

Australian
Institute of
**Company
Directors**



ROY
MORGAN

Director Sentiment Index Survey

1ST HALF 2024

INSIGHTS REPORT

STRENGTHENING SOCIETY THROUGH
WORLD-CLASS GOVERNANCE

April 2024

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Executive Summary

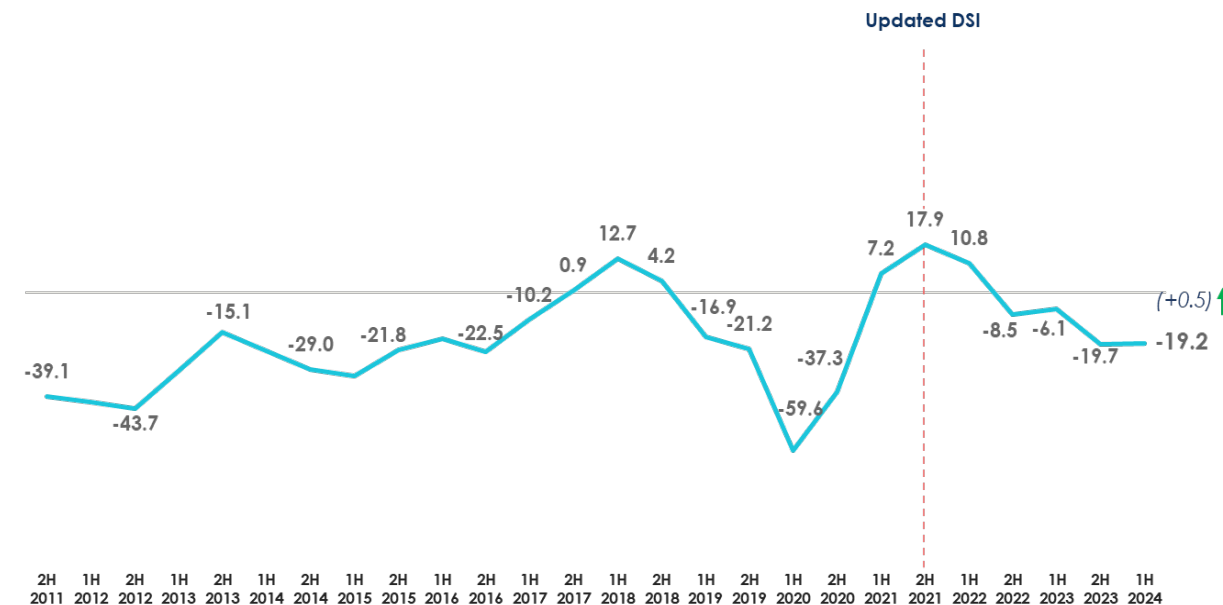
Executive Summary

DIRECTOR SENTIMENT INDEX

- Despite a slight improvement in the first half of 2024, the Director Sentiment Index remained negative mainly due to negative perceptions of macro policy conditions and micro/structural policy settings. Perceptions of Business conditions and Economic conditions both remained slightly negative.
- Key negative changes in perceptions compared to the previous survey in the second half of 2023 included:
 - Economic outlook: Weaker perceptions of the economic health of Australia, States, and Europe
 - Business conditions: Weaker perceptions of business conditions of Australia, States, and sector of primary directorship
 - Micro/Structural policy settings: Weaker perceptions of the level of trade protection, federal government's understanding of business, and government spending on education
 - Macro policy conditions: Weaker perceptions of fiscal support offered by the federal government being adequate
 - Directorship conditions: Weaker perceptions that current governance regulations strike the appropriate balance between being principles-based and prescriptive, and the current director liability provisions would negatively impact decision-making.
- Key positive changes in perceptions were mainly:
 - The economic outlook for the US (current and next 12 months)
 - The impact of the current level of AUD on businesses
 - Credit availability for investment purposes.

- The Director Sentiment Index increased marginally (+0.5) in the first half of 2024 to reach -19.2, up from -19.7 in the second half of 2023, driven by increases in overall Economic Outlook (+5) and Macro Policy Conditions (+5) scores. Its increase was limited by the declines in Business Conditions (-2) and Micro/Structural Policy Settings (-5) scores. Directorship Conditions stayed flat at a score of 0.
- The Director Sentiment Index (DSI) continued to be in negative territory for the fourth consecutive wave.
- Current economic assessments of Australia and Europe have notably worsened. Nonetheless, future economic assessments (next 12 months) have increased for all economies. The current and future economic outlook for China and Europe remained bleak, with both economies' scores deep in negative territory.

DIRECTOR SENTIMENT INDEX (13-Year Trend)



Executive Summary (cont.)

Australian economic assessment is still optimistic, but the downtrend continues

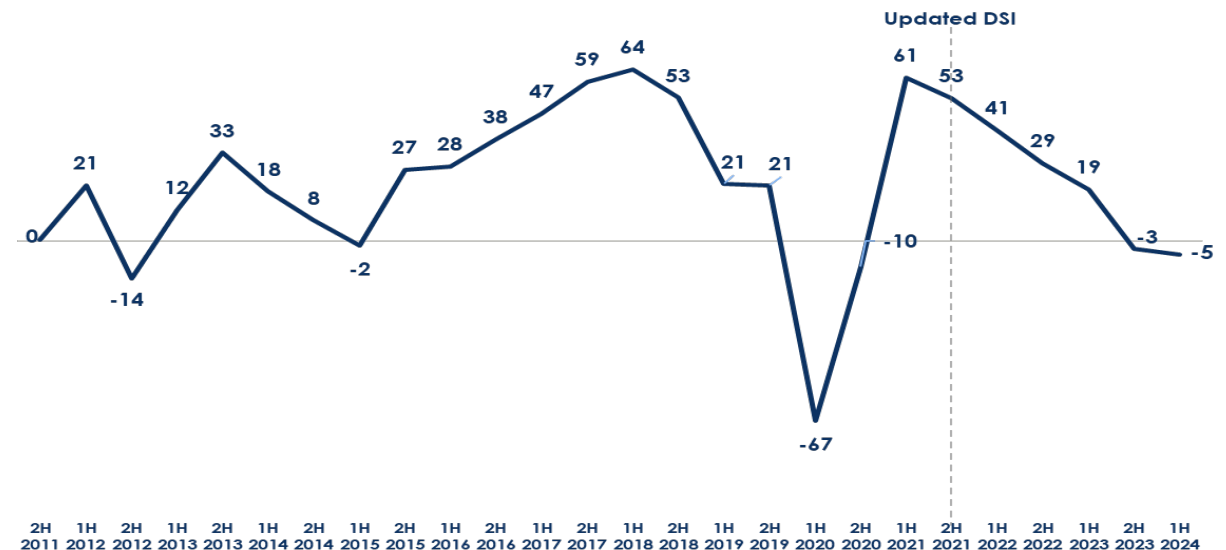
Optimism for Australia's current economic health dropped 7 points to +7 in the first half of 2024 and has dropped behind the US and Asia (excluding China) although it remained stronger than China and Europe.

Conversely, directors' evaluation of Australia's future economic well-being rose by eight points, shifting from -1 to +7. This is the first time since the second half of 2021 that the Australian economic outlook among directors has increased.

National and industry business conditions continue to weaken

National business conditions declined marginally by 2 points in the first half of 2024, from -3 to -5 (see below). Business conditions across Australian states and territories, and in directors' primary sectors also suffered notable declines in the first half of 2024, with index scores dropping -6 (from -9 to -15) and -10 (from 7 to -3) respectively.

BUSINESS CONDITIONS DSI CATEGORY SCORE (13-Year Trend)



Executive Summary (cont.)

Directors' trust and assessment of the federal government's understanding of business deteriorates further

Just over a quarter of directors (27%) agreed that the Federal Government understands business, declining for a fifth consecutive time since the second half of 2021. Over half of directors disagreed (56%), a 4-point increase from 52% since the second half of 2023.

Trust in the Federal Government declined from 31% to 28% in the first half of 2024. Over half of directors disagreed that they trust the Federal Government (54%).

Assessments of state governments' business understanding and trust remained weak across multiple states and territories

The Western Australian Government's assessment dropped from 45% in the second half of 2023 to 36%. South Australia's Government rates with one of the highest business understanding scores (44%), and its trust among directors is also one of the highest at 34%.

Directors in Queensland provided the harshest assessment across Australia, as only 16% agreed that their state government understands business, while 65% disagreed. Similarly, only 15% of Queensland-based directors trusted the Queensland Government. Victoria also fared poorly, with only 23% of directors agreeing that their state government understands business, and only 23% trusted their state government.

Compliance and Regulation is the top concern for directors

The effects of several high-profile data breaches in recent years continue, with cybercrime and data security remaining the standout issue that keeps directors awake at night. Over 4 in 10 (43%) of directors selected this as a top issue, a level that is significantly higher than any other issue.

Compliance and Regulation have the highest proportion of directors (57%) mentioning it as a risk factor affecting their boards' appetite, whilst cyber-attacks (45%), COVID (40%), and inflation (37%) remained the other main factors to affect boards' risk appetite.

Most organisations were aware of cyber security obligations and threats

Eighty-five percent of directors believed their board was aware of the Privacy Act obligations related to the collection, storage and management of personal information.

Sixty-nine percent of directors (a significant increase from 63% since the second half of 2023) agreed that their organisations had a data governance framework to guide how data is collected, stored, protected, and destroyed.

Three-quarters of directors surveyed (75%) also agreed that their board understands what personal or employee data is collected, who has access to it and where it is stored.

Over two-thirds (69%) of directors (a significant increase from 62% in the second half of 2023) agreed that their boards have effective oversight of cyber security threats to the organisations.

Nine in ten directors (90%) claimed their organisations have not experienced a significant cyber security incident in the last 12 months.

The cost of living is now the top economic challenge

Forty percent of directors believed cost of living is the leading economic challenge for Australian businesses, surpassing labour shortages (35%, a decline from 43% in the second half of 2023) as the main challenge facing Australian businesses. Productivity growth (33%) continued to be seen as another key challenge.

Over 8 in 10 directors (85%) agreed that there is a skills shortage in the Australian workforce, and 32% of directors agreed that the implementation of AI systems and workforce automation can resolve current skills shortages. At the same time, there is a significant increase in boards' awareness (from 38% to 45%) that there may be possible risks incurred through organisational and supply chain implementation of AI systems.

Executive Summary (cont.)

The overwhelming majority of directors agreed that any further increase in interest rate will negatively affect the economy

Seventy-eight percent of directors agree that any further increase in interest rates will negatively affect the economy. Conversely, 68% of directors believed that the RBA decreasing the interest rates would have a positive impact on the economy.

Forty-one percent of directors also believe the current RBA monetary policy is negatively affecting their business, down marginally from 44% in the second half of 2023.

Housing affordability/supply continues to be the most pressing issue to address in the short-term

Housing affordability/supply continues to be the top short-term issue (at 35%) the directors feel the government should address in the next 3 years.

Forty-four percent of directors claimed that increasing investment in public/social housing and increasing the availability of affordable housing are the most important factors in addressing housing issues in Australia.

Productivity growth (at 31%) remains a key issue for directors for the short term, whilst energy policy (24%, down significantly from 32% in the second half of 2023) has dropped down the list of issues.

Climate change leading long-term government priority

Climate change remains the most-mentioned long-term issue to be addressed by far, mentioned by 36% of directors, although this proportion has declined significantly from 41% in the second half of 2023.

More directors hold the view that a recession within the next 12 months is unlikely

Over 1 in 2 (53%) of directors felt that it is unlikely that Australia will be in a recession within the next 12 months, up from 40% in the second half of 2023.

Although declining, most directors agreed that reconciliation is a national governance priority

Fifty-three percent of directors believed advancing reconciliation with First Nations peoples is a national governance priority for Australia, down significantly from 58% in the second half of 2023.

Strong level of support for emissions trading scheme

One in two directors (49%) support an emissions trading scheme, and 47% of directors (a significant increase from 44% in the second half of 2023) are satisfied that their existing board structures are sufficient to address climate and sustainability reporting requirements.

Fifty-three percent of directors claimed their organisations have no emissions reduction targets in place and have no plans to set any targets in the next 12 months.

The complexity of reporting requirements is the top concern with mandatory climate reporting, mentioned by 31% of directors.

Demand for labour is underpinning the support for higher levels of migration

Almost two-thirds of directors (64%) agreed that skilled migration levels are not keeping up with labour demand and will impact growth, although this proportion is down significantly from 71% in the second half of 2023.

