

Press Release  
Embargoed until 00:01hrs  
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**'COMPLY OR EXPLAIN' TO BE MONITORED**

The Institute of Directors (IoD) has today announced that it will monitor and assess how institutional investors are interpreting the 'comply or explain' provisions of the Higgs' recommendations which have now been incorporated into the Combined Code.

George Cox, Director General of the IoD, said:

"This is not about naming and shaming particular institutions or companies but more about how the 'comply or explain' provisions in the Combined Code are being applied.

"The IoD, in consultation with the100 Group, will look at how the dialogue between companies and institutional shareholders is working in practice and whether it is being translated into action in the form of voting on resolutions put to general meetings.

"Nobody has anything to fear from transparent and open dialogue - it is in the best interests of all concerned, institutional shareholders, companies and ultimately UK plc."

The IoD will analyse:

- \* the dialogue throughout the year between companies and institutional investors on governance issues, particularly those explicitly covered by the Combined Code and where a company has discussed areas of 'non-compliance';
- \* the compliance statements in company annual reports, together with explanations of areas of non-compliance;
- \* the recommendations of the various voting interest services (both quantitative and qualitative);
- \* the actual voting by institutional investors; and
- \* disparities between voting and perceptions given by prior discussions.

Ends

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**Notes to editors**

1. The IoD (Institute of Directors), founded by Royal Charter in 1903, is a non-party political organisation with upwards of 54,000 members in the United Kingdom. Membership includes directors from right across the business spectrum - from media to manufacturing, e-business to the public and voluntary sectors. Members include CEOs of large corporations as well as entrepreneurial directors of start-up companies.

2. The IoD offers a wide range of business services which include business centre facilities (including six regional centres), conferences, networking events, issues-led guides and literature as well as information services and free access to a comprehensive business library and enquiry service. The IoD places great emphasis on director development and has established a certified qualification for directors - Chartered Director - as well as running specific board-level and director-level training and individual career mentoring programmes.

3. In addition, the IoD provides an effective voice to represent the interests of its members to government and key opinion-formers at the highest levels. These include ministers, constituency MPs, Select Committee members and senior civil servants. IoD policies and views are actively promoted to the national, regional and trade media.

4. For further information, visit our website: <http://www.iod.com/>

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