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**A typology for exploring the quality of explanations for non-compliance with UK corporate governance regulations**

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**ABSTRACT**

Companies not complying with the UK Code of Corporate Governance are required by the Code to provide explanations for non-compliance. This is the capstone of the 'comply or explain' system. There are no regulations about the content of those explanations, leaving shareholders and others to judge their appropriateness. The study develops a typology to assess the quality of corporate governance explanations for non-compliance. The typology is based on seven quality characteristics. Illustrating the typology, this study examines the quality of explanations for non-compliance of UK FTSE 350 companies.

There were 204 (75%) non-compliant companies, 537 Code violations and 438 explanations for non-compliance, an average of 2.6 violations and 2.2 explanations per non-compliant company. Explanations were found to be of variable quality. Results indicate the aspects of explanations for non-compliance which companies need to address (notably location of explanations, complexity and specificity of explanations).

*Keywords:* Comply-or-explain, non-compliance, quality of explanations, typology