Thirty-six percent of directors felt that the level of migration should be higher than current levels, with an equal proportion considering the level of migration should be lower than current levels.



Methodology

What is the DSI?

QUANTIFYING EXPERIENCE & OPINION

The Director Sentiment Index (DSI) represents the breadth of Australian Institute of Company Directors (AICD) member opinions on a range of issues covering the Australian and global economies, government policy and governance regulations.

The DSI has tracked business and economic attitudes for the past 13 years*, indicating shifts in business sentiment, and delivering robust and context-driven insights and trends.

DSI SURVEY REPORTS

The Insights Report includes a summary of analysis of key questions from the survey and the Deep-Dive Analysis Report includes detailed results of current and previous surveys.

DSI SCORE CALCULATION

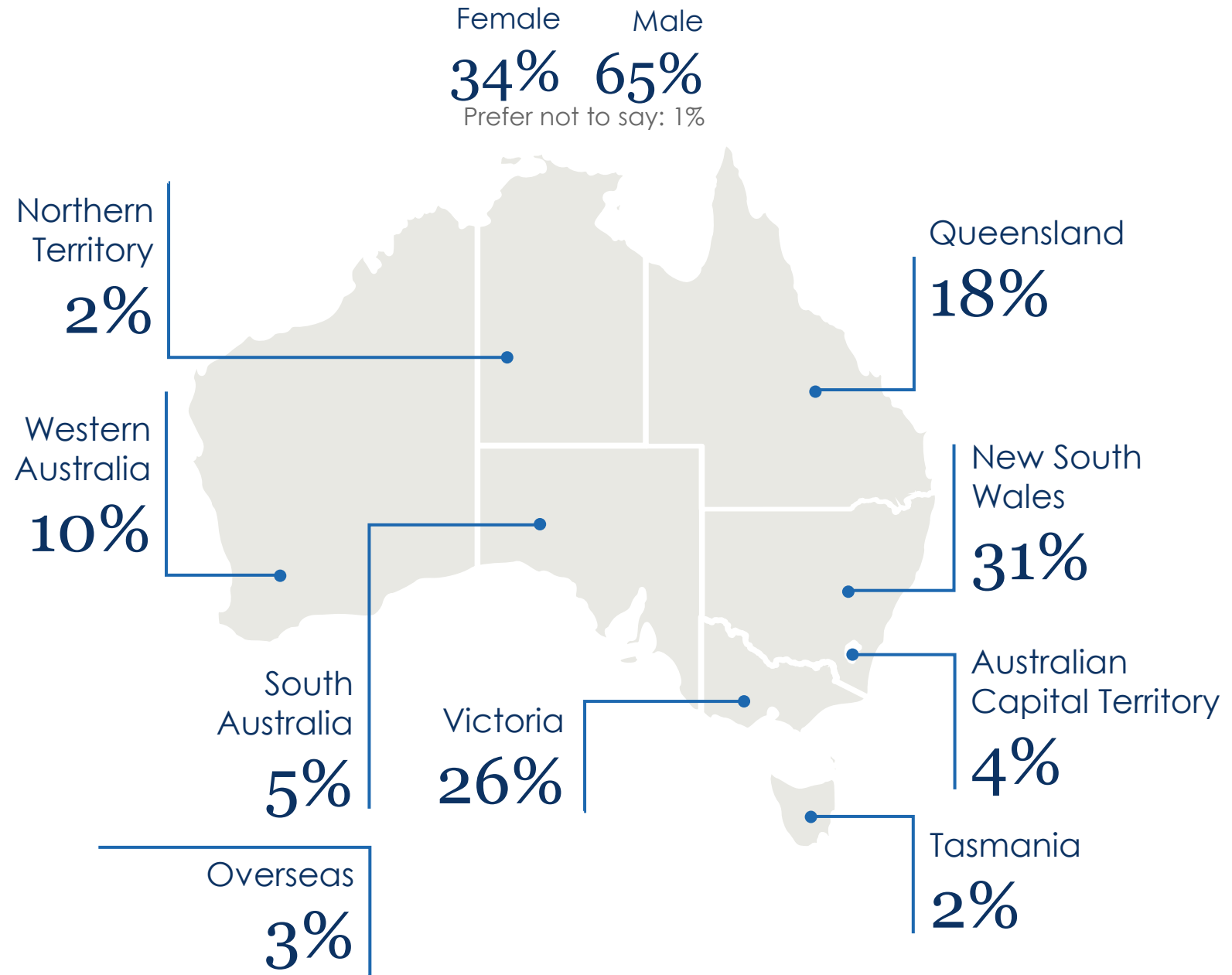
The DSI Scores are calculated using a formula combining response data with question weighting to produce a score indicating whether sentiment is in positive or negative territory, and by how much. This formula is applied to determine the overall DSI score as well as scores for separate categories: Economic Outlook, Business Conditions, Micro/Structural Policy Settings, Macro Policy Settings and Directorship Conditions.

* DSI updates in early 2021 limit direct comparability with previous results.



Who took part?

- The wave-1 2024 DSI survey was conducted online with a sample of 1,087 directors across Australia between 21 February and 11 March 2024.
- Respondents were AICD members with current directorships.
- Survey responses were weighted by gender to reflect the AICD member profile when analysing results.
- Detailed results comparing the current wave and the second half of 2023 are included in the Appendix of this report.



Survey Topics

DSI TOPICS

Economic Outlook

- The current condition of the Commonwealth and state economies and the 12-month forecast
- Present international economic assessment as well as 12-month outlook

Business Conditions

- What's it like doing business in the different states and territories and across industries?
- Which are the top economic challenges Australian businesses are running up against?

Micro / Structural Policy Settings

- Do state and Federal governments understand business needs when designing policy and legislation?

Macro Policy Conditions

- How do fiscal settings and monetary policy, as well as access to credit, impact business?

Directorship Conditions

- How well are governance regulations balancing directors' needs with their obligations?

TOPICAL QUESTIONS

- Is advancing reconciliation with First Nations peoples a national governance priority for Australia?
- How likely or unlikely do you think it is that Australia will be in a recession within the next 12 months?
- How is your business/organisation being impacted by the current state of the housing market in Australia?
- How confident are you that your organisation has appropriate governance in place to manage Artificial Intelligence (AI) opportunities and risks?
- What is your biggest concern with the shift to mandatory climate reporting?
- Has your organisation experienced a significant cyber security incident where a threat actor successfully obtained organisational data or system access?
- What actions are most important in addressing the housing issue in Australia?
- Should Australia's level of migration be higher/lower than current levels?

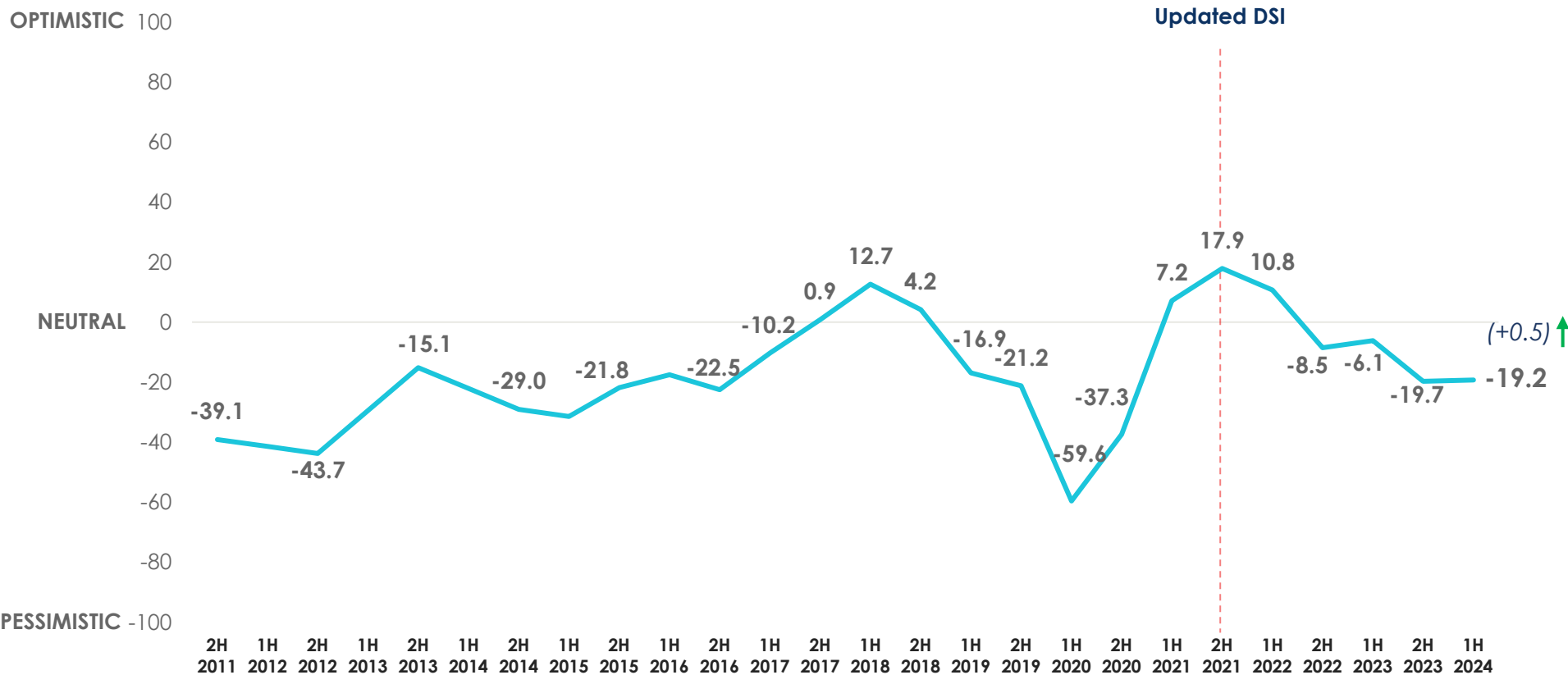


Overall Director Sentiment Index

Director Sentiment Index improves marginally, still in negative territory

The Director Sentiment Index (DSI) remains in negative territory in 1H 2024, only improving marginally by +0.5 index points from the reading in the second half of 2023. This wave marks the fourth consecutive wave a negative DSI score has been recorded since it first fell to -8.5 in 2H 2022.

DIRECTOR SENTIMENT INDEX (13-Year Trend)



DSI CATEGORY SCORES

Economic Outlook (+5) ↑

- Improved from -6 to -1 between 2H 2023 and 1H 2024.

Business Conditions (-2) ↓

- Declined from -3 to -5.

Micro/Structural Policy Settings (-5) ↓

- Declined from -37 to -42.

Macro Policy Conditions (+5) ↑

- Improved from -57 to -52.

Directorship Conditions (-)

- Stayed flat 0.

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;. Note: Revised index from 2nd half 2021 onwards is not directly comparable with previous index scores. Wave 1 DSI results are not displayed between 2012 and 2016.



