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# Annual Report and Accounts 2019



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**HAYS** Recruiting experts  
worldwide

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# Foreword CBI President

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In times of economic crisis, the voice of business is more important than ever. While 2020 has undoubtedly brought great adversity and uncertainty over the past several months we have really seen the CBI and its members step up to the challenges that face us all.

I just want to express my enormous gratitude to all our members and the CBI's exceptional team for the way you have responded to the challenge of COVID-19. Your insight has been invaluable in helping the government respond to this crisis with unprecedented levels of economic support. While there's plenty of hard work ahead, I am proud of all we have done to help businesses protect people's jobs and livelihoods.

Looking back, for many businesses across the UK, 2019 was a turning point. Marked by three Brexit extensions, two prime ministers, and ending with a decisive general election result. With a new government elected with the biggest Parliamentary majority for almost two decades, and a mandate to move quickly, and act decisively.

For business, the primary focus for 2019 was an end to the Brexit uncertainty of the past three years, and chance to set the foundations of our future economic relationship with the EU. Despite the turmoil in Parliament, the business voice never faltered – putting forward insight and evidence from the office, laboratory, and factory floor, to achieve a deal that protects jobs, growth, and communities across the UK.

On the domestic front, we were also able to break through the political gridlock, and progress some of the CBI's biggest UK campaigns. This included helping build political consensus on a net-zero emissions target, and commitments from government to increase investment in broadband and digital infrastructure, as well as long-awaited action on business rates. Together, the CBI and our members have driven real change.

But, as ever, there is still plenty to do. Both globally and nationally, 2020 has of course posed a new challenge. And, over the next 12 months, the CBI will continue to work with government to respond to the current crisis – as well as look ahead to how we can take the lessons from these past months, to build a more sustainable, innovative world of work where everyone has a fair chance to thrive, when it passes. Working with members, we're developing ideas to drive our recovery based on evidence and collaboration.

In my final year as CBI President, I would like to thank Carolyn Fairbairn, our Director-General, the CBI Board, the President's and Chairs' Committees, and all CBI staff for all their help and advice over the past two years. I'd also like to express my gratitude to our Vice-President, Lord Karan Bilimoria, for his support – and look forward to working together during his upcoming term as President. Finally, my thanks go to our members whose knowledge and experience has helped us achieve so much, across the UK's regions and nations. Your spirit and ambition are a credit to UK industry, and remain one of our country's greatest strengths.

I wish you a safe and hopeful 2020.



**John Allan**  
President, CBI



# Foreword CBI Director-General

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It is often said that reputations are forged in a crisis, and there is no doubt that how business responds to COVID-19 will shape its relationship with society for a generation. Through the crisis so far, there is much to be proud of.

Companies across the UK are doing all they can to support employees, protect jobs, and join the national effort to protect lives and livelihoods. And the CBI has stepped up across all its operations to help firms of all sizes and sectors to get through and prepare for recovery.

The scale of this crisis calls for unprecedented collaboration between business, government and society, built on partnerships forged in 2019. Last year, alongside our members, the CBI has ensured the business voice has been heard and acted on – with hundreds of political engagements across all parties, regions, and nations of the UK, and seats on 20 different ministerial groups in 9 government departments.

The CBI's campaigns have made a real difference, from helping avoid a damaging no-deal Brexit and secure commitments to HS2 and other major infrastructure projects, to spearheading the government's commitment to spend 2.4% of GDP on research and innovation and its support for a 2050 net zero carbon target for the UK.

Our 2019 Annual Conference was the first to be held during a general election campaign, attracting over 1,500 broadcast mentions, 1 million twitter impressions, and featuring all three major political party leaders.

The CBI's stable commercial performance throughout 2019 saw the CBI end the year with a £0.7m operating surplus and a total income of £25.5m. We have also made significant investments, such as the CBI's new website and digital member portal which has served the CBI well throughout the recent COVID-19 outbreak in ensuring we can communicate and reach our members and wider business community effectively.

Throughout 2019, UK businesses took action to match profit with purpose, with commitments to increase employee ownership and financial inclusion, improve boardroom diversity, operate more sustainably, and end the stigma around mental health. Taken together, these measures feel like the start of an extraordinary change: with more businesses redefining their relationship with employees, supply chains, and local communities.

These achievements are strong grounds for optimism as firms strive to meet the challenge of COVID-19. Whether that's pivoting their operations to manufacture ventilators to treat coronavirus patients, offering free meals and accommodation to NHS workers, or helping to ease the financial pressures on families who are struggling. Business continues to be a real force for good in society.

In my final year as Director-General, I look forward to working with our members to help the UK withstand this unprecedented national crisis, seize the opportunity to build back better, and forge a strong, lasting partnership with government, to make the 2020s a decade of delivery and renewal for our country.

Thank you for your ongoing support.



**Dame Carolyn Fairbairn**  
Director-General, CBI



# About the CBI

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## Who we are

### **We are the voice of business.**

The CBI speaks on behalf of **190,000 UK businesses of all sizes and sectors**, employing nearly **7 million people** between them. That's about one third of the private workforce. With offices in the UK and representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world.

## What we do and why we do it

### **We exist to help business create prosperity for all.**

We believe that business has the power to do good and make a difference. Companies create opportunities, build and innovate, and cultivate a better future for the next generation. That's the true purpose of business – and it's the CBI's purpose too.

### **We drive positive change through:**

- **Campaigning with the power of a united voice**  
We represent the views of 190,000 businesses from every corner of the UK. We're a loud, influential voice campaigning for changes to the policies that matter most to business. When we talk, people listen and act.
- **Bringing business and government together**  
When business and government work together, both have even greater impact. Through us, the biggest policy team outside Whitehall, business can share the real-world impact of policy decisions with those that make them.
- **Sharing solutions between brilliant minds**  
We bring together business leaders hungry for change, enabling them to share best practice, challenge the status quo and innovate. Because when we benefit from the power of collective insight, the outcomes achieve more than was ever possible alone.
- **Knowing more, anticipating success**  
We equip business with the insight they need to make informed decisions. Insight that can be used to benchmark, grow, or protect their business. By supporting businesses in scanning the horizon and anticipating risks and their solutions, we build each other up towards growth and prosperity.



## Why members join

The CBI is a member's partner for success. We fix challenges, mitigate risks and empower our members with a voice, inspiration and opportunities for growth.

### Through the CBI, members can:

- **Drive change**  
The CBI's campaigning expertise and access to the highest levels of government makes us a strong force for change. Members can drive change and protect their businesses from the political and economic risks that stifle success.
- **Plan with confidence**  
Members can scan the horizon, anticipate risks and react positively using the insight, analysis and data that inform decisions and lay the foundations for success.
- **Explore opportunity**  
Members make valuable connections that can take their businesses to new heights. They can share ideas, innovate, benchmark for success and never miss out on an opportunity for growth.

### Members receive:

- **Influence to reduce political & economic risks**  
Members can fully understand the implications of policy change, shape the business response and influence policy makers.
- **Economic, political and regulatory intelligence**  
Supported by the CBI Economics team, members know what's going on in the UK economy and have the data and analysis to make informed decisions.
- **Inspiration, ideas & thought leadership**  
The CBI's Ideas Forum provides access to a network of the UK's most innovative senior business leaders. Members explore opportunities, collaborate and share best practice.
- **Connections, networks and access**  
CBI members choose from hundreds of events offering first-rate insight, education and networking opportunities with key political figures, business leaders, and innovative small businesses.

More information: <https://www.cbi.org.uk/what-we-do/>

# 2019: A year of impact and influence for the CBI

## The year in numbers

2019 was another turbulent year for business in the face of heightened uncertainty. Despite strong headwinds, together with our members, the CBI has been working hard to make the business voice heard.

Whether in securing political consensus on a net zero emissions target, increasing investment in digital infrastructure, or reforming business rates; together we have driven real change.



**12** Regional and National Councils

And **16** policy standing committees  
Who engage over **1,000** senior business leaders  
From over **700** CBI member companies



Over **415**

political engagements from across the political spectrum



CBI sits on **20**

Ministerial groups in 2019, across **9** departments



**444**

CBI events hosted including conferences, policy roundtables and dinners



**167**

mentions in Parliament



Over **40,000**

articles and mentions in the media



**5,000**

broadcast mentions and interviews



**1.8M**

video views: more than double 2018



**The highest profile business conference in the UK**

**Three** political party leaders speaking  
Over **1500** conference mentions in print and broadcast  
Almost **1 million** Twitter impressions on the day

## Making a difference on the issues that matter in 2019

### People and Skills

#### ✓ **Ensuring the National Living Wage is at a sustainable level for business**

The National Living Wage must be balanced so that it works for both people and business, particularly for SMEs and firms in retail, hospitality, cleaning and maintenance. The CBI provided evidence annually to the Low Pay Commission which has ensured that the 60% median wage target was prioritised – currently forecast to be £8.67 – rather than the original political promise that said this would be worth £9.35.

#### ✓ **Immigration wins grant business access to wider talent pool**

A proposed £30,000 salary threshold for immigration would exclude two-thirds of skilled jobs: directly impacting business' ability to access talent. Following the CBI relaying business' concerns, the Home Office announced a 12 month delay to hear business' views before making a decision, and a temporary route for lower skilled work. Following CBI engagement, the government has also committed to creating a 2-year post-study work visa that will boost the global appeal of studying in the UK.

#### ✓ **Protecting a responsible, flexible employment market**

Labour market flexibility is a cornerstone of the UK's international competitiveness. Working with BusinessEurope and other organisations, the CBI stopped proposals to create EU definitions of employment status. This would have extended 'employee' rights to all workers in the UK – at significant cost to the economy. The CBI also championed guidance on using confidentiality clauses, and the government has announced that EHRC and ACAS will develop guidance to help all parties to understand best practice.

#### ✓ **Delivering T-levels and more funds for Apprenticeship Levy paying businesses**

After significant lobbying from CBI Scotland, the Scottish government has committed to doubling the funds available for employers paying the UK Apprenticeship Levy in Scotland. The CBI also championed support to help employers offer T-levels, leading to the government announcing new funding and guidance, with specific focus on work placements.



## Infrastructure and Energy

### ✓ **2050 net-zero emissions target matches business' green ambitions**

The world-leading target was secured off the back of CBI action including a wide-reaching media campaign, and in partnership with government we will develop policies to help business achieve this. Following specific CBI recommendations, the government has released the first Green Finance Strategy; and launched consultations on future deployment of Carbon Capture Usage and Storage technology, and on improved building standards.

### ✓ **Outsourcing Playbook lays the foundations for better public-private partnerships**

Created in partnership with the CBI and its members, the launch of the Outsourcing Playbook marked a positive shift in government's approach to public-private partnerships. The Playbook is already having a positive impact on business: suppliers report more collaborative relationships with their public sector partners, improved pre-market engagement and greater visibility of upcoming commercial opportunities.

### ✓ **CBI ensures the business voice is heard on renationalisation**

Reacting to member concerns about the prospect of renationalisation, the CBI fought for the role of business by being the leading voice on raising awareness of the impact and informing the debate. Our analysis showed that full-scale nationalisation would cost £182bn and negatively impact public finances. The campaign's widespread media and parliamentary attention ensured the voice of business, and the impact, could not be ignored.

## Innovation and Digital

### ✓ **Government recommits to 2.4% target for R&D spend**

The CBI has continued to hold the government's feet to the fire over the 2.4% R&D target – and the government has since recommitted to the target and to plans to boost spending. In addition, new open style R&D grants will support businesses with ideas outside of pre-defined 'challenges', making the UK a friendlier place to innovate. CBI Scotland called for the Scottish government to set a concrete target for R&D spend: and the government has now committed £37 million towards the goal of doubling business R&D spend by 2025.

### ✓ **The CBI drives practical actions to boost business productivity**

The government's productivity review actioned CBI recommendations, including increased funding for Knowledge Transfer Partnerships – encouraging collaboration between firms and universities – and the creation of benchmarking tools to support SMEs. Be the Business, in consultation with the CBI, is developing a new tool to make technology adoption easier – a key CBI ask. The platform will enable businesses to share reviews of technologies, helping others to make informed decisions.

### ✓ **Record £6bn government commitment to digital connectivity**

Seamless digital connectivity is a must for business growth, technology adoption and regional productivity. Following CBI recommendations, the government is making sweeping improvements to policy and has committed a record £6bn to addressing digital connectivity in hard to reach areas. This approach will help unlock flexible working, address regional disparities and unleash investment.





## Tax and Regulation

### ✓ **Government finally moves on business rates**

Following CBI influence, property revaluations have changed from every five years to every three, with the next taking place in 2021. This reduces the risk of significant shifts in rates payments, reducing uncertainty and allowing business to plan. The Treasury Select Committee has adopted CBI recommendations that open the door to exempting productivity enhancing investments from the rates bill, which could save businesses millions each year. And the Scottish government scrapped plans to introduce a new business rates levy on out-of-town businesses, following campaigns from CBI Scotland and other allies.

### ✓ **Making paying tax easier for business**

The introduction of Making Tax Digital requires businesses to keep digital records and submit VAT returns using new software. CBI influence has secured a vital grace period before penalties are imposed by HMRC – particularly key for SMEs keeping digital records for the first time. The CBI also is working with HMRC to improve the deteriorating relationship between large businesses and HMRC, offering insight on the issues facing firms.

