



The Quoted
Companies Alliance

QCA Corporate Governance Committee

Minutes of the meeting held on: Tuesday 15 May 2012 at 4.30pm
Venue: Hogan Lovells, Atlantic House, Holborn Viaduct, London, EC1A 2FG

Present:	Tim Goodman (Chair)	Hermes Equity Ownership Service Ltd	(TG)
	Dan Burns	McguireWoods	(DB)
	Tim Bird	Field Fisher Waterhouse	(TB)
	Anthony Carey	Mazars LLP	(AC)
	Edward Craft	Wedlake Bell LLP	(EC)
	Clive Garston	DAC Beachcroft	(CG)
	David Isherwood	BDO LLP	(DI)
	Eugenia Jackson	F&C Asset Management plc	(EJ)
	Colin Jones	UHY Hacker Young LLP	(CJ)
	Julie Stanbrook	Hogan Lovells	(JS)
	Melanie Wadsworth	Faegre, Baker & Daniels LLP	(MW)
	Cliff Weight	MM & K Limited	(CW)
	Jacques Sultan	QCA	(JSu)
	Tim Ward	QCA	(TW)
In attendance:	Helena Morrissey	30% Club/Newton Investment Management Ltd	(HM)

Actions

1. Welcome to Helena Morrissey, 30% Club and CEO of Newton Investment Management LTD.

TG welcomed MH to the committee meeting.

HM introduced herself to the committee, and detailed her role at the 30% Club. HM noted the objectives of the 30% Club.

HM noted that her issue with the current corporate board is more than gender, but to do with general diversity. MH noted that this is a business issue and not a woman issue. Her role was to recruit Chairman to be involved. MH noted that the gender issue is the start of the campaign and will develop into something more covering all diversity.

HM noted that her policies were against the idea of quotas of women on boards. HM noted that it is important to have different backgrounds on the committee and that a quota would be counterproductive.

HM noted that the key item for the 30% Club is the 10 point plan discussed by Lord Davies. This was discussed at the recent 30% Club Seminar, where the panel and the attendees and strong views. The discussion provided a good response and idea of where the business community is heading. One of the results coming through the discussions had been that FTSE 250 companies were lagging with their attitude to gender imbalance on corporate boards.

HM discussed the latest draft to the European Commission consultation paper on gender imbalance in corporate boards. Their main point within the consultation response was that, there is significant loss of potential executive women leaving in their late 20's early 30's. HM noted that there needs to be a better environment for men and women and to encourage them to stay within the company.

TG queried how there is a lag with regards to smaller companies and wondered what were the barriers causing this. HM noted that there are plenty of reasons for this lagging. HM felt that smaller companies have trouble building a modern boardroom. This is due to finding it difficult to appoint sufficient women on boards. The smaller companies tend to be more focussed on the

nature of the company and feel the appropriate appointment of someone with sufficient knowledge of the field of business.

TW noted that the latest QCA/BDO Small and Mid-Cap Sentiment Index included a few extra questions on corporate governance. 92% felt that a mandatory code with comply and explain is a more appropriate solution. The survey also noted that there has been a change of behaviour in regards to appointments and shows much more encouraging stats for diversity.

HM noted that the threat of quotas imposed on companies to fill boards with women may work. HM reiterated that she is against quotas as it portrays the wrong attitude for what the 30% Club is attempting to achieve.

DI noted that the KPI at the top level needed to be replicated throughout the organisation. DI noted that this would help grow the talent pool. HM agreed that the pipeline needs to be encouraged and that it must be improved. HM noted that to develop the talent pool, a sponsor/mentor program is one way to improve it.

DB queried what the culture of other sectors pipelines are like, for example medicine. HM noted that within the charities sector is better at around 45% women on boards. However in medicine, specifically surgeons, it is less than 10%.

HM noted that at her company, Newton Investment Management Ltd, there is in place a "returnship" scheme. HM noted that it is a 3 months process of retraining, so to encourage highly skilled professionals from leaving the company. JS noted that this is not a firm issue; it is just a lack of flexibility. JS noted that clients want to see a mix of people, to make them feel plenty of people working on the case.