Economic Outlook

Overall economic outlook improves marginally, nears neutral point

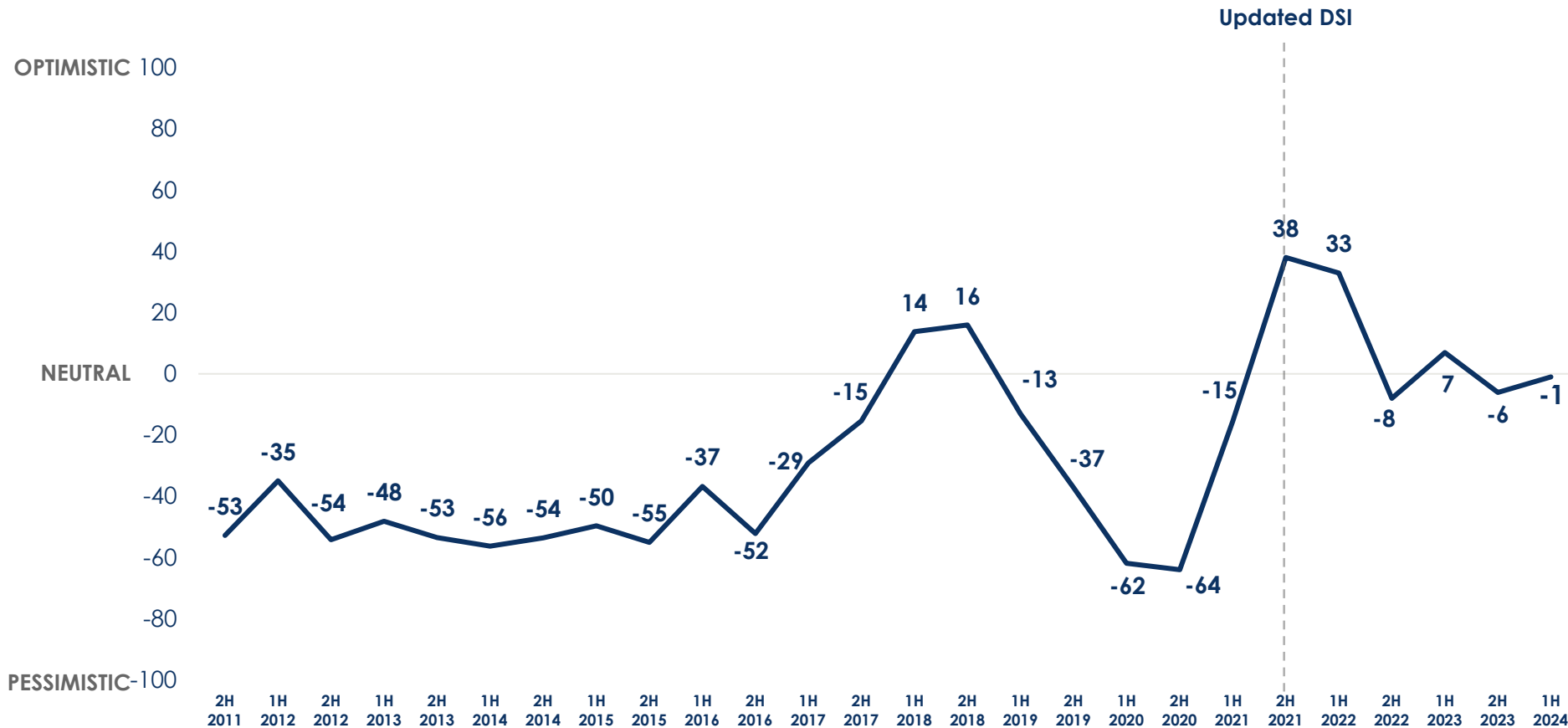
The Economic Outlook DSI category score improved slightly to -1 this wave, moving around the neutral point over the past three waves.

ECONOMIC OUTLOOK DSI CATEGORY SCORE (13-Year Trend)

ECONOMIC OUTLOOK DSI CATEGORY OVERVIEW

The Economic Outlook DSI category measures current and future (next 12 months) health assessments of each of the following major economies:

- Australia
- Director states and territories
- Asia (excl. China)
- China
- Europe
- United States

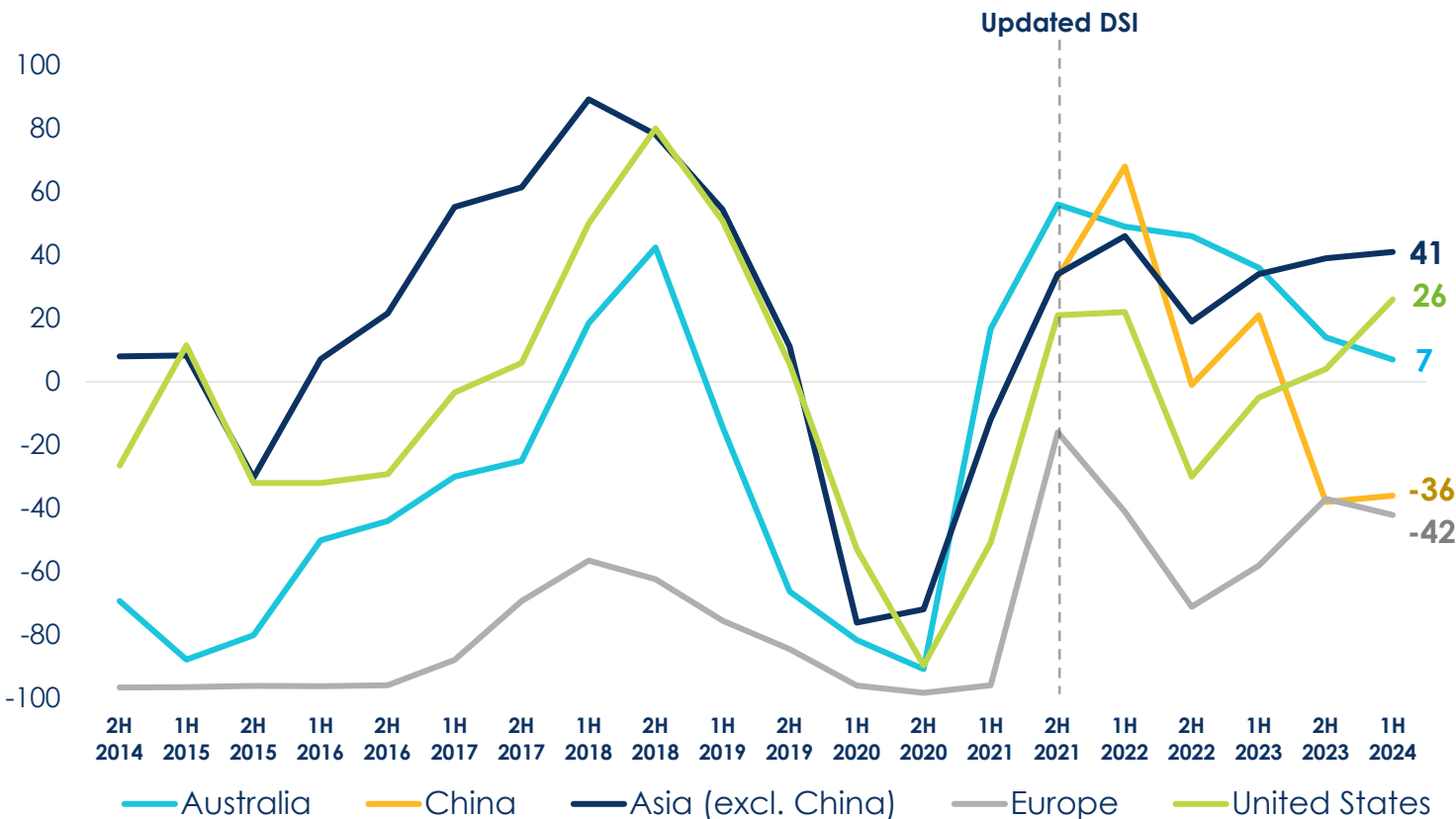


Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087. E8. What is your assessment of the current health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat Strong, Very strong) E9. Over the next 12 months, what would be your assessment of the health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat Strong, Very strong) From 2nd half 2021 Asia excludes China.

Mixed assessments of current health of global economies with China and Europe low

Asia (excluding China)(score of 41) and the United States (score of 26) registered the most robust economic outlook scores this wave, with the US achieving the most significant improvement in perception (+22 vs. the second half of 2023). China and Europe's scores remain deep in negative territory. Perceptions for Australia were also lower, down by -7 points albeit still positive with a score of 7.

CURRENT HEALTH ASSESSMENT OF GLOBAL ECONOMIES (9-Year Trend)



CURRENT ECONOMIC OUTLOOK DSI CATEGORY OVERVIEW

ECONOMY	CURRENT DSI SCORE	CHANGE (vs. second half of 2023)
Asia (excl. China)	41	+2 ↑
Australia	7	-7 ↓
United States	26	+22 ↑
China	-36	+2 ↑
Europe	-42	-5 ↓

Note: From 2nd half of 2021 onwards, DSI calculation was split into "Asia (excluding China)" and "China".

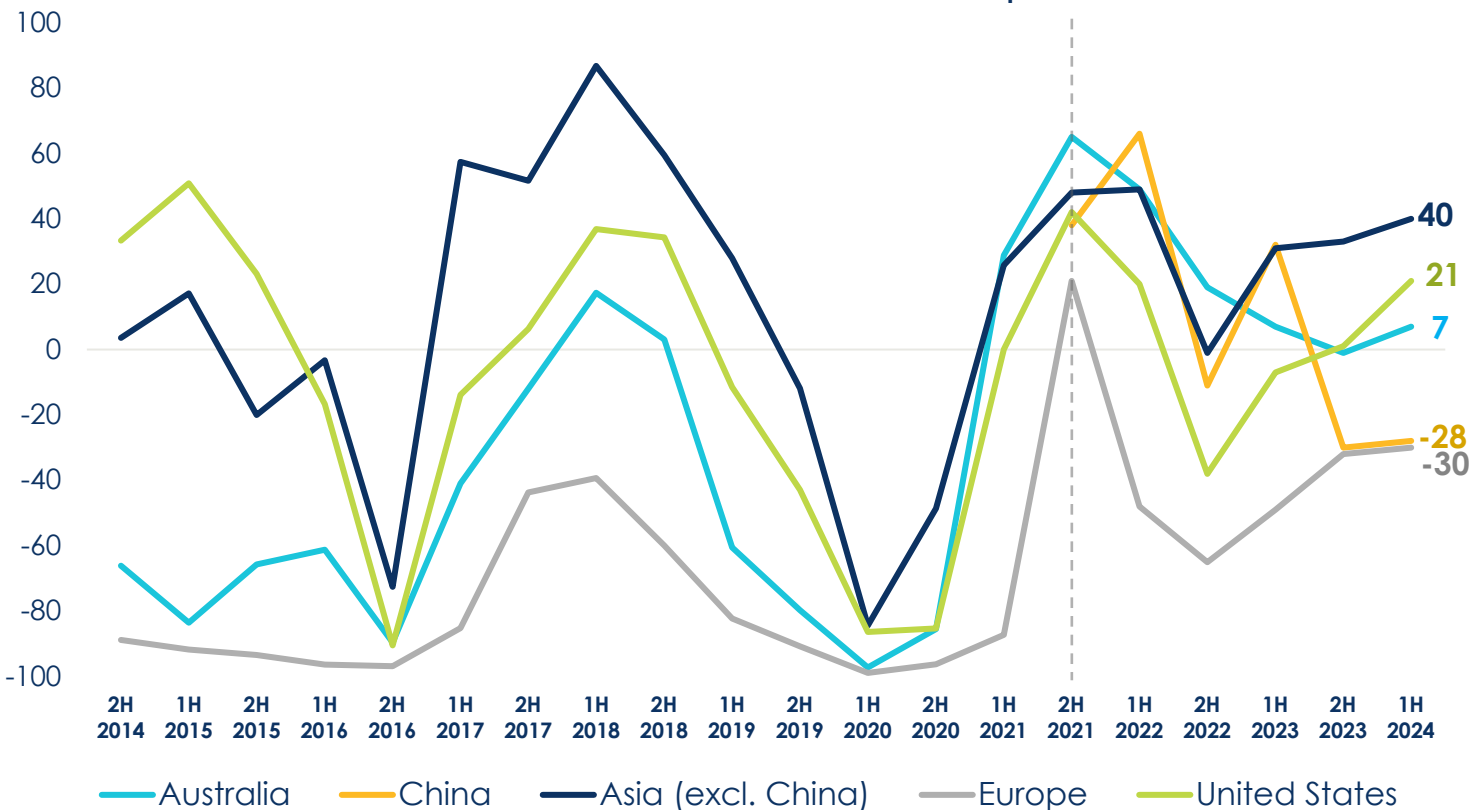
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087. E8. What is your assessment of the current health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat strong, Very strong) From 2nd half 2021 Asia excludes China. Note: Changes to question or response options in 2nd half 2021 may impact comparability with previous results. China independently measured from Asia from 2H2021 onwards.

Future assessment of global economies remain weak for China and Europe

Strong positive scores were observed for the future assessment of Asia (excl. China) (40) and the United States (21), both of which improved from the second half of 2023, in particular the US which registered the largest improvement margin of all (+20); Australia (7) also improved, while China (-28) and Europe (-30) remained negative with only marginal improvement.