### ✓ **IR35 reform postponed so business has time to prepare**

The CBI intervened to delay implementation of the IR35 (off-payroll worker) reforms in the private sector. This extension provides members more time to comply with legislation. Following CBI feedback, in partnership with business, HMRC are redeveloping a tool that is designed to provide businesses with greater confidence that they are making informed determinations.

### ✓ **Economic disruption avoided with payments breakthrough**

The CBI contributed to securing an extension on the implementation for Strong Customer Authentication (SCA) across card payment systems, helping prevent disruption to e-commerce businesses. The agreed delay will give business more time to prepare and prevent potential losses of millions of pounds in critical sales revenues.

## International Trade

### ✓ **UK business championed on the global stage**

The CBI is the leading organisation shaping the UK's trade policy: ensuring business' priorities are understood and influencing the dynamics of global trade. We've led business delegations to the B7, B20 and the WTO and, following our calls to set up a comprehensive business consultation structure for trade, the government created the Strategic Trade Advisory Group (STAG) and Expert Trade Advisory Groups – which the CBI sits on.

### ✓ **Improving continuity of global trade terms post-Brexit**

To help smooth post-Brexit transitions, we've used our relationships to help the government secure trade continuity with countries such as Switzerland, South Korea, Norway and Chile. The CBI's regional offices have helped to quantify the value of trade between the UK and China, India and the US. After 12 months of CBI lobbying in Geneva, the World Trade Organisation has confirmed the UK can remain within its Government Procurement Agreement after Brexit, allowing firms ongoing access to a combined market worth £1.3 trillion.

### ✓ **New scheme to boost exporting in Scotland**

The Scottish government has launched a new scheme, based on CBI recommendations, to pair existing and aspiring Scottish exporters together as part of a mentoring programme. This will help Scottish business reach new markets and strengthen the nation's exporting power as a whole.



## Regional growth

### ✓ **Improving regional prosperity through local industrial strategies**

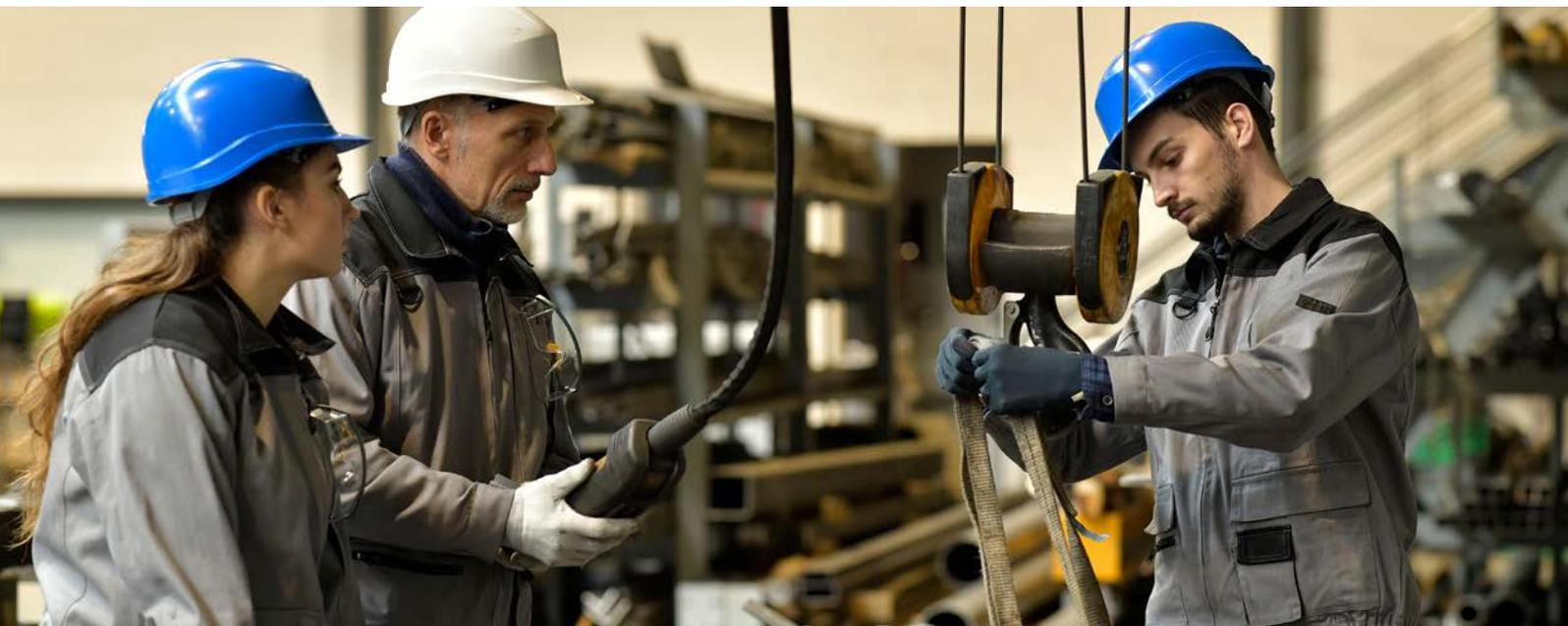
The CBI has long campaigned for the creation of local industrial strategies. We have ensured business is represented in all seven strategies published to date and are actively engaged with 15 in development. Greater Manchester's strategy features an ambitious 2038 net-zero target, and the West Midlands Combined Authority has committed to the UK's first large-scale 5G testbed. The CBI also helped convene Local Enterprise Partnerships (LEPs) like the Oxford-Cambridge Arc: four LEPs developing an economic vision to improve local prosperity.

### ✓ **Strengthening regional voices on critical infrastructure priorities**

The CBI has campaigned for Strategic Transport Boards (STBs) - similar to that used across Greater London - as a way to bridge gaps between local and national government when planning infrastructure. Successes include Transport for the North's new regional strategy and Midlands Connect planning to improve east-west links. These strategies address regional disparities and provide real opportunities for regional businesses to be heard.

### ✓ **Supporting firms in the devolved nations**

The CBI's offices in devolved nations continue to drive change on issues including connectivity: small businesses in Wales can now receive an extra £3000 to access gigabit connections that would otherwise be expensive to build out to rural locations. Other successes include a Scottish digital business support service, and CBI Northern Ireland establishing a way forward with government on supporting digital skills.





## Brexit and EU Negotiations

### ✓ **Averting a no deal cliff edge in March and October 2019**

The CBI has been the most vocal business organisation in the campaign against a disruptive no deal in 2019, consistently taking the latest business insights and evidence to the heart of government. We also used our extensive European networks to exert joint pressure on the EU to compromise and avoid no deal. A third extension of Article 50 has meant the disruptive cliff edge of no deal has been avoided this year.

### ✓ **Preparing the UK business community for no deal**

The CBI is leading the fight in ensuring the UK avoids the worst impacts of no deal. Through tireless work, we have ensured that the government has made good progress on addressing many of the recommendations made in our What Comes Next report, from new grants for the upskilling of staff on customs issues to the automatic issuance of EORI numbers. For businesses, the CBI launched an online hub designed to help firms prepare for no deal. The guidance was pulled together in collaboration with government and members, particularly Trade Associations, to create one place all firms can go to seek help.

### ✓ **Helping secure clarity from government for 3 million EU citizens working in the UK**

The CBI's concerted effort to push government for much-needed clarity on the rights of workers – including the protection of the rights of EU citizens already living and working in the UK prior to no deal – led to the confirmation that employers will be able hire EU workers on the same basis after no deal as they do now and that existing EU workers can remain in the UK. This provides business with certainty, a strong talent pipeline and minimises disruption. Prior to this agreement, EU workers would have needed a visa after 90 days.

## Helping to strengthen and grow your business

### ✓ **Mind the gap**

The CBI helps firms to learn from each other and practically tackle their gender pay gaps. The guide also identifies the true size of the prize to the UK economy: bridging the gender pay gap could boost UK GDP by up to £150 billion by 2025, and could help get up to 840,000 more women into work.

### ✓ **Great job**

UK productivity growth lags 16% behind the G7 - Great job highlights the productivity and shared prosperity benefits of improving business' people practices. We identify common barriers to progress and offer practical guidance on how to overcome them, through stories from businesses that effectively lead, engage and develop their people.

### ✓ **Bigger, faster, stronger**

A guide for large businesses to help fuel their digital transformation journey, including practical insights into how other companies have responded to these challenges and how large firms can successfully embed innovation within their organisation.



# CBI people, stakeholders and diversity

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## CBI Staff Forum Chair update

### What is the CBI Staff Forum?

Established in 2017, the Staff Forum's role at the CBI is to provide *"a genuine and effective vehicle for engaging CBI staff in business decisions and ensuring that a staff voice is represented at senior levels in a direct and unfiltered way."*

This includes direct two-way engagement with Executive Committee at monthly meetings.

The Staff Forum currently consists of 19 employee representatives from across the CBI, with an independent HR representative also attending. Staff Forum members represent constituencies of colleagues across the CBI's offices in the UK and around the world.

The Staff Forum is chaired by a Chair and Vice-Chair. Tim Miller was elected Chair by CBI staff in September 2019, with Alice Elliott, previous chair, moving to Vice-Chair. Tim is a Senior Sector Adviser in the Infrastructure and Energy policy directorate.

### Update from the Staff Forum Chair

The priorities for the Staff Forum are shaped by arising staff feedback and organisational priorities. Over 2019, the CBI Staff Forum has been involved in everything from removing single-use plastic cups from CBI offices to helping match CBI social activities with funding. Over the year the main focus of the staff Forum has been to provide the CBI Executive Committee with a regular and transparent 'pulse check' on CBI staff sentiment with regards to CBI culture, working environment, morale and reaction to business decisions.

This was particularly important during a year where the level of uncertainty related to Brexit and a potential no-deal scenario dominated so much of the work staff were undertaking. It has been encouraging to see the Staff Forum's input listened to and acted upon by the CBI Executive Committee and the CBI's HR team – a great working partnership we look forward to continuing throughout 2020.

**The Staff Forum's work and priorities in 2019 included:**

- Establishing a formal working connection with the Diversity & Inclusion networks to unify and amplify the staff voice on diversity and inclusion issues.
- Providing HR with first-response feedback on the CBI's 'people' policies and practices and inputting into the evolution of the CBI Behaviours framework.
- Supporting Employee Opinion Survey working groups and providing further feedback on EOS findings.
- Inputting into delivering internal CBI events, including the first ever CBI All Staff conference which originated from the Staff Forum.
- Increasing the sustainability and improving the environmental impact of the CBI's offices and working practices.
- Ensuring the policies that the CBI creates on behalf of our membership are also reflected in the way the CBI operates.

**Tim Miller**

CBI Staff Forum Chair

*Elected September 2019*

## Culture and behaviours of the CBI

The long term aims of our Great Teams strategy are to attract, retain and develop great people, enabling the CBI to help businesses create a more prosperous society.

### **We work together to:**

- Attract great talent.
- Reward and recognise great performance.
- Create a diverse and inclusive environment.
- Create opportunities for progression and development.
- Lead and manage effectively.

Throughout 2019 we continued our work on making the CBI a great place to work, particularly focusing on our commitment to diversity and inclusion, empowering and supporting our people to deliver on our strategy.

In 2019 we had 56 new starters join us and continued to reduce our staff turnover rate, with voluntary staff turnover for 2019 at 16%, down from 17% in 2018.

We've continued to embed our CBI Behaviours in the organisation, with the behaviours continuing to underpin all our people processes as well as setting out how we approach our work. We also undertook a review of our behaviours to ensure the language was inclusive and reflected progress made against our strategy; making small adjustments to reflect where we are today.



## The 6 CBI Behaviours



**Agile** – Is proactive and responsive in supporting an agile culture, demonstrating a learning mindset, with a focus on delivering value and adapting to change.



**Collaborative** – Builds rapport and engages, to share knowledge and skills, to build partnerships and achieve results.



**Analytical** – Evidence driven; gathering information, analysing, problem-solving, and making informed decisions.



**Innovative** – Is bold in their thinking and has the energy and tenacity to drive change and improvement and learn from their mistakes; innovating in small steps as well as big leaps.



**Commercial** – Understands our environment and has a commercial and financial mind-set, ensuring all activities deliver added value.



**Takes ownership** – Is accountable, showing pride and passion for what we do and communicates our purpose with clarity.

## How we grow and develop our employees

Throughout the year we continued to focus on leadership and management development and continued the roll out of our CBI Leadership Academy. This consists of a partnership with Ashridge Business School on two comprehensive leadership and management development programmes, and the delivery of our own internal management development programme, Aspire. We also launched an internal mentoring scheme and 35 of our staff are now involved in mentoring relationships focused on developing their skills, behaviours and learning from each other's experiences.

## Continued commitment to the wellbeing of CBI staff

The wellbeing of our staff is paramount and in 2019 The CBI signed the Mental Health at Work Commitment, a commitment to creating an environment where our employees can thrive. Throughout the year we focused on creating an open culture around mental health starting with leadership and cascading throughout the organisation, increasing organisational confidence through management and staff training, and provided tools and support for all staff to access. We also trained nine Mental Health first aiders who are trained to identify signs of mental ill health and support our staff and promote positive mental wellbeing.

