



held on Tuesday 13 November 2012 at 4:00pm at the offices of Hermes Equity Ownership Services, Lloyd's Chambers, Portsofen Street, London, E1 8HZ

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|-----------------------|---|----------------------------------|----|
| Present: | Edward Craft (Chair) | Wedlake Bell LLP | EC |
| | Dan Burns | Mcguire Woods | DB |
| | Louis Cooper | Crowe Clark Whitehill | LC |
| | Julie Stanbrook | Hogan Lovells LLP | JS |
| | David Fuller | CLS Holdings plc | DF |
| | Tim Goodman | Hermes Equity Ownership Services | TG |
| | Victoria Barron | Hermes Equity Ownership Services | VB |
| | Colin Jones | UHY Hacker Young | CJ |
| | Eugenia Unanyants-Jackson (by telephone) | F&C Asset Management plc | EJ |
| | Melanie Wadsworth | Faegre Baker Daniels LLP | MW |
| | Cliff Weight | MM & K Limited | CW |
| | Tim Ward | Quoted Companies Alliance | TW |
| | Kate Jalbert | Quoted Companies Alliance | KJ |
| In attendance: | Chris Hodge | Financial Regulation Council | CH |
| | Katherine Keenan (minutes) | Wedlake Bell LLP | KK |

1. WELCOME TO CHRIS HODGE OF THE FINANCIAL REPORTING COUNCIL

EC welcomed CH to the meeting. CH gave a general update on upcoming changes to financial reporting and the broader landscape including the following:

- **The revised UK Corporate Governance Code (28 September 2012)** - CH noted that the revisions to the Code are planned to be on a two yearly cycle. CH explained that the responsibility of the board has been expanded in the following areas:
 - **annual reporting** – CH referred to the debate surrounding clear effectiveness statements and noted that the FRC is unlikely to recommend it as a requirement;
 - **comply or explain** – The FRC, understandably, remains keen to preserve this principle; and
 - **new issues for the FRC** – CH explained that there are three key issues that the FRC have been asked to look at:
 - claw back provisions;
 - executive directors who serve as non-executive directors on other boards; and
 - the majority required for the new shareholder vote to approve a remuneration policy.

CH took questions from the group throughout his discussion and then he left the meeting.

2. APOLOGIES

Apologies were received from Edward Beale, Tim Bird, Kate Elsdon, Nicola Evans, David Firth, Clive Garston, Claire Noyce, Nick Graves, David Isherwood and Doris Ko.

3. MINUTES OF THE LAST MEETING (25 SEPTEMBER 2012)

The minutes were approved.

4. PROJECTS

Review of the QCA Corporate Governance Audit Committee Guides

EC explained that the Guides are going to be re-drafted and asked for ideas from the members on how to do this.

There was further discussion on how to update the Guides. Significantly, it was agreed to refer to the Corporate Governance document as a Code and to establish a working group to progress the review (which is now in place).

EC explained that there is concern that certain companies are publicly stating adherence to the QCA Corporate Governance Guidelines but may not be strictly following them. The group concluded that there is a risk to the QCA's reputation if this continues.

It was agreed to set up a separate working group meeting to start revising the guide and EC will report back to the group in January.

KJ

5. CONSULTATIONS

BIS Consultation: The Future of Narrative Reporting – A new structure for Narrative Reporting in the UK (RD: 15 November 2012)

KJ has prepared a response to the draft BIS narrative reporting regulations with contributions from a working group and needs to submit by Thursday 15 November.

ALL

KJ is going to double check that VB is on the circulation list and re-send her the draft response.

VB

ICSA Consultation: Improving Engagement Practices by Companies and Institutional Investors (RD: 30 November 2012)

EC noted that responses are to be submitted by the end of November. It was decided that a short response should be drafted and sent to support ICSA's work but that there was little to say and this consultation was generally not necessary.

Note: In the end no response was sent (EC error for which he apologises).

6. COMMUNICATION AND FUTURE MEETINGS

Guest invitations for future meetings

None currently proposed.

Venue for 2013 meeting (Timing Change)

EC volunteered to host the meeting at Wedlake Bell on 15th January 2013.

7. AOB

8. ACTION POINTS

| ACTION | PERSON | TIMETABLE |
|---|--------|-----------------------------|
| Comments on draft response to the narrative reporting regulations | ALL | ASAP (RD: 15 November 2012) |
| Check VB is on the circulation list and re-send narrative Reporting responses | KJ | ASAP |
| Set up a Working Group Meeting to start revising the Corporate Governance Guide | KJ | ASAP (before Christmas) |

Information for noting

Consultation Update – Responses submitted:

- The Future of Narrative Reporting – A new structure for Narrative Reporting in the UK (RD: 15 November 2012)

Date for next meeting:

Tuesday 15 January 2013 (4pm) (Venue: Wedlake Bell LLP, 52 Bedford Row, London, WC1R 4LR, host: Edward Craft)