

# Meeting Minutes



**Topic** 67. Board of Directors Meeting

**Date** 09.11.2022 **Time** 10:00 – 12:00 SGT **Location** Singapore & virtual/zoom

**Participating** Steven Joachim (Chair/President), Amy A. Kabia, Chang Min Chun, Gabriela Styf Sjöman, Hany Choueiri, Jacques Demaël, Javier Santamaria, Kaoru Mochizuki, Nassib Abou-Khalil, Salil Kumar Jha, Sandra Boswell, T. Dessa Glasser, Vivienne Artz  
Fuyu Yang (ROC Vice Chair)  
Thomas Sprecher (Company Secretary), Stephan Wolf (CEO), Sneha Malschok

**Distributed to** Board Members

**Minutes taken by** Sven Schumacher

## Actions

Ref	Action	Who	By when
1	Draft list of Objectives with KPIs for 2023	Stephan Wolf	31 December 2022
2	Resolve problem of terms of Chair, CEO and Company Secretary ending in 2023	Steve Joachim	May 2023 Board Meeting
3	Review succession of Vice-Chairs	GC	May 2023 Board Meeting
4	Develop succession plan for a new Chairman of the Board	GC	31 December 2023
5	Read Level 1 Policies published on website	All Directors	2023
6	Board Self-Assessment	All Directors	End of 2022
7	Report Board Self-Assessment	GC	Next Board meeting
8	Review Committee structures	GC	2023
9	Submit an implementation plan to reduce operating costs by 500.000 USD ex. FX	Stephan Wolf	15 December 2022
10	Update Board Effect and Outlook calendars	Secretary of the Board	January 2023
11	Look for an alternative to Board Effect	Secretary of the Board	2023
12	Orientation program for new Board Secretary including meetings with Chairman of the Board and Committee Chairs	General Counsel	End of 2022

**Minutes taken by:** Sven Schumacher  
**Date:** 09.11.2022  
**Filed at:** GLEIF Board Meetings

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## Items discussed

Ref Item

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### Welcome

- 1 The Chair of the Board of Directors, Steve Joachim, opened the meeting and determined the presence of a quorum. He informs that the meeting was duly convened, and that the agenda and documentation were provided to the Board of Directors prior to the meeting.

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### Report of the Chair

The Chair provided a short recap of the workshops during the past 2 days where lapsed rates, motivation of registrants and the current regulation had been discussed as well as the business model.

- 2 Steve Joachim mentioned that he is concerned about the global economic and political environment GLEIF is entering. The Board shall be diligent and recommends that the GLEIF Executive Management also be diligent when it comes to budgeting and monitoring expenses and results for 2023. In addition, all should be ready to pivot based on economic results in this environment.

Another point to be considered in an executive session is the end of the terms of Chair, CEO and Company Secretary next year.

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### Report of the CEO

The CEO, Stephan Wolf welcomed the participants and thanked those who were joining from different time zones where it was very late.

- 3 He informed that GLEIF currently is in a favorable position. The forecasted loss of 2.5 million USD has been reduced to a loss of 800.000 USD. Cash reserves are healthy, and this makes GLEIF look optimisticly into the future. Nevertheless, GLEIF will observe the economical and political developments and make adjustments where necessary.

The LEI renewal rate increased slightly to 62%. This will be monitored carefully, because the moment the renewal rate would get lower than 52% GLEIF would have a decline in the LEI revenue generating population. It is planned to table this problem in the ROC plenary.

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### Reports of the Committee Chairs

#### Report of the Governance Committee

The Chair of the Governance Committee (GC), Mr. Santamaria, reported on five topics.

- Composition of the Committees

- 4 The GC, in the normal execution of its responsibilities according to the By-Laws, assessed the memberships of the AFC, BSAC, GC and RC. It recommends to the Board the election of the following Committee Chairs:

1. The Board appoints Jacques Demaël as Chair of the Audit & Finance Committee (AFC), starting December 1, 2022
2. The Board appoints Gabriela Styf Sjöman as Chair of the Business Strategy Advisory Committee (BSAC), starting December 1, 2022

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3. The Board appoints Nassib Abou-Khalil as Chair of the Governance Committee (GC), starting December 1, 2022
4. The Board appoints T. Dessa Glasser as Chair of the Risk Committee (RC), starting December 1, 2022

The Board of Directors approved unanimously the election of the Committee Chairs as recommended by the GC. Directors accepted their election.

