

Governing Board Meeting Minutes

Sunday 4 June 2017

Present: Anne-Caroline; Calixto; Daniel; David; Einav; Gaby; Gustavo; Luis; Margie; Vinh; and Denise.

Minutes: Lisa

Approval of agenda and minutes of our previous meeting – Daniel

Daniel asked us to approve the agenda of this meeting and the minutes of our previous meeting.

Decision: We approved the minutes and the agenda.

Programme Review – Gaby

In February during our in-person meeting, we reviewed the strategic plan and decided that our first priority is a comprehensive review of our programmes (see Strategic Objective 1 and minutes of our meeting 24-26 February). Given the size and importance of the review, which is critical to our mission and vision, Gaby developed recommendations on how we could best approach it.

We agreed that we would like to work with an external consultant and considered a draft Expressions of Interest document that Gaby had drafted. It outlined the possibility of undertaking the review process as a partnership; the consultant would scope and lead the review but much work would be done internally (for instance, data gathering and educational evaluation). This would allow us to benefit from the oversight, analysis, and objectivity of an external consultant, while utilising our own expertise and networks. This approach would also allow us to reduce the probable costs of the consultancy. It was noted that the internal research process would also enable us to obtain NA feedback on the proposal Luis had put forward in February for using the legacy we received to incentivise programme hosting with loans.

We discussed possible timelines for the review process and agreed that it should be completed by the end of 2018. This timeline will allow for full Member consultation and discussion at the 2018 Regional Meetings and the Global Conference. This will also mean that should any recommendations arising from the review require Member approval, these would be presented to the Members for voting in 2019.

Decision: We agreed that the call for Expressions for Interest should come back to the Board for final approval at our next meeting, so that it can be published in late July. Meanwhile, we will seek input from the involved committees on the draft. A core working-group to liaise with the chosen consultant and manage the process internally will include Gustavo, Einav and Luis, as well as Gaby and the Senior Management Team.

Action: Gaby will communicate with committee chairs and managers over the coming month to invite feedback on the Expressions of Interest document.

Regional Coordinator Selection – Einav

Following on from feedback provided at the recent regional meetings, Einav opened a discussion around the current selection procedure for Regional Coordinators. She suggested that the process should be reviewed and refined, specifically to enhance the input of the regions.

Decision: We agreed that Einav should work with the Governance Team, and a senior manager with line-management responsibility for Regional Coordinators, to review the process and make a proposal to the Board.

Action: Einav to work with the Governance Team and a senior manager to review the process and make a proposal to the Board.

Action: Margie advised that the Governance Team has a full workload; together with Daniel they will review their priorities and agree a timeline for this review process.

Investment Policy – Calixto (draft document attached)

Calixto presented the draft CISV International Investment Policy developed by the Resources and Infrastructure Committee. It explains why we look to invest our reserves, how we go about this, and who has delegated authority to manage the investments on behalf of the organization. Calixto confirmed the risk profile will be reviewed on a periodic basis by the Resources and Infrastructure Committee, together with the fund manager and will advise the Board.

Decision: We approved the policy, with the friendly amendment that recommendations from the Resources and Infrastructure Committee on the choice of fund managers will come to the Board for approval.

Naming Conventions – Calixto

Calixto shared a document with us regarding the United Nations country naming conventions. This followed a concern brought to him by one of our Member Associations. We discussed and agreed that we should seek to use the same country naming conventions as the United Nations. We discussed how this would refer to countries rather than our Member Associations in those countries. In some cases, organizations are named differently i.e. CISV Korea.

Decision: We agreed to develop a policy or statement to adopt the United Nations naming convention when we refer to countries where we are active.

Action: The task of developing a policy or statement is to be designated.

Member Communications – Einav

Einav referred to her proposal regarding Member communications and asked for feedback. We agreed that this a matter of concern to our Members that needs to be addressed quickly.

Action: Einav to discuss the proposal further over the next week with Gaby and Denise to agree timeline and responsibilities.

Peer-Group Evaluations Update – Daniel

Daniel stated the importance of following up on peer evaluations, as well gaining feedback on the evaluation procedure. He encouraged chairs of committees to complete the follow up as soon as possible and update the Governance Team on progress.

Global Conference Update – Daniel/Anne-Caroline

Daniel advised that many session proposals had been received (Denise confirmed that there had been over 100); these will now be reviewed by the Global Conference Working Group.

Dates of Next Meetings:

22 July at 15:00 UK time (virtual)

31 August Orientation for new Trustees only (in-person – Newcastle)

1-3 September Board meeting (in-person – Newcastle)

CISV International Investment Policy

1. Purpose

- The purpose of this policy is to provide guidelines for managing investments appropriately given in line with our responsibility for financial stewardship of the organization and its assets.
- It seeks to ensure that CISV International **at least maintains the real value of its assets whilst generating a stable and sustainable return to support its activities. This involves investing surplus assets at any given time to generate a return higher than current inflation** while providing necessary liquidity

2. Scope

- This policy applies to all liquid assets not held for immediate use in the business.
- It establishes the specific guidelines to be followed by all employees or other representatives of CISV International, who are involved in the investment of the organization's funds, and individuals or corporations entrusted with the duties of investing portions of those funds, including money managers and authorized broker/dealers.
- CISV may impose additional restrictions, as appropriate, on individual internal or external portfolio managers.

3. Background and Related Policy

- CISV International has an Operating Reserves Fund Policy, which sets the target minimum Operating Reserve Fund equal to **six (6) months** of average operating costs. Like the Operating Reserves Fund Policy, this Investment policy seeks to ensure the stability of the mission, programmes, and ongoing operations of the organization. The two policies complement each other and should be read together.

