

15th Annual General Meeting of the IOR

Wednesday 22nd May 2019

Willis Towers Watson, 51 Lime Street, London EC3M 7DQ

Meeting commenced at 18.00 and finished at 19.25

Present:

George Clark - Chair

Matthew Behan - Director of Finance

Hector Grant - NFPBS

Trevor Bedeman, Christine Brentgani, Aidan Brock, Dr Mustafa Cavus, Tony Chidwick, Rodney Coleman, Jimi Hinchliffe, Joanna Keith, Shruthi John, Laxman Maharjan, Philip Martin, Stephen Murgatroyd, Alistair Nunn, Elena Pykhova, Douglas Pullen, Edward Sankey, Sean Titley, Brian Thornhill and Philip White.

Sarah Cawthra - Freelance Minute Taker

1.0 Signing the attendance register

1.1 It was noted that those present had signed the attendance register before the AGM commenced.

2.0 Apologies for absence

2.1 Apologies were received from the following:

Simon Ashby, Edima Ben, Jonty Birrell-Gray, Hannah Chung, Ron Cox, Michael E Jensen, Eva McDonald, Trevor Roberts, Andrew Sheen, Bill Stirling, Caroline Tinsley and John Thirwell.

2.2 GC reported that all those who were absent had electronically submitted proxy votes.

3.0 Ordinary Resolution 1: to receive and approve the minutes of the 14th Annual General Meeting held on 21st November 2018

3.1 Approval of the minutes of the 14th Annual General Meeting held on 21st November 2018 was proposed by Stephen Murgatroyd, seconded by Edward Sankey. The vote, including proxy votes, was unanimous in formally approving the minutes.

4.0 Matters arising from minutes of the 14th Annual General Meeting held on 21st November 2018

4.1 There were no matters arising from the minutes of the 14th Annual General Meeting held on 21st November 2018.

5.0 Ordinary Resolution 2: to receive and adopt the annual accounts of the Institute for the financial year ended 31st March 2019

5.1 The annual accounts for the financial year ended 31st March 2019 were received. MB highlighted the following: -

- income up by £11k
- expenses down by £19k
- £10k spent on development costs for marketing/PR and £2k on legal fees
- chapter and membership activities increased
- £30k extraordinary charge for German account – provision for potential tax exposure with interest and fees
- cash balance up by £18k resulting in total of £62,406 ending 31 March 2019

5.2 Regarding the ongoing issue with the German account, it was noted that both GC and MB will be stepping down as Chair and Director of Finance, however both are willing to continue engagement to ensure that this issue reaches a conclusion. GC reported that German Chapter leads had held a meeting with German tax officials today.

5.3 Approval of the annual accounts of the IOR for the financial year ended 31st March 2019 was proposed by Aidan Brock, seconded by Stephen Murgatroyd. The vote, including proxy votes, was unanimous in favour of the resolution.

6.0 Ordinary Resolution 3: To receive the Director's Report

6.1 The Director's report was received. There were no questions and the report was proposed by Alistair Nunn, seconded by Christine Brentgani. The vote, including proxy votes, was unanimous in formally approving the resolution.

7.0 To receive the Chairman of the Council's address

7.1 GC stated that it was important to highlight the IOR's successes in a challenging environment referred to the IOR's mission and stressed that he believed that it is still as applicable today as when the organization was first created.

7.2 GC referred to the membership category and highlighted the following: -

- 674 members were registered in 2018
- professional and students make up most members - 36% and 34% respectively
- the IOR is losing professional members
- diversity is a strength across a number of indicators
- England and Wales is the largest Chapter, followed by Scotland
- USA, Asia, Middle East and Germanic areas have best potential for growth
- 84% of student members had never been involved with the IOR
- although CORM is an entry level qualification, most members are within the age group of 35-49
- it seems members are leaving in the first 2 years of membership suggesting that the membership proposition needs to be reviewed.