The current Committee Chairs shall become Vice-Chairs to support Chairs elect with their knowledge and experience. Therefore, the GC recommends to the Board the election of the following Committee Vice-Chairs and a Board Vice-Chair:

1. The Board appoints Salil Kumar Jha as Vice-Chair of the Audit & Finance Committee (AFC), starting December 1, 2022
2. The Board appoints Hany Choueiri as Vice-Chair of the Business Strategy Advisory Committee (BSAC), starting December 1, 2022
3. The Board appoints Javier Santamaria as Vice-Chair of the Governance Committee (GC), starting December 1, 2022
4. The Board appoints Amy A. Kabia as Vice-Chair of the Risk Committee (RC), starting December 1, 2022
5. The Board appoints Jacques Demaël as Vice-Chair of the Board of Directors, starting December 1, 2022

The Board of Directors approved unanimously the election of the Committee Vice-Chairs as recommended by the GC. Directors accepted their election.

Javier Santamaria added that the GC will review the succession for the Vice-Chairs by mid-year 2023 in order to provide opportunities for other Board Members to play a leadership role.

- Board Composition

This year GLEIF received two resignations. One from Hendus Venter and one from Humaid Mudhaffr. Therefore, the Board will have to elect new members in 2023 to achieve the recommended size of 17 Directors. The search process will be initiated November 24 this year when a call with a search firm is scheduled.

The Chair of the GC explained that he reached out to four Board members who are subject to reelection in 2023. One member, Humaid Mudhaffr, gave in his resignation, while the other three confirmed to be available for reelection in March, effective June 2023.

Succession for the Chair of the Board requires significant preparation and planning. Hence, the GC will investigate this topic in 2023 even though a new Chair may not be necessary until June 2026.

- Policies

The members of the GC reviewed the Conflict of Interest Policy and the full board had a training session provided by outside counsel regarding Conflicts of Interest to raise awareness.

The Whistleblowing Policy was reviewed as well and found to be fit for the purpose.

Javier Santamaria invited all Directors to review the Level 1 Policies.

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The GC agreed in its last meeting to develop a process for periodically reviewing Level 1 Policies and requested a summary of all Level 2 Policies applicable to staff.

- Board Self-Assessment

The self-assessment was previously postponed from 2021 to 2022 and will be launched after the Board Meeting. The questionnaires should be completed by December 31 the latest. The results will be presented at the next Board meeting.

- Board Working Plan 2023

Steve Joachim mentioned that the GC should, next to the topics mentioned already, take a look at the Committee structure if changes are needed. Stephan Wolf added, that for example the BSAC basically covers everything and since GLEIF will offer more technical solutions in the future one should think about how these technical aspects can be considered in 2023 by the BSAC.

## **Report of the Business Strategy Advisory Committee**

The Chair of the Business Strategy Advisory Committee (BSAC), Hany Choueiri, informed that the BSAC in its recent meeting focused on revenue issues to form a basis for decision making on the 2023 budget.

The BSAC discussed forecasts in general and GLEIF's assumption of 1.44 million new and renewed LEIs in 2023 with a total revenue of USD 15.2 million, based on a LEI fee of USD 11. These figures are the basis for the budget 2023. Hany Choueiri's main concern is about a drop in renewal rates.

He highlighted the good discussions around the different business ideas and opportunities like the Validation Agent model and the vLEI in the BSAC meetings.

## **Report of the Audit and Finance Committee**

- Budget 2023

The Chair of the Audit and Finance Committee (AFC), Salil Kumar Jha informed that there have been very deep discussions about the budget 2023 amongst the AFC members. He supported the idea of savings in the amount of \$ 500,000 USD. On the other hand, GLEIF must continue to work to increase revenues and the planned projects are good for that.

The AFC, in the normal execution of its responsibilities according to the By-Laws, assessed the draft budget for the year 2023 and provided comments.

The CEO and the Head of Finance appreciated the comments and took these into account.

The CEO recommends to the Board to approve the budget for the year 2023 as presented today.

