

Minutes of the QCA Corporate Governance Expert Group

**QUOTED
COMPANIES
ALLIANCE**

Held on: Tuesday 5 June 2018

Venue: Vistra UK, 11-12 St James's Square, London, SW1Y 4LB

Present:

Will Pomroy (Chair)	Hermes Investment Management Limited	WP
Tracy Gordon (Deputy Chair)	Deloitte LLP	TG
Danette Antao	Hogan Lovells International LLP	DA
Amanda Cantwell	Practical Law Company Limited	AC
Jonathan Compton	BDO LLP	JC
Edward Craft	Wedlake Bell LLP	EC
Peter Fitzwilliam	The Mission Marketing Group PLC	PF
David Fuller	CLS Holdings PLC	DF
Ian Greenwood	Korn Ferry Hay	IG
Damien Knight	MM & K Limited	DK
Peter Kohl	Kerman & Co LLP	PK
Darius Lewington	LexisNexis	DL
Daniel Redman	Design Portfolio	DR
Carmen Stevens	Jordans Limited	CS
Melanie Wadsworth	Faegre Baker Daniels LLP	MW
Tim Ward	Quoted Companies Alliance	TW
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

Angela Johnston	CMS	AJ
Doug Quinn	SkinBioTherapeutics	DQ

1. APOLOGIES

Apologies were received from Edward Beale, Jo Chattle, Richie Clark, Louis Cooper, Rory Cray, Nick Gibbon, Nick Graves, David Hicks, Alexandra Hockenhull, Kalina Lazarova, Marc Marrero, Philip Patterson, Anita Skipper, Julie Stanbrook and Nicholas Stretch.

2. MINUTES OF LAST MEETING (6 March 2018)

The minutes were approved.

3. TRACY GORDON – NEW DEPUTY CHAIR OF THE QCA CORPORATE GOVERNANCE EXPERT GROUP

WP noted that TG had kindly accepted the invitation to become the new Deputy Chair of the QCA Corporate Governance Expert Group.

4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>QCA Corporate Governance Code</p> <p>The Expert Group noted that the QCA Corporate Governance Code had been published in April 2018. It also noted that the change to AIM Rule 26 had made the publication of the QCA Code a very timely intervention.</p> <p>AR mentioned that the QCA Code had been well-received across the small and mid-size quoted company. He added that the QCA Code had also received endorsements from Andrew Griffiths MP (the Small Business Minister), Marcus Stuttard (Head of AIM), Patrick Birley (Chief Executive of NEX Exchange), Philippa Foster Back (Director of the Institute of Business Ethics) and Sir Winfried Bischoff (Chairman of the FRC).</p> <p>AR explained that the QCA Code had received favourable media coverage through two <i>Financial Times</i> articles from Kate Burgess.</p> <p>AR added that the QCA had successfully run a training session for quoted companies seeking to learn more about how to adopt the QCA Code effectively.</p> <p>AR noted that 210 copies of the QCA Code had been sold to non-member companies.</p> <p>TW added that AIM Regulation had sent an email to Nominated Advisers asking them to ensure their companies inform AIM Regulation which recognised corporate governance code they have decided to adopt.</p> <p>TW noted that the QCA had also developed additional materials which would help small and mid-size quoted companies adopt the code ahead of the AIM Rule change coming into effect in September 2018.</p> <p>The Expert Group exchanged views on the revised QCA Code. DF enquired whether the QCA was intending to undertake any work on how to support companies communicate how they have adopted the QCA Code.</p> <p>DR noted that his clients had appreciated the emphasis on digital disclosures, as opposed to only the annual report. The Expert Group noted that this was one area that distinguished the QCA Code from the UK Code.</p> <p>The Expert Group also discussed the extent to which the upcoming principles of corporate governance for private companies would be influenced by the QCA Code.</p>	<p>CA to circulate links to additional QCA Code materials regarding the draft board resolution.</p>

<p>b)</p>	<p>BEIS consultation: Insolvency and Corporate Governance</p> <p>WP explained that the Department for Business, Energy and Industrial Strategy (BEIS) had published a consultation on insolvency and corporate governance.</p> <p>He noted that the most salient section for the Expert Group was with regards to strengthening corporate governance in pre-solvency situations: views sought included were with respect to group structures, stakeholder responsibilities, payment of dividends and directors' duties.</p> <p>The Expert Group agreed to send their views, and those of their respective firms/companies, before the response deadline.</p>	<p>CA to circulate draft response to Expert Group.</p> <p>ALL to send their comments on the draft response before the 11.06.18 deadline.</p>
<p>c)</p>	<p>Independent Review of the Financial Reporting Council</p> <p>TW explained that he, AR and CA had had an informal meeting with Claire Hardgrave, Head of the Review Secretariat, to exchange preliminary views on the future of the FRC.</p> <p>TW added that the Review secretariat is due to issue their call for evidence in the coming days. He added that the QCA would hold an internal roundtable to discuss the QCA's potential view by the end of June 2018, with the objective of holding a roundtable for quoted company directors in late July 2018.</p> <p>A few members of the Expert Group noted that Sir John was taking his role as an independent reviewer of the FRC very seriously and that he did not shy away from asking, and seeking, direct answers to his questions.</p>	<p>None at this stage.</p>
<p>d)</p>	<p>Brexit</p> <p>TW explained that the QCA had hosted a discussion roundtable with Philip Rycroft, Permanent Secretary of the Department for Exiting the European Union (DExEU), which gave small and mid-size quoted company directors the opportunity to share their insights into how Brexit is affecting their businesses. TW added that the major theme to come from the discussion was regarding skills shortages, especially in the services sector.</p> <p>TW also noted that he and CA had met with Kyle Galler of the European Commission Representation in the UK to discuss the UK's ongoing negotiations with the EU from a Commission perspective.</p>	<p>None.</p>

5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	QCA-Peel Hunt Mid and Small-Cap Investor survey results published This was tabled for information only and was not discussed.	
b)	FRC publishes three year strategy and 2018/19 Plan and Budget This was tabled for information only and was not discussed.	
c)	Guest invitations to future meetings CA explained that he was liaising with Nathan Leclerq of ISS with regards to attending the July meeting. The Expert Group suggested that inviting the FRC to speak about either the finalised, revised UK Code, or the independent review could be suitable guests in the autumn.	CA to liaise with Nathan Leclerq to hopefully confirm attendance at July meeting.
d)	Policy Update (May 2018) This was tabled for information only and was not discussed.	None.

6. ANY OTHER BUSINESS

The Expert Group noted the excellent contribution that Anita Skipper had given to the QCA's corporate governance activities, as well as the governance community in general. The Expert Group wished her a happy retirement.

7. NEXT MEETING

Tuesday 10 July 2018, 9.00am – 10.30am (Venue: BDO LLP, 55 Baker Street, London, W1U 7EU)