## CBI staff networks

The CBI has multiple avenues of staff engagement throughout the business, this includes the below networks set up and lead by CBI staff to discuss issues pertinent to that group, work on projects and activities and represent the interests of that group to the wider business and CBI senior team.

- CBI Staff Forum
- BAME Network
- Women's Network
- LGBT Network
- Families Network

## Diversity and inclusion at the CBI

### Data

We monitor our data closely and each month we review the diversity demographic of our staff and encourage our staff to complete the voluntary equality data. As of 31 December 2019 CBI, had a **headcount of 238** and **FTE of 232** (excluding those who were on maternity leave).

### Employee Demographic

#### Proportion of Men and Women as of December 2019

Male	41%
Female	59%

#### Proportion of BAME and White employees as of December 2019

BAME	18%
White	75%
Undisclosed	7%

#### Proportion of management roles held by BAME and White employees

BAME	10%
White	90%

#### Gender profile of the Executive Committee

Male	50%
Female	50%

## Gender Pay Gap for 2019

Publishing the CBI's gender pay gap allows us to demonstrate our commitment to achieving parity, enabling us to understand our challenges around the gender pay gap and measure our progress against our inclusion action plan.

2019 will be the second year that the CBI will publish its Pay Gap, further demonstrating our commitment to driving progression and representation for diverse groups and reducing our pay gaps. We are committed to making progress and being open and honest about our position.

You can access the CBI pay gap data via the [Government's pay gap service](#)

## Supplier relationships in 2019

The CBI partners with many organisations to support its policy work, our events and other member-facing commercial activities and to support the running of the organisation.

In entering into any partnership or supplier agreement we are always very conscious of the high-profile nature of the CBI. We therefore place a premium on scrutinising and choosing suppliers that provide high-quality products and services and who are also a good fit with the CBI brand. All such arrangements that we enter into are properly documented and managed so that expectations are both agreed and assessed. This is particularly important in the case of sponsorship for our events, which are in the public eye and which are an increasingly important part of our business.

The CBI has a policy of not taking excess credit from its suppliers and has signed up to the Prompt Payment Code. We pay suppliers in accordance with terms and conditions agreed when orders are placed - the default is within 30 days of invoice date. At 31 December 2019 the CBI had 14 days' purchases outstanding (2018: 17 days).

### What we did in 2019

The CBI is committed to acting ethically and with integrity and although our turnover is below the £36m threshold, we have taken steps to ensure that modern slavery is not taking place anywhere in our organisation or within our wider supply chain and are committed to producing a Modern Slavery Statement annually, this was first produced by the CBI in May 2019 and publicly available via our website. We have continued to work closely with our suppliers to our office in Cannon Place to ensure that those providing services to us are paid the London Living Wage.

### What we plan to do in 2020

In May 2020 the CBI will conduct its annual review of its Modern Slavery statement and is committed to ensuring this is kept relevant and effective. Throughout 2020, the CBI plans to roll out a revised code of conduct for suppliers and introduce an updated procurement policy for CBI staff that ensures that the right criteria is being met before we enter into a partnership with a third party.

For more information [click here](#) to see the CBI Modern Slavery Statement

# Corporate social responsibility, sustainability and compliance

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## CBI's corporate social responsibility

The CBI is committed to conducting business in a responsible manner, supporting communities where we operate and working with partners on some of the challenges that we all face. Even as a small, not-for-profit organisation CBI staff have worked with a range of organisations that have made a real difference to people's lives in 2019.

### CBI partnerships in 2019



### Good Business Charter

The CBI is a founding and accredited member of the **Good Business Charter** which was set up to encourage responsible capitalism and good business practices throughout the UK business community. For accreditation with the Charter, the CBI showed commitment across ten areas:

1. Real living wage
2. Fairer hours and contracts
3. Employee well-being
4. Employee representation
5. Diversity and inclusion
6. Environmental responsibility
7. Pay fair tax
8. Commitment to customers
9. Ethical sourcing
10. Prompt payment to suppliers





## **Mencap**

In September 2019, the CBI partnered with Mencap, a UK charity for people with a learning disability. Mencap's Work Experience Programme is aimed at young people aged 19-25 who have a learning disability, a learning difficulty or autism. The CBI ran a scheme with 5 placements across two weeks and the scheme resulted in a placement being offered a paid fixed-term contract within our Events team to support our preparations for the 2019 CBI Annual Conference.



## **Social Mobility Foundation**

The Social Mobility Foundation (SMF) is a charity which aims to make a practical improvement in social mobility for young people in order to provide opportunities, and networks of support for 16-17 year olds who are unable to get them from their schools or families. In the Summer of 2019, the CBI ran a placement scheme for students, in the final evaluation 12 out of the 13 students said that they are likely to apply to opportunities at the CBI in the future.



## **Greggs Foundation – Breakfast Clubs**

The CBI currently supports Greggs Breakfast Clubs in Scotland, the North East and Yorkshire and the Humber regions. In 2019, through local fundraising the CBI funded Breakfast Clubs in 6 schools for 39 weeks of the year which resulted in 58,500 breakfasts in total. This made a real difference to children who might have otherwise not had access to a good meal to set themselves up for the day at school.

## Sustainability, environment and recycling

The CBI has continued to seek to reduce the footprint of its activities where both possible and economically viable. In the past year the recycling facilities in the Cannon Place office have been upgraded and we continue to monitor the extent of recycling for the building as a whole. We have reviewed the amount of food waste to ensure that it is at minimal levels. The use of technology to facilitate remote meetings has been promoted and there has been a reduction in the level of business travel which is at least in part attributable to this. The CBI has also established an employee led Sustainability Working Group which is focussed on looking at how the CBI can reduce emissions from our buildings, events and transport usage.

Data provided to the CBI by the landlords of the offices in which we operate and analysed by Ecometrica show that energy consumption decreased in 2019 on a comparable basis to 2018 due mainly to the continued application of controls on heating and lighting in the Cannon Place offices. Having started to report on the environmental impact of our business travel in 2018, 2019 saw a significant reduction of 32% in Scope 3 emissions. Overall, the total emissions decreased by 19% compared to 2018, from 373 to 301 tonnes of CO<sub>2</sub>e, which represented a decrease in relation to the number of staff (FTE; Full Time Equivalents) of 23%.

In 2020 we aim to widen the scope of reporting further to include the direct and indirect emissions resulting from our events programme.

### Global GHG emissions data for Reporting Year 1<sup>st</sup> January 2019 – 31<sup>st</sup> December 2019

Emissions from:	Tonnes of CO <sub>2</sub> e
Combustion of fuel & operation of facilities (Scope 1)	39
Electricity, heat, steam and cooling purchased for own use (Scope 2)	135
T&D losses from electricity and water cooling (Scope 3)	11
<b>Business travel including flights, hotel stays and rail (Scope 3)</b>	<b>115</b>
<b>Total</b>	<b>301</b>
<b>Intensity metric: tonnes CO<sub>2</sub>e / FTE</b>	<b>1.32</b>

Year on Year Comparison	Tonnes of CO <sub>2</sub> e		Percentage change (%)
	2018	2019	
Emissions from:			
Scope 1	36	39	+9%
Scope 2	150	135	-10%
Scope 3	186	127	-32%
<b>Total</b>	<b>373</b>	<b>301</b>	<b>-19%</b>
<b>Intensity metric: tonnes CO<sub>2</sub>e / FTE</b>	<b>1.71</b>	<b>1.32</b>	<b>-23%</b>

## CBI regulation and compliance

### Scotland Lobbying Act

In 2019, in compliance with the Lobbying (Scotland) Act 2016, the CBI registered 24 counts of regulated lobbying with the Members of the Scottish Parliament, Special Advisers to the Scottish Government or Ministers of the Scottish Government. This data is publicly available via the [Lobbying Register website](#).

### EU Transparency Register

The CBI in 2019 remained registered on the European Union's Transparency Register under the registration number: 73725676990-18. This data is publicly available via the [EU Transparency Register website](#).

### Modern Slavery Act

The CBI is committed to acting ethically and with integrity and we have taken steps to ensure that modern slavery is not taking place anywhere in our organisation or within our wider supply chain and are committed to producing a [Modern Slavery Statement annually](#).

### Anti-bribery policy

The CBI is committed to ensuring its staff act with integrity and honesty and operate a £25 threshold on gifts received by CBI staff where above this threshold they are required to be logged on an internal hospitality register. In 2019 the average 'gift' to CBI staff was around £109 and the bulk of entries in the hospitality register remained small tokens of thank you after a CBI event or project with a member or business dinners to which CBI staff had been invited to attend.

### 2019 General Election compliance

During the 2019 General Election campaign the CBI undertook a rigorous approach to ensuring compliance with the Political Parties, Elections and Referendums Act 2000 and during the "regulated period" set by the Electoral Commission remained under the £20,000 spending threshold for activity deemed "regulated".

# CBI's Corporate Governance

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## Key office holders of the CBI

### CBI President



**John Allan, CBE, President**

Elected CBI President at the Annual General Meeting on 19 June 2018

Re-elected President at the Annual General Meeting on 18 June 2019

<https://www.cbi.org.uk/about-us/our-people/leadership-team/john-allan/>

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### CBI Vice President



**Lord Karan Bilimoria, Vice President**

Elected CBI Vice President at the AGM on 18 June 2019

<https://www.cbi.org.uk/about-us/our-people/leadership-team/lord-karan-bilimoria-cbe-dl/>

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### Director-General



**Dame Carolyn Fairbairn, Director-General**

<https://www.cbi.org.uk/about-us/our-people/leadership-team/dame-carolyn-fairbairn/>

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### CBI Board



**Chair: John Allan, CBE, President**

First attended CBI Board, October 2018

<https://www.cbi.org.uk/about-us/our-people/leadership-team/john-allan/>

### Executive Directors:



**Dame Carolyn Fairbairn, Director-General**

First attended CBI Board, December 2015

<https://www.cbi.org.uk/about-us/our-people/leadership-team/dame-carolyn-fairbairn/>



**Neil Tomkins, Director of Finance and Corporate Services**

First attended CBI Board, December 2017

<https://www.cbi.org.uk/about-us/our-people/leadership-team/neil-tomkins/>

## Non-Executive Directors:



**Anna Marks, Partner, Deloitte LLP\***

First attended CBI Board, June 2018

<https://www.cbi.org.uk/about-us/our-people/cbi-board/anna-marks/>



**Alison McGregor**

First attended CBI Board, December 2017

<https://www.cbi.org.uk/about-us/our-people/cbi-board/alison-mcgregor/>



**David Gavaghan, Managing Director, Aurora Prime Real Estate**

First attended CBI Board, September 2016

<https://www.cbi.org.uk/about-us/our-people/cbi-board/david-gavaghan/>



**Heidi Mottram, CBE, CEO, Northumbrian Water Limited**

First attended CBI Board, December 2014

<https://www.cbi.org.uk/about-us/our-people/cbi-board/heidi-mottram/>



**Lord Karan Bilimoria, Vice President**

First attended CBI Board, October 2019

<https://www.cbi.org.uk/about-us/our-people/leadership-team/lord-karan-bilimoria-cbe-dl/>



**Dame Vivian Hunt, Managing Partner, McKinsey & Company**

First attended CBI Board, June 2019

<https://www.cbi.org.uk/about-us/our-people/cbi-board/dame-vivian-hunt/>

\*Denotes Chair of CBI Audit Committee

## CBI Executive Committee

The CBI Executive Committee is chaired by the Director-General on a weekly basis and is responsible for the day-to-day running of the CBI.



**Dame Carolyn Fairbairn**

Director-General

<https://www.cbi.org.uk/about-us/our-people/leadership-team/dame-carolyn-fairbairn/>



**Henrietta Jowitt**

Deputy Director-General, Commercial

<https://www.cbi.org.uk/about-us/our-people/leadership-team/henrietta-jowitt/>



**Josh Hardie**

Deputy Director-General, Policy & Campaigns

<https://www.cbi.org.uk/about-us/our-people/leadership-team/josh-hardie/>



**Neil Tomkins**

Director of Finance and Corporate Services

<https://www.cbi.org.uk/about-us/our-people/leadership-team/neil-tomkins/>

**Matthew Fell**

Chief UK Policy Director

<https://www.cbi.org.uk/about-us/our-people/leadership-team/matthew-fell/>**Rain Newton-Smith**

Chief Economist

<https://www.cbi.org.uk/about-us/our-people/leadership-team/rain-newton-smith/>

## CBI Chairs' Committee

The CBI Chairs' Committee is comprised of all the Chairs from the CBI's Regional and National Councils and sector based Standing Committees, it is responsible for setting and steering CBI policy on behalf of the CBI Council. The committee meets quarterly and is chaired by the CBI President.

