



Present:	Edward Craft (Chairman)	Wedlake Bell LLP	EC
	Colin Jones (Deputy Chairman)	UHY Hacker Young	CJ
	Edward Beale	Western Selection PLC	EB
	Michael Brown	Henderson Global Investors	MB
	Rob Burdett	FIT Remuneration Consultants	RB
	Jo Chattle	Norton Rose Fulbright LLP	JC
	Jonathan Compton	BDO LLP	JCo
	Susan Fadil	PricewaterhouseCoopers LLP	SF
	David Firth	Penna Consulting PLC	DF
	Peter Fitzwilliam	Mission Marketing Group (The) PLC	PF
	Nick Gibbon	DAC Beachcroft LLP	NG
	Tracy Gordon	Deloitte LLP	TG
	David Isherwood	BDO LLP	DI
	Julie Stanbrook	Hogan Lovells International LLP	JS
	Carmen Stevens	Jordans Limited	CS
	Tim Ward	Quoted Companies Alliance	TW
	Maria Gomes	Quoted Companies Alliance	MG
	Callum Anderson (minutes)	Quoted Companies Alliance	CA
In attendance:	Lesley Stephenson	Governance Publishing	LS
	Charlotte Hamilton	Charles Russell Speechlys LLP	CH

1. WELCOME TO LESLEY STEPHENSON, GOVERNANCE PUBLISHING, TO DISCUSS BOARD EVALUATION AND METHODOLOGY

EC welcomed LS to the meeting.

LS gave an overview of her view on the board's role and how its effectiveness can be measured. She reasoned that the board should provide strategic direction and control and monitor a company's management team in pursuit of successfully implementing that strategy. A board's effectiveness is then dependent on its structure – both in terms of constitution and diversity – and the functioning of the board itself.

LS stated that board evaluations could be a useful tool in helping to identify the strengths and weaknesses of the board, as well as the organisation as a whole. She added that it can represent an opportunity to determine whether a board is still fit for purpose. She explained that, when done properly, board evaluations can also send a positive message to shareholders that directors are committed to doing their best by the company.

LS clarified that there was no one-size-fits-all model of conducting a board evaluation. Rather, each evaluation should take into account a range of factors, including the company's market, history and environment. She noted that it is essential that, for a board evaluation to be worthwhile, buy-in was needed from both directors and the company at-large. She explained that the focus and objectives of the evaluation should be agreed prior to its commencement.

LS explained that a board evaluation can be conducted in two ways: either quantitatively through questionnaires (online or paper) or qualitatively through a review of board papers, one-to-one interviews and observing board meetings.

LS contrasted the advantages and disadvantages of internal and external board evaluations. She noted that while internal board evaluations were cheaper and easier to conduct, there were uncertainties regarding whether they are rigorous enough. On the other hand, although external board evaluations are both more expensive and time consuming, they have the advantage of being more impartial, thus potentially providing higher benefits to the company. She noted that employees and board members were more likely to give their honest assessment to an external party, than to someone within the company.

LS advocated the use of board evaluations – as long as they are conducted properly. She mentioned that the best time to undertake a board evaluation was during a quieter periods of the year, so that it was not rushed. She clarified that the cost and time taken to conduct board evaluations depended on the size of the board and the company.

EC thanked LS for attending the meeting. LS left the room.

2. APOLOGIES

Apologies were received from Amanda Cantwell, Nick Graves, David Hicks, Alexandra Hockenhull, Julie Keefe, Kevin Kissane, Kalina Lazarova, Darius Lewington, Jane Mayfield, Jayne Meacham, Darshan Patel, Philip Patterson, Niall Pearson, Jenna Robinson, Anita Skipper, Nicholas Stretch, Peter Swabey, Bernard Wall and Cliff Weight.

3. MINUTES OF THE LAST MEETING (12 JULY 2016)

The minutes were approved.

4. CURRENT ISSUES

	Document	Action by CGEG
a)	<p>QCA Corporate Governance Code – revision</p> <p>EC explained that each member of the Working Group was currently assessing and re-drafting their given area of the QCA Corporate Governance Code. He added that the revised Code would be largely in keeping with previous editions. MG mentioned that the Working Group will next meet to discuss the revised document in October.</p>	None at this stage.
b)	<p>Financial Stability Board Peer Review on Corporate Governance</p> <p>EC highlighted that a draft response to the Financial Stability Board’s Peer Review on Corporate Governance had been circulated to the Expert Group and requested any comments to be sent to MG/CA before the 9 September deadline.</p>	ALL to comment on the draft response.
c)	<p>EU Shareholder Rights Directive – Council compromise text</p> <p>CA explained that the Council had produced a latest compromise text to</p>	None to note.

	the Commission's original proposal. Regarding transparency on costs, he mentioned that the Council and Parliament texts were converging towards a position that had been advocated by the QCA Corporate Governance Expert Group. CA also highlighted the Council amendments text regarding the additional definition of director and the right to vote on related party transactions.	
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5. COMMUNICATIONS AND FUTURE MEETINGS

	Document	Action by CGEG
a)	Executive Remuneration Working Group – Final report This was not discussed; circulated for information only.	None to note.
b)	G20/OECD Progress Report on the implementation of the G20/OECD High-Level Principles of Corporate Governance This was not discussed; circulated for information only.	None to note.
c)	GC100 and Investor Group's Directors' Remuneration Guidance 2016 This was not discussed; circulated for information only.	None to note.
d)	FRC reminders for half-yearly and annual financial reports following the EU referendum This was not discussed; circulated for information only.	None to note.
e)	FRC report on corporate culture and the role of boards This was not discussed; circulated for information only.	None to note.
f)	FRC Annual Report for 2015/16 This was not discussed; circulated for information only.	None to note.
g)	Guest invitations to future meetings It was suggested that an official from the Department for Business, Energy and Industrial Strategy (BEIS) attend to discuss future legislative proposals, in particular potential reforms to board structures. It was also suggested that Peter Montagnon of the Institute for Business Ethics should come to discuss the concept of workers on boards.	CA to invite guests to meetings.
h)	Policy Update (August 2016) This was not discussed; circulated for information only.	None at this stage.

6. DATE FOR NEXT MEETING

Tuesday 18 October 2016 at 9am (**Venue: Wedlake Bell LLP, 71 Queen Victoria Street, London, EC4V 4AY**).