7.3 GC referred to successes over the year, highlighting: a record number of clicks on the IOR website; an increase in partnerships with selected organisations and sponsorship of events; continuing to address some core operational issues such as GDPR and the publication of a number of research papers. Regarding social media, webinars continue to be highly successful; and the IOR scores highly on LinkedIn in terms of visibility compared to larger organisations.

7.4 GC referred to CORM and current status of hitting target market and overall take up and stated that this product needs to be better marketed. Exam pass marks were high and following review,

supported by our Chief Examiner. Content needs to be refreshed and further developed which will require investment.

7.5 GC commended the work of Chapters, highlighting the increased activity in England and Wales, the annual conferences held in Scotland and Germany, the improved appetite in Scandinavia and the regional expansion of influence by the Hong Kong Chapter.

7.6 In summary, GC concluded by saying that the IOR was at an inflection point given the well known challenges which had been discussed over prior years. The stress to deliver the strategic objectives confirms that the IOR needs to improve its execution of activities; that the volunteer model needs to be reassessed; monies need to be made available to develop the areas of education, marketing and social media. These are key drivers for Councils recommendation of Resolution 4

8.0 Ordinary Resolution 4: To resolve that The Institute of Operational Risk joins with The Institute of Risk Management Group

8.1 Discussion took place about the potential benefits and concerns about joining with the IRM. GC confirmed that the IRM admires the uniqueness of the IOR brand which complements gaps in their current focus. Of special interest is the accredited CORM product which is a good fit for their portfolio. While much of the detail needed to be worked out the likely direction was that current PIOR would match the equivalent IRM professional membership status, becoming PIOR SIRM; the same may happen for other IOR membership grades; that if the IOR joined the IRM then there would be a move to the current IRM membership fee structure; and that members would have access to existing IRM benefits. The key risk is that the IOR does not maximise the benefit of the resources which would become available and that any momentum and purpose for the IOR would fade. This is in the hands of the IOR Leadership Council and its members to mitigate the risk. There would be both IOR and IRM representatives on each other's Boards.

8.2 In responding to a question, GC confirmed that he was confident about IRM's current financial status and that due diligence had been carried out by both parties.

8.3 Edward Sankey enquired why the IOR is not using surplus and/or reserves to buy professional skills to develop education, marketing and social media. MB responded by saying that although the development of CORM was achieved for significantly less cost using unpaid volunteers, that model is unsustainable, nor is it a professional model for the future. MB referred to the membership statistics and pointed out that the IOR cannot continue without bringing in membership fees and higher income and expressed concern about the number of members leaving after 2 years. GC commented that the time demanded of volunteers also needed to be considered as evidence by the churn rate of office bearers which is markedly below corporate norms. The estimate of costs to access professional services at the level needed to be successful is currently not supported by current income projections. GC concluded by saying that if the Institute wants to claim its space through; cutting edge white papers and research, thought leadership, support for practitioners and Chapters, development of relevant education programmes which drive standards it was clear the current model is a highly limiting factor. The IOR Council believes the proposed relationship with the IRM offers the best opportunity available and noting that much detail still needs to be worked through, commends the Resolution.

8.4 The resolution was proposed by Philip Martin, seconded by Jimi Hinchliffe.

The results of the vote were as follows:

Members present: 15 votes for the resolution; 1 against the resolution.

Proxy votes: 12 votes for the resolution; 1 against the resolution.

The resolution was agreed, in principle, subject to Terms of Agreement being finalised.

9.0 Any other business

- 9.1 On behalf of the IOR, Philip Martin took the opportunity to recognise the personal contribution made by GC as Chair, in terms of leadership; stabilisation of the organisation in terms of finances and membership; and believed that in adopting the Resolution, the future of the IOR had been secured. GC responded by acknowledging the many others involved in supporting the IOR through Committee's, Council, Chapters and volunteer contributions. The IOR is very much a team effort thanking everyone for their good wishes.