NEXT 12 MONTH HEALTH ASSESSMENT OF GLOBAL ECONOMIES (10-Year Trend)

Updated DSI



FUTURE ECONOMIC OUTLOOK - NEXT 12 MONTHS (N12M) CATEGORY OVERVIEW

ECONOMY	N12M DSI SCORE	CHANGE (vs. second half of 2023)	TREND
Asia (excl. China)	40	+7	↑
United States	21	+20	↑
Australia	7	+8	↑
China	-28	+2	↑
Europe	-30	+2	↑

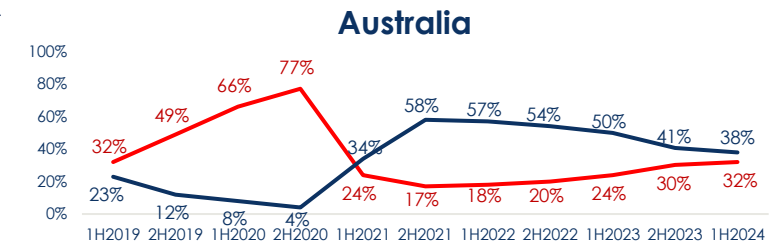
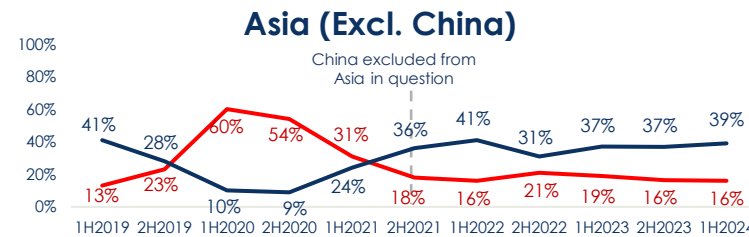
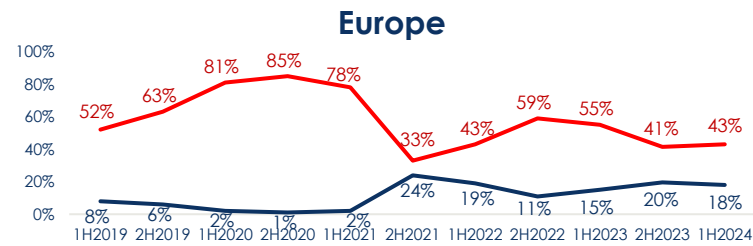
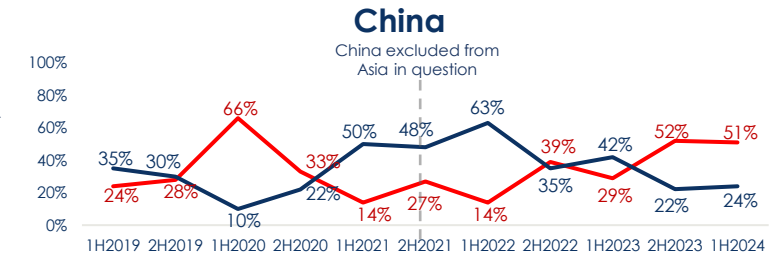
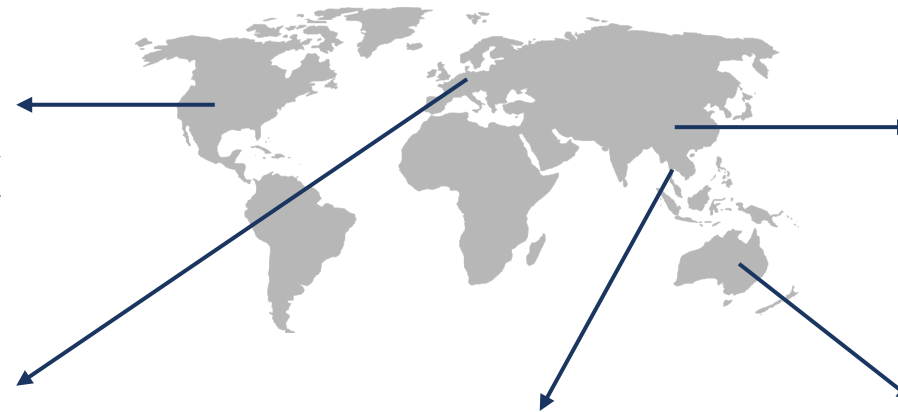
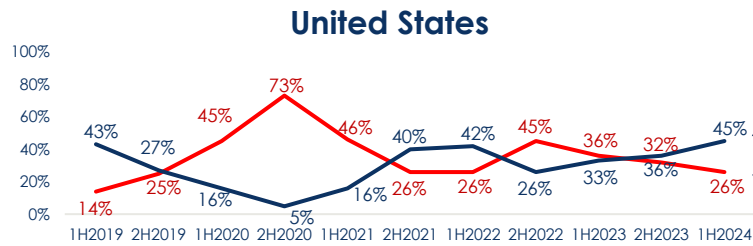
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; 1,087. E9. Over the next 12 months, what would be your assessment of the health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat strong, Very strong) From 2nd half 2021 Asia excludes China. Note: Changes to question or response options in 2nd half 2021 may impact comparability with previous results. China independently measured from Asia from 2H2021 onwards.

More directors rated the current US economy's health as strong

More directors (45%) perceived the health of the US economy as strong than the other economies, and this proportion has increased significantly compared to the second half of 2023. The perceptions of health of the other global economies remained relatively stable. Perceptions of the Australian economy's strength continue to deteriorate gradually from its high of 58% recorded in the second half of 2021.

CURRENT ASSESSMENT OF HEALTH OF GLOBAL ECONOMIES (5-Year Trend)

— Total Weak (Very weak + Somewhat weak)
 — Total Strong (Very strong + Somewhat strong)



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087. E8. What is your assessment of the current health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat Strong, Very strong) From 2nd half 2021. Asia excludes China.

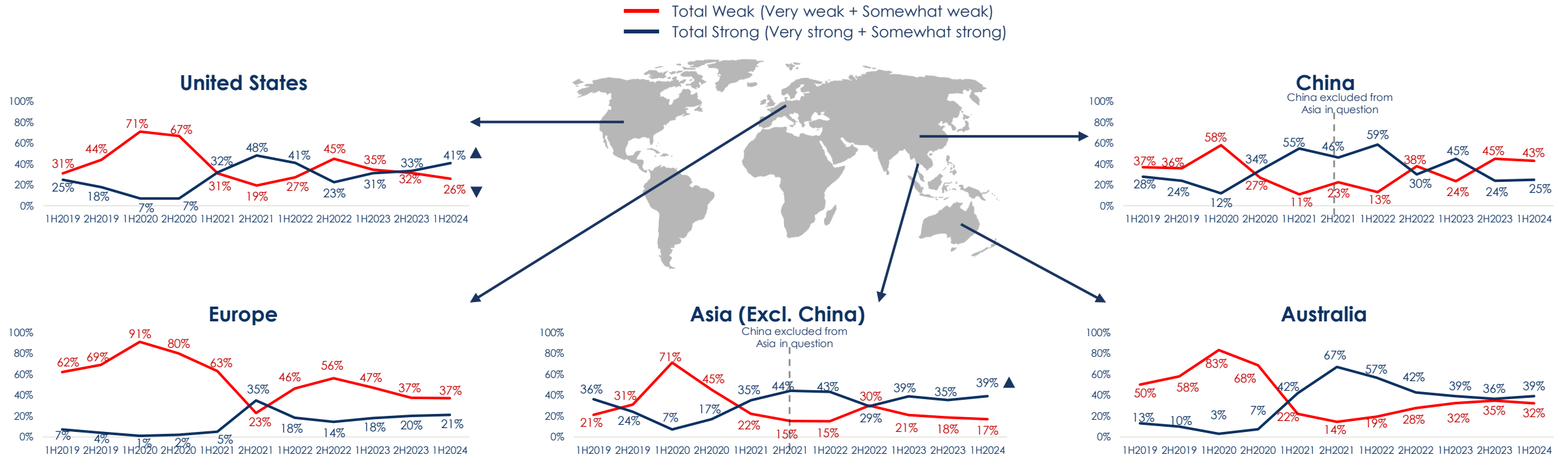
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

More directors perceived the economic strength of the US, Australia, and Asia (excluding China) as strong in the next 12 months – in contrast to China and Europe

Directors' perception of the economic strength outlook of the US and Asia (excluding China) improved significantly from the second half of 2023 (+8 points and +4 points respectively), whilst Australia remained at similar levels as in the second half of 2023.

NEXT 12 MONTH ASSESSMENT OF HEALTH OF GLOBAL ECONOMIES (5-Year Trend)



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087. E9. Over the next 12 months, what would be your assessment of the health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat Strong, Very strong) From 2nd half 2021 Asia excludes China.

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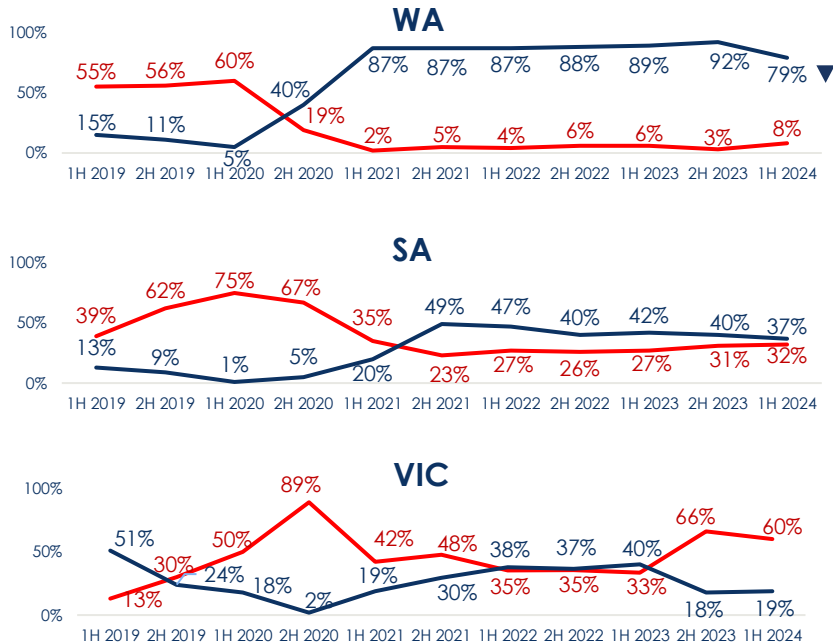
Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

Despite a fall, Western Australia's current economy continues to be perceived as strong by far more directors than any other state or territory

For the first time in 4 years, fewer than 80% of directors perceived Western Australia's economy as strong, with the state's perceptions score recording a significant 13-point drop compared to the second half of 2023 (from 92% to 79%). Victoria remains the only state with a higher proportion of directors having a weak perception of the state's economy.

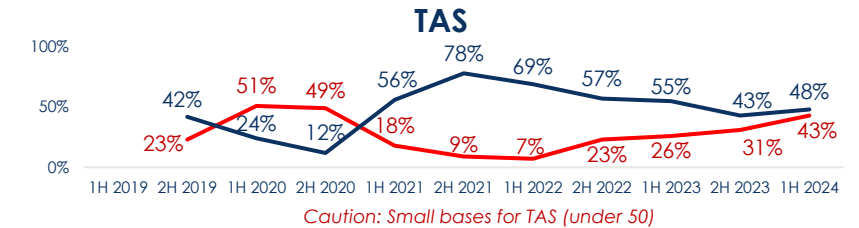
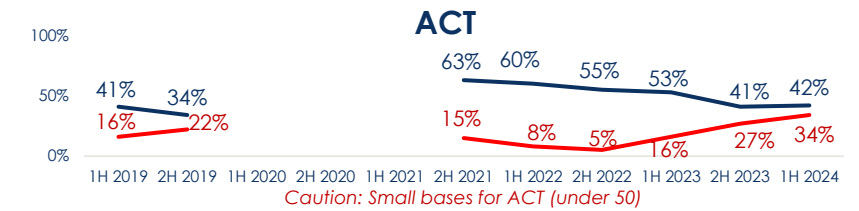
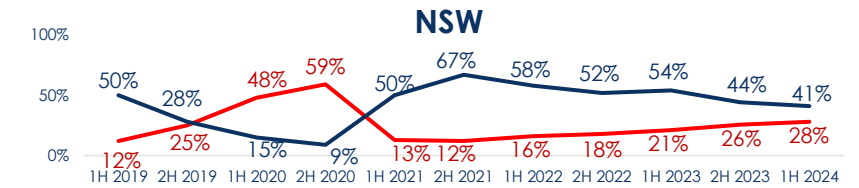
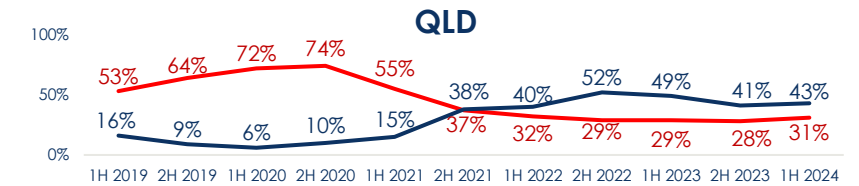
CURRENT ASSESSMENT OF HEALTH OF YOUR STATE ECONOMY (5-Year Trend)

— Total Weak (Very weak + Somewhat weak)
 — Total Strong (Very strong + Somewhat strong)



▲▲ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; n=1,087.
 E8.2 What is your assessment of the current health of the economy in the state where your primary directorship is?
 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21, ACT n=41, NT n=16. NT not shown due to low base. *ACT Data from 2020 and 1H 2019 unavailable **TAS data for 1H 2019 unavailable.