### CBI Regional and National Councils

Full name	Job Title	CBI Member	Council
Adrian Doran	Head of Corporate Banking, Northern Ireland	Barclays Bank Plc	Northern Ireland Council
Alex Vaughan	Chief Executive	Costain Group plc	South East Council
Darren Wilson	Vice President Industrial Minerals, CEO Europe	LKAB Minerals Ltd	East Midlands Council
Donald McGarva	CEO	Amino Technologies PLC	East of England Council
Emily Cox	Group Head of Colleague Relations	Lloyds Banking Group Plc	North East Council
Graham Hutcheon	Group Operations Director	Edrington	Scotland Council
Ian Funnell	Chief Executive Officer	ABB Ltd	North West Council
Isabel Dedring	Global Transport Leader	Arup	London Council
Jacqui Hall	President	CNG	Yorkshire and Humber Council
Susan Davy	Chief Financial Officer	Pennon Group PLC	South West Council
Wayne Harvey	Senior Partner	Deloitte LLP	Wales Council
Jonathan Duck	CEO	Amtico International	West Midlands Council

### CBI Standing Committees

Full name	Job Title	CBI Member	Council
Adrian Gregory	Chief Executive, UK & Ireland	Atos ITServices UK	Public Sector Partners Council
Angela Noon	Chief Financial Officer Siemens	Siemens plc	Economic Growth Board
Harriet Hounsell	HR Director	Marks and Spencers	Employment and Skills Board
Helen Dickinson	Chief Executive	British Retail Consortium	Trade Association Council
James Wates	Chairman	Wates Group Ltd	Construction Council
Janine Juggins	EVP Global Tax	Unilever plc	Taxation Committee
Joanne Smith	Chief Executive Officer	TCC Group	SME Council
Karen Betts	Chief Executive	Scotch Whisky Association	International Trade and Investment Council
Lizi Hills	Strategic Finance Director	Burger King UK	Under 35
Olivia Knight	Founder	Patchwork	Sharing Economy UK
Peter Mather	Group Regional Vice President - Europe & Head of Country - UK	BP International Ltd	Energy and Climate Change Board
Stephen Paine	Managing Director, Global Head of Infrastructure	Deutsche Bank AG London	Infrastructure Board
Stephen Warwick	Vice President	IBM	Innovation Council
Steve Hatch	Regional Director: Northern Europe	Facebook	Tech Group
Sue Douthwaite	Small and Medium Business Director	CYBG plc	Financial Services Council
Tom Crotty	Group Director	INEOS Holdings Ltd	Manufacturing Council

## CBI Board

### Purpose of the CBI Board

The CBI Board is chaired by the President and is constituted as a standing committee, with delegated authority of both the Council and the previous Finance & General Purposes Committee. It is responsible for all matters other than those specified for the Chairs' Committee and those retained by the CBI Council. The Board is the ultimate decision taking body on all operational, financial, strategic and corporate governance aspects of the CBI. It is supported by an Audit Committee and Remunerations Committee.

### **Responsibility of the CBI Board**

- CBI business plan (strategy, long term viability and resourcing).
- Signing off the annual budget and annual accounts of the CBI.
- Responsible for corporate governance of the CBI.
- Review of the CBI's risk and control processes.
- Approval of the overall levels of insurance for the CBI.
- Major changes to the benefits or funding of the CBI pension plans.
- Changes to the basis of funding to the CBI exceeding 10% of income.
- Transactions with single or annual impact exceeding £1m.
- Re-organisation affecting more than 10% of the staff.
- Receive updates from and ensure effectiveness of the CBI Audit Committee and Remuneration Committee.

### **Membership of the CBI Board**

Membership of the CBI Board must include the Director-General, and the Director of Finance and Corporate Services. There must be a majority of Non-Executive Directors at all times. The term of appointment for Non-Executive Directors is for an initial 3 years, with the option of a further 3-year extension. Appointments to the position are made by the CBI President and is subject to member approval at the CBI Annual General Meeting.

One third of the CBI Board retire by rotation at each annual general meeting. This requirement is applied separately to the executive and Non-Executive Directors. There is no maximum number of terms of office but in practice the intention is to permit Non-Executive Directors up to two terms of 3 years each.

### ***Points to note on membership of the CBI Board in 2019***

- On 25 March 2019, Vindi Banga, with agreement from John Allan, CBI President, stood down from the CBI Board as a Non-Executive Director due to increased time restraints on his existing roles.
- On 10 June, Paul Drechsler attended his final Board meeting as a Non-Executive Director, having completed two, three-year terms and having served as CBI President and Vice President.
- Lord Karan Bilimoria joined the CBI Board in a Non-Executive capacity having been elected CBI Vice President at the CBI Annual General Meeting on 18 June 2019.
- Dame Vivian Hunt attended her first Board meeting on 10 June 2019 and was formally elected to the CBI Board at the CBI Annual General meeting on 18 June 2019.



### **Roles and responsibilities of a Non-Executive Director**

In line with the UK Corporate Governance Code, Non-Executive Directors of the CBI Board provide constructive challenge, help monitor and manage corporate wide risk and provide guidance on CBI strategy. This includes:

- Scrutiny of management's performance in meeting agreed goals and objectives and the monitoring of performance.
- Satisfying themselves on the integrity of financial information and that controls and risk management systems are robust and defensible.
- Providing challenge and guidance on the CBI's business plan, strategy and budget.
- Demonstrating behaviours conducive to effective decision making by the collective Board.

### **Induction for Non-Executive Directors**

The CBI runs a formal induction process for new or incoming members of the Board. This is customised depending on the needs and knowledge of the incoming Board members and their previous involvement or experience with the CBI. In 2019, this induction process was used for Lord Karan Bilimoria and Dame Vivian Hunt.

### **Succession planning for the Chair of the CBI Board**

The CBI President in their role Chairs the CBI Board, CBI Chairs Committee and CBI President's Committee. To ensure effective succession planning, the CBI Vice President typically serves one year before standing for election at the Annual General Meeting to be CBI President and the outgoing President stands for election to become to the CBI Vice President.

In 2019, the CBI partnered with Russell Reynolds Associates to conduct a search for the next Vice President of the CBI which resulted in a selection process led by John Allan, CBI President. Lord Karan Bilimoria was the successful candidate from this process and after being ratified by the CBI Board and Chairs' Committee was elected Vice President of the CBI by CBI members at the Annual General Meeting in June 2019.

## CBI Board attendance for 2019

	Q1 18 Mar 2019	Q2 10 Jun 2019	Q3 7 Oct 2019	Q4 9 Dec 2019
<b>Non-Executive Director</b>				
Chair: John Allan	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Alison McGregor	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Anna Marks	ATTENDED	ATTENDED	ATTENDED	ATTENDED
David Gavaghan	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Heidi Mottram	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Lord Karan Bilimoria	N/A	N/A	ATTENDED	ATTENDED
Paul Drechsler	ATTENDED	ATTENDED	N/A	N/A
Vindi Banga	ATTENDED	N/A	N/A	N/A
Vivian Hunt	N/A	ATTENDED	APOLOGY	APOLOGY
<b>Executive Director</b>				
Dame Carolyn Fairbairn	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Neil Tomkins	ATTENDED	ATTENDED	ATTENDED	ATTENDED

\*N/A denotes the individual had either not yet joined the CBI Board or had stepped down from their Board position so were not required to attend the meeting.

## Overview of key items discussed in 2019

Quarter	Main items for discussion
	<p><b>Standing items for each Board meeting in 2019:</b></p> <ul style="list-style-type: none"> <li>Minutes of the previous meeting.</li> <li>Update on recent CBI work and activity by the Director-General.</li> <li>Update on the CBI finances and quarterly performance by the Director of Finance and Corporate Services and Chair of Audit Committee.</li> </ul>
Q1	<ul style="list-style-type: none"> <li>The Board received an update on the 2018 Annual Report and reviewed the draft content and timelines for approval.</li> <li>The Finance and Corporate Services Director presented an update on the CBI Great Teams project which looked at the various initiatives led by the HR team on employee engagement, the historic trend of the Employee Opinion Surveys and what the project had prioritised for 2019.</li> <li>The Deputy Director-General for Policy and Campaigns led a discussion with the Board on Brexit and the CBI's offer and support for members.</li> </ul>
Q2	<ul style="list-style-type: none"> <li>The CBI Board approved the 2018 Annual Report and Accounts.</li> <li>The CBI Deputy Director-General for Commercial presented a paper to the CBI Board that looked at the CBI's income trends and wider sales process for attracting and recruiting new members.</li> </ul>
Q3	<ul style="list-style-type: none"> <li>Following a discussion at the previous session of the CBI Audit Committee, the Board reviewed and discussed the CBI's approach to risk management and the updated CBI risk register.</li> <li>The Deputy Director-General for Commercial sought feedback from the Board on the CBI's Commercial strategy which would be discussed in greater depth at the Q4 Board meeting.</li> <li>Deputy Director-General for Policy and Campaigns briefly talked the Board through the re-launched CBI Everyone's Business campaign which looked at UK business reputation.</li> </ul>
Q4	<ul style="list-style-type: none"> <li>The Director-General and Finance and Corporate Services Director presented the CBI Budget for 2020 which was agreed by the CBI Board.</li> <li>The Deputy Director-General for Commercial led a discussion around alternative income streams to support the CBI's revenue growth and current strategies for growing and diversifying the CBI's membership profile.</li> </ul>

## CBI Audit Committee

### Purpose of the CBI Audit Committee

The CBI Audit Committee is a key sub-committee of the CBI Board. It is chaired by a Non-Executive Director of the CBI Board who works closely with the CBI Director of Finance and Corporate Services. The Audit Committee plays a primary role in signing off the CBI accounts and is responsible for risk and compliance.

### Responsibilities of the Audit Committee

- The integrity of the financial statements of the CBI.
- The corporate accounting and financial reporting process.
- Systems for identification and management of risk and internal controls at the CBI.
- External audit and internal audit (or other arrangements as appropriate).
- Compliance with laws, regulations and ethical codes of practice.
- Ensuring the long-term viability of the business by providing constructive challenge and review of the CBI's strategic and financial plans.

### Membership of the Audit Committee

Membership of the CBI Audit Committee is comprised of the CBI Director of Finance and Corporate Services in an executive capacity and three Non-Executive Directors from the CBI Board. Appointments of both members of the committee and its Chair are made by the CBI President with each appointment being notified to and ratified by the CBI Board. Representatives from the CBI auditors (Buzacott LLP) attend each Audit Committee meeting. Anna Marks was appointed chair of the CBI Audit Committee in April 2018.

### External Auditors of the CBI

The Audit Committee is responsible for recommending a firm of auditors of appropriate independence and experience and for the approval of all audit fees and terms of engagement. Auditors of the CBI are approved via a vote at the Annual General Meeting and held under review by the CBI Audit Committee (currently Buzacott LLP).

The Audit Committee monitors regularly the non-audit services being provided to the CBI by its external auditors. The Audit Committee follows the guidelines set out in the Auditing Practices Board Ethical Standards issued in December 2011 in monitoring the non-audit services being provided to the CBI by its external auditors

The Audit Committee's policy is to undertake a formal assessment of the auditors' objectivity and independence each year which includes:

- Review, and agreement, of non-audit services provided to the CBI and related fees.
- Review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit.
- Obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

### CBI auditor rotation

A review of the CBI auditors and the CBI approach to auditor rotation was conducted at the Audit Committee on 26 September 2019. It was agreed the CBI will, in following best practice in audit firm rotation, offer a tender for the position of auditors of the CBI every 10 years with a mandatory 20-year limit on the CBI auditors being in post. The CBI will also request a change in Partner from the auditor every 5 years. This process will begin from the end of the next audit Partner rotation in 2025.

### CBI Audit Committee attendance in 2019

	Q2 30 Apr 2019	Q3 26 Sep 2019	Q4 3 Dec 2019
<b>Non-Executive Director</b>			
Chair: Anna Marks	ATTENDED	ATTENDED	ATTENDED
David Gavaghan	ATTENDED	APOLOGY	ATTENDED
Heidi Mottram	ATTENDED	ATTENDED	ATTENDED
<b>Executive Director</b>			
Neil Tomkins	ATTENDED	ATTENDED	ATTENDED



## Overview of key items discussed in 2019

Quarter	Main items for discussion
	<p><b>Standing items for each Board meeting in 2019:</b></p> <ul style="list-style-type: none"> <li>• Minutes of the previous meeting.</li> <li>• Update from the Director of Finance and Corporate Services on the income, expenditure and the operating result for the previous quarter.</li> <li>• An update from the CBI auditors, Buzzacott LLP.</li> <li>• Meeting between the Non-Executive Directors without CBI employees present.</li> </ul>
Q2	<ul style="list-style-type: none"> <li>• Review and approval of the CBI's Annual Report and Accounts for 2018.</li> <li>• Buzzacott LLP post audit report.</li> <li>• Discussion around the CBI's approach to reducing modern slavery in its supply chain and review and approval the CBI's 2019 Modern Slavery Statement.</li> <li>• Discussion on the CBI's membership profile and segmentation.</li> </ul>
Q3	<ul style="list-style-type: none"> <li>• Buzzacott presented a report on the CBI's internal control processes.</li> <li>• Discussion of the CBI risk management process and updated risk register.</li> <li>• Review of the CBI auditors and approach to audit rotation</li> </ul>
Q4	<ul style="list-style-type: none"> <li>• Discussion around the proposed CBI Budget for 2020 ahead of the Board item.</li> <li>• Review of the CBI's cash investment options within regard to its cash reserves.</li> <li>• Feedback from a full review of the CBI's approach to compliance with the revised Corporate Governance code.</li> <li>• Buzzacott outlined the approach to its audit strategy in 2020.</li> </ul>

## CBI Remuneration Committee

CBI's Remuneration Committee (RemCo) consists of two non-executive members of the CBI Board. In 2019 this was John Allan as President and Heidi Mottram. The CBI Director General and Director of Finance and Corporate Services are also invited to attend meetings. The RemCo has one standing meeting a year, usually in February, to approve Executive Committee salaries after the annual performance reviews finish in January of each year and before the annual salary increments are implemented for the coming year (in March). Other meetings take place as and when required.

