



The Quoted  
Companies Alliance

## QCA Corporate Governance Committee

Minutes of the meeting held on: Wednesday 25 May 2011 at 10.30am

Venue: Hermes Equity Ownership Services Ltd, Lloyds Chambers, 1  
Portsoken Street, London E1 8HZ

(with Claire Bury & Paula Boteanu, European Commission, in attendance)

Present:	Tim Goodman (Chair)	Hermes	(TG)
	Anthony Carey	Mazars LLP	(AC)
	Edward Craft	Wedlake Bell LLP	(EC)
	Eugenia Jackson	F&C Asset Management	(EJ)
	Georgina Marshall	Aviva Investors	(GM)
	Andrew Viner	BDO LLP	(AV)
	Melanie Wadsworth	Faegre & Benson LLP	(MW)
	Tim Ward	QCA	(TW)
	Chris Stapeley (minutes)	QCA	(CS)
In attendance:	Claire Bury	European Commission	(CB)
	Paula Boteanu	European Commission	(PB)
	James Batcheldor	QCA	(JB)
	Paul Lee	Hermes	(PL)
	Gianfranco Gianfrate	Hermes	(GG)

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### Actions

#### **1. Welcome to Claire Bury & Paula Boteanu, European Commission to discuss the EC's paper on Corporate Governance Framework**

TG welcomed Claire Bury and Paula Boteanu to the meeting to discuss their paper on Corporate Governance Framework. CB was interested in the background of our own joint guidelines that we have produced and that were circulated to CB and PB prior to today's meeting. CB said that it was very good that this has been produced in conjunction with our French and German counterparts.

CB then discussed their paper, which has come out as part of their communication on "Towards a Single Market Act" and in the light of the recent financial crisis. One of the main discussions concentrated around the 'comply or explain' regime. It was felt that many institutions were not explaining properly their reasons for not complying. One option was to maybe change the wording to say 'apply or explain' or 'comply and explain'. CB asked the Committee for their views on the Swedish approach (Question 17/Section 2,4,2?) ie, shareholder cooperation, as an alternative. [Dare to be Different at the beginning of the Code] This could be a possibility.

TG advised that in the Quoted Companies Alliance's view, they did not like the word 'solution' used in the paper and would suggest 'preferred approach' but that this is a minor issue.

Gender Diversity/Quotas: With regard to Gender Diversity and quotas, a recent meeting held with BIS had indicated that they did not feel that enforcing quotas would work for the UK though the French had instructed that Boards in France would require 40% of women on Boards by 2015.

Board Evaluation: There is mentioned at section 1.3 of having an annual performance review of the board. The Committee felt this to be too short-term and would not encourage non-executive directors to become involved. CB was also conscious about making the rules too prescriptive.

Shareholder Identification Procedure: Mention was made about the difficulty of identifying shareholders. CB advised that there is pressure to look at this area.

Transparency Directive: This was touched upon regarding quarterly reporting/interim management statements.

TG thanked them for attending and CB and PB then left the meeting

## 2. Apologies

Apologies were received from Edward Beale, Nigel Burton, Madeleine Cordes, Kate Eldson, Clive Garston, Nick Graves, Colin Jones, Dalia Joseph, Derek Marsh, James Parkes, Nick Teunon and Cliff Weight. Chris Stapeley attended in place of Kate Jalbert.

## 3. Minutes of last meeting (14 March 2011)

The minutes of the last meeting were approved.

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

- European Commission – The EU Corporate Governance Framework (Green Paper) (RD: 22 July 2011):

Discussed above. There is a working group made up representatives from the Corporate Governance and Legal Committees. Draft responses to the questions are due in on 4 July and will be collated by KJ. TG to draft a response to the comply or explain questions based along the lines of 'we support the comply or explain approach and do not want a legislative approach'.

### TB/TG/KJ/Other Working Group members

- European Corporate Governance Guidelines (Middlenext, Quoted Companies Alliance and DAI)

The Committee agreed that these were very good.

- Financial Reporting Council: Sharman Inquiry (Going Concern) – Call for Evidence (RD: 30 June 2011)

TG requested a volunteer. AV advised that BDO would be responding and that we could use their response as a basis for our own. The basic approach was that we do not wish to have additional burdens. It was agreed that TG would approach David Pitt-Watson (on the Inquiry) to come along to the next committee meeting to discuss. [Subsequently, Roger Marshall, ASB who also sits on the Inquiry Committee is coming to the next meeting on 11 July (at 10.30am)].

- DEFRA: Measuring and reporting of greenhouse gas emissions by UK companies: a consultation on options (RD: 5 July 2011)
  - Roundtables 24 May; 3 June; 9 June; 13 June

EC volunteered to go to one of the roundtables and draft a response.

- Financial Reporting Council: Gender Diversity on Boards (RD: 29 July 2011)

EJ volunteered to draft a response (with KJ).

**EJ/KJ**

- Accounting Standards Board: Cutting Clutter – Combating Clutter in Annual Report (RD: 30 September 2011) (with Financial Reporting Committee)

AC mentioned that this had been discussed briefly at the Financial Reporting Committee meeting the day before where it was agreed to invite Roger Marshall of the ASB to a meeting to discuss this (now attending Corporate Governance meeting on 12 July). TG/AC/AV agreed to review the paper and draft a response.

**TG/AC/AV**

## 5. Communications and Future Meetings

- Remuneration Committee Guide Working Group:

TG explained the Working Group were meeting shortly to discuss the first draft of the guide. Another meeting is being set up. EJ and TG are participating.

- Guest invitations to future meetings:

Roger Marshall is now attending July meeting to discuss the FRC Sharman Inquiry (Going Concern) and the FRC's Cutting Clutter Project.

Once the narrative reporting proposals have been published by BIS, the committee members would like to invite someone from there to discuss.

KJ noted that she will prepare the Quoted Companies Alliance stakeholder chart for the next meeting. **KJ**

Also, committee members suggested to invite Chris Hodge/Head of FRC's Corporate Governance Committee for an update in September. **CS**

- Venue for Monday 11 July 2011 meeting:

This is being hosted at Hermes.

- FRC/QCA Joint Risk Meeting

This was not discussed.

- BIS/Quoted Companies Alliance Narrative Reporting Events

This was not discussed.

**6. Date for Next Meeting – Monday 11 July 2011 at 10.30am (Venue: Hermes Equity Ownership Services Ltd)**

**7. Action Points:**

<b>Action</b>	<b>Person</b>	<b>Timing</b>
EU Corporate Governance Framework (RD: 22 July 2011)	TG/ALL	July
FRC's Sharman Inquiry (RD: 30 June 2011)	AV	June
DEFRA: Greenhouse Gas Emissions Paper; Roundtables and papers (RD: 5 July 2011)	EC	June
FRC's Gender Diversity on Boards (RD: 29 July 2011)	EJ/KJ	July
Circulate QCA Stakeholder Chart at the next committee meeting	KJ	For July Committee Meeting?
ASB: Cutting Clutter (RD: 30 September 2011)	TG/AC/AV	September
Narrative Reporting: Invite someone from BIS once paper issued	CS	-
Invite Chris Hodge/Chair of FRC's Corporate Governance Committee to future meeting	CS	Possibly attending November meeting (TBC)