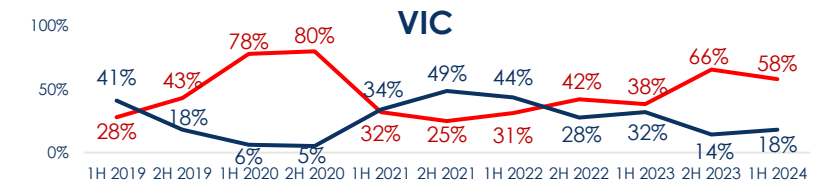
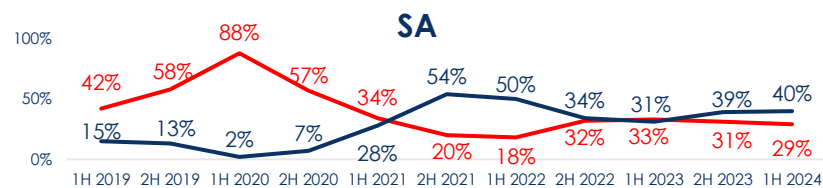
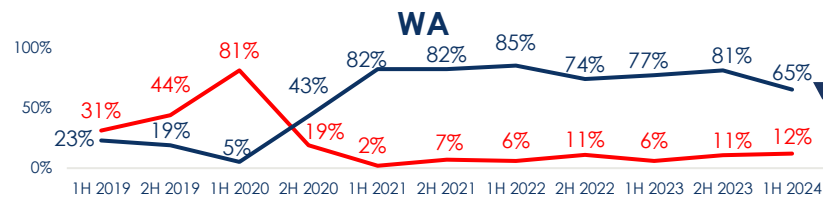
Similarly, despite a fall, far more directors perceived Western Australia's economy to be strong over the next 12 months than any other state or territory

Similar to current assessments, WA's next-12-month economic strength perceptions dropped below 70% for the first time since the second half of 2020. The economic strength outlook for all other states and territories has remained stable since then.

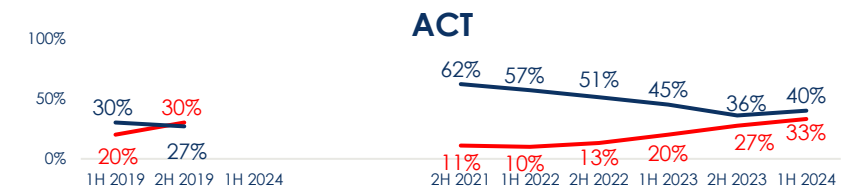
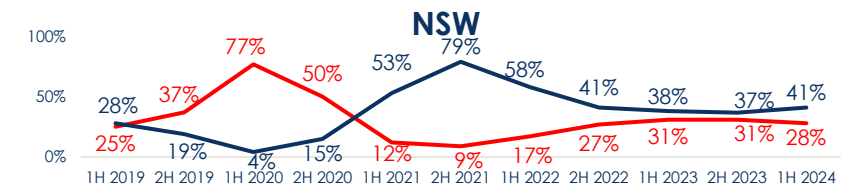
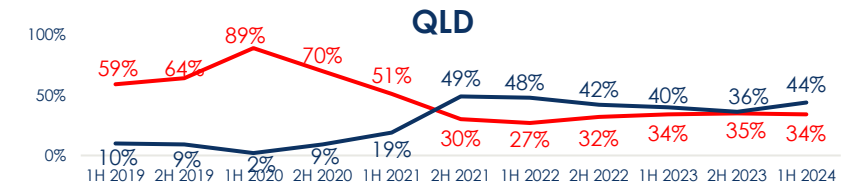
NEXT 12 MONTH ASSESSMENT OF HEALTH OF YOUR STATE ECONOMY (5-Year Trend)

- Total Weak (Very weak + Somewhat weak)
- Total Strong (Very strong + Somewhat strong)

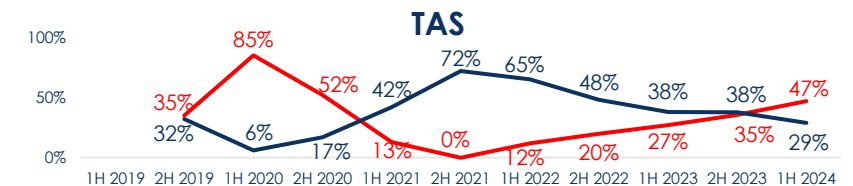
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▲▲ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.



Caution: Small bases for ACT (under 50)



Caution: Small bases for TAS (under 50)

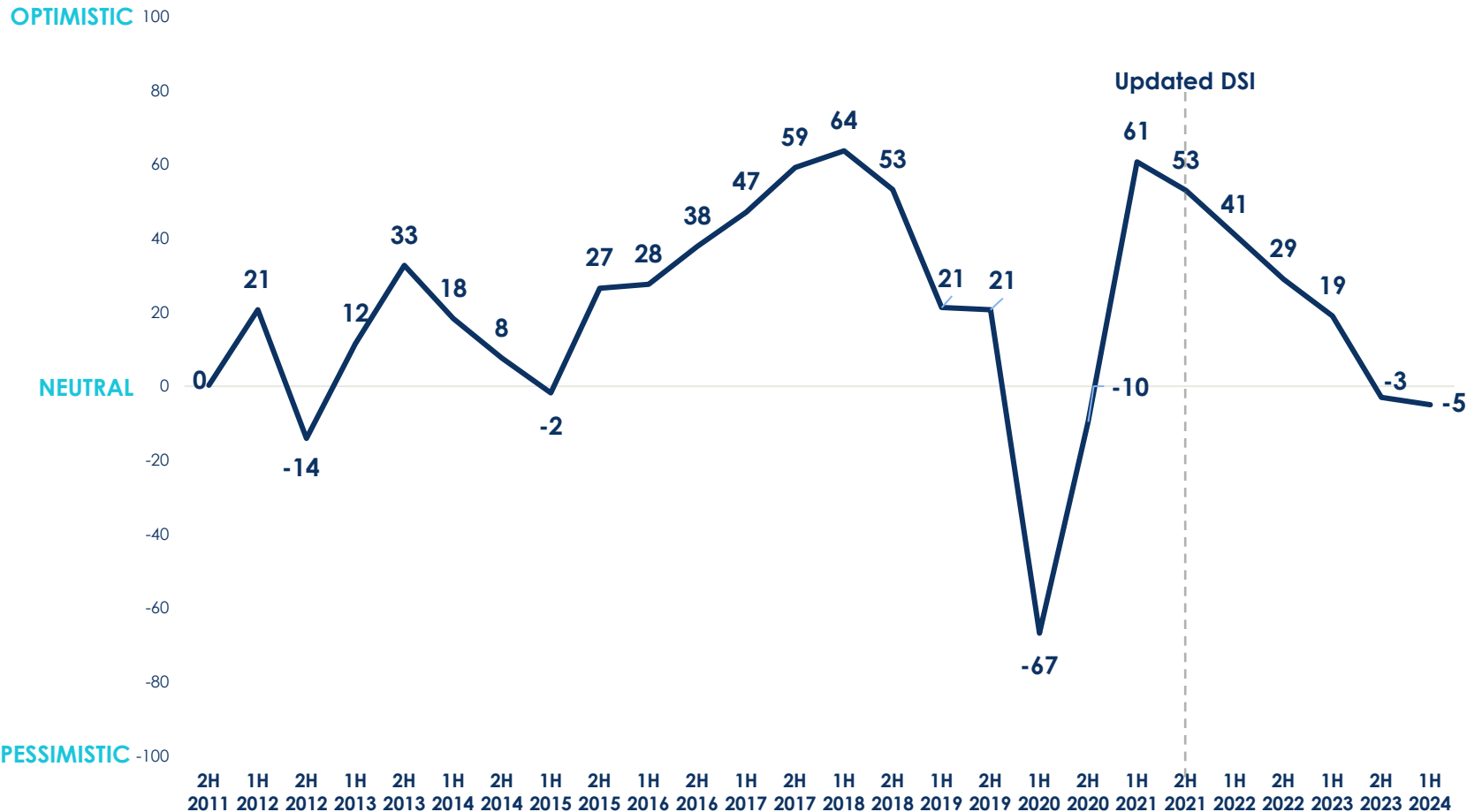
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; n=1,087.
 E9.2. Over the next 12 months, what would be your assessment of the health of the economy in the state where your primary directorship is based?
 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21, ACT n=41, NT n=16. NT not shown due to low base. *ACT Data from 2020 and 1H 2019 unavailable **TAS data for 1H 2019 unavailable.

Business Conditions

Perceptions of Australian business conditions declined marginally, remaining in negative territory

The Business Condition DSI category score continues its downtrend, falling to -5, a marginal decline of -2 index points from the second half of 2023.

BUSINESS CONDITIONS DSI CATEGORY SCORE (13-Year Trend)



BUSINESS CONDITIONS DSI CATEGORY OVERVIEW

- The Business Conditions DSI category includes current and future (next 12 months) assessments of business conditions in Australia, director's state/territory and sector of primary directorship.

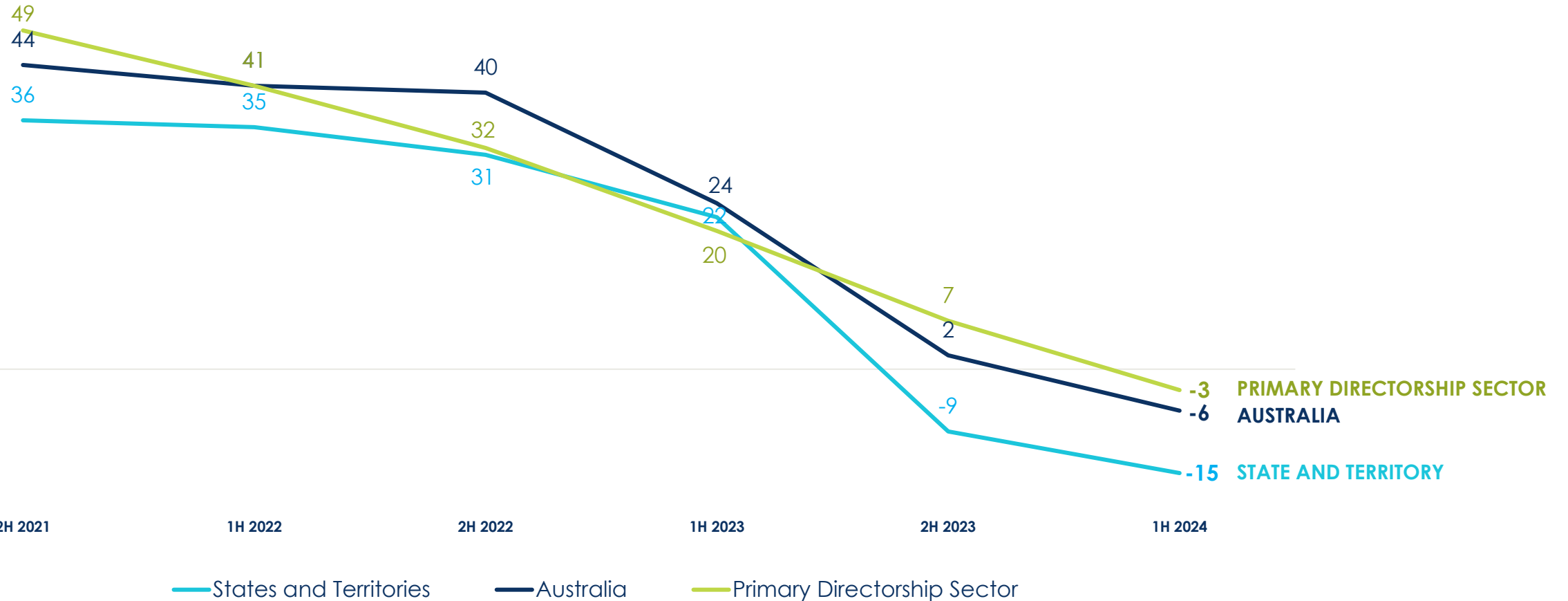
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087.