### Responsibility of the Remuneration Committee

- Approving the salaries and bonuses of Executive Committee members as proposed by the Director General.
- Reviewing and confirming the Director General's salary, bonus and non-standard benefits.
- Approving new appointments to the Executive Committee.
- All other remuneration matters will be raised and discussed via the CBI Board unless specifically delegated to the Remco by the Board itself.

## CBI Remuneration Committee meetings in 2019

	20 Feb 2019	18 Mar 2019
<b>Non-Executive Director</b>		
Heidi Mottram	ATTENDED	ATTENDED
John Allan	ATTENDED	ATTENDED
<b>Executive Director</b>		
Dame Carolyn Fairbairn	APOLOGY	ATTENDED
Neil Tomkins	ATTENDED	ATTENDED

## Overview of key items discussed in 2019

The February meeting discussed and confirmed the proposal of the salary increases for 2019 and bonuses for 2018 for Executive Committee members and for the Director General. Everyone at the CBI, including the Director General and other senior managers, are subject to the same performance review process and the same scale of annual salary increases depending on individual performance grades. A flat bonus payment for 2018 of £500 was approved for all eligible staff, including the Director General and Executive Committee members and paid in March 2019.

The March 2019 meeting discussed and confirmed the bonus criteria for the whole CBI for 2019. The only bonus payable is a fixed amount that is paid equally to all eligible staff dependent upon the CBI's overall performance. There is no separate bonus scheme for senior management.

## CEO pay ratios

Although not required to do so, the CBI is following best practice for quoted companies of more than 250 employees and reporting the pay ratios for the Director General.

Year	Method	28th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option B	12:1	9:1	7:1

Option B (using the rank of employees based on the latest gender pay gap data) has been used to identify the "best equivalent" representatives of the 25th, 50th, 75th percentiles of company remuneration in the year. The gender pay gap data is based on pay in April 2019 and there are no standard salary increases or changes to benefits after that date in the year. Furthermore, there was no variable remuneration, such as bonuses.

The salaries and allowances of the 25th, 50th and 75th percentiles have been increased to take into account pension and medical insurance benefits that individuals receive although paid by the employer. This gives a more relevant comparison with the Director General's Single Total Figure of Remuneration.

## CBI Council overview

### Our mandate comes from our members who have a direct say in what we do and how we do it

The CBI Council is the main governance body of the CBI and is made up of all the CBI Councils and Standing Committees comprised of over 1,000 council and committee representatives from over 700 CBI member companies. The chair of each Standing Committee and Regional and National Council sit on the CBI's Chairs' Committee which is ultimately responsible for setting and steering CBI policy positions. Each quarter we engage these councils and committees on our work for either a steer, for information or for sign off and this is supported by wider member engagement from other committees, working groups, events and member meetings.

Regional and National Council members are elected to a term of office by the CBI's regional membership base. Standing committee members are invited to join based on their sector experience and technical expertise. To represent wider member views, we also use surveys, working groups, 1-2-1 meetings and member roundtable events. Our policy experts and account managers stay in regular contact with our members to consult on priorities. This is a rigorous and continuous process aimed at achieving a strong member mandate. Members may have different views and a key role for the CBI is to find consensus so that we can present governments and stakeholders with viable, evidence backed solutions with broad based support.

In 2019 all our Regional and National Council members received key political and economic intelligence from the CBI, networked with other senior business leaders on their Council and discussed bespoke issues relevant to that Council. Throughout the year each Council consulted one key topic for that quarter which were:

**Q1 2019:** The CBI's approach to the negotiation of the future UK-EU relationship.

**Q2 2019:** Improving young people's chances of employment by boosting education-business engagement.

**Q3 2019:** The role of business in tackling climate change and improving UK sustainability.

**Q4 2019:** Equipping the UK to win – input into the CBI campaign to put UK competitiveness back centre stage.



### **CBI Chairs' Committee is ultimately responsible for setting and steering CBI policy**

The Chairs' Committee is the CBI's most senior policy standing committee and is ultimately responsible for the CBI's mandate and setting, steering and signing off key CBI policy positions. The committee holds a seat for all of the chairs of our Regional and National Councils and subject-based Standing Committees and plays a key role in settling and steering CBI policy. The CBI Director General and entire executive team join each meeting and it is chaired by the CBI President on a quarterly basis.

### **CBI Board takes ownership of operational, strategic and financial decisions**

The CBI Board is responsible for strategic and financial decisions at the CBI including the CBI business plan, strategy and long-term viability, signing off the annual budget and yearly accounts and reviewing risk and control process at the CBI. It is comprised of several Non-Executive Directors, the Director General, the Finance Director and is chaired by the CBI President on a quarterly basis. The Board is assisted by an Audit Committee and a Remuneration Committee comprising of CBI Non-Executive Directors. Day to day management of the CBI is in the hands of the Director-General supported by an Executive Committee.

### **CBI President's Committee acts as an advisory body to the CBI President**

The President's Committee is one the CBI's most senior committees, comprising of business leaders, Chairs and CEOs drawn from the UK's leading companies. The committee acts as an advisory body and its purpose is to advise the President and CBI senior team on all issues of national importance. The committee heard from a range of speakers in 2019 including Rt. Hon. John McDonnell, Rt. Hon. Liz Truss and Rt. Hon. Andrea Leadsom. The meeting is chaired by the CBI President and is attended by the CBI Director General and entire CBI executive team.

## CBI Council structure



## CBI Council in numbers

1120

Committee and Council representatives

745

CBI member companies represented on the CBI council

12

Regional and National Councils across the whole UK

16

Sector and policy based Standing Committees

32%

Women represented on the CBI Council

80%+

Portion of the CBI Council from non FTSE 350 businesses



## The UK Corporate Governance Code

Although the CBI is not a publicly listed company it does where appropriate try to meet the principles of the UK Corporate Governance Code (the Code) on a comply or explain basis.

At the CBI Audit Committee on 26 September 2019, the committee discussed the CBI's compliance with the revised Code and asked that the CBI to conduct a full assessment and review of its compliance. The results of this review were presented back to the Audit Committee and the CBI auditors on 03 December 2019.

For 2020, following on from the review, the Audit Committee asked the CBI to offer an end of year annual self-assessment to the CBI Board. The committee also requested the CBI develop a Non-Executive Director specification for upcoming positions on the Board that identified what skills were needed for the Board and to recruit to that specification.

The CBI Board does not currently have a senior non-executive director, after review and with agreement from the CBI Audit Committee, given the size and nature of the CBI it was felt that the CBI President could and does fulfil this role.

The CBI Board (while supported by an Audit Committee and Remuneration Committee) does not have a designated Nomination Committee. Given the size of the CBI, a Nomination Committee is not considered necessary, this position was reviewed as part of the 2019 Corporate Governance Code audit conducted in 2019.

The CBI Board does not currently evaluate the performance of CBI Directors, the CBI Director-General is evaluated annually by the CBI President and all other directors of the CBI are evaluated by their manager in line with the CBI annual evaluation process.

A full minute of each CBI Board meeting is kept on record and made available to the Board before the following meeting. The Board minutes are also made available annually to the CBI auditors.

The CBI operate a Whistleblowing Policy which I kept under review by the CBI Audit Committee. The current policy allows for any member of CBI staff to make an anonymous protected disclosure to the Director of HR or the CBI Director-General. Where the employee believes that the issue is particularly sensitive and it would not be appropriate to raise it to either of these people, then the disclosure can be made to the Chair of the CBI Audit committee.

Non-executives may take independent professional advice on an issue if thought necessary.

The terms and conditions of appointment of Non-Executives to the CBI Board have been made available for inspection on request.

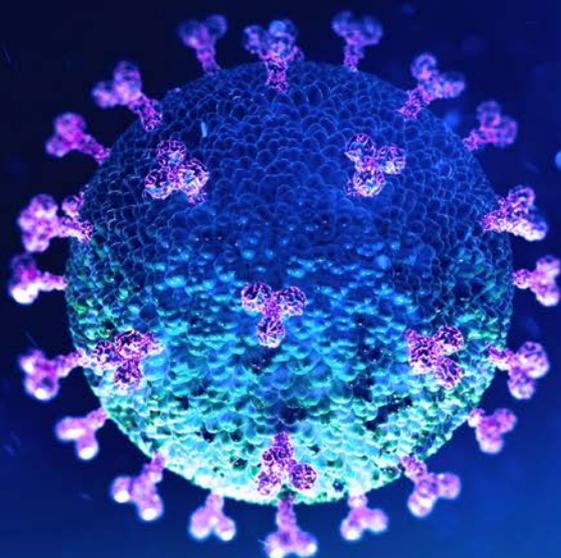
The Code sets out criteria for independence. Non-executive members of the CBI Board are required to advise the CBI if they do not meet the criteria and the CBI maintains a register of interests on non-executives. This is updated annually around April of each year and made available to the CBI auditors.

Given the nature of the CBI as a membership organisation, all Non-Executive members of the CBI Board have prior involvement with CBI activity through their employers being members of the CBI and through activity such as being part of CBI Council. Prior CBI involvement is reviewed during the recruitment process for Non-Executive Directors for the CBI Board.

## CBI response to COVID-19

As COVID-19 escalated in the UK, the CBI has been responding to ensure that we are prepared to support staff, members and the economy throughout the outbreak in a way that is consistent with our values and purpose. While the first quarter of 2020 has brought some real challenges to the CBI, the business community and to the country as a whole, it has also shown the CBI's resilience, agility and importance of its core mission of working on behalf of the UK business community for the prosperity of all.

At such a vital time for the CBI and wider business community, in April 2020 it was agreed between the CBI President, Director General and CBI Board that the CBI's Director-General, Carolyn Fairbairn's term would be extended from September until 31 December 2020.





### **Mobilising internally to meet the challenge**

To ensure business continuity and staff safety, the CBI adapted to a working from home policy in March 2020. The nature of the CBI's work makes this a possibility across all our offices in the UK and globally. Internally, the CBI mobilised into three initial working groups, each led by a member of the CBI Executive Committee to ensure the CBI was ready to face the challenges of coronavirus, these groups were based on International Operations, Information Sharing and Problem Solving.

### **Engaging and supporting members and the business community**

The CBI has adapted to the coronavirus by looking at how we deliver events, committees and conferences in a more digital manner. This saw the establishment of CBI virtual rooms that has engaged members every week within regions and functional areas. The CBI convened a meeting of the CBI Council with every Regional and National Council and Standing Committee being consulted on the CBI's approach to our support for members and policy output around coronavirus.

During March 2020, the CBI built and launched a new Coronavirus Hub to host our guidance, insight, podcasts and daily webinars that over 30,000 people have tuned in for, there was over 138,000 visits to the CBI website in March demonstrating its quality, value and impact. The CBI also established a dedicated mailbox and support team on coronavirus which managed over 2,500 emails from the UK business community sharing their insight, asking questions or looking for support from the CBI. The CBI also continued to produce market leading economic analysis that analyzed global impact, market volatility and economic forecast and intelligence for businesses to use.

### **Working closely with the Government on solutions to support the economy**

As Covid-19 unfolded the CBI has been working closely with the government, opposition, other business organisations and trade unions on the design of schemes and ensuring that the voice of business is represented at the heart of government. The CBI has been in regular contact with the Chancellor and the Secretary of State for Business and daily contact at a working level with the Treasury and BEIS. In March alone the CBI had 18 meetings with the Treasury, 21 with BEIS and 5 with No10.

Thanks to feedback from business the CBI has been able to provide insight directly to government and offer policy solutions to protect life and livelihoods as well as laying the foundations for economic renewal once the crisis is over. The CBI has been instrumental in helping shape some of the schemes benefiting business, such as the Job Retention Scheme (JRS) and Coronavirus Business Interruption Loan Scheme (CBILS).

# Operational and Financial Report

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## Financial performance in 2019

### Income

The CBI's total income in 2019 was £25.5m, level with that of the previous year. A small net growth in membership subscriptions of £0.2m was off-set by a decrease in commercial and other income of the same amount.

- **Membership Income** for 2019 was £22.0m, up by £0.2m (1%) from 2018. The environment of political uncertainty that existed throughout the majority of the year made membership conditions very challenging. As a result, recruitment was relatively low and resignations were relatively high. Nevertheless, price rises compensated for this to ensure that there was net growth in membership revenue over the course of the year.
- **Commercial Income** is derived from our events (sponsorship and delegate fees), our surveys and our leadership programmes. Overall commercial income decreased by £0.2m to £3.2m in 2019. The decline is attributed to the cancellation of the Chinese New Year dinner and also to the move to having the quarterly Leaders' Dinners as hosted events (where there is no sponsorship income but the host picks up the associated costs). This helped commercial expenditure to fall by £0.1m and hence the net contribution from commercial activities was only marginally below that of the previous year at £1.7m.

### Expenditure

Total expenditure for the year was £24.8m. Excluding the commercial expenditure which varies directly with the level of commercial income, expenditure grew by £0.7m (3%) compared to the previous year.

