



Held at 9am on Tuesday 14 April 2015
at the offices of Wedlake Bell LLP, 52 Bedford Row, London WC1R 4LR

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|----------------|-------------------------------|---------------------------------|----|
| Present: | Edward Craft (Chairman) | Wedlake Bell LLP | EC |
| | Colin Jones (Deputy Chairman) | UHY Hacker Young | CJ |
| | Mark Harland | Henderson Global Investors | MH |
| | Amanda Cantwell | Practical Law Company Ltd | AC |
| | Anthony Carey | Mazars LLP | AC |
| | Louis Cooper | Crowe Clark Whitehill/NEDA | LC |
| | Peter Fitzwilliam | Mission Marketing | PF |
| | David Fuller | CLS Holdings plc | DF |
| | Darius Lewington | LexisNexis | DL |
| | Tracy Gordon | Deloitte LLP | TG |
| | Jonathan Compton | BDO LLP | JC |
| | Nathan Leclercq | Aviva Investors | NL |
| | Jayne Meacham | Jordans Limited | JM |
| | Julie Stanbrook | Hogan Lovells International LLP | JS |
| | Peter Swabey | ICSA | PS |
| | Tim Ward | Quoted Companies Alliance | TW |
| | Maria Gomes (minutes) | Quoted Companies Alliance | MG |
| In attendance: | Philippa Foster-Back | IBE | PF |

1. WELCOME TO PHILIPPA FOSTER-BACK, INSTITUTE OF BUSINESS ETHICS (IBE)

EC welcomed PF and thanked her for coming to speak to the Group.

PF thanked the Group for the opportunity and briefly introduced herself and the IBE. She explained that the IBE focuses its work on business ethics: conduct and behaviour. She mentioned that it is very important that companies are aware of how they are managing themselves, what they call 'conduct risk'.

She shared with the Group an outline of the elements of an effective programme. Ethical values should be embedded in the Code of ethics, Communication and awareness campaigns, training in reinforcement, supporting context and culture and monitoring and accountability.

PF mentioned that companies should be aware of how they do their business and be mindful of relationships with business groups. However, she pointed out that all firms have different cultures and no one size will fit all. This should be mindful of the different blend of people in the company and which composes the companies' values.

PF explained that they have identified that various words are used by companies as their values; companies should identify their own values and know what they mean and what the key words stand for combined. At the IBE, they believe that the optimal number of key values to have is five.

As for what companies are currently doing, PF discussed with the Group that the words ‘transparency’ and ‘openness’ are used frequently, whereas ‘integrity’ is a popular key word coming back. ‘Fairness’ is also often used.

PF highlighted that the values should be codified in a code of ethics to ensure consistency of conduct. PF mentioned that it is crucial that employees, suppliers and wider community are aware of these values, which blends together into reputation and building good trust in the brand.

The Group asked PF where is the best place in the board for this to be assessed. PF mentioned that this should be done across committees by seeing all the data that comes in and discussing it.

When asked about the value of risk, PF commented that there is ‘green’ risk, seen as opportunity and focusing on the positive, on which the code of conduct can help make decisions.

EC thanked PF and she left the meeting.

2. APOLOGIES

Apologies were received from Rob Burdett, Bruce Duguid, Nick Gibbon, Nick Graves, Andrew Hobbs, Alexandra Hockenhull, Dalia Joseph, Claire Noyce, Nicholas Stretch, Eugenia Jackson, Melanie Wasdworth, Cliff Weight and Kate Jalbert.

3. MINUTES OF THE LAST MEETING (24 February 2015)

The minutes were approved.

4. CONSULTATIONS

| Consultation | Action | Lead |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| DEFRA - Revision of the Guidelines on environmental reporting | <p>The group agreed that this consultation is very focused on individual companies and might not be for the QCA to respond to.</p> <p>JC and EC agreed to take a look at the consultation and see if it is worth making a comment on statutory reporting and options.</p> | Corporate Governance Expert Group |

5. CURRENT ISSUES

a) Revision of QCA Remuneration Committee Guide for Small and Mid-Size Quoted Companies

EC updated the group on the progress made by the Remuneration Committee Guide Working Group. He explained that the Working Group has had its second meeting and defined workstreams. The Working Group has drafted a survey for institutional investors on remuneration, which will run until June 2015. EC mentioned that a roundtable discussion with remuneration committee chairmen took place on 16 March, to help inform the guide revision.

b) Shareholders’ Rights Directive Proposal – progress update

MG mentioned that there is still slow progress being made on this proposal. She added that the QCA is a member of BIS' stakeholder group on the work on the Shareholders' Rights Directive and is working also through EuropeanIssuers on the draft proposal discussions.

c) Small Business, Enterprise and Employment Act

EC explained that he is representing the QCA in Register of People with Significant Control (PSC Register) committee advising BIS on the drafting of guidance and non-statutory rights. He mentioned that the working group is drafting the guidance and that some parts of it will be open for consultation with wider stakeholders towards the end of the year.

d) Key Drivers of the Corporate Governance Expert Group (2015/2016)

EC explained that this topic will be tabled for discussion for our next Corporate Governance Expert Group meeting.

6. COMMUNICATIONS AND FUTURE MEETINGS

| | Document | Action/comments by CGEG |
|-----------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| a) | ICSA Guidance: contents list for company annual reports | This was not discussed; the document was circulated for information only. |
| b) | OECD Corporate Governance Factbook | This was not discussed; the document was circulated for information only. |
| c) | PIRC 2015 UK Shareholder Voting Guidelines | This was not discussed; the document was circulated for information only. |
| d) | IFIAR 2014 Survey of Inspection Findings | This was not discussed; the document was circulated for information only. |
| e) | FRC compendium of Audit and Assurance Standards and Guidance 2015 | This was not discussed; the document was circulated for information only. |
| f) | FRC survey "Extended auditor's reports: A review of experience in the first year" | This was not discussed; the document was circulated for information only. |
| g) | Guest invitations to future meetings | The Group suggesting inviting someone from Lord Hill's Cabinet or DG Justice. MG/Chris Stapeley |
| h) | Policy Update (February 2015) | This was not discussed; the document was circulated for information only. |

7. AOB

This was not discussed.

8. Actions

| Action | Person | Timetable |
|-------------------------------------------------------|------------------------------|------------------|
| Invite someone from Lord Hill's Cabinet or DG Justice | MG/Chris Stapeley | ASAP |

9. INFORMATION FOR NOTING

Date for next meeting:

Tuesday 12 May, 9am at Hogan Lovells International LLP (Atlantic House, Holborn Viaduct, London EC1A 2FG)