

Institute of Directors in Ireland (IoD)	Press Release
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Directors say increased regulation needed to improve corporate governance standards in Ireland with majority recognising the need to undergo further training for their role

- **70% of directors believe that increased regulation is the only way that corporate governance standards in Ireland can improve**
- **3 in 5 admit they need to undergo further training for their role as directors**
- **45% do not have independent non-executive directors on their company board**

Improving corporate governance standards

Independent research conducted by Behaviour & Attitudes on behalf of the Institute of Directors in Ireland (IoD) among its members, has found that 70% of directors agree that increased regulation is the only way that corporate governance standards in Ireland can be improved.

Almost half (48%) of directors in multinationals believe that increased regulation is needed to improve corporate governance standards, with two-thirds (68%) of directors in the financial services sector agreeing.

Director training

The majority (60%) of directors claim that they had adequate training and knowledge when they took up their position as a director. That shows an improvement when compared to results from 2008, with just half (51%) of the directors surveyed at that time claiming to have adequate knowledge and training for their role.

Worryingly, 3 in 5 (59%) directors admit that they need to undergo further training to carry out their role and this figure increases in the financial services sector, with almost two-thirds (64%) of directors acknowledging that they need to undergo additional training.

Presence of independent non-executive directors

Having independent non-executive directors (NeD) in place on a company board is an integral part of good corporate governance. However, 45% of those directors surveyed claim that their company does not have non-executive directors on its board.

SMEs are less likely to have independent non-executive directors in place, with less than 2 in 5 (38%) having appointed NeDs to their board. Plcs have the highest number of non-executive directors in place, with over two-thirds (67%) of directors in Plcs saying that their company has non-executive directors in place.

Non-executive directors feature highly in the financial services sector, with two-thirds (66%) of directors in the industry claiming that their company has NeDs on its board.

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The board and committees

When asked about the presence of separate board committees in their company, two-thirds (67%) claim to have a committee in place to deal with audit, almost 3 in 5 (58%) have a committee for remuneration and 2 in 5 (40%) for nominations. Over 6 in 10 (63%) directors in Plcs claim to have a committee to deal with nominations.

When given a choice between 'comply or explain' (UK Corporate Governance Code* model) or enforced regulation, two-thirds (66%) of directors cited a preference for enforced regulation.

Under the UK Corporate Governance Code it is also recommended that the roles of the Chief Executive and the Chairman should be kept separate, and interestingly, 9 in 10 (91%) of those directors surveyed agree with this approach. In addition, 6 in 10 (62%) agree that the Chief Executive of an organisation should never become its Chairman.

Commenting on the findings, Maura Quinn, Chief Executive, Institute of Directors in Ireland, said: "What these results clearly show is that directors in Ireland recognise that we need to address our corporate governance shortcomings and take steps to improve standards throughout all sectors.

"Increasing regulation is one way to tackle the problem, though we must be conscious of the danger of over regulation and the effects on business. We need to create a balance between regulation and education by ensuring that directors are fully equipped with the appropriate skills, knowledge and expertise to carry out their role.

"It is imperative to this country's recovery that those leading our businesses are qualified to do so, and that our boards have a suitable mix of executive and non-executive directors to ensure high standards of corporate governance."

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Editors' Notes

Research was carried out by Behaviour & Attitudes with a sample of 240 IoD Ireland members. Interviews were conducted by telephone between 26th April – 5th May 2010.

*The UK Corporate Governance Code (formerly the Combined Code) sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies with a Premium Listing of equity shares in the UK and Ireland are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.

The Institute of Directors in Ireland is the representative body for senior business professionals in Ireland. Members include chief executives, chairpersons, board members, senior executives and partners of national and international entities. Affiliated to the Institute of Directors worldwide, the Institute offers a range of training and services for its members to increase their effectiveness as directors.