The main factor behind the increase in costs was payroll and related pension costs (up by £1.0m on 2018) reflecting the impact of the annual salary increase and an increased headcount. Other costs generated a net decrease year-on-year, nevertheless there was a notable increase in promotional costs as a result of the launch, and continued development of, the new CBI website and member portal, MyCBI.

The key drivers of expenditure savings were in other staff costs (£0.2m lower due largely to recruitment costs), project costs (reported in 2019 within the relevant area – mostly promotional activities) and past pension service costs (a one-off cost in 2018 to provide for guaranteed minimum pension equalisation on the CBI defined benefit scheme). There was also a significant reduction (£0.3m) in the finance charges as a result of lower foreign exchange losses and lower interest charges recognised as a result of the defined pension's net surplus position.

## Operating Surplus

As a result of expenditure increasing by more than income, the Operating Result before Tax reduced compared with 2018. However, it remained comfortably above break-even at £0.7m.

## Capital Expenditure

In 2019 the CBI continued its commitment to invest in IT hardware and in its office infrastructure. The main IT investment was in the website/member portal project and in video conferencing facilities. There were also a series of improvements to the offices at Cannon Place. The total capital spend for 2019 was £0.4m, in line with 2018.

## Cash

Cash and short-term deposits at the year-end were £8.3m compared to £8.4m at the end of 2018. The cash position had been ahead of 2018 throughout the year but dipped below in December due to the decision to delay invoicing of January 2020 subscriptions until after the Annual Conference in November. This led to a lower level of pre-payments by the year-end but cash levels responded very positively in January. The underlying cash position therefore strengthened during 2019.

The CBI has continued with its cash investment strategy in 2019 having set up various short-term deposit accounts managed by Schroders and Close Brothers. At the end of 2019 £3.1m of the £8.3m was placed on deposit, an increase of £0.5m on 2018.

## Financial Position

At the end of 2019 the reduction in deferred income and other creditors helped reduce the net current liabilities position to £2.6m from £2.9m at the end of 2018.

The value of fixed assets of £2.3m and the pension asset of £6.3m meant that the reserves position continued to be healthy at £6.3m.

## Pension plan

The Plan's accounting surplus at the end of 2018 was £6.8m on a FRS102 basis. During the course of 2019, the CBI made cash contributions to its defined benefit pension plan of £0.6m. Nevertheless, total liabilities increased by more than total assets (due to reasons set out in note 14 to the accounts) which slightly reduced the surplus to £6.3m at the end of 2019.

The surplus has been recognised on the statement of financial position in accordance with FRS102 requirements.

## Going concern & risk management

The accounts have been drawn up on a going concern basis (see Note 1 b), Accounting Policies).

### Viability Statement

The long-term viability of the CBI depends on our ability to continue to grow membership revenue and to develop alternative, but complementary, income streams, underpinned by maintaining healthy cash reserves.

The budget for 2020 was approved by the Board as part of an outline rolling three-year plan to the end of 2022.

Progress against the budget and plan targets are reviewed on a regular basis by the Executive Committee and at least annually by the CBI Board. The plans are assessed in the context of the risks and opportunities facing the CBI. The principal risks taken into account (as set out in more detail in the Risk section below) are:

1. Weak economic growth/recession (accentuated by the impact of the coronavirus crisis)
2. Impact of a No Deal Brexit
3. Breakdown of relationship with Government
4. Failure to expand the membership base
5. Failure to drive growth of non-membership income
6. Possible disruption during the upcoming transition to a new Director General
7. Serious errors of judgement in policy output
8. Failure to uphold CBI values
9. Effects of a cyberattack/information breach

The effect of the coronavirus on the nature of these risks has been considered as indicated in the Risk section below.

The impact of the crystallisation of these risks would be seen in terms of reduced revenue. Sensitivity analysis has been undertaken to assess the likely degree of reductions in revenue and to also identify the mitigating actions that could be taken to adjust the wider cost base of the CBI. The CBI is considered viable if the model demonstrates that cost savings could return the organisation to at least break-even and that a sufficient cash balance can be maintained.

On the basis of the three-year plan and an assessment of principal risks, their possible impact and the mitigation that would be undertaken, the Board has a reasonable expectation that the CBI will be able to continue in operation and meet its liabilities as they fall due over the period to December 2022.

Risk	Mitigation
<b>External</b>	
Weak economic growth/recession impacts members' budgets causing resignations and making new recruitment more difficult.	Membership is best maintained by ensuring that, via the internal governance processes, the policy agenda is focused on solutions that matter most to members. More emphasis can be made on the value of membership and the inherent ROI.
No Deal Brexit causes heightened uncertainty for members and changes their potential needs from the CBI, particularly from the devolved nations.	No Deal planning has been undertaken to envisage the impact on the CBI. There are no supply chain or revenue streams that will immediately be put at risk by No Deal, but the CBI will need to adjust the nature of its offer to members and financing has been identified to fund this.
Breakdown of relationship with Government due to loss of relevance or trust	The CBI ensures that it has a strong policy pipeline and a diverse and engaged membership base to remain the 'go to' business organisation for the government. Engagement remains strong across Government departments on all the major business portfolios.
<b>Strategic</b>	
Failure to expand the membership base further means that it is harder to drive income and to maintain the strength of the CBI mandate and policy ideas.	Separate teams are in place to focus on account management (by region and sector) and new recruitment. The membership proposition is varied to appeal to different types of businesses and 2019 saw a review for SMEs with a new associate membership level.
Failure to meet commercial (non-membership) revenue targets and lack of diversification of income streams has a short-term impact on profitability and leaves the CBI over-reliant on membership income in the long term.	The Commercial team has been restructured and new plans are in place to grow the non-membership income streams. This applies both to those areas where we have traditionally generated income (such as sponsorship of events) and to new areas for the CBI.
The transition to a new Director General results in prolonged uncertainty for staff and disruption of key external relationships.	The DG transition happens every five years so is a common occurrence and any impact is likely to be short-term. The CBI ensures that it has multi-level engagement with key members and stakeholders.

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## Operational

<p>Serious errors of judgement in policy output could undermine the CBI's credibility in the eyes of stakeholders.</p>	<p>Well-established processes are in place to check policy content for factual accuracy and to ensure, via the committee and council structure, that it is backed by a member mandate.</p>
<p>CBI itself fails to uphold its values which compromises the brand and undermines its credibility.</p>	<p>The internal governance process within the CBI is well established and overseen by a manager with specific responsibility. The CBI has a set of agreed behaviours that provide the framework for how the organisation acts and forms part of each individual's annual assessment.</p>
<p>Cyber attack against the CBI systems or leakage by individuals (voluntary or involuntary) leads to confidential information being made public and/or regulations being breached.</p>	<p>Phishing tests are carried out by a third party on a regular basis to maintain staff awareness of IT security issues. This is followed up by internal communications campaigns. Technical penetration testing is also carried out on a periodic basis. The CBI systems are constantly updated to optimise cyber security, including strong passwords and 2FA (two-factor authentication) being rolled out in 2020.</p>

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## Risk

The Board has overall accountability for ensuring that risk is effectively managed and, on behalf of the Board, the Audit Committee reviews the effectiveness of the CBI's risk process.

Each business area is responsible for identifying, assessing and managing the risks in their respective area annually. In addition, we performed a top-down risk identification review during 2019. Risks are measured against a defined set of criteria, considering likelihood of occurrence and potential impact to the CBI.

This information is combined to form a consolidated view of risk. The top risks (based on likelihood and impact) form our Risk Profile, which is reported to the Executive Committee for review and challenge, ahead of final review and approval by the Board.

To ensure that our risk process drives continuous improvement across the business, the CBI Executive Committee and Audit Committee regularly monitor the ongoing status and progress of key action plans against key risks.

We continue to drive improvements to our risk management process and the quality of risk information generated, whilst at the same time maintaining a simple and practical approach.

The objective of our risk management approach is to identify and assess all significant risks to the achievement of our strategic objectives.

At the annual risk review in October 2019, the below risks and mitigations were approved by the Board. The review took place before the onset of coronavirus. The coronavirus effect to date has been one of business disruption (CBI offices closed and events cancelled) but the CBI's work and the fulfilment of its objectives has continued.

In the short term, the main impact of coronavirus is on the CBI's events and hence on commercial income which is included as the second of the strategic risks stated below. Steps are being taken to reschedule events where possible and to convert to digital delivery to preserve revenue streams. Commercial income accounted for 12% of total income in 2019.

The longer-term impact of the coronavirus crisis will come from the economic consequences for CBI members and potential members. As such, this is covered by the first risk in the table below. The CBI's focus has turned to the response to coronavirus and the recovery from the crisis; issues on which members and non-members are extremely interested in engaging with the CBI.

In the event that membership or commercial income declines, cost saving measures can be put in place to protect profitability.

## Internal controls & financial reporting

The CBI Board is ultimately responsible for the CBI's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The Audit Committee has reviewed the ongoing process for identifying, evaluating and managing the risks faced by the CBI, and this process will be regularly reviewed by the CBI Board on the basis of the Audit Committee's own review. The CBI continues to review and improve the effectiveness of its system of financial and non-financial controls, including operational and compliance controls, risk management and the high-level internal control arrangements. During 2019 and at the request of the CBI, the CBI's auditors produced a report that summarised the control environment as noted during the annual audits. There were no significant concerns arising from the report but, nevertheless, steps were taken to further improve controls over payroll.

The CBI's key internal control procedures include the following:

- Authority to operate the regional and overseas offices and projects within the CBI is delegated to their respective managers within limits set by the Director-General and the Director of Finance and Corporate Services under the overall supervision of the CBI Board. The appointment of managers to most senior positions within the CBI requires the approval of the Director-General.
- Systems and procedures are embedded in the CBI at both corporate and directorate level to identify, control and report on the major risks including credit, liquidity, operational error and fraud. Exposure to these risks is monitored by management and by the CBI Board as a whole and the CBI Board is responsible for determining the appropriate strategy to manage those risks.

- Annual financial plans are prepared and are reviewed and approved by the CBI Board. Results are monitored regularly. Reports on progress compared with the plans and budgets are prepared each month. All expenditure, including capital expenditure, is regulated by a budgetary process and an authorisation system.
- The CBI Board monitors compliance with policies and standards and the effectiveness of internal control structures across the CBI. This is augmented by the Director-General's reports to the CBI Board on significant changes in the business or external environment that affect significant risks.
- The Audit Committee considers the controls which are in force and any perceived gaps in the control environment. The Audit Committee also considers and determines relevant action in respect of any control issues raised by the external auditors.

The CBI Board keeps the effectiveness of this system of control under review. The key processes used by the CBI Board in carrying out its reviews of the effectiveness of internal controls include:

- Financial reports, which identify variances from plan and prior period performance, identify performance issues, and discuss the risks that arise and the steps being taken to mitigate those risks.
- Discussions with senior personnel on risk and control issues.
- Consideration by the Audit Committee of reports from the external auditors.

### **Internal Audit**

The CBI does not have an internal audit function. This is considered appropriate given the size and organisational structure of the CBI and the close involvement of the executive directors and senior management in the day-to-day operations.



Dame Carolyn Fairbairn  
**Director-General**



Neil Tomkins  
**Director of Finance and  
Corporate Services**

## Statement of Responsibilities in relation to the Accounts

Under the CBI's Charter and bye-laws, the Council is required to cause proper books to be kept so as to show a true and fair view of the state of the CBI's affairs and to explain its transactions. The Council is also required to present audited accounts at each Annual General Meeting. The members of the CBI Board discharge these responsibilities on behalf of the Council and have elected to prepare these accounts in accordance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

In preparing these accounts the members of the CBI Board are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the CBI will continue to operate.

The Director-General and the Director of Finance and Corporate Services have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the CBI and to detect fraud and other irregularities.

The members of the CBI Board are responsible for the maintenance and integrity of the corporate and financial information included on the CBI's website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and other information included in annual reports may differ from legislation in other jurisdictions.

The members of the CBI Board who held office at the date of approval of these accounts confirm that, so far as they are aware, there is no relevant audit information of which the CBI's auditors are unaware. Each member of the CBI Board also confirms that he/she has taken such steps as he/she considers necessary to make himself/herself aware of any relevant audit information and to establish that the CBI's auditors are also aware of that information.

The members of the CBI Board consider that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable.



Dame Carolyn Fairbairn  
**Director-General**



Neil Tomkins  
**Director of Finance and  
Corporate Services**

## Independent Auditor's Report

### Opinion

We have audited the accounts of the CBI for the year ended 31 December 2019, which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

In our opinion the accounts:

- Give a true and fair view of the state of CBI's affairs as at 31 December 2019 and of its profit for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the CBI in accordance with the ethical requirements that are relevant to our audit of the accounts in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – Effects of COVID-19

We draw attention to the principal accounting policies (Note 1) in respect to the assessment of going concern and critical accounting estimates and areas of judgement, which describe the business disruption CBI is facing as a result of the COVID-19 pandemic and the impact this may have on its finances. Our opinion is not modified in respect of this matter.

## Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual report in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- The disclosures in the Annual report that describe the principal risks and explain how they are being managed or mitigated.
- The board members' confirmation in the Annual report that they have carried out a robust assessment of the principal risks facing the CBI, including those that would threaten its business model, future performance, solvency or liquidity.
- The board members' statement in the accounts about whether the board members considered it appropriate to adopt the going concern basis of accounting in the preparation of the accounts and the board members identification of any material uncertainties to the CBI's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date of approval of the accounts.
- The board members' explanation in the Annual report as to how they have assessed the prospects of the CBI, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the CBI will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the accounts of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the audit team. These matters were addressed in the context of our audit of the accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Financial viability:** The accounts may be prepared on a going concern basis when this is not appropriate, i.e. if the CBI is not able to continue in business for at least 12 months from the date the accounts are approved.

**Defined benefit plan:** The assumptions used to calculate the value of assets and liabilities in the defined benefit pension plan may not be appropriate, which may result in the pension asset shown in the Statement of Financial Position being misstated.

**Recognition of income and expenditure:** The timing of revenue recognition may be incorrect or revenue recognised may be incomplete or overstated, particularly in relation to members' prepaid subscriptions, amounts included within deferred income and the provision for bad debts. Staff costs may be misstated, which, as a significant proportion of the CBI's expenditure, may result in the accounts being materially misstated.

### **Our application of materiality**

The concept of materiality was applied in planning and performing our audit. The threshold at which we consider an amount as being material to the accounts as a whole was set at £255,000. This is based on the amount of total income recognised in the Income Statement for the year ended 31 December 2019. We report individual unadjusted differences on the accounts over £12,750 to the Audit Committee. Materiality is used as guidance for the audit team in exercising judgement over their approach to audit testing and interpretation of the results. The level of materiality should not be interpreted as an absolute limit but as a guide to values that may be considered to have an impact on the view given by the accounts.

### **An overview of the scope of our audit**

Our audit focused on the key audit matters as identified above. We obtained evidence that the assumptions used in the financial forecast to 31 December 2022 were reasonable and that there is no material uncertainty related to going concern. We obtained evidence that the recognition and disclosures made in respect of the CBI's defined benefit pension plan were in accordance with financial reporting standards and that the assumptions used by the actuary in calculating the value of assets and liabilities in relation to the pension plan were reasonable. Our audit work on revenue recognition focused on the different revenue streams received by CBI, including members' subscriptions, commercial activities and project income and the assumptions used in calculating the value of the provision for bad debts. We obtained evidence that the total staff costs were in accordance with expectations and that employees joining and leaving during the year had been correctly accounted for.

### **Other information**

The board members are responsible for the other information. The other information comprises the information included in the Annual report, other than the accounts and our Auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

Fair, balanced and understandable: the statement given by the board members that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary to assess the CBI's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit;

Audit committee reporting: the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the CBI and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual report.

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- The part of the Corporate Governance Statement relating to CBI's compliance with the five principles of the UK Corporate Governance Code specified for our review does not comply with the UK Corporate Governance Code.
- The information given in the Annual report is inconsistent in any material respect with the accounts.
- There are material omissions or matters to draw attention to in the assessment of principal risks facing CBI in the Annual report.

### **Responsibilities of members of the CBI Board**

As explained more fully in the statement of responsibilities in relation to the accounts, the board members are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the board members are responsible for assessing the CBI's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the CBI or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### **Other matters which we are required to address**

We were appointed by the board to audit the accounts for the year ended 31 December 2013. Our total uninterrupted period of engagement is seven years, covering the years ended 31 December 2013 to 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the CBI and we remain independent of the CBI in conducting our audit. In addition to the audit, we have provided tax compliance services, treasury management services and benchmarking of key financial controls.

### **Use of our report**

This report is made solely to the members, as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the CBI and CBI's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Buzzacott LLP". The signature is written in a cursive, flowing style.

Buzzacott LLP  
Statutory Auditors  
130 Wood Street  
London  
EC2V 6DL

# CBI accounts for 2019

## Income Statement - For the year ended 31 December 2019

	Notes	2019 £000	2018 £000
<b>Income</b>			
Members' subscriptions	1(d) & 2	21,952	21,791
Rents and licence fees		142	134
Commercial activities		3,176	3,315
Interest on short-term deposits		56	32
Other income		141	179
<b>Total</b>		<b>25,467</b>	<b>25,451</b>
<b>Expenditure</b>			
Payroll	4	13,800	12,892
Pension costs	4	925	819
Travel and subsistence		722	688
Other staff costs		924	1,097
Office expenses		1,200	1,100
Premises costs		3,034	2,949
Subscriptions to other organisations		1,209	1,163
Commercial activities		1,455	1,525
Legal and professional costs		356	401
Promotional activities and surveys		310	97
Functions and entertaining		273	251
Project costs		-	102
Depreciation	1(e)	518	590
Finance charges	6	72	358
Past pension service cost	14	-	180
Miscellaneous expenses		9	12
<b>Total</b>		<b>24,807</b>	<b>24,224</b>
<b>Operating result before tax</b>	3	<b>660</b>	<b>1,227</b>
Taxation charge	7	134	262
<b>Retained surplus for the year</b>		<b>526</b>	<b>965</b>
<b>Statement of Comprehensive Income for the year ended 31 December 2019</b>			
		<b>2019 £000</b>	<b>2018 £000</b>
Retained surplus for the year		526	965
Actuarial loss/(gains) recognised in the pension scheme	14	(1,139)	6,247
Current tax benefit arising on Employer contributions to the DB pension scheme	7	103	121
Deferred tax cost arising on Employer contributions to the DB pension scheme		(93)	(170)
Deferred tax benefit/(cost) arising on actuarial loss/(gains)		195	(1,000)
<b>Total recognised (loss)/gains for the year</b>		<b>(408)</b>	<b>6,163</b>

All amounts relate to continuing activities.

## Statement of Financial Position - At 31 December 2019

	Notes	£000	2019 £000	£000	2018 £000
<b>Fixed assets</b>					
Tangible fixed assets	8		2,328		2,473
<b>Current assets</b>					
Debtors and prepayments	9	10,791		11,118	
Short-term deposits		3,095		2,567	
Cash at bank		5,188		5,820	
		19,074		19,505	
<b>Less current liabilities</b>					
Amounts falling due within one year					
Creditors, accruals and deferred income	10	(21,690)		(22,359)	
<b>Net current liabilities</b>			(2,616)		(2,854)
<b>Total assets less current liabilities</b>			(288)		(381)
Deferred tax asset	12		284		291
<b>Net liabilities excluding pension asset</b>			(4)		(90)
Pension asset net of deferred tax	14		6,267		6,761
<b>Net asset including pension asset</b>			6,263		6,671
<b>Represented by</b>					
Accumulated surplus			6,263		6,671
<b>Accumulated surplus</b>					
Opening surplus			6,671		508
Total recognised (losses)/gains for the year			(408)		6,163
<b>Closing surplus</b>			6,263		6,671

These accounts were approved and authorised for issue by the CBI Board on 21 May 2020 and were signed by:



Dame Carolyn Fairbairn  
**Director-General**



Neil Tomkins  
**Director of Finance and  
Corporate Services**

## Statement of Cash Flow - For the year ended 31 December 2019

	2019 £000	2018 £000
<b>Cash flows from operating activities</b>		
Operating Result before taxation	660	1,227
<b>Adjusted for:</b>		
Depreciation	518	590
Loss on disposal of fixed assets	-	140
Past pension service cost	-	180
Finance charges	72	358
Decrease/(Increase) in debtors	327	(302)
Decrease in creditors	(392)	(427)
(Decrease)/Increase in deferred income	(279)	1,104
Contributions to pension plan	(550)	(1,004)
Interest receivable	(56)	(32)
<b>Net cash from operating activities</b>	<b>300</b>	<b>1,834</b>
<b>Cash flows from investing activities</b>		
Interest received	34	19
Purchase of tangible fixed assets	(373)	(407)
<b>Net cash used in investing activities</b>	<b>(339)</b>	<b>(388)</b>
<b>Cash flows from financing activities</b>		
Interest and other charges paid	(65)	(172)
<b>Net cash used in financing activities</b>	<b>(65)</b>	<b>(172)</b>
<b>Change in cash and cash equivalents</b>	<b>(104)</b>	<b>1,274</b>
<b>Cash and cash equivalents at 1st January</b>	<b>8,387</b>	<b>7,112</b>
<b>Cash and cash equivalents at 31st December</b>	<b>8,283</b>	<b>8,387</b>
	2019 £000	2018 £000
<b>Analysis of cash and cash equivalents</b>		
Cash at bank	5,188	5,820
Short-term deposits	3,095	2,567
<b>Total cash and cash equivalents</b>	<b>8,283</b>	<b>8,387</b>

## Notes to the accounts

### 1. Accounting policies

#### (a) Basis of preparation

The Confederation of British Industry was set up by royal charter, registered number RC000139 (England and Wales) These accounts have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’), and with the Companies Act 2006. The accounts have been prepared on the historical cost basis.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the CBI’s accounts.

The accounts have been prepared under FRS 102 and presented in sterling and rounded to the nearest £’000.

The CBI’s registered office is Cannon Place, 78 Cannon Street, London, EC4N 6HN.

#### (b) Going concern

The accounts have been drawn up on a going concern basis. The Board considers this to be appropriate and has made the assessment in respect to a period of one year from the date of approval of these accounts.

The coronavirus pandemic is likely to have an impact on the CBI’s finances in the year to 31 December 2020 and potentially beyond that into the following year. In terms of income, this impact is likely to be felt in the following areas:

- **Commercial Income.** In-person events and dinners are likely to be at risk for the rest of the year. Although some of the events can be delivered digitally, there will be a reduction in revenue. Commercial income in 2019 accounted for 12% of total CBI income.
- **Membership Subscriptions.** With the majority of 2020 subscriptions already received, it is anticipated that the main impact on membership subscriptions will be in 2021.

Expenditure will also be impacted and it is anticipated that reduced events activities and travel will result in decreased expenditure for 2020. The on-going cost base will be reviewed in 2021.

Cash reserves at 31 December 2019 stood at £8.3m (2018: £8.4m). The Board believes that the reserves will be sufficient to enable the CBI to operate in the exceptional circumstances created by the pandemic and do not expect material concerns to arise over the organisation’s future cashflows.

The Board is of the opinion that the CBI will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed below.

### **(c) Critical accounting estimates and areas of judgement**

Preparation of the accounts requires the management of the CBI to make significant judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

- Estimating the useful economic life of tangible fixed assets.
- Valuation of the pension scheme and assumptions used in the valuation.
- Estimating the bad debt provision for outstanding membership subscriptions.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the CBI's activities, members, suppliers and the wider economy. Estimates used in the accounts, are subject to a greater degree of uncertainty and volatility.

As set out in these accounting policies under "going concern", the directors have considered the impact of the pandemic on the company and have concluded that although there may be some negative consequences, it is appropriate for the CBI to continue to prepare its accounts on the going concern basis.

### **(d) Members' subscriptions and commercial income**

Membership subscriptions are invoiced two months before the start of the subscription period. Income from members' subscriptions is recognised at the start date of the subscription period, with any income relating to future years being deferred to the relevant year. The bad debt provision for outstanding membership subscription at the year end has been calculated using historic data of resignations from the three previous years and then adjusting for specific items. The CBI has also estimated the resignation value of subscriptions invoiced but unpaid at the year end relating to next year based on the resignation value of 2018 subscriptions.

Commercial income is recognised in the month when the commercial activity takes place. Income received for events in the future is deferred until the event occurs.

### **(e) Capitalisation & depreciation**

The CBI capitalises assets with a value of £1,000 or more. Depreciation is provided on assets on the basis of their cost and from the date they are brought into use on a straight line basis over their estimated useful lives, generally as follows:

Office furniture and equipment	-	10%-33% per annum
Computer hardware and software	-	25%-33% per annum
Website costs	-	33% per annum
Motor vehicles	-	25% per annum
Plant and machinery	-	5%-10% per annum
Leasehold improvements	-	Over the term of the lease or the estimated life of the asset if shorter

### **(f) Leases**

Regular annual rental charges and income under operating leases are charged or credited to the income and expenditure account when the amounts are incurred.

Assets acquired under finance leases are capitalised in fixed assets at the net present value of the minimum lease payments and depreciated in accordance with accounting policy (e) above. The finance charge is apportioned to accounting periods using the actuarial method.

### **(g) Taxation**

The charge for taxation is based on the profit before tax and takes into account deferred tax.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required under FRS102.

### **(h) Foreign currency**

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the year end. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or the rate agreed where a forward contract was used. Exchange differences are taken into account in arriving at the retained surplus for the year.

**(i) Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material. The CBI's bad debt provisions are based on historic data from previous years and the current information available.

**(j) Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the CBI to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and that the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

**(k) Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than a month from the date of acquisition. Deposits for more than a month but less than one year have been disclosed as short term deposits.

**(l) Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the year end date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the CBI anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**(m) Financial instruments**

The majority of the CBI's financial assets and financial liabilities are of a kind that qualify as basic financial instruments. The CBI also enter into a number of forward contracts to mitigate exchange rate movements on payments in foreign currencies. Any forward contracts outstanding at the year end are revalued at the year end exchange rate, with the gain or loss recognised in the income statement. Other than the forward contracts all other transactions are initially recognised as the transaction value and subsequently measured at their settlement value.

**(n) Pensions**

The CBI currently provides a group pension plan and other personal pension plans to staff and makes regular payments into the schemes. All the schemes are defined contribution plans. The amounts paid by the CBI are charged to pension costs in the year.

