'm not sure why a board member may resign their status, but say a new Board member is elected only six months into a three-year term. Indeed, it would be better to change this Regulation to make them co-opted members. This then could reword the Regulation to say, 'Any member resigning will leave the Board and not be entitled to re-election whichever is the earliest:
 - I. The end of the elected three-year term, or
 - II. The end of the 12-month co-option periodWe disagree; this Regulation allows for Board members of the Institute (Fellows, Associates and/or Affiliated Members) to remain on the Board as non-Institute members (subject to the satisfaction of Regulation 10, which allows 25% of the total Board membership to be made up by Affiliated and/or non-Institute members) until their term of office on the Board ends.
- e. Inconsistencies regarding the references to Regulation in R-79 and 88. Many thanks for this. These inconsistencies will be addressed by the Head of Secretariat under the powers given to her under Resolution five of the notice of meeting.

5. How much in total was paid to our CEO including salary, bonuses and expenses for the Y/E 30.6.22 please?
The total Executive remuneration is detailed on page 60 of the annual report. In total, the Executives (seven individuals during the period) were remunerated £822,000.
6. What KPI,s are measured and monitored and at what frequency periods to steer the CGI ship in the right direction to meet its targets?
KPIs are currently being reviewed to reflect our strategic objectives. These KPIs are reviewed monthly by the Executive and by the Board, which meets six times a year.
7. Please explain the reasons for the (£5.13) adverse change in the value of investments from a gain of £2.5mn in 2021 to a deficit of (£2.63) in 2022.

What steps are being taken to improve the (operating income/direct costs) ratio from £1.48 in 2021 to £1.32 in 2022, a fall of 12% please?

This ratio refers to the CGIUKI activity rather than the Group. The student income for 2020/21 was artificially high compared to 2021/22. The difference in our cost base as staff returned to the office. Most of our costs are fixed and the Executive is working to improve the revenue mix without substantially increasing our costs.

8. What steps are being taken to address the enormous deficit of £3.57mn on ordinary activities before tax in 2022. This is down by a massive £6mn from a surplus of £2.44mn in 2021.
The CGIUKI deficit of £3.57mn in 2022 was made up of 2 elements: an operating loss of £1.414mn and net losses on our investments of £2.155mn. The losses on investments are largely out of our control, and effectively reduced gains made in the previous year. That said, as discussed at the AGM, the Board has agreed to transfer some of the portfolio to illiquid investments to increase our potential gains in the future.

At the operating level, we are continuing to reduce costs where possible and diversify our revenue streams, specifically increasing the share of our income from commercial training and events (at the group level, which includes these areas, the operating deficit was less; at £1.133mn). Progress has been made on both objectives in 2022/23.

9. What is the ratio of the CEO salary to the average salary of a CGIUKI employee please?
We do not disclose individual salary data in this way. However, we regularly disclose the aggregate remuneration of the Executive Team, so using that data: the ratio of the aggregate Executive Team remuneration to the average salary of a CGIUKI employee is 2.17 times.
10. What percentage of the £3.73mn direct costs are related to the CEO salary please?
The percentage of the £3.73mn direct costs related to the aggregate Executive Team remuneration is 22%
11. I observed under the subsidiaries, that the Institute has 13 subsidiaries of which 10 are dormant. How long have these been dormant and why? Are there plans to change the dormancy status in this financial year or at all? Secondly, the Membership Committee reported that 81 applications for fellowship are reviewed and recommendation made to the Board, how many applications were actually made in the period from which 81 were approved?

There are ten dormant companies and there are no plans to change. Some have been dormant for more than 30 years. This is due to maintaining the historic name of the subsidiary.

81 FCG applications were recommended to the Board for approval during the period. Around 20% applications were rejected (24 FCG applications) as the candidates did not have the experience necessary to attain FCG status. Plans are in place to engage with branches and support ACGs to make the transition to FCG by explaining what was required in their applications.

12. If there is a waiting list for the investments that CGI UKI wish to invest in, might this be an indication that these investments might not be so attractive now as everyone is piling into them?

There were waiting lists, but this meant it was difficult to get out, as they pay a higher return, but it is a longer process. One is a new fund and required a waiting list. We are in those investments for the longer term.

13. Woodford funds were highly illiquid, and we all know what happened to the investors. Should we not stay clear of them?

Before the decisions to invest in illiquid funds was made and formalised full scrutiny of the funds had taken place. The Investment Committee was happy to recommend this change in the investment strategy to the Board.

14. What is happening with what used to be called 'special entry'. A high calibre person has been asking to apply for over 3 months with no proper response.

The Special Entry Examination Scheme (SEES) within the CGIUKI Division is currently on pause. Following the changes to the admission criteria to the scheme and the issue of the guidelines by CGI Global, the Executive is reviewing the best way to re-instate it within the CGIUKI Division.

15. Could I ask how many members are attending this meeting? And the breakdown by in the room and online?

30 members attended the meeting. 16 virtually and 14 in person

16. Should members be re-examined after a period of membership?

There were no plans to do this, but there was CPD, training and short courses for members to ensure they are up-to-date on developments in the profession and to maintain their skills and knowledge.