The Board of Directors approved unanimously the 2023 budget after a reduction of \$500,000USD in proposed 2023 expenses. The CEO will submit an implementation plan to reduce operating costs by the approved \$500,000 USD without adjusting estimated FX rates or employee bonuses.

- Swiss Close 2021

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During Board meeting in June 2022 the IFRS and Swiss Close were already signed from E+Y and approved together from the Board. Swiss authorities need an extra declaration from the Board which expressly approves the Swiss Close 2021.

The CEO recommends to the Board approval of the Swiss Close for the year 2021 as presented during the meeting.

The Board of Directors approved unanimously the Swiss Close for the year 2021 as presented during the meeting.

Finally, Salil Kumar Jha thanked Jacques Demaël who served as a Committee Vice Chair and wished him all the best in his new position as Chair of the AFC.

## Report of the Risk Committee

The Chair of the Risk Committee (RC), Amy Kabia, informed that RC considers the LEI renewal rate and the LEI growth rate as two important risks.

She explained the six new risks that have been added to GLEIF's risk register, all related to the vLEI. Two of the six were high risks: (i) alternative options to the vLEI are chosen by major networks and (ii) vLEI ecosystem lacks industry demand. Both risks point into the risk of LEI growth and LEI renewal.

These major risks can be countered by business development, whereby voluntary adoption appears more promising than regulatory adoption. The multiple efforts made to increase the renewal rate haven't materialized yet.

The annual review of the Risk Policy and the Risk Framework was concluded.

One Board Member noted that there have been two recent major hacks where data was stolen from companies. She raised the question if cases like these and the necessary prevention actions have been discussed in the RC.

The Chair of the RC replied that the LEI data is public and that there's nothing really to steal. The Vice Chair of the RC further explained the LEI data doesn't contain personal data that thieves usually target.

The CEO pointed out that GLEIF's cyber security specifications are part of the ISO 20'000 audit and that, in response to concerns of some directors, an additional ordinary scan was performed. The biggest risks come usually from inside a company when employees accidentally or intentionally make a mistake. GLEIF provides educational programs to prevent employees from being deceived by fraudulent or phishing emails. Furthermore, all services are cloud based and the services providers have security certificates.

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## AoB

- LEI Fee 2023

GLEIF's funding is based on the annual LEI fee paid by the LOUs.

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The CEO recommends to the Board not to decrease or increase the LEI Fee and therefore to keep it at the amount of USD 11.- for the year 2023 and also the Validation Agent discount schedule should remain as it is.

One Board Member asked whether the staff's employment contracts provide for an automatic salary adjustment in line with inflation and whether the option to increase the LEI fee should therefore be kept open. The CEO replied that there isn't such an adjustment rule and proposed salary increases are budgeted and not contractually guaranteed.

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The Board of Directors unanimously resolves:

1. the LEI Fee will remain at USD 11.- for the year 2023
2. the Validation Agent discount schedule for the year 2023 shall remain as it is
3. the CEO is asked to evaluate whether price adjustments may be necessary at a later point in time.

- GLEIF China

Part of the GLEIS 2.0 strategy is the establishment of offices in Asia. The office in Japan has been established, the branch in Singapore and the liaison office in India are expected to be established by the end of the year 2022. The establishment of an office in China is pending in 2023.

The Board unanimously approved the opening of an office in China in the year 2023.

- LEI Forum

The CEO invited all directors to join the LEI Forum in the afternoon.

- Board Portal

Some directors proposed to look for an alternative board portal e.g., Board Vantage since Board Effect doesn't appear as user friendly as expected by the directors.

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## Closing

- 6 Chair thanked the participants for good discussions and engagement. He said the next in person meeting will most likely be in May in New York or Washington and a second in person meeting in Zurich in November. In between there will be virtual meetings.

The Chair closed the meeting.

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## Decisions taken

Ref	Decision
1	Election of Committee Chairs.
2	Election of Committee Vice Chairs.
3	Election of a new Board Vice Chair.
4	Approval Budget 2023
5	Approval of the Swiss Close 2021
6	LEI fee remains 11 USD
7	Office opening in China 2023

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## Open Items from previous meetings

Date	Action	Who	By when
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