B10.1. What is your assessment of current business conditions in Australia? B10.2. What is your assessment of current business conditions in the state where your primary directorship is based? B10.3. What is your assessment of current business conditions in the sector your primary directorship is in? B11.1 What is your assessment of business conditions over the next 12 months in Australia? B11.2 What is your assessment of business conditions over the next 12 months in the state where your primary directorship is based? B11.3 What is your assessment of business conditions over the next 12 months in the sector your primary directorship is in?

Perceptions of the health of current business conditions are in negative territory for Australia, states and territories combined, and for sectors combined

Perceptions of business conditions continue to trend lower, with declines recorded for Australia, Australian states and territories combined, and for sectors combined.

CURRENT HEALTH ASSESSMENT OF BUSINESS CONDITIONS DSI (3-Year Trend)



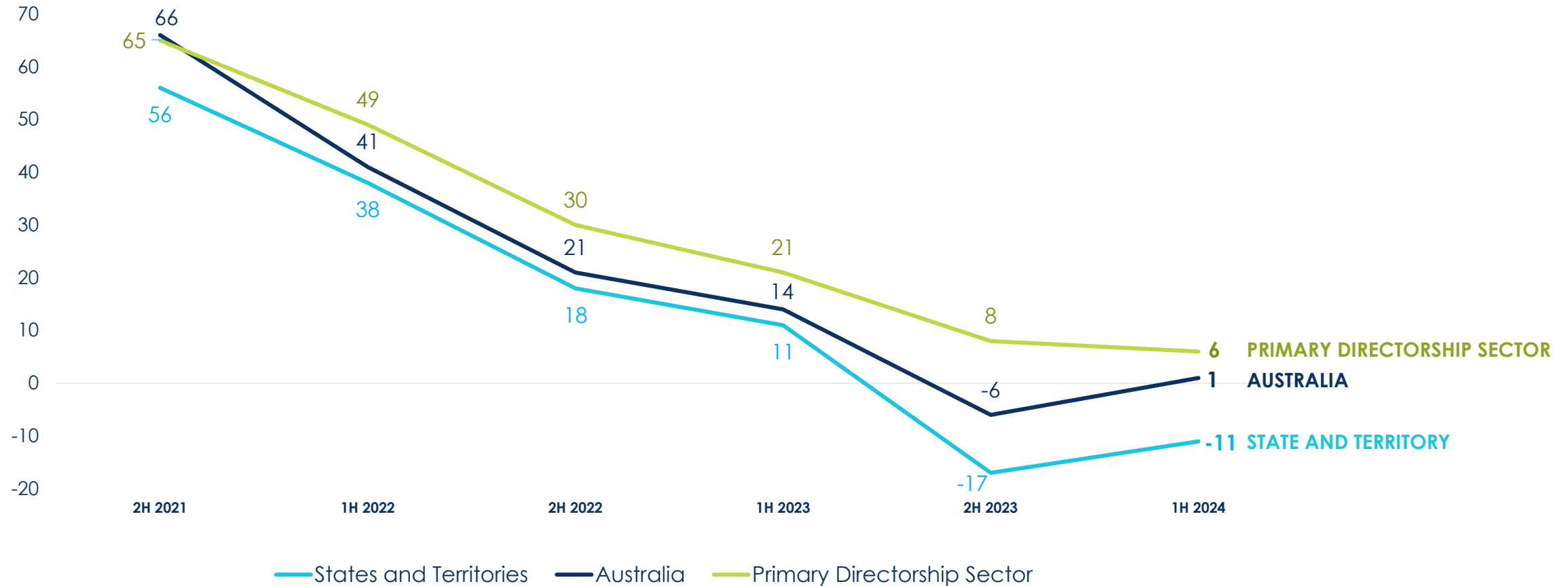
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; 1,087.

B10.1. What is your assessment of current business conditions in Australia? B10.2. What is your assessment of current business conditions in the state where your primary directorship is based? B10.3. What is your assessment of current business conditions in the sector your primary directorship is in? NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. * Indicates small base <50.

Perceptions of the future health of business conditions were still in negative territory for states and territories combined

Perceptions of the future health assessment of states and territories combined improved by +6 index points but were still negative (-11), whilst the assessment for Australia improved by +7 to just above the neutral point.

NEXT 12 MONTH HEALTH ASSESSMENT OF BUSINESS CONDITIONS (3-Year Trend)

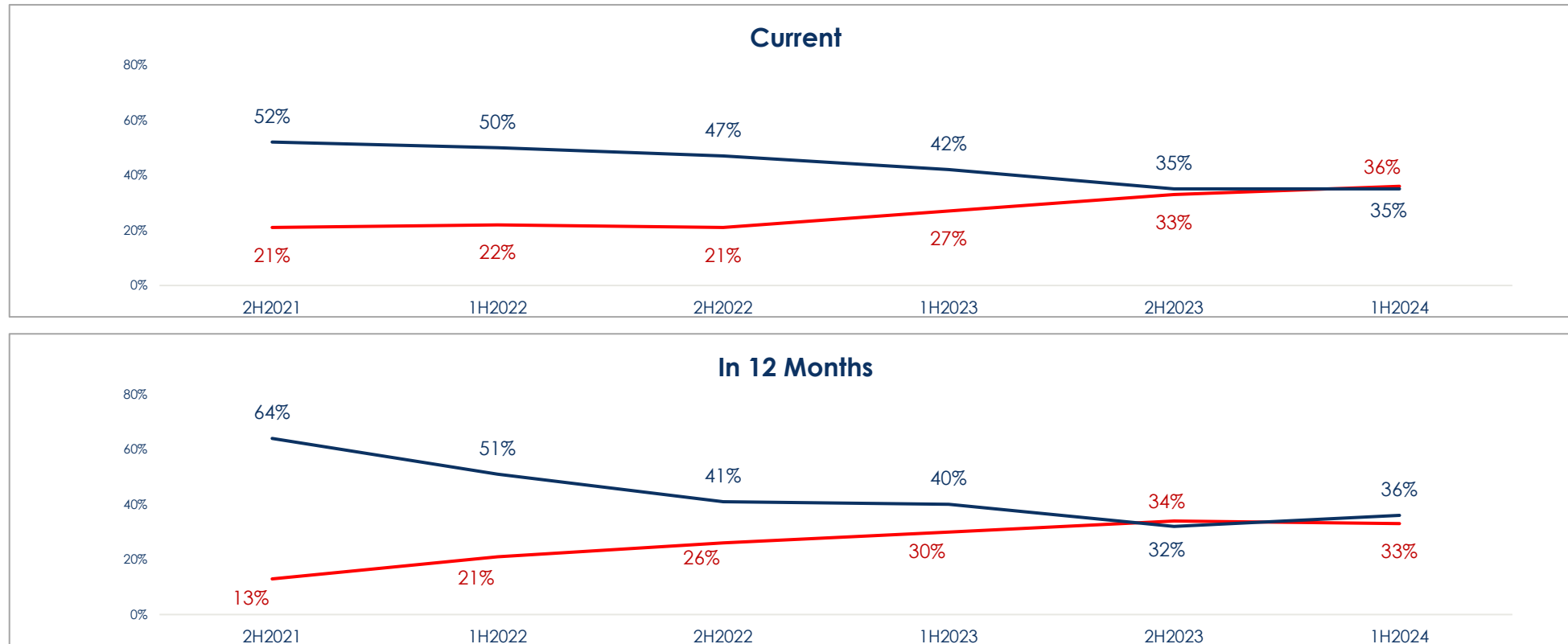


Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; n=1,087.
 E9. Over the next 12 months, what would be your assessment of the health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat strong, Very strong)
 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. * Indicates small base <50.

Current and future assessments of business conditions in Australia have similar proportions of weak and strong, with marginal changes

ASSESSMENT OF AUSTRALIAN BUSINESS CONDITIONS (3-YEAR TREND)

— Total Weak (Very weak + Somewhat weak)
 — Total Strong (Very strong + Somewhat strong)



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087.
 B10.1. What is your assessment of current business conditions in Australia?
 B11.1. What is your assessment of business conditions over the next 12 months in Australia?

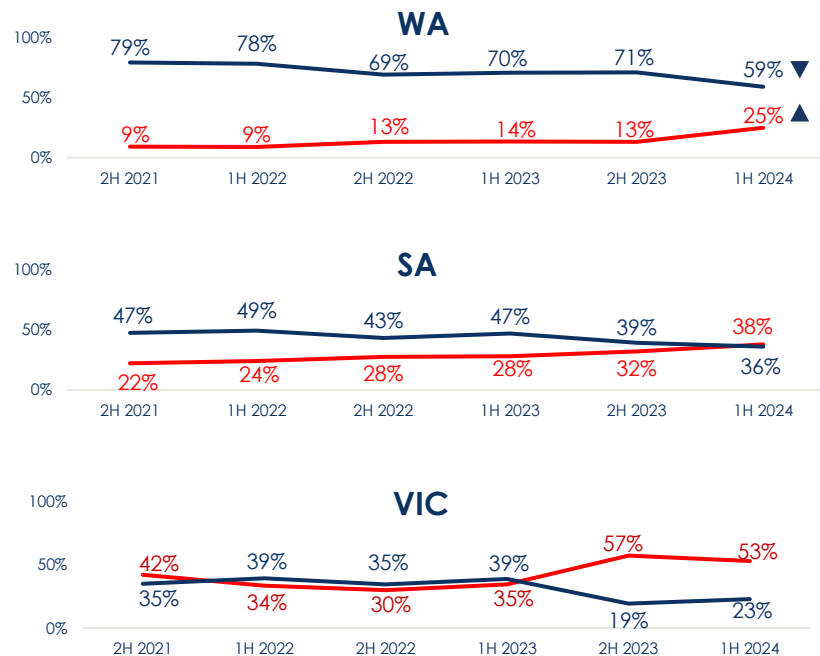
Western Australia still has the most directors assessing the state as having strong business conditions, despite a fall

Western Australia still has the strongest current assessment of business conditions with a 59% 'Total Strong' score but dropped significantly by 12 points compared to the second half of 2023 (71%). Victoria has the lowest percentage of directors assessing the state as having strong business conditions (23%). The percentage of directors assessing NSW as having weak business conditions increased significantly this wave (+6%).

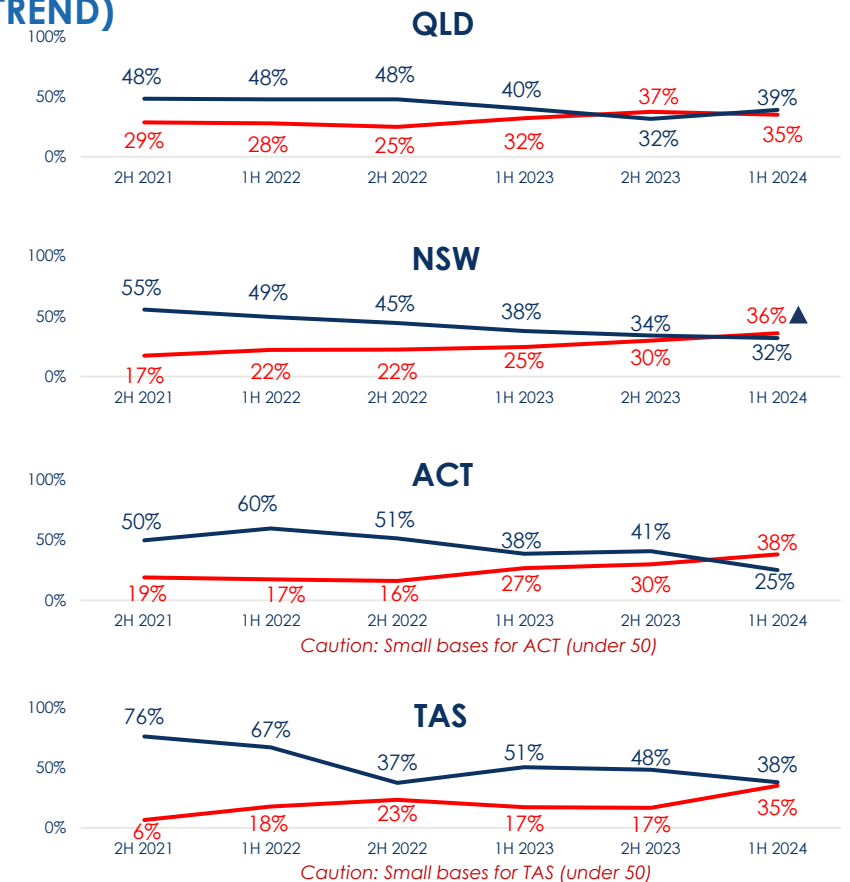
CURRENT ASSESSMENT OF BUSINESS CONDITIONS IN THE STATE OF DIRECTORSHIP (3-YEAR TREND)

— Total Weak (Very weak + Somewhat weak)
 — Total Strong (Very strong + Somewhat strong)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087.
 B10.2. What is your assessment of current business conditions in the state where your primary directorship is based?
 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21, ACT n=41, NT n=16. NT not shown due to low base.

