

Held at 4.00pm on Tuesday 16 July 2013 at the offices of Wedlake Bell LLP,
52 Bedford Row, London, WC1R 4LR

Present:	Edward Craft (Chairman)	Wedlake Bell LLP	EC
	Julie Stanbrook	Hogan Lovells LLP	JS
	David Fuller	CLS Holdings plc	DF
	Victoria Barron	Hermes Equity Ownership Services	VB
	Edward Beale	Western Selection plc	EB
	Melanie Wadsworth	Faegre Baker Daniels LLP	MW
	Kate Jalbert	Quoted Companies Alliance	KJ
	Dan Burns	McguireWoods	DB
	Louis Cooper	Crowe Clark Whitehill	LC
	David Isherwood	BDO LLP	DI
	Anita Skipper	Aviva Investors	AS
	Rob Burdett	FTT	RB
Present by Conference phone:	Peter Swabey	Equiniti	PS
In attendance:	Katherine Keenan (minutes)	Wedlake Bell LLP	KK

1. APOLOGIES

Apologies were received from Kate Elsdon, Peter Fitzwilliam, Clive Garston, Andrew Hobbs, Alexandra Hockenhull, Deepak Reddy, Tim Ward, Claire Noyce, Colin Jones, Dalia Joseph, George Dallas and Cliff Weight.

2. MINUTES OF THE LAST MEETING (14 MAY 2012)

No comments.

3. CURRENT ISSUES

(a) Corporate Governance Code for Small and Mid-Size Quoted Companies 2013

Discussions on the following points took place:

PLC Practice Note on AIM Corporate Governance

- NEC noted that PLC have not provided a completely accurate commentary on the Code, including continued reference to QCA 'guidelines' rather than the 'Code'

General

- next steps to ensure the Code is utilised, ensure Code is "alive" – demonstrate how the Code can be incorporated into companies' corporate behaviours and find out who uses the Code
- note PLC currently produces a guide which tracks companies governance disclosures, but not conduct
- Colin Jones and his colleagues at UHY Hacker Young are to pursue a project to review corporate governance disclosures from a sample of companies against an agreed methodology and results will be published – this will then allow the group to assess implementation of the Code
- establish target groups such as company chairmen and secretaries, to invite to a series of focussed seminars to debate governance issues for companies with different levels of maturity and at different stages of investment cycle
- invite companies who have purchased/use the Code to a seminar which teaches them how to use it appropriately was proposed (a long morning was agreed as the best format and a discussion as to whether any accreditation/certificate could be given for attending the seminar took place)
- it is important to identify investors who are actively engaging with companies as the relationship between the two needs to be stronger, it is recognised that dialogue with investors can improve engagement with the company
- consider proxy agents being encouraged to ask small and mid-size companies if they are using the Code
- it was suggested that a round table discussion with investors to discuss the Code would be useful to raise the profile of the Code and encourage companies to attend

(b) Progress on revision of the Audit Committee Guide for Smaller Quoted Companies

- EC commented that Colin Jones had led a very useful meeting and that a new document, to update the Audit Committee Guide produced in February 2009, is being prepared: the new guide is likely to be finalised for the new year
- KJ is arranging roundtables in September to float some ideas on the Audit Committee Guide: the new document should be one stop shop
- DI volunteered to help Colin Jones

(c) Proxy Advisors and company engagement

Discussions on the following points took place:

- there is a misunderstanding of what proxy advisors do and perhaps the QCA can help to break down the misunderstanding – as it leads to lack of trust and an unhealthy relationship with companies
- perhaps a short document could be produced to send to companies outside FTSE350 which explains the role of proxy advisors
- there is a lack of understanding surrounding the tight deadlines that proxy voting agencies impose on companies as most deadlines occur at the peak season a few weeks before AGMs
- it was suggested that in order to improve the system, companies could be encouraged to have different year ends as this will decrease audit fees and provide longer gaps between the preparation of the accounts and the AGM. However, the group noted that it could be difficult to change the reporting date if you are part of industry and, it would be difficult to persuade a whole industry to change their accounting date

(d) European Commission – Internal Market – Disclosure of non-financial and diversity information by certain large companies and groups

- EC noted that this is not a consultation, it is a proposal
- The European Commission is trying to tackle a broad range of human rights, women on boards, social and environmental issues

- BIS is looking at putting views on this as they want to limit the scope by applying it to all listed companies – not private companies
- currently the proposals do not apply to AIM listed companies

4. CONSULTATIONS

(a) IIRC: Consultation draft of the International Integrated Reporting framework (Response Date: 19 July 2013)

KJ asked for a volunteer to work with the Financial Reporting Group to provide a high level comment. AS offered to forward response. DI has sent his response to KJ. KJ and EC will prepare response and circulate to the group.

(b) BIS – Corporate Responsibility: A call for views (Response Date: 27 September 2013)

This proposal presents risks to the focus of annual reporting. DF feels this view on corporate responsibility misses the point and EC strongly of a view that SMEs have been misunderstood. EC to prepare response with KJ.

(c) Balanced and Reasonable: A discussion paper on the provision of positive assurance on management commentary (Response Date: 31 October 2013)

KJ asked for a volunteer to prepare a response. The group discussed whether the proposal will add any real value to reporting and suggested that it may not encourage worthwhile communications

5. COMMUNICATION AND FUTURE MEETINGS

(a) Transparency Directive: European Parliament resolution on amending directive

EC suggested that perhaps a response should be prepared in particular on the point of education of directors

(b) BIS – Remuneration Regulations

(c) BIS – Narrative Reporting – Draft Regulations

(d) DEFRA – Environmental Reporting Guidelines (GHG Reporting)

(e) ISDX Rules for Issuers and Corporate Advisers Handbooks – Feedback on Consultation

(f) Guest invitations to future meetings

Mark Jackson of BIS will be attending the September meeting to discuss Narrative Reporting.

(g) Policy Update (June 13) – for information only

6. AOB

Information for noting

Consultation Update – Responses submitted: None

Date for next meeting:

Tuesday 24th September 2013 (4pm)

Venue: Wedlake Bell LLP, 52 Bedford Row, London, WC1R 4LR

Host: Edward Craft

Attendance: Mark Jackson (BIS)