The CBI previously operated a pension plan providing benefits based on final pensionable pay. This scheme was closed to all staff on 31st March 2012. The assets of the plan are managed by third-party investment managers and are held separately in trust. Independent professionally qualified actuaries undertake regular valuations of the plan. These inform the level of contributions paid by the CBI to fund the benefits set out in the rules of the plan.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using an attained age method and are discounted at the current rate of return of a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit or surplus (to the extent it is recoverable) is recognised in full. The movement in the scheme deficit/surplus is split between operating charges, and finance items in the statement of comprehensive income.

## 2. Members subscriptions

	2019 £000	2018 £000
Subscriptions	22,008	21,877
Provision for bad debts	(56)	(86)
	<b>21,952</b>	<b>21,791</b>

## 3. Operating result

	2019 £000	2018 £000
<b>Operating result before taxation is stated after charging:</b>		
Auditor's remuneration:		
Audit	34	33
Other services - tax and related advice	9	4
Rentals payable under operating leases:		
Land and buildings	1,600	1,600
Motor vehicles and equipment	55	59
Depreciation	518	590
<b>and after crediting:</b>		
Rentals receivable under operating leases:		
Land and buildings	142	134

The CBI contributed £0k (2018: £2k) to charities in lieu of sending corporate Christmas cards.

The CBI makes no political contributions.

## 4. Staff costs

	2019 No.	2018 No.
The average number of staff employed by the CBI during the year was:	238	218
	£000	£000
Their aggregate payroll costs were:		
Salaries	12,364	11,638
Social security costs	1,436	1,254
	<b>13,800</b>	<b>12,892</b>
Pension costs	925	819
	<b>14,725</b>	<b>13,711</b>

## 5. Remuneration of directors and key management personnel

The key management personnel of the CBI in charge of directing, controlling, running and operating the CBI on a day to day basis are the directors.

Of the staff included within staff costs in note 4, 19 were called directors in 2019, (2018: 20). Their total emoluments, including the estimated money value of non cash benefits, were £2,427k (2018: £2,141k). Of this £75k related to severance costs (2018: £38k). All but 1 (2018: 3) of the directors are members of one of the CBI's pension plans. The CBI cost of the plans for these directors was £72k (2018: £154k).

The emoluments of the executive members of the CBI Board were:

	2019 £000	2018 £000
Dame Carolyn Fairbairn - Director-General	368	342
Neil Tomkins - Director of Finance and Corporate Services	160	153
	<b>528</b>	<b>495</b>

Payments of £72k (2018: £68k) were made for money purchase pension schemes for the Director-General's benefit.

CBI Members serving on Committees or in other roles are not remunerated.

## 6. Finance charges

	2019 £000	2018 £000
Bank charges and foreign exchange differences	65	172
Defined benefits scheme admin expenses	7	186
	<b>72</b>	<b>358</b>

## 7. Taxation

(i) Analysis of taxation for the year:

<i>Income statement</i>	2019 £000	2018 £000
<i>Current tax</i>		
UK corporation tax on operating result	101	143
Adjustment in respect of earlier years	(1)	13
	<b>100</b>	<b>156</b>
<i>Deferred tax</i>		
Accelerated capital allowances	174	(204)
Trade losses used	-	218
Adjustment in respect of earlier years	(140)	92
<b>Taxation charge on operating result</b>	<b>134</b>	<b>262</b>

**(ii) Factors affecting the current tax charge for the year:**

The tax assessed for the year differs from that at the standard rate of corporation tax of 19% (2018: 19%).

The differences are explained below:

*Income statement*

Operating result before tax	<b>660</b>	1,227
Tax at standard rate of corporation tax	<b>125</b>	233
Expenses not deductible for tax purposes	<b>6</b>	(63)
Adjustment in respect of prior years	<b>(1)</b>	92
<b>Tax charge on operating result for the year (note 7(i))</b>	<b>130</b>	<b>262</b>

*Statement of comprehensive income*

Tax at standard rate of 19% (2018: 19%) on total profit/(losses) recognised recognised in the statement of comprehensive income	<b>(214)</b>	1,049
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*Comprised*

Movement in deferred tax asset due to pension scheme surplus	<b>(111)</b>	1,170
Current taxation credit for the year	<b>(103)</b>	(121)
	<b>(214)</b>	1,049

Tax relief is available on pension plan contributions in excess of the expenditure deductible from the income statement amounting to an additional tax deduction of £550k (2018: £1,000k). This additional tax relief arises from funding a deficit in the plan and is accounted for in the statement of comprehensive income. The net corporation tax liability for the year is £24k (2018: £22k).

## 8. Tangible Fixed assets

	Plant & machinery	Office furniture & equipment	Computer hardware & software	Leasehold improvements	Total £000
<b>Cost:</b>					
At 1 January 2019	73	734	2,509	2,535	5,851
Additions	-	88	245	40	373
At 31 December 2018	73	822	2,754	2,575	6,224
<b>Depreciation:</b>					
At 1 January 2019	45	394	2,003	936	3,378
Charge for year	10	62	266	180	518
At 31 December 2019	55	456	2,269	1,116	3,896
<b>Net book value:</b>					
At 31 December 2019	18	366	485	1,459	2,328
At 31 December 2017	28	340	506	1,599	2,473

## 9. Debtors and prepayments

	2019 £000	2018 £000
Trade debtors	9,264	9,588
Other debtors	128	164
Forward contracts	351	371
Prepayments and accrued income	1,048	995
	10,791	11,118

## 10. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	463	488
Corporation tax	24	22
Other taxes and social security	1,811	1,907
Forward contracts	340	352
Other creditors and accruals	3,108	3,367
Deferred income	15,944	16,223
	21,690	22,359

Other taxes and social security includes employer contributions of £79k (2018: £136k) to the defined contributions plans. Other creditors and accruals includes an accrual for holiday pay of £186k (2018: £175k).

## 11. Financial Instruments

The carrying amount of the CBI's financial instruments at 31 December 2019 were:

	2019 £000	2018 £000
<b>Financial assets</b>		
Measured at undiscounted rate receivable	9,571	9,687
Measured at fair value through profit or loss	358	371
Bank and cash	8,283	8,387
<b>Total</b>	<b>18,212</b>	<b>18,445</b>

	2019 £000	2018 £000
<b>Financial liabilities</b>		
Measured at undiscounted rate receivable	3,571	3,825
Measured at fair value through profit or loss	340	352
<b>Total</b>	<b>3,911</b>	<b>4,177</b>

## 12. Deferred tax asset

	2019 £000	2018 £000
<b>Deferred tax is principally a result of accelerated capital allowances</b>		
At 1 January	(291)	(410)
Credit/(Debit) for the year	7	(204)
Trade losses used	-	323
<b>At 31 December</b>	<b>(284)</b>	<b>(291)</b>

Deferred tax is calculated at 17% (2018: 17%) being the taxation rate expected to be applicable when the timing differences reverse. The amount of net reversal of the deferred tax asset expected to occur in 2020 is £130k. The CBI is expecting to make a surplus in the future which will use up the remaining deferred tax asset.

## 13. Commitments

At 31 December 2019 the CBI had the following future minimum commitments under non-cancellable leases:

	2019		2018	
	Land and buildings £000	Equipment £000	Land and buildings £000	Equipment £000
Within one year	1,521	21	1,516	46
In the second to fifth years inclusive	4,545	59	5,049	-
Over five years	6,179	-	7,008	-
	<b>12,245</b>	<b>80</b>	<b>13,573</b>	<b>46</b>

There were capital commitments of £Nil at 31 December 2019 (2018: £Nil)

## 14. Pension schemes

The CBI operates a defined benefits pension plan in the UK - the Confederation of British Industry Retirement Benefits Plan ('the Plan'). The Plan was closed to new entrants on 1 May 2009 and to further benefit accruals from 31 March 2012. All staff are offered membership of a group pension plan, to which the CBI contributes, or a contribution to approved personal pension plans, all of which are defined contribution arrangements. The Plan's assets are held in separate trustee administered funds.

Contributions to the Plan are determined by the results of triennial formal actuarial valuations, the last of which was carried out as at 31 December 2017. The results of the valuation as at 31 December 2017 have been rolled forward to 31 December 2019 by a qualified actuary independent of the Company.

The Company paid £550k in deficit reductions and £200k to cover Plan expenses over the year to 31 December 2019. As the Plan is closed to future accrual, there were no regular contributions in 2019. At 31 December 2019 the pension Plan had an accounting surplus of £6,267k under FRS102. From the 1 January 2019 it was agreed with the trustees that the yearly company contributions would be £600k to cover both deficit reduction and Plan expenses.

### Risks

The main risks the Company is exposed to by the Plan are:

- **Mortality risk** - the assumptions adopted by the Company make allowance for future improvements in life expectancy. However, if life expectancies improve at a faster rate than assumed, this would result in greater payments from the Plan and consequently increases in the Plan's liabilities. The Company and the Plan's Trustees review the mortality assumption on a regular basis to minimise the risk of using inappropriate assumptions.
- **Investment risk** - the Plan invests its assets in a portfolio of asset classes. There is residual risk that as the selected portfolio matures, there is the possibility of not being able to reinvest the assets at the assumed rates. The Plan's Trustees review the structure of the portfolio on a regular basis to minimise these risks.
- **Inflation risk** - increases to benefits in the Plan are linked to inflation. If inflation is greater than expected, the liabilities will increase.

Components of benefit cost recognised in Income Statement	2019 £000	2018 £000
Net interest cost on net defined assets	(236)	(38)
Administration Expenses	243	224
Past service cost recognised	-	180
Net benefit cost in income statement	7	366
Actual return on plan assets	10,339	(768)
 <b>Amount recognised in OCI</b>		
Actuarial losses/(gains) arising from changes in assumptions	(8,734)	(7,023)
Experience gains on liabilities	-	(2,494)
Actuarial gains/(losses) on assets	(7,595)	3,270
Loss/(Gain) recognised in OCI	1,139	(6,247)

### Funded Status

The funded status of the Plan at the year end and the related amounts recognised on the statement of financial position are:

	2019 £000	2018 £000
Plan assets	105,658	98,055
Plan liabilities	(98,108)	(89,909)
Pension surplus	7,550	8,146
Related deferred tax liability	(1,283)	(1,385)
<b>Net pension asset</b>	<b>6,267</b>	<b>6,761</b>

The assumptions used to determine the Plan's defined benefit obligation at end of year are:

		2019	2018
Future inflation assumption	-RPI	3.2%	3.4%
	-CPI	2.2%	2.4%
Future increase in pensions in payment (LPI max 5%, min 3% p.a.)		3.6%	3.8%
Discount rate		2.1%	2.9%

The life expectancies are based on the S1NA light tables, with adjustments to reflect the Plan's membership. Future improvements are based on the CMI projections model with a long-term improvement of 1.25%.

Life expectancy at 31 December	Male		Female	
	2019	2018	2019	2018
From 65 and now 65	22.7	22.9	24.2	24.4
From 65 and now 45	24	24.5	25.7	26.2

The change in Plan liabilities during the year were:

	2019 £000	2018 £000
Plan liabilities at start of year	89,909	100,300
Interest cost	2,563	2,464
Past service costs	-	180
Actuarial gains arising from changes in demographic assumptions	(1,702)	(661)
Actuarial losses/(gains) arising from changes in financial assumptions	10,436	(6,362)
Experience gains	-	(2,494)
Benefits paid	(3,098)	(3,518)
Plan liabilities at end of year	98,108	89,909

The change in Plan assets during the year were:

	2019 £000	2018 £000
Plan assets at start of year	98,055	101,561
Interest income	2,799	2,502
Experience gains/(losses)	7,595	(3,270)
Employer contributions	550	1,004
Administration expenses	(243)	(224)
Benefits paid	(3,098)	(3,518)
Plan assets at end of year	105,658	98,055

Following the triennial actuarial valuation as at 31 December 2017, and having moved into a surplus position with respect to the statutory funding objective of Technical Provisions, the CBI and the trustee agreed to reduce the funding of £83k to £50k per month. This funding rate commenced 1 January 2019 with the aim of becoming 100% funded on a Self Sufficiency basis.

The CBI paid contributions to the Plan of £550k in the year (2018: £1,000k).

The Plan Asset Allocation at the year end was as follows:

	2019 £000	2018 £000
Bonds	69,940	32,512
Property	3,554	3,866
LDI	29,729	60,098
Cash and Other	2,435	1,579
Total	105,658	98,055

	2019 £000	2018 £000
<b>Experience adjustments DB Pension Plan</b>		
Fair value of asset, end of year	105,658	98,055
Defined benefit obligation, end of year	98,108	89,909
Funded status	7,550	8,146
Experience adjustment on Scheme assets gain	(7,595)	3,270

Deferred tax is calculated at 17% (2018:18%) being the taxation rate expected to be applicable when the Plan deficit reverses.

The impact on the assets/(liabilities) of the Plan and the surplus/(deficit) (before consideration of deferred tax) shown in the statement of financial position of changes in the major assumptions is shown below:

	<b>Increase in Liabilities</b>
Decrease discount rate by 0.25%	4,500
Increase rate of inflation by 0.25%	2,510
Life expectancies increase by 1 year	4,885



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