

<b>Present:</b>	Edward Craft (Chairman)	Wedlake Bell LLP	EC
	Colin Jones (Deputy Chairman)	UHY Hacker Young	CJ
	Rob Burdett	FIT Remuneration Consultants	RB
	Amanda Cantwell	Practical Law Company Limited	AC
	Jo Chattle	Norton Rose Fulbright LLP	JC
	Jonathan Compton	BDO LLP	JCo
	Louis Cooper	Crowe Clark Whitehill LLP	LC
	Peter Fitzwilliam	Mission Marketing Group (The) PLC	PF
	David Fuller	CLS Holdings PLC	DF
	Nick Gibbon	DAC Beachcroft LLP	NG
	David Hicks	Charles Russell Speechlys LLP	DHi
	Alexandra Hockenhull	Hockenhull Investor Relations	AH
	David Isherwood	BDO LLP	DI
	Darius Lewington	LexisNexis	DL
	Jayne Meacham	Jordans Limited	JM
	Julie Stanbrook	Hogan Lovells International LLP	JS
	Lisa Vainio	Quoted Companies Alliance	LV
	Callum Anderson (minutes)	Quoted Companies Alliance	CA
<b>In attendance:</b>	Claire Dorrian	London Stock Exchange	CD
	David Harris	FTSE Russell	DH
	Stuart James	MM & K Limited	SJ

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## **1. WELCOME TO CLAIRE DORRIAN AND DAVID HARRIS, LONDON STOCK EXCHANGE**

EC welcomed CD and DH to the meeting.

DH gave an overview of the London Stock Exchange's environment, social and governance (ESG) report project. He explained that ESG reporting had become an increasingly important element of companies' reporting benchmarks, due in part to investor demand. DH mentioned that both private and public sector pension schemes are included in the framework.

He explained that one key barrier to successful ESG reporting, particularly with regards to the environment, was the availability of reliable, quality data.

CD mentioned that ESG reporting can play a key role in the IPO process, affecting both a company's share price and liquidity. She added that the guidance was aimed at businesses of all sizes and regardless of asset class.

With regards to the potential benefits of ESG reporting by small and mid-size quoted companies, DH noted that the reporting of ESG information could play an important role in supporting more dialogue and interaction between investors and companies.

DH briefly outlined the eight principles which underpin the guidance to effective ESG guidance. He emphasised that companies should have flexibility on where ESG information was contained – be it within the annual report or easily available on the company's website – as long as it was accessible

for investors. He added that consistent reporting of ESG information, which avoids boilerplating, was also an important factor for companies to consider.

EC stated that the Expert Group would gladly provide any support towards the final version of the guidance.

EC thanked CD and DH for their time. CD and DH left the meeting.

## 2. APOLOGIES

Apologies were received from Edward Beale, Michael Brown, Susan Fadil, David Firth, Tracy Gordon, Nick Graves, Kevin Kissane, Kalina Lazarova, Marc Marrero, Caroline Newsholme, Will Pomroy, Jenna Robinson, Carmen Stevens, Tim Ward and Cliff Weight.

## 3. MINUTES OF THE LAST MEETING (18 October 2016)

The minutes were approved.

## 4. CURRENT ISSUES

	Document	Action by CGEG
a)	<p><b>BEIS Consultation – Implementing the Fourth Money Laundering Directive: beneficial ownership register</b></p> <p>EC briefly summarised the main points of the BEIS consultation. The Expert Group agreed that although it should once again make the point that AIM companies should be exempt from being required to maintain a beneficial ownership register, it seemed unlikely that the Government would be changing its policy direction.</p>	<p><b>CA / LV</b> to draft response to the consultation paper and circulate to Expert Group members.</p> <p><b>ALL</b> to comment on draft response.</p>
b)	<p><b>FRC Consultation – Changes to corporate reporting review procedures</b></p> <p>CJ outlined the FRC’s main proposed changes to its corporate review procedures.</p> <p>It was suggested that publishing a list of companies whose reports have been reviewed and closed, regardless of the extent or outcome of the review, that had been reviewed would be unwelcome as the significance of a company’s presence on the list could be misinterpreted.</p>	<p><b>CA / LV</b> to draft response to the consultation paper and circulate to Expert Group members.</p> <p><b>ALL</b> to comment on draft response.</p>
c)	<p><b>Reviews of corporate governance and the legal framework</b></p> <p>EC noted that the Government would be publishing its green paper on corporate governance reform, for consultation, imminently [this happened on 29 November 2016] and that the Expert Group would submit a response.</p>	<p><b>EC / LV / CA</b> to hold initial discussions on the content of the QCA draft response.</p>

<b>d)</b>	<p><b>Terms of Reference</b></p> <p>LV explained that the Terms of Reference were to be updated to ensure that members understood the Expert Group's aims and objectives. The Expert Group agreed to send comments to the Terms of Reference so that an updated version could be in place for early 2017.</p>	<p><b>ALL</b> to send comments on Terms of Reference.</p>
<b>e)</b>	<p><b>Brexit</b></p> <p>LV explained that the QCA board was conducting preparatory work on Brexit and wanted to collate the views through the Expert Groups with regards to how advisers' clients were responding to the current economic and political environment.</p>	<p>None to note.</p>

## 5. COMMUNICATIONS AND FUTURE MEETINGS

	<b>Document</b>	<b>Action by CGEG</b>
<b>a)</b>	<p><b>Stakeholder Interaction with the Corporate Governance Expert Group</b></p> <p>EC noted that the Stakeholder Interaction document had been circulated to the Expert Group.</p>	<p>None to note.</p>
<b>b)</b>	<p><b>International Corporate Governance Network publishes new best practice guides</b></p> <p>This was not discussed – for information only.</p>	<p>None to note.</p>
<b>c)</b>	<p><b>FRC publishes transcript from its annual conference</b></p> <p>This was not discussed – for information only.</p>	<p>None to note.</p>
<b>d)</b>	<p><b>FRC publishes annual review on corporate reporting</b></p> <p>This was not discussed – for information only.</p>	<p>None to note.</p>
<b>e)</b>	<p><b>FRC Reporting Lab report publishes report on the importance of business model disclosure to investors</b></p> <p>This was not discussed – for information only.</p>	<p>None to note.</p>
<b>f)</b>	<p><b>Investment Association updates Principles of Remuneration for 2017</b></p> <p>This was not discussed – for information only.</p>	<p>None to note.</p>
<b>g)</b>	<p><b>Tomorrow's Company report 'Bringing employee voice into the boardroom'</b></p> <p>This was not discussed – for information only.</p>	<p>None to note.</p>

<b>h)</b>	<b>BEIS publishes response to its consultation on implementing the Non-Financial Reporting Directive</b>  This was not discussed – for information only.	None to note.
<b>i)</b>	<b>Guest invitations to future meetings</b>  EC suggested that it would be important to invite an official from BEIS to discuss the Government’s corporate governance reforms.	<b>CA</b> to invite guests to meetings.
<b>j)</b>	<b>Policy Update (October 2016)</b>  This was not discussed; circulated for information only.	None at this stage.

## 6. DATE FOR NEXT MEETING

Tuesday 10 January 2017, 9am with Luke Hildyard, Policy Lead – Stewardship and Corporate Governance, Pensions and Lifetime Savings Association (PLSA), as guest (Venue: Wedlake Bell LLP, 8th floor, 71 Queen Victoria Street, London, EC4V 4AY).