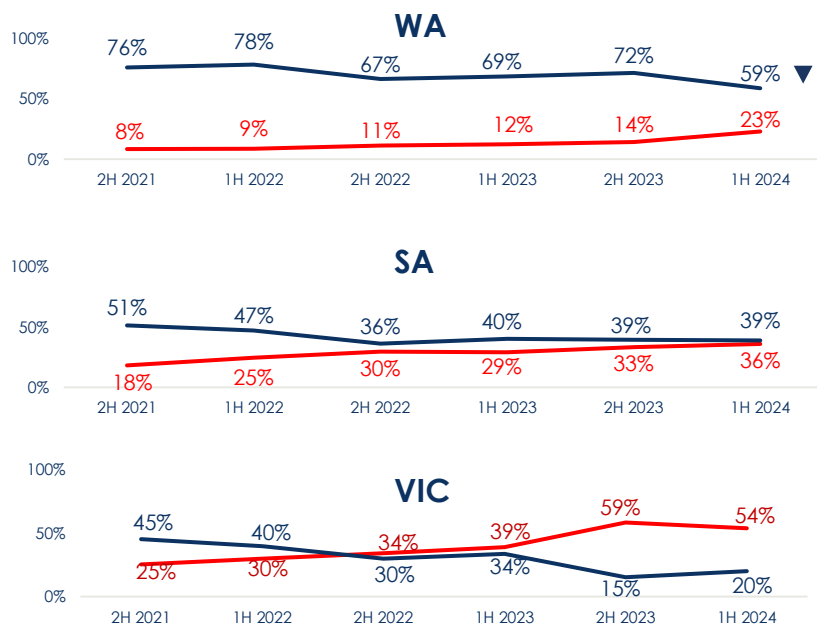
Western Australia still has the most directors who are optimistic about the state's business conditions in the next 12 months

Significantly more directors are optimistic in their assessment of Queensland's business conditions in the next 12 months compared to the second half of 2023, rising from a 'Total Strong' score of 29% to 41%. In contrast, WA's 'Total Strong' score has fallen from 72% to 59%. Victoria again has the lowest percentage of directors (20%) assessing the state as having strong business conditions in the next 12 months.

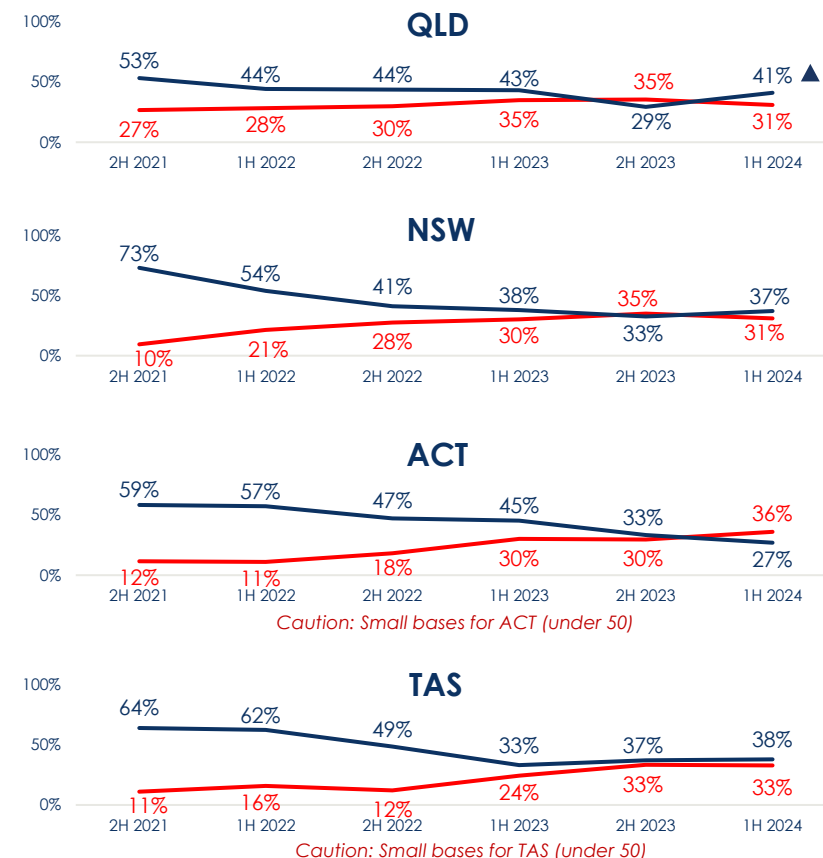
NEXT 12 MONTH ASSESSMENT OF BUSINESS CONDITIONS IN THE STATE OF DIRECTORSHIP (3-YEAR TREND)

— Total Weak (Very weak + Somewhat weak)
 — Total Strong (Very strong + Somewhat strong)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

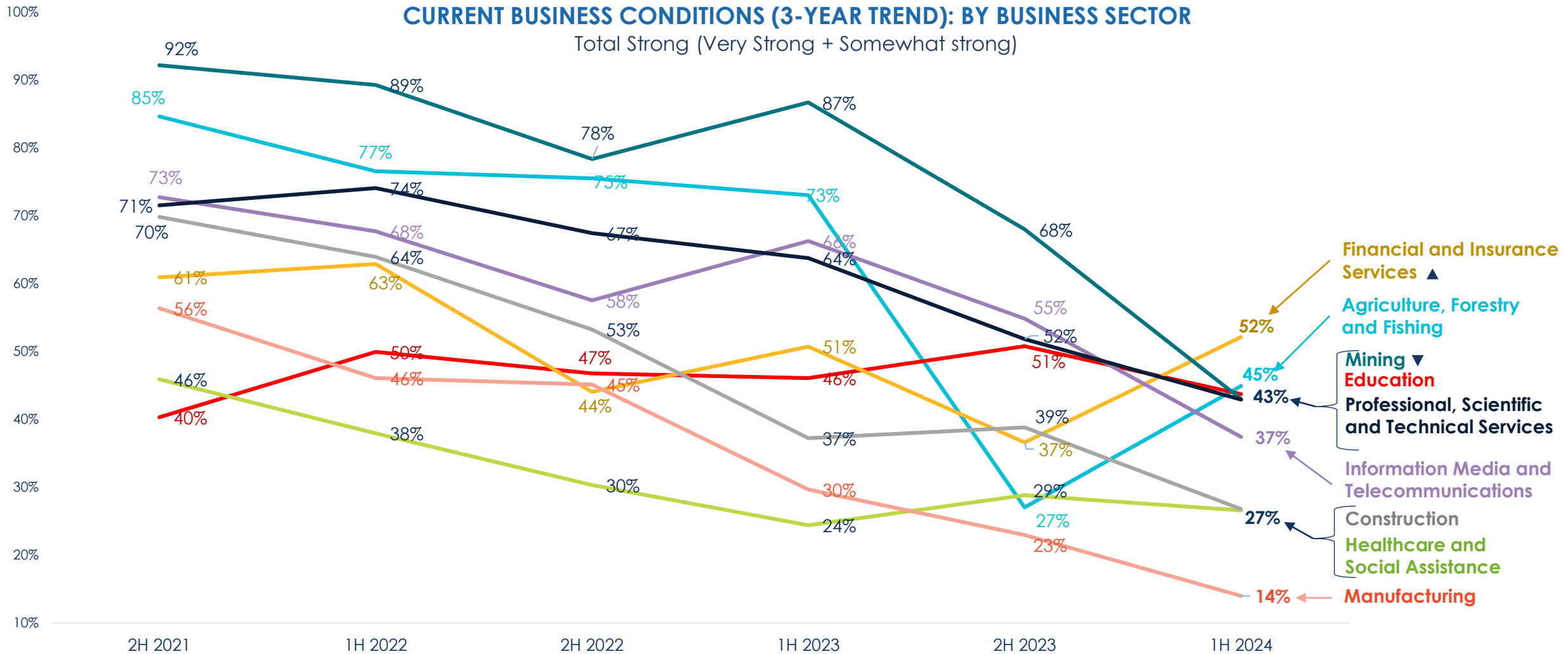


▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087.
 B11.2 What is your assessment of business conditions over the next 12 months in the state where your primary directorship is based?
 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21, ACT n=41, NT n=16. NT not shown due to low base.

Directors in the financial and insurance services sector have significantly stronger perceptions of business conditions; directors in the mining sector have significantly weaker perceptions. Manufacturing perceptions are the lowest by far.



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; 1,087.
 B10.3 What is your assessment of current business conditions in (the sector your primary directorship is in)? Only displaying sectors with n=40 or more sample size in 1st half 2024.
 Base: Agriculture n=22, Education n=68, Financial n=78, Healthcare n=162, Information Media n=27, Manufacturing n=42, Mining n=46, Prof services n=107, Construction n=24.

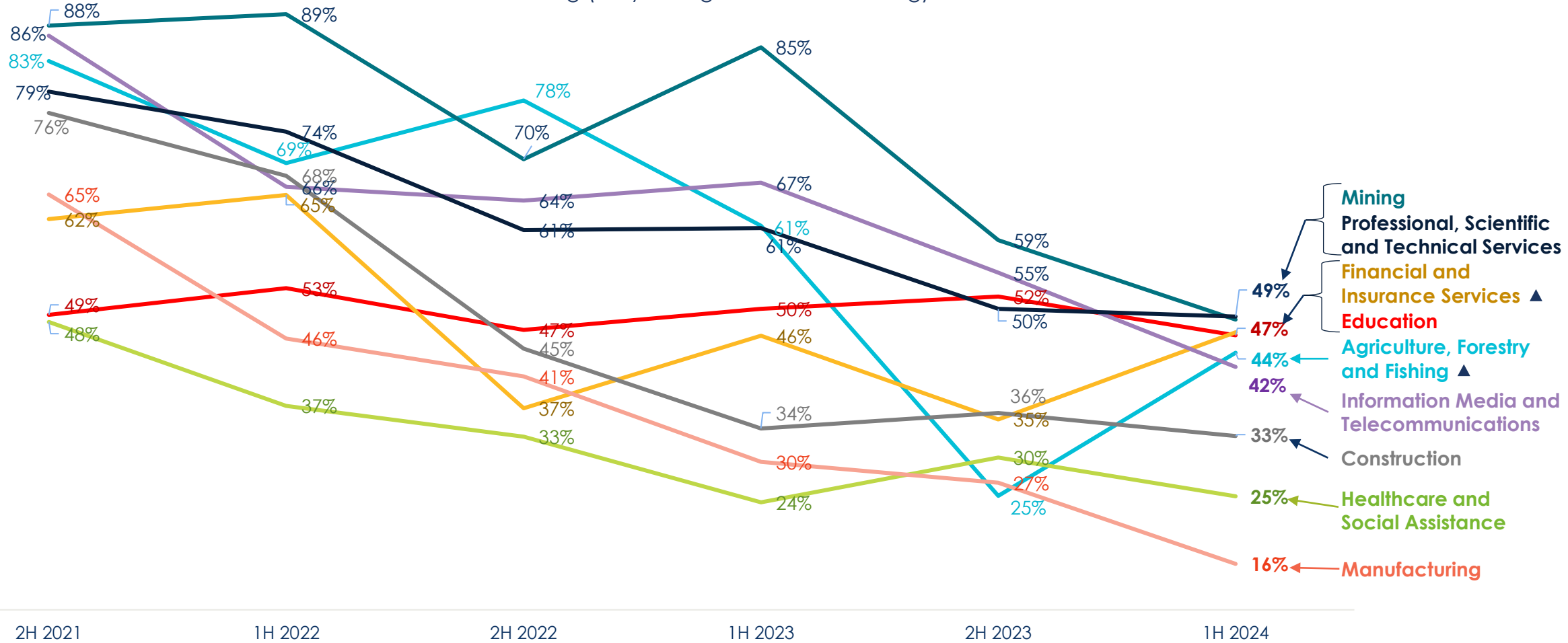
▲ ▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

More directors in the mining sector and the professional, scientific and technical services sector expect business conditions to be strong for the next 12 months

Compared to the second half of 2023, significantly more directors in the Financial and Insurance Services sector and the Agriculture, Forestry and Fishing sector assessed that the business conditions over the next 12 months in their sectors will be strong.

