

ISS
Epworth House
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London, EC1Y 1AA

policy@issgovernance.com

9 November 2015

Dear Sirs,

2016 Benchmark Policy Consultation

Introduction

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of European**Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Corporate Governance Expert Group has examined your proposals and advised on this response. A list of members of the Expert Group is at Appendix A.

Response

We welcome the opportunity to respond to this consultation.

We generally understand the objectives which the Institutional Shareholder Services (ISS) is seeking to pursue subject to the following:

1. Director overboarding

Whilst it is not healthy for any individual to take on too many roles and be spread too thinly, we think that a prescriptive approach on how many directorships a director should hold may restrict the ability of small and mid-size quoted companies to attract non-executive directors from a wider pool.

We note that the Government decided not to be prescriptive about this issue, nor did the Financial Reporting Council in its UK Corporate Governance Code (beyond its advice on FTSE 100 non-executive directorships). Therefore, it would be helpful for ISS to take a flexible approach to this and allow companies to explain why certain directors may hold more than the stated maximum number of directorships.

2. Auditors' fees for smaller companies

Whilst we understand that ISS would not recommend a 'no' vote in one anomalous year and encourages explanation as to why the auditor is providing significant non-audit services, it is important to recognise that an anomalous one-off transaction might require significant non-audit services across two years.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies.

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If you would like to discuss our response in more detail, we would be happy to attend a meeting.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'TW', is positioned above the typed name.

Tim Ward
Chief Executive

Quoted Companies Alliance Corporate Governance Expert Group

Edward Craft (Chairman)	Wedlake Bell LLP
Colin Jones (Deputy Chairman)	UHY Hacker Young
Nathan Leclercq	Aviva Investors
David Isherwood	BDO LLP
Kalina Lazarova	BMO Global Asset Management (EMEA)
Eugenia Unanyants-Jackson	
Nick Graves	Burges Salmon
Nick Janmohamed	Charles Russell Speechlys LLP
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Nicholas Stretch	CMS Cameron McKenna LLP
Louis Cooper	Crowe Clark Whitehill LLP
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Tracy Gordon	Deloitte LLP
Natalie Bell	EY
Andrew Hobbs	
Melanie Wadsworth	Faegre Baker Daniels LLP
Rob Burdett	FIT Remuneration Consultants
Richie Clark	Fox Williams LLP
Michael Brown	Henderson Global Investors
Bruce Duguid	Hermes Equity Ownership Services
Julie Stanbrook	Hogan Lovells International LLP
Bernard Wall	
Claire Noyce	Hybridan LLP
Darshan Patel	
Niall Pearson	
James Hodges	Hydrodec Group PLC
Peter Swabey	ICSA
Jayne Meacham	Jordans Limited
Eric Dodd	KBC Advanced Technologies PLC
Darius Lewington	LexisNexis
Jane Mayfield	
Anthony Carey	Mazars LLP
Mebbs Dossa	McguireWoods
Peter Fitzwilliam	Mission Marketing Group (The) PLC
Cliff Weight	MM & K Limited
Caroline Newsholme	Nabarro LLP
Jo Chattle	Norton Rose Fulbright LLP
Julie Keefe	
Amanda Cantwell	Practical Law Company Limited
Kate Elsdon	PricewaterhouseCoopers LLP
Dalia Joseph	Stifel
Marc Marrero	
Philip Patterson	TMF Corporate Secretarial Services Ltd
Kevin Kissane	Vernalis PLC
Edward Beale	Western Selection Plc
Alexandra Hockenhull	Xchanging PLC