



INSTITUTE OF DIRECTORS
IN IRELAND

Institute of Directors in Ireland
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Mr Seán Ó Ciardha
Company Law
Department of Jobs, Enterprise and Innovation
Earlsfort Centre
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29th May 2015

Re: Consultation Paper by the Department of Jobs, Enterprise & Innovation on transposition of EU Directive 2014/95/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

The Institute of Directors in Ireland (IoD) welcomes the opportunity to submit our views on the Department of Jobs, Enterprise and Innovation's consultation on the transposition of EU Directive 2014/95/EU.

About The Institute of Directors in Ireland:

The Institute of Directors in Ireland is the representative body for over 2,200 directors and senior executives within the private and public sectors. As the leading voice in the debate on improving corporate governance standards, the Institute of Directors is dedicated to developing and improving the effectiveness and performance of directors and boards throughout Ireland.

Response to consultation:

Do you consider that Irish company law should permit information to be withheld in certain circumstances? Please give reasons for your preference.

The IoD believes that provision should be made within Irish company law to permit information in the non-financial statements to be withheld in certain circumstances, where the disclosure of such information is considered to be seriously prejudicial to the commercial position of an organisation. While recognising that any such provision should be applied only in exceptional circumstances, it is important that Ireland competes on a level playing field with other EU Member States who may avail of such an option, and that barriers are not created in terms of Ireland's attractiveness for securing foreign direct investment. However, it is recommended that where information is withheld under such a provision, that the management report clearly identifies the omission and the reasons for it.

Part of the IoD International Network

Chief Executive: Maura Quinn. Company Secretary: L Daniel
Directors: D Lamont (President), E Coughlan, L Daniel, G D'Arcy, I Gibney,
D Lamont, HA McSharry, J Murphy, K Neary, M Somers

A company limited by guarantee, registered in Ireland number 197643

Do you consider that Irish company law should permit companies to publish the non-financial information in a report separate from the management report? Please give reasons for your preference.

In the interest of achieving an improved level of relevance, consistency, and comparability of non-financial information for public interest entities within Europe, the IoD believes that all companies who fall under the remit of the Directive should publish the required non-financial information within the management report.

While the IoD recognises that the Directive aims to avoid being overly prescriptive, differing reporting requirements among organisations may serve to undermine the ability of stakeholders to easily compare and contrast key information. The IoD also recognises that reporting requirements have increased considerably for larger companies in Europe in recent years and as such, that an extended implementation period should be made available to organisations who are currently publishing such information in a report other than the management report or at a different time of year than the management report. Such a measure would allow sufficient time for organisations to incorporate the new information into the management report frameworks.

Do you consider that Irish company law should require information to be verified by an independent assurance service provider and, if so, how would that service be provided? Please give reasons for your preference.

The IoD does not believe that Irish company law should require non-financial information to be verified by an independent assurance service provider, at this time. While many organisations may consider it beneficial to seek independent assurance in the interests of enhancing the overall integrity and credibility of the statements, it should not, in our view, be a mandatory requirement.

The IoD considers there to be a number of practical challenges in the verification of non-financial information by an independent assurance provider. Due to the diverse nature of the non-financial information required under the Directive, statutory auditors may not be in a position to provide such independent assurance without the assistance of specialist knowledge / a multi-disciplinary team, depending on the industry in which the organisation operates. This, in turn, could considerably increase costs for the organisation. Other issues which may arise include wider independence considerations, if an organisation's statutory auditor was involved in verifying both financial and non-financial reports, and difficulties for those seeking to provide independent assurance of non-financial statements in obtaining sufficient evidence about qualitative or forward looking information.

The IoD would recommend that the requirement for information to be verified by an independent assurance service provider is re-visited once the Directive is fully in effect, and the standard of reporting without independent assurance has been reviewed and considered.

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Do you consider that companies with securities other than shares admitted to trading on a regulated market, and which do not have shares admitted to trading on any market, should be exempted from making disclosures relating to their diversity policy?

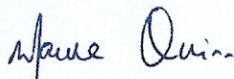
The IoD believes that all companies who fall under the remit of this Directive should be required to make disclosures relating to the diversity policy that is applied to the board of directors within their corporate governance statements.

Diversity in terms of age, gender, skills, experience and background is key to the functioning of a board. A diverse board is more capable of understanding the factors that impact upon the business and its stakeholders and identifying the impact of such risks. A diverse board is also more likely to ask the difficult questions, encourage constructive debate and challenge the executive. Such diversity brings a range of perspectives to discussions, helping to avoid a group think mentality.

The IoD does not consider the publication of disclosures regarding diversity policies to be a particularly onerous task for organisations nor is it prohibitive in terms of cost, and we therefore believe that all organisations which fall under the remit of this Directive, would benefit from reviewing the composition of their board and the policies in place for board recruitment and selection. Indeed many organisations that will be required to comply with this Directive are already obliged to publish such information under other frameworks such as the Central Bank Corporate Governance Code for Credit Institutions and Insurance Undertakings, and the FRC UK Corporate Governance Code.

We appreciate the opportunity to present our views and would be delighted to discuss the issues raised in greater detail or to make any further contributions as necessary.

Yours sincerely



Maura Quinn
Chief Executive
Institute of Directors in Ireland

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