



Held at 9am on Tuesday 13 January 2015
at the offices of Wedlake Bell LLP, 52 Bedford Row, London, WC1R 4LR

Present:	Edward Craft (Chairman)	Wedlake Bell LLP	EC
	Colin Jones (Deputy Chairman)	UHY Hacker Young	CJ
	Michael Conway	Western Selection Plc	MC
	Michael Brown	Henderson Global Investors	MB
	Sarah Hassan	PLC Ltd	SH
	Nicola Green	LexisNexis	NG
	Andrew Hobbs	EY LLP	AH
	Alexandra Hockenhull	Xchanging plc	AX
	James Hodges	Hydrodec Group plc	JH
	David Isherwood	BDO LLP	DI
	Nathan Leclercq	Aviva Investors	NL
	Jayne Meacham	Jordans Limited	JM
	Caroline Newsholme	Nabarro LLP	CN
	Julie Stanbrook	Hogan Lovells	JS
	Nicholas Stretch	CMS Cameron McKenna	NS
	Peter Swabey	ICSA	PS
	Eugenia Jackson	F & C Asset Management plc	EJ
	Cliff Weight	MM & K	CW
	Kate Jalbert	Quoted Companies Alliance	KJ
	Maria Gomes (minutes)	Quoted Companies Alliance	MG
In Attendance:			
	Will Pomroy	NAPF	WP

1. WELCOME TO WILL POMROY, NAPF

EC welcomed WF to the meeting and everyone introduced themselves.

WF briefly explained that the main changes recently made to the NAPF Corporate Governance Policy & Voting Guidelines brought in:

- More focus on individual accountability of directors and succession planning;
- Encouraging a wider view to be taken on risk matters, and richer disclosure;
- More explicit recognition of those factors which would give cause for concern with respect to the resolutions on the remuneration policy and the remuneration report; and
- More explicit voting guidelines related to resolutions on a standard AGM agenda.

WP mentioned that one main change was the bringing into one policy the guidance for smaller companies, as they did not see the need to separate the two.

WP explained that the aim of the updated document is to promote the long term success of the companies and help ensure that the board and management feel accountable to shareholders and encourage them to identify potential skill gaps of the board and encourage succession planning. The

NAPF hopes that this will encourage both companies and shareholders to move beyond a box-ticking mind-set; WP emphasised that their goal is not to promote more reporting, but to shift the focus on how it is being done and how it can be more meaningful.

WP explained that the section on remuneration has not been changed this year and that the principles published in 2013 still stand. WP added that companies will need to become increasingly more transparent.

The Group asked WP about their views on MiFID II and FCA consultation on legitimacy of inducements and the use of the dealing commission regime. WP explained that the NAPF considers that there are conflicts in the system (e.g. pension funds not being able to see how their money is spent on research), and for that reason supported the full unbundling.

The Group asked WP about the NAPF's views on sponsor conflicts. He explained that the NAPF is campaigning with the FCA for greater transparency which can bring light to real conflicts and mechanisms to prevent them.

EC thanked WP and he left the meeting.

2. APOLOGIES

Apologies were received from Freddie Woolf, Rob Burdett, Anthony Carey, Louis Cooper, Kelly Millar, Nick Gibbon, Nick Graves, Andy Howell, Nick Janmohamed, Dalia Joseph, Marc Marrero, Julie Keefe, Joanna Chattle, Claire Noyce and Tim Ward.

3. MINUTES OF THE LAST MEETING (25 November 2014)

The minutes were approved.

4. CONSULTATIONS

Consultation	Action	Lead
FRC Draft Plan and Budget and proposed Levies 2015/16	The Group finds it important to submit a response in line with our response last year on the issues regarding smaller companies (p.8). MG will draft a short response and circulate to the Group for comments.	Financial Reporting Expert Group / Corporate Governance Expert Group

5. CURRENT ISSUES

a) QCA/UHY Hacker Young Corporate Governance Behaviour Review

CJ explained that in this report's second year there were no trend conclusions. The lack of links between strategy and governance continues, as the impact takes time to be achieved due to reluctance to big changes in the accounts.

b) Revision of QCA Remuneration Committee Guide for Small and Mid-Size Quoted Companies – working group volunteers needed

KJ explained that a working group has been formed to revise the guide, which has its first meeting in January. She explained that the revision process should be swift in view to publish in summer/autumn 2015.

c) 4th Money Laundering Directive Proposal – progress update

MG explained that the proposal is likely to be approved shortly. The QCA will continue to liaise with BIS on the implementation of this Directive in the UK, especially in regards to its interaction with the Small Business, Enterprise and Employment Bill on aspects of beneficial ownership.

d) Shareholders’ Rights Directive Proposal – progress update

MG explained that the QCA continues to be part of BIS’ Working Group on this proposal and is awaiting updates from the new Latvian Presidency of the Council.

e) Small Business, Enterprise and Employment Bill – progress update

MG explained that a working group will be set up by BIS to draft guidance on the PSG Register, and that the QCA has volunteered to be involved. **[BIS invited the QCA to be a part of the working group. EC has accepted to join the working group on behalf of the QCA]**

6. COMMUNICATIONS AND FUTURE MEETINGS

	Document	Action/comments by CGEG
a)	ACCA Report ‘Culture and Channeling Corporate Behaviour’	This was not discussed; the document was circulated for information only.
b)	BIS new Guidance for Non-Executive Directors on Cyber Security: Balancing Risk and Reward with Confidence	This was not discussed; the document was circulated for information only.
c)	Institutional Shareholder Services (ISS) UK and Ireland Proxy Voting Guidelines: 2015 Benchmark Policy Recommendations	The document was circulated for information only.
d)	Guest invitations to future meetings	The Group agreed that it would be interesting to invite the Investment Association to one of our next meetings.
f)	Policy Update (December 2014)	This was not discussed; the document was circulated for information only.

7. AOB

The Group mentioned the importance of responding to the BIS and FRC consultations on the Audit Directive and Regulation. MG will circulate these to the group for comments.

MG

KJ mentioned that all QCA guides will be free for members as of February 2015.

8. Actions

Action	Person	Timetable
Draft a short response to the FRC Draft Plan and Budget and proposed Levies 2015/16 and circulate to the Group for comments.	MG/ALL	ASAP
Invite the Investment Association to one of our next meetings.	MG/Chris Stapeley	ASAP
Circulate Audit Directive and Regulation consultations	MG	ASAP [this has now been done]

9. INFORMATION FOR NOTING

Date for next meeting:

Tuesday, 14 April (9am), with Philippa Foster-Back, Institute of Business Ethics (IBE), as guest
(Venue: Wedlake Bell LLP, 52 Bedford Row, London WC1R 4LR)