AC noted that there are plenty of women in human resources, but that they are not moving onto boards. AC noted that this is intellectual capital and it is surprising that not more HR people are on boards.

HM noted that the rate of change as stated under the Cranfield report, there was the same pace of board turnover, a third of the appointments are women and the pace of change by 2015 will be 27% and 37% by 2020.

TG queried if HM knew what the perception from the rest of Europe is regarding threat of quotas. HM noted that in the 30% Club response, it contained only UK examples of corporate governance. HM noted that it was not easy to find a non-Anglo-Saxon approach. The French and Australian approach is something to review.

TG thanked HM and HM left the meeting.

2. Apologies

Apologies were received from Edward Beale, Louis Cooper, Tim Bird, Derek Marsh, Anita Skipper, James Parkes and Kate Jalbert,

3. Minutes of last meeting (20 March 2012)

The minutes of the last meeting were approved.

4. Forthcoming issues and developments in Corporate Governance and projects for the Committee

- EU Commission - Gender imbalance in corporate boards in the EU: Questions for the public consultation (Response Date: 28 May 2012)

EJ noted that this issue should be left to the member states and not an EU wide issue. In the UK there is a new code and build-up of diversity being implemented and there needs to be time to see how it looks. JSu will collect comments and then create the draft.

JSu/ALL

- ESMA - An Overview of the Proxy Advisory Industry. Considerations on Possible Policy Options (Response Date: 25 June 2012)

EJ noted that this was a key issue for big investors and how that the consultation is looking for investors views on how this information is used. EJ noted that it appeared to be a measured response, with no clear conflicts. The consultation focussed on a collection of issues. These included transparency, skill/quality of people, process and which polices work together and collecting data.

TW noted that in the latest QCA/BDO Small and Mid-cap Sentiment Index, there had been many issues raised with regards to proxy voters. It was found that proxy advisers do not help with the dialogue between parties. TW noted this consultation may create a code of behaviour for proxy agents. TW called for any examples for when the proxy advisers may create an issue. TG volunteered to help draft response.

- Treasury Select Committee: corporate governance and remuneration inquiry (Response Date; 24 May 2012)

EC volunteered to draft the response.

EC

- FRC Consultation on the UK Corporate Governance Code UK Stewardship Code and International Standards on Auditing (Response Date: 13 July 2012),

DB and DI volunteer to draft some part of the response. The drafts will be discussed for the 12/13 meeting.

DB/DI

5. Communications and Future Meetings

- Remuneration Committee Guide Launch event

TG noted that the launch went very well. JS noted that it would have been better if each table had been a little longer and that there could have been a seating plan to better place guests.

- QCA Annual Conference “Engineering Growth for Small and Mid-Cap Companies” Wednesday 27 June 2012

TW noted the details of the QCA Conference. All committee members encouraged to sign up and bring a client.

ALL

6. AOB

TW noted he was going to see BIS, to discuss executive pay and the Heseltine Review. The Heseltine Review is looking into the competitive position of equity markets and whether they are fit for purpose.

7. Date for Next Meeting – Tuesday 15 May 2012 4.30pm

- FSA – CP12/2: Amendments to the Listing Rules, Prospectus Rules, Disclosure Rules and Transparency Rules (section 1.18-1.20) (*response date – 30 April 2012*)
- BIS - Executive Pay: Consultation on Enhanced Shareholding Voting Rights (*response date – 30 April 2012*)
- BIS – Equity Capital Markets: Kay Review publishes interim report (response date – 27 April 2012)

8. Action Points.

Comments for the European Commission Consultation on gender imbalance	JSu/ALL	ASAP
Draft Treasury Select Committee response on corporate governance	EC	ASAP

Draft response to ESMA consultation on Proxy Advisory Industry	TG	ASAP
Draft response to the FRC consultation on UK Corporate Governance Code, UK Stewardship Code and International Standards of Auditing	DI/DB	ASAP