



#45

COMPLETE

Q4: Country/ Region

Australia

Q5: Stakeholder Group

Professional body/industry group

Q6: Any preliminary or introductory comments
 (Example: If the response is the result of a focus group, please indicate attendees and their respective stakeholder groups).

Respondent skipped this question

PAGE 2: Multiple capitals

Q7: Q1(a) What is your experience with the multiple capitals approach in integrated reports?

Respondent skipped this question

Q8: Q1(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Respondent skipped this question

PAGE 3: Connectivity and integrated thinking

Q9: Q2(a) What is your experience with connectivity in integrated reports as an indication of integrated thinking and/or enabler of enhanced decisions?

Respondent skipped this question

Q10: Q2(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Respondent skipped this question

PAGE 4: Key stakeholders' legitimate needs and interests

Q11: Q3(a) What is your experience with the identification, in integrated reports, of key stakeholders' legitimate needs and interests and how those needs and interests are considered and addressed?

Respondent skipped this question

Q12: Q3(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Respondent skipped this question

PAGE 5: Materiality and value creation

Q13: Q4(a) What is your experience with the Framework's definition of materiality, in particular: • Application of the value creation lens? • Use of different time periods to identify material matters?

Respondent skipped this question

Q14: Q4(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Respondent skipped this question

PAGE 6: Conciseness

Q15: Q5(a) What is your experience with the conciseness of integrated reports?

Respondent skipped this question

Q16: Q5(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Respondent skipped this question

PAGE 7: Business model – outputs and outcomes

Q17: Q6(a) What is your experience with the reporting of business model information, particularly outputs and outcomes?

Respondent skipped this question

Q18: Q6(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Respondent skipped this question

PAGE 8: Those charged with governance / Framework identification

Q19: Q7(a) What is your experience with whether reports: (i) identify the involvement of those charged with governance, and (ii) indicate that they are presented in accordance with the Framework? What are the implications of excluding such information?

Respondent skipped this question

Q20: Q7(b) What, if anything, should be done and by whom to improve these aspects of implementation?

Respondent skipped this question

PAGE 9: Other Guiding Principles

Q21: Q8(a) What is your experience with the application of these remaining three Guiding Principles in integrated reports?

Respondent skipped this question

Q22: Q8(b) What, if anything, should be done and by whom to improve these aspects of implementation?

Respondent skipped this question

PAGE 10: Other Content Elements

Q23: Q9(a) What is your experience with how these remaining Content Elements are reported in integrated reports?

Respondent skipped this question

Q24: Q9(b) What, if anything, should be done and by whom to improve these aspects of implementation?

Respondent skipped this question

PAGE 11: Other quality issues

Q25: Q10(a) Aside from any quality issues already raised in Q1-Q9, what is your experience with the quality of integrated reports?

Respondent skipped this question

Q26: Q10(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Respondent skipped this question

PAGE 12: Other enablers, incentive and barriers

Q27: Q11(a) What is your experience with enablers, incentives or barriers to Framework implementation not covered by other questions, including the extent to which they apply particularly to: • Specific jurisdictions? • Large or small organizations? • Private, public or non-profit sectors? • Different stages of Framework implementation?

The Australian Institute of Company Directors (AICD) welcomes the opportunity to make a submission on the International Integrated Reporting (IR) Framework Implementation consultation.

The Australian Institute of Company Directors is committed to excellence in governance. We make a positive impact on society and the economy through governance education, director development and advocacy. Our membership of more than 40,000 includes directors and senior leaders from business, government and the not-for-profit sectors.

The AICD has not been involved in the implementation of the IR Framework and cannot provide specific comments regarding our experience. However, we have discussed and received comments from directors regarding the limited (to date) adoption of the IR Framework in Australia.

Key issues raised include:

- The limited amount of useful information able to be provided around forward looking information, considering the

current directors liability risks for Australian directors, outlined below;

- Ongoing work to improve strategy disclosure through existing reporting mechanisms;
- The lack of direct market demand for reporting under the IR framework;
- The challenge of adding additional reporting obligations over and above the legislated Australian Operating and Financial Review requirement;
- Concern over inadequate exemption for commercially sensitive disclosures; and
- The challenge of reporting against the IR capital pillars to some businesses as this is not always how the business is managed.

The AICD is supportive of improved corporate reporting in Australia. We consider that to encourage voluntary adoption of the IR Framework in Australia it is important to improve the flexibility of this Framework. We suggest three areas that could be explored further to achieve this aim.

Firstly, the IIRC should address the competitive harm exemption.

Secondly, the IIRC should look to remove the requirement for a compliance statement from those charged with governance.

Thirdly, the IIRC should encourage entities to report against those of the six pillars which are most relevant to their organisation, rather than all capital pillars.

Competitive harm

Paragraph 1.17 of the IR Framework allows organisations to not apply all the black letter requirements of the IR Framework in those instances where the disclosure of material information would cause significant competitive harm. However, the paragraph related to this section, paragraph 3.51, indicates that the 'essence of the matter' should be described. We consider that this paragraph is not helpful as describing the 'essence of the matter' still has the potential to provide significant insights to competitors.

Those charged with governance statement

The AICD does not support the inclusion of a specific requirement that those charged with governance of an organisation include a statement in the Integrated Report which states their responsibility and collective decision in the preparation of the Integrated Report. We are concerned that such a statement would risk increasing the potential for personal liability of the directors of the organisation in Australia and thereby undermine the principles based framework that the IIRC is looking to achieve.

The 'comply or explain' approach taken in section 1.20 of the IR Framework has a limitation of three years. We understand that this statement is not being made by those charged with governance for any organisations in Australia, even those preparing an integrated report for their third year.

Legislative reform in Australia, in the form of a safe harbour for directors covering forward looking statements, would be required for directors to provide comfort to sign off on such a statement in its current form.

Capitals

We have understood from the IIRC and sections 2.16 – 2.19 of the IR Framework that it is not the intention to require reporting on the business on each of the capitals as a mandatory component of the IR framework. From discussion with directors, it appears that this remains unclear. The IR Framework could benefit from being restructured to have less focus on the specific capitals identified.

Previous AICD comments

The Basis for Conclusions, which accompanied the IR Framework when it was released in December 2013, still states our current position in regards to director liability, as follows:

"The AICD is supportive of many of the goals included in the framework, especially those related to long term thinking. However, AICD is very concerned that director liability should not be increased by the introduction of the Framework even if the Framework is adopted voluntarily. The lack of an effective business judgement rule and directors liability provisions in Australia, particularly in relation to forward looking statements are inconsistent with many of the Framework's principles."

We note that we have also commented previously about the need for the inclusion of cautionary language in the

Integrated Report that advises users that some information disclosed may be future orientated and as such inherently uncertain, and users should exercise caution when using such information in decision making. While the IR Framework does not specifically require the inclusion of forecasts, the AICD considers that qualitative disclosures about future matters may place the organisation and/or the directors at risk of increased liability, in the absence of legislative reform. Therefore, such cautionary language may legally assist organisations and directors in some jurisdictions, such as the US, and may simply be useful information for users in other jurisdictions, such as Australia.

Q28: Q11(b) What, if anything, should be done and by whom to improve these aspects of implementation?	Respondent skipped this question
---	----------------------------------