BUSINESS CONDITIONS OVER THE NEXT 12 MONTHS (3-YEAR TREND): BY BUSINESS SECTOR

Total Strong (Very Strong + Somewhat strong)



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+: 1,087.
 11.3 What is your assessment of business conditions over the next 12 months in (the sector your primary directorship is in)? Only displaying sectors with n=40 or more sample size in 1st half 2024.
 Agriculture n=22, Education n=63, Financial n=74, Healthcare n=53, Information Media n=28, Manufacturing n=43, Mining n=42, Prof services n=110, Construction n=23.

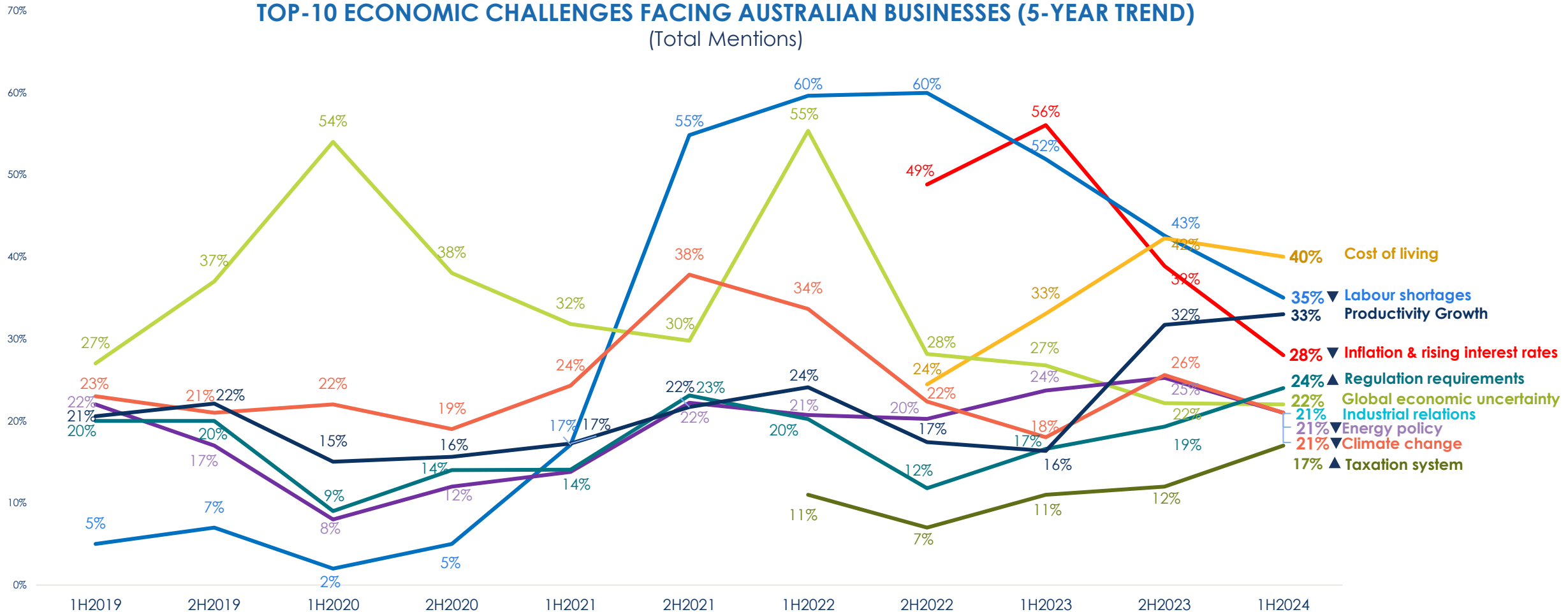
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

The top-4 economic challenges remained unchanged, with “Cost of living” becoming the most-mentioned concern by directors

Concerns with “Labour shortages”, “Inflation & rising interest rates”, “Climate change”, and “Energy policy” have decreased significantly, while “Regulation requirements” and “Taxation system” have increased significantly as a perceived challenge facing businesses.

TOP-10 ECONOMIC CHALLENGES FACING AUSTRALIAN BUSINESSES (5-YEAR TREND)

(Total Mentions)



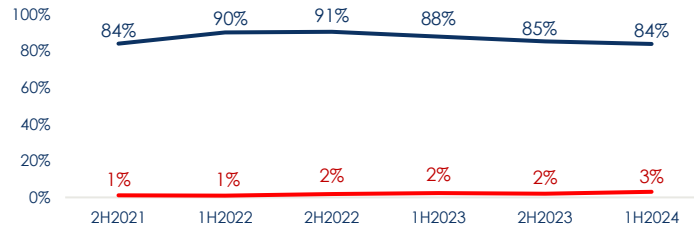
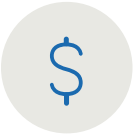
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087.
 E6. What are the top 3 economic challenges currently facing Australian businesses?
 Percentage of respondents that nominated issue in the top three economic challenges.
 Note: Amendments to the list may impact comparability with previous results.

Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

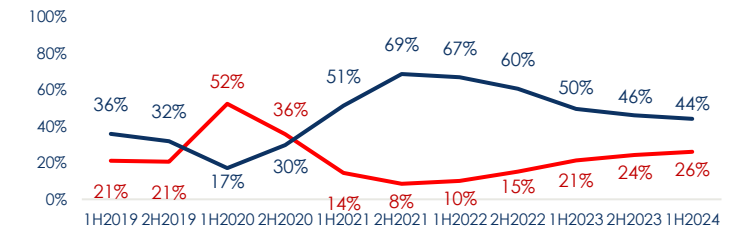
The overwhelming majority of directors still expect costs and wage levels within their business to increase over the next 12 months

ARE THESE CONDITIONS EXPECTED TO INCREASE OR DECREASE OVER THE NEXT 12 MONTHS WITHIN YOUR BUSINESS?

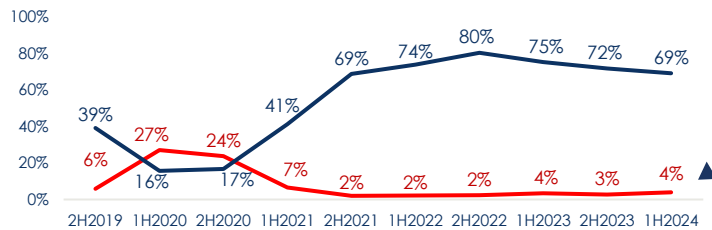
Costs (e.g. raw materials, energy, etc.)



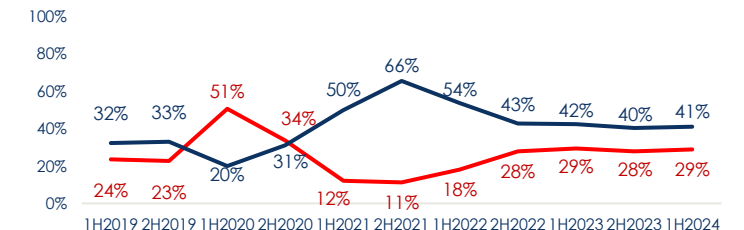
Labour demands



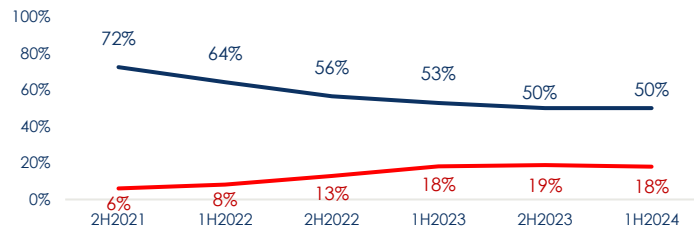
Wage Levels



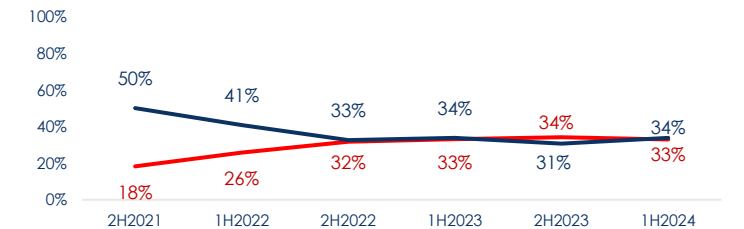
Investment Levels



Turnover and sales



Profitability



— Total Decrease (Strongly Decrease + Slightly Decrease)
 — Total Increase (Strongly Increase + Slightly Increase)

Source: AICD Director Sentiment Index Survey 2nd half 2023 Base: AICD Directors 18+; n=1,087. B4. To what extent, if any, do you expect the following conditions to change over the next 12 months within your business?

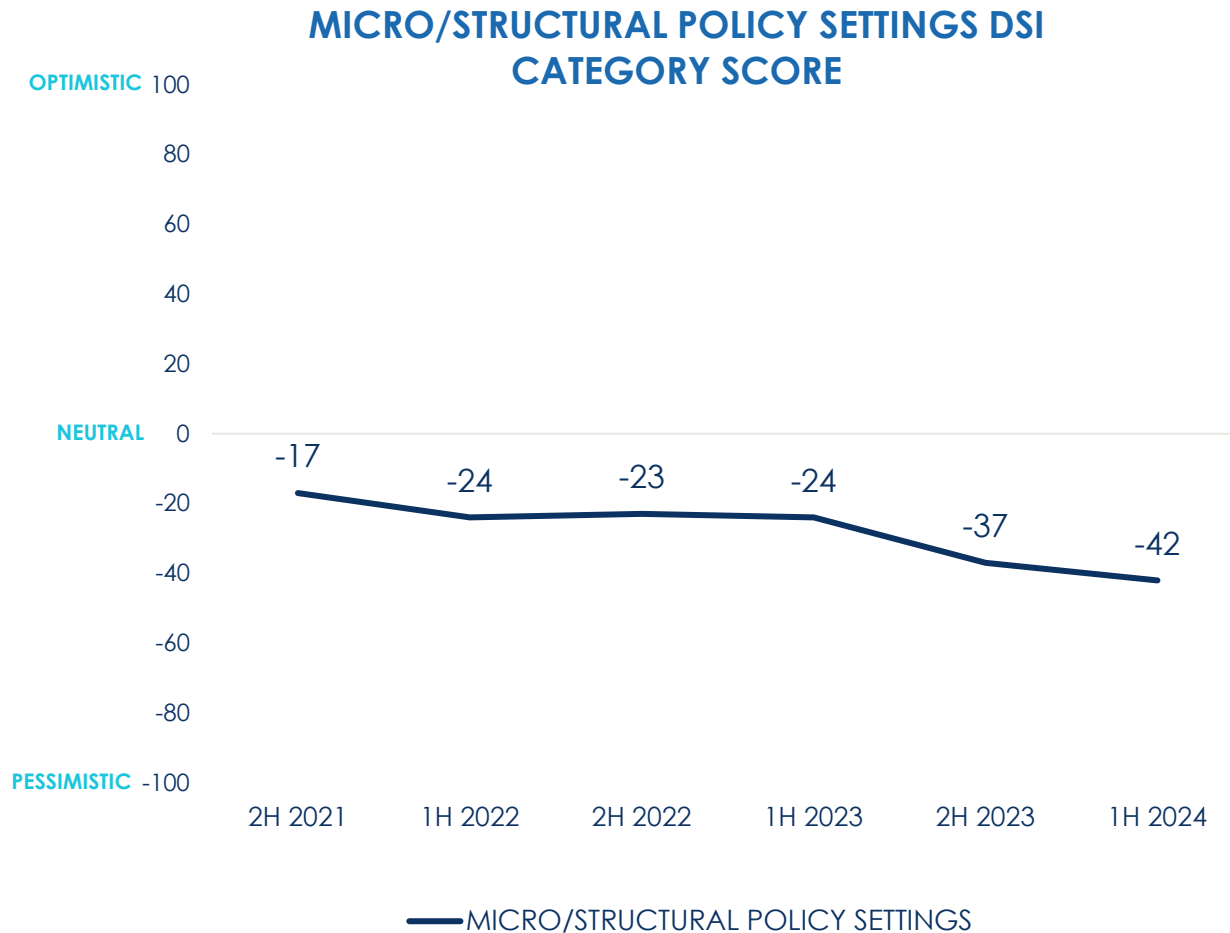
▲▲ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



Micro/ Structural Policy Settings

Directors' assessment of Micro/Structural policy settings continued downward, declining to a score of -42



