



Press Release

Immediate Release

Friday 15th January 2010

IoD and ICSA launch working group on board performance evaluation

15 January 2010: The IoD and ICSA have today announced the launch of a joint working group on board performance evaluation. The objective of the group is to develop “best practice” guidance on the undertaking of externally facilitated board evaluations.

Both the IoD and ICSA believe that the periodic evaluation of the performance of company boards with independent external facilitation of the process can contribute to improved standards of corporate governance. Consistent with this perspective, the FRC has proposed the addition of a new provision in the new UK Corporate Governance Code (formerly the Combined Code) which states that evaluation of the board should be externally facilitated at least every three years. A similar viewpoint was expressed in the Walker Review.

The IoD and ICSA believe that the publication of best practice guidance will encourage the wider utilisation of external board performance evaluation. In addition, the proposed guidance will seek to address any potential conflict of interest issues that may arise in the conduct of such evaluations.

The IoD and ICSA are both leading providers of board evaluation services. However, the working group also includes a range of independent stakeholders, including directors, institutional investor representatives, and academics.

David Wilson, ICSA’s Chief Executive commented:

“ICSA very much welcomes Sir David Walker’s emphasis on the need to develop appropriate standards for the board evaluation process. As a leading provider in this field through ICSA Board Evaluation, we recognise the value our clients derive from ensuring that our services meet the highest standards. We also consider that all board evaluation service providers will be in a better position to manage conflicts in a transparent and objective manner if they adopt a common approach.’

Miles Templeman, Director General of the IoD, commented:

“If external board evaluation processes are to become more meaningful – both in terms of adding value to boards and providing sufficient reassurance to shareholders – we believe that it would be useful to apply a more consistent board evaluation approach. Although we would not necessarily expect best practice guidance on board evaluation to become a formal corporate governance requirement, it is hoped that the guidance will gain widespread recognition – particularly in the eyes of investors - and thereby play a significant role in improving overall corporate governance standards.”

ENDS

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Notes to editors

About ICOSA

The Institute of Chartered Secretaries and Administrators (ICSA) is the qualifying body for company secretaries and a leading authority on corporate governance. It publishes guidance notes and best practice guides and through its subsidiaries provides events, information and training, boardroom performance evaluation and dedicated software. The ICSA has 36,000 members worldwide and is represented in over 70 countries.

About the IoD

The IoD (Institute of Directors) was founded in 1903 and obtained a Royal Charter in 1906. The IoD is a non-party political organisation with upwards of 50,000 members in the United Kingdom and overseas. Membership includes directors from right across the business spectrum. Members include CEOs of large corporations as well as entrepreneurial directors of start-up companies.

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. 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.