

Held on: Tuesday 28 November 2017

Venue: UHY Hacker Young, Quadrant House,  
4 Thomas More Street, London, E1W 1YW

**Present:**

Will Pomroy (Chair)	Hermes Investment Management Limited	WP
Rob Burdett	Korn Ferry Hay	RB
Amanda Cantwell	Practical Law Company Limited	AC
Jonathan Compton	BDO LLP	JC
Louis Cooper	Crowe Clark Whitehill LLP	LC
Edward Craft	Wedlake Bell LLP	EC
Peter Fitzwilliam	The Mission Marketing Group PLC	PF
Nick Gibbon	DAC Beachcroft LLP	NG
Tracy Gordon	Deloitte LLP	TG
Nick Graves	Burges Salmon	NG
David Hicks	Charles Russell Speechlys LLP	DH
Alexandra Hockenhull	Hockenhull Investor Relations	AH
Peter Kohl	Kerman and Co LLP	PK
Darshan Patel	Hybridan LLP	DP
Anita Skipper	Aviva Investors	AS
Julie Stanbrook	Hogan Lovells International LLP	JS
Nicholas Stretch	CMS	NS
Kerin Williams	Prism Cossec	KW
Callum Anderson (minutes)	Quoted Companies Alliance	CA

**In attendance:**

Marcus Stuttard	London Stock Exchange	MS
Narkess Aralova	Jordans Limited	NA
Michael Higgins	Ebiquity plc	MH
Sandra Mallia	Quoted Companies Alliance	SM
Bernard Wall	Hogan Lovells International LLP	BW
Deborah Wilcher	Norton Rose Fulbright LLP	DW

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**1. WELCOME TO MARCUS STUTTARD, LONDON STOCK EXCHANGE**

WP welcomed MS to the meeting.

MS discussed the feedback that London Stock Exchange had received to its Discussion Paper on the AIM Rules Review. He noted that that there had been a high number of responses. He briefly summarised the responses received regarding corporate governance, which he explained had been particularly divergent among respondents.

Nonetheless, he explained that there was consensus that corporate governance does help to change corporate behaviour. He noted that there was also consensus that the UK Code and the QCA Code provided companies with a good range of options to implement the appropriate corporate governance arrangements that suits their needs.

MS added that all market participants should encourage companies to effectively evolve their corporate governance arrangements in the years ahead to ensure that AIM can maintain its differentiation with the Main Market.

MS noted that the divergence in opinion on corporate governance was rooted in a number of nominated advisers seeking more prescriptive requirements in the AIM Rules. However MS explained that London Stock Exchange wanted to give companies as much flexibility as possible in selecting the corporate governance code they follow – for example international companies should be allowed to follow their home country's code.

MS explained that the London Stock Exchange was aiming to publish a Feedback Statement, along with a short consultation before Christmas 2017. He noted that this would include minor amendments to AIM Rule 26.

MS and the Expert Group exchanged views on the efficacy of AIM Rule 26 and the importance of ensuring that any changes to the AIM Rules did not inadvertently shift towards a one-size-fits-all model. The Expert Group noted its agreement that companies should disclose which corporate governance code they use, or, if they aren't, explain the reasons for this.

MS and the Expert Group briefly discussed the responses submitted by institutional investors. MS noted that the main point emphasised was a dislike for boiler plate disclosures. He added that, save for a few NGOs, they had seen little demand for environment, social and governance (ESG) reporting in the investor responses to the Discussion Paper.

MS and the Expert Group also exchanged views on the concept of 'comply and explain' with respect to AIM and how the 'explain' element could be more effectively encouraged, while remaining proportionate for smaller quoted companies.

WP thanked MS on behalf of the Expert Group for attending the meeting. MS left the meeting.

## **2. APOLOGIES**

Apologies were received from Edward Beale, Jo Chattle, Rory Cray, Damien Knight, Carmen Stevens and Tim Ward.

## **3. MINUTES OF LAST MEETING (17 October 2017)**

The minutes were approved.

#### 4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p><b>QCA-UHY Hacker Young Corporate Governance Behavioural Review</b></p> <p>CA explained that the launch event for the joint QCA-UHY Hacker Young Corporate Governance Behavioural Review was taking place on 5 December 2017 at UHY Hacker Young's offices. He asked Expert Group members to inform their corporate clients of the event and to encourage them to attend.</p>	<p><b>ALL</b> to inform corporate clients of QCA event.</p>
b)	<p><b>QCA Code</b></p> <p>EC explained that the QCA Code Working Group would be meeting after the Expert Group meeting to review and discuss the latest draft of the next edition of the QCA Code. He added that a final draft would hopefully be circulated to Expert Group members before Christmas 2017.</p>	<p>None at this stage.</p>
c)	<p><b>2017 Best Practice Principles Consultation</b></p> <p>WP noted that responses to the Best Practice Principles Consultation were due by 15 December 2017 and asked Expert Group members to pass on any comments they have to CA before then.</p>	<p><b>ALL</b> to send <b>CA</b> any comments on the consultation.</p>
d)	<p><b>QCA Year of Corporate Governance – Sponsorship</b></p> <p>CA explained that 2018 would be the QCA Year of Corporate Governance, with the revised QCA Code playing a major part in this. He added that the QCA would be running a series of events, as well as a Corporate Governance forum, to help companies understand the importance of demonstrating how to build and maintain trust with their stakeholders.</p> <p>CA mentioned that the QCA's Head of Membership Hayley Zeff had already been in contact with respect to securing member sponsorship in the form of £1,000 + VAT to help deliver the programme.</p> <p>The Expert Group briefly discussed the potential format of the events that would form the QCA's Year of Corporate Governance.</p>	<p><b>ALL</b> to contact Hayley Zeff regarding being a sponsor for QCA's Year of Corporate Governance.</p>
e)	<p><b>Potential for QCA Corporate Governance Expert Group dinner in 2018</b></p> <p>CA posed the question of the QCA potentially organising a self-funded dinner for Corporate Governance Expert Group members. The dinner would allow Expert Group members to discuss corporate governance issues in an informal setting.</p>	<p><b>ALL</b> to relay views on an Expert Group dinner in 2018 to <b>CA</b>.</p>
f)	<p><b>Brexit</b></p> <p>The Expert Group noted the FRC had indicated that Brexit-related risks should be included in 2018 Strategic Reports.</p>	<p>None to note.</p>

## 5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p><b>FRC issues advice for preparing 2017/18 annual reports</b></p> <p>This was tabled for information only and was not discussed</p>	None to note.
b)	<p><b>FRC publishes annual review of corporate reporting for 2016/17</b></p> <p>This was tabled for information only and was not discussed.</p>	None to note.
c)	<p><b>Investment Association publishes updated Principles of Remuneration</b></p> <p>This was tabled for information only and was not discussed.</p>	None to note.
d)	<p><b>Policy Update (October 2017)</b></p> <p>This was tabled for information only and was not discussed.</p>	None to note.
e)	<p><b>Guest invitations to future meetings</b></p> <p>The Expert Group agreed that Andrew Death, who is leading the Department for Business, Energy and Industrial Strategy's (BEIS) engagement work with the Department for Exiting the European Union (DExEU), should be invited to the March 2018 meeting.</p>	<b>CA</b> to invite guest to meeting.

## 6. NEXT MEETING

Tuesday 9 January 2018, 9.00am – 10.30am (Venue: Hogan Lovells International LLP, 50 Holborn Viaduct, London, EC1A 2FG)