



Minutes of the QCA Corporate Governance Expert Group

Held on: Tuesday 21 February 2017

Venue: Hogan Lovells International LLP, Atlantic House,
50 Holborn Viaduct, London EC1A 2FG (Host: Julie Stanbrook)

Present:

Edward Craft (Chairman)	Wedlake Bell LLP	EC
Amanda Cantwell	Practical Law Company Limited	AC
Jo Chattle	Norton Rose Fulbright	JC
Jonathan Compton	BDO LLP	JCo
Louis Cooper	Non-Executive Directors Association	LC
Peter Fitzwilliam	Mission Marketing Group (The) PLC	PF
David Fuller	CLS Holdings PLC	DF
Nick Gibbon	DAC Beachcroft LLP	NG
Tracy Gordon	Deloitte LLP	TG
David Hicks	Charles Russell Speechlys LLP	DH
Alexandra Hockenhull	Hockenhull Investor Relations	AH
David Isherwood	BDO LLP	DI
Jayne Meacham	Jordans Limited	JM
Julie Stanbrook	Hogan Lovells International LLP	JS
Peter Swabey	ICSA	PS
Cliff Weight	MM & K Limited	CW
Lisa Vainio	Quoted Companies Alliance	LV
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

Carolyn Campbell-Wales	Jordans Limited	CCW
Ed Davies	LexisNexis	ED
Peter Montagnon	Institute for Business Ethics	PM
Priyanka Vijay Anand	PricewaterhouseCoopers LLP	PVA

1. WELCOME TO PETER MONTAGNON, INSTITUTE OF BUSINESS ETHICS

EC welcomed PM to the meeting and reminded the attendees that PM's IBE colleague Philippa Foster Back had presented to the group in April 2015.

PM gave a brief overview of the Institute of Business Ethics (IBE), including the reasons for its establishment at the time of Big Bang and its mission to promote the highest values of business. He emphasised that it was not a lobby group, but rather a 'network' and convenor of ideas.

PM explained that the principal feature of corporate governance should be trust. He noted the general public dissatisfaction with businesses – he explained that 48% of people surveyed did not

believe businesses behaved ethically. He added that this had undoubtedly been caused, in part, by a number of high profile scandals regarding taxation and remuneration among a number of Britain's biggest high street names.

PM mentioned that the results of the UK referendum on its EU membership and the US presidential election highlighted the fact that global capitalism needed to be reformed so that it works for all citizens. Nonetheless, he noted that increasing the number of regulations imposed on business did not lead to a higher level of trust among the public. Rather, higher levels of imposed regulation are indicative of a breakdown in trust.

PM noted that the BEIS Green Paper on corporate governance reform would not be the panacea to three big issues regarding corporate governance:

- remuneration reform;
- restoring trust between the public and business by reaching a consensus on the purpose of business; and
- how to bring more governance discipline to unlisted companies.

PM explained the IBE suggestion that the privilege of limited liability could be loosened, so that it could be withdrawn from shareholders if limited companies behaved poorly or unethically and they have been material actors in that. The Expert Group discussed this radical proposal and its possible implications.

PM summarised the IBE's response to the BEIS Green Paper. He highlighted the need to refresh Section 172 of the Companies Act 2006. He noted that requiring the Chairman to make a statement each year regarding how Section 172 had been deployed would play a key role in achieving this. There was general agreement that government could do a better job enforcement the existing requirements. PM and the Expert Group also exchanged views regarding to the composition and skill-set of boards, and shareholder committees.

EC thanked PM for coming along to speak to the Expert Group. PM left the meeting.

2. APOLOGIES

Apologies were received from Michael Brown, Rob Burdett, Richie Clark, David Firth, Nick Graves, Colin Jones, Kalina Lazarova, Nathan Leclerq, Darius Lewington, Marc Marrero, Darshan Patel, Philip Patterson, Will Pomroy, Jenna Robinson, Carmen Stevens, Nicholas Stretch and Tim Ward.

3. MINUTES OF LAST MEETING (10 January 2017)

The minutes were approved.

4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>Reflection on the BEIS Green Paper on corporate governance reform</p> <p>This was not discussed further as it had been addressed in both exchanges regarding the QCA response and discussions with IBE.</p>	None to note
b)	<p>The future of the QCA Code (plus Audit and Remuneration Committee guides)</p> <p>EC noted that the QCA was reviewing how it could develop the QCA Code, as well as its audit and remuneration committee guides, in light of government plans for reform.</p> <p>PF reflected that, although the QCA Code and the Corporate Behaviour Review were good documents, there was perhaps more that the QCA and the Expert Group could do to market the publications to small and mid-size quoted companies. The Expert Group discussed how the QCA could increase the number of companies following the QCA Code.</p> <p>The Expert Group agreed with JS's comment that it was essential that the QCA continued to work towards the London Stock Exchange, FRC and other stakeholders endorsing the QCA Code.</p>	EC / PF / TW / LV to discuss how the Expert Group can publicise QCA Code more effectively.
c)	<p>Brexit</p> <p>There were no comments to this agenda item.</p>	None to note.

5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p>FRC publishes report on developments in corporate governance and stewardship in 2016</p> <p>This was tabled for information only and was not discussed.</p>	None to note.
b)	<p>ICSA: The Governance Institute and the Investment Association launch joint project to ensure UK PLC boards understand the views of their employees and other stakeholders which should then be factored into their decision making</p> <p>This was tabled for information only and was not discussed.</p>	None to note.

c)	<p>London Stock Exchange issues guidance on good practice in Environmental, Social and Governance reporting</p> <p>This was tabled for information only and was not discussed.</p>	None to note.
d)	<p>Policy Update (January 2017)</p> <p>This was tabled for information only and was not discussed.</p>	None to note.
e)	<p>Guest invitations to future meetings</p> <p>This was not discussed.</p>	None to note.

6. NEXT MEETING

Tuesday 11 April 2017, 9.00am – 10.30am (Venue: Wedlake Bell LLP, 8th floor, 71 Queen Victoria Street, London, EC4V 4AY (Host: Edward Craft))