



INSTITUTE OF DIRECTORS  
IN IRELAND

Chris Hodge  
Corporate Governance Unit  
Financial Reporting Council  
Fifth Floor  
Aldwych House  
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London WC2B 4HN

4<sup>th</sup> March 2010

Dear Chris,

### **FRC consultation on proposed revisions to the Combined Code**

Thank you for allowing the Institute of Directors in Ireland (IoD) to respond to the proposed revisions to the Combined Code as outlined in the FRC consultation paper on the revised UK Corporate Governance Code, December 2009. Corporate governance is a key area of interest for the IoD in Ireland and we are therefore pleased to present our views on the proposed revisions.

### **IoD Ireland proposals**

#### **1. Name Change**

##### ***Proposed changes to the structure of the code – A.2***

The first area of concern for the IoD in Ireland regards the proposed name change from ~~the~~ Combined Code on Corporate Governance to ~~the~~ UK Corporate Governance Code.

The code is applicable not just to UK listed companies, but also to those listed on the Irish Stock Exchange. Grant Thornton, in its annual Corporate Governance Review, explains that all companies with a listing on the main market of the Irish Stock Exchange are required to state whether they have complied with the Combined Code, and if they have not, to explain why.

It is essential that the title of the code reflects the fact that it equally applies to companies listed on the Irish Stock Exchange as to those listed in the UK.

It would therefore be most helpful if it could remain in its current form as ~~the~~ Combined Code on Corporate Governance. This will remove any confusion with regard to which companies are governed by the code.

Part of the IoD International Network

Chief Executive: M Quinn, Company Secretary: R MacDarby  
Directors: A Riordan (President), C Brownlee, T Byrne, AE Collins, J Cross, L Daniel, E Gleeson, R Grier, D Lamont, L Magahy,  
HA McSharry, M Murphy, W O'Reilly, J Smyth, M Somers, M Walsh

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## **2. Director Training and Professionalisation**

### ***Proposed changes to the content of the code – B.1/ B 4.2.***

The Institute of Directors in Ireland welcomes the proposed addition of Principle B.1, relating to the skills, experience and knowledge of the board. The IoD in Ireland is a strong advocate of the need for board appointments to be not only transparent, but for those non executive directors appointed to company boards to be selected based on relevant skills and experience.

It is vital that the best and most qualified people are appointed to company boards and that an emphasis is placed on training of board members in their specific roles, as recommended in the new provision B.4.2.

However, it is the view of the IoD in Ireland that we need to take a further step and move towards the overall professionalisation of directors, encouraging a greater presence of Chartered Directors on our boards. While the programme is still at an early stage in Ireland, it is vital that we promote and highlight the need for all company directors to undergo training at the very least and to ultimately hold a qualification in company direction.

Professionalisation will be a key component to improving corporate governance standards and in our view should be a requirement for all company board members.

## **3. Director Re-Election**

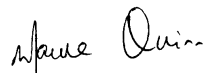
### ***Changes to the provisions – B.7***

Regarding re-election to company boards, IoD Ireland agrees in principal with this provision. However, on appointment to a company board, a director needs a period of time to familiarise him or herself with the company and with their role and responsibilities as a board member. It is therefore recommend that re-election take place at intervals of no more than three years.

The same rule should also apply for the Chairman of the board, allowing him or her sufficient time to develop within the role. Rotation of the Chairman on an annual basis is likely to cause disruption to both the running of the board and consequently the management of the company.

Thank you once again for allowing the Institute of Directors in Ireland to participate in this consultation. We hope you find our comments useful.

Yours Sincerely



Maura Quinn  
Chief Executive

Part of the IoD International Network

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