4. Delegation of Authority

- Oversight and management of investments within this policy is delegated to the Resources and Infrastructure Committee. This includes the choice of Fund Manager and the amounts to be invested.
- In turn, the authority to make specific arrangements for investment in accordance with the Committee's instruction is delegated to the Secretary General and Fiscal Officer.
- Where Instructions to the Fund Managers require signature, two signatories are needed – who must be two of the following: Secretary General, Fiscal Officer, Chair of the Board or Chair of the Resources and Infrastructure Committee.

5. Investment Objectives

- The objectives are:
 - the preservation of capital (to protect the value of CISV International's assets from inflation)
 - to produce maximum returns given CISV International's risk profile, liquidity, ethical and other requirements set out in this policy.
 - **aim to at least match the performance of the major benchmark indices that relate to the respective asset groups approved by the Resources and Infrastructure Committee.**
- **The Charity adopts a total return approach to investment, generating the investment return from income and capital gains or losses.**

6. Risk Profile

- CISV International's risk appetite is characterised as low-medium.
- It is the intention to maximise the capital preservation of the investments over the investment horizon. Short term volatility is acceptable to the extent that there is no impairment to operational functionality.
- It is the intention to mitigate credit risk and interest rate risk, and to obtain proper diversification of the overall portfolio.

7. Investment Horizon

- The investment horizon will be reviewed by the Resources and Infrastructure Committee with reference to forecasted cash-flows and proposed project expenditure.

8. Diversification

- The Charity's assets can be invested widely and should be diversified by asset class, by manager and by security.
- The investment portfolio will ensure a reasonable level of diversification between different asset classes, in order to reduce exposure to risk.
- Asset classes could include cash, bonds, equities, property, hedge funds, commodities and any other asset that is deemed suitable for the Charity.

9. Permissible Investments

- Investments made directly by employees or other representatives of CISV International may only be Interest bearing savings accounts or Certificates of Deposit at insured commercial banking institutions;.
- Unless approved by the Governing Board, all other forms of investments must only be made through a licenced fund manager. Such investments may include:
 - cash, bonds, equities, property, hedge funds, commodities
 - Money market funds that invest in government backed securities;
 - Interest bearing checking accounts;
 - Direct obligations of the UK or U.S. Government, their agencies and instrumentalities.
 - Mutual funds that invest in direct obligations of the UK or U.S. Government, their agencies and instrumentalities.
- No investment will be made in securities which do not have readily identifiable prices, as published or available in an industry financial publication, an on-line pricing service or from two or more recognized broker/dealers.

10. Credit Risk

- To protect against incurring unsuitable levels of credit risk, CISV shall be restricted from investments that are rated below investment grade by a recognized Statistical Rating Organization (SRO), or as otherwise restricted under the section of this Policy entitled, "Permissible Investments."
- CISV shall refrain from purchasing any securities for which a rating by an SRO is unavailable, other than those specifically recommended by CISV personnel and approved by CISV's Governing Board as a preferable method of fulfilling CISV's mandate.
- **The Charity's cash balances should be deposited with institutions with a minimum rating of A- or invested in a diversified money market fund. Deposits should be spread by counterparty, subject to a maximum exposure of £200k per institution.**

- **Bond exposure should largely be via collectives although direct bonds are also permitted.**
- If an investment made under Section 9 “Permissible Investments” falls below the standard required by this section, the investment shall be sold within 180 days after the day the investment falls below the standard.

11. Currency

- The base currency of the investment portfolio is sterling. Investments in non-sterling assets should not exceed 40% of the total portfolio value.
- Hedging is permitted.

12. Liquidity

- Liquidity requirements will be reviewed by the Resources and Infrastructure Committee with reference to forecasted cash-flows, other relevant factors and always keeping in mind the possibility of unanticipated needs.
- Specifically any investment or review must take into account and support the requirements for minimum reserves set out in the Operating Reserve Fund Policy (referred to above under Background)
- All investments must be realisable within a maximum of two months.

13. Ethical Investing

- Individual investments may be excluded if perceived to conflict with CISV International’s mission.
- With respect to corporate securities, CISV will only invest in profitable companies with respectable employee relations, strong records of community involvement, sound environmental impact practices, and respect for human rights around the world.
- With respect to externally managed funds, Socially Responsible Investing (SRI) should be a selection criterion when choosing an Investment Manager, in accordance with CISV’s ethical investment objectives.

14. Standards of Care

- All individuals involved in the investment of the organization’s funds shall apply the "prudent person" standard with respect to investment activities. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
- Officers and employees involved in the investment of the organization’s funds must refrain from personal business activity that could conflict with the proper execution and management of the investment program, or activities that could impair their ability to make impartial decisions.
- Officers and employees must disclose any material interests in financial institutions with which they conduct business, and any personal financial/investment positions that could be related to the performance of the investment portfolio. CISV officers and employees who conduct personal investment activities with any firms which provide money management services for a fee to CISV must report such activity to the Resources & Infrastructure Committee.

15. Performance Monitoring and Reporting

- The Resources and Infrastructure Committee will recommend performance objectives annually for the investment portfolios and will monitor investment returns quarterly against the objectives and market performance.
- The Resources and Infrastructure Committee will review annually the selection of the investment Manager. Should performance be found unsatisfactory or should selection criteria change, the Committee will seek at least two new proposals prior to selecting a new Investment Managers.
- The Resources & Infrastructure Committee will report to the Board at least annually. This report will include a review of asset allocation, performance, risk profile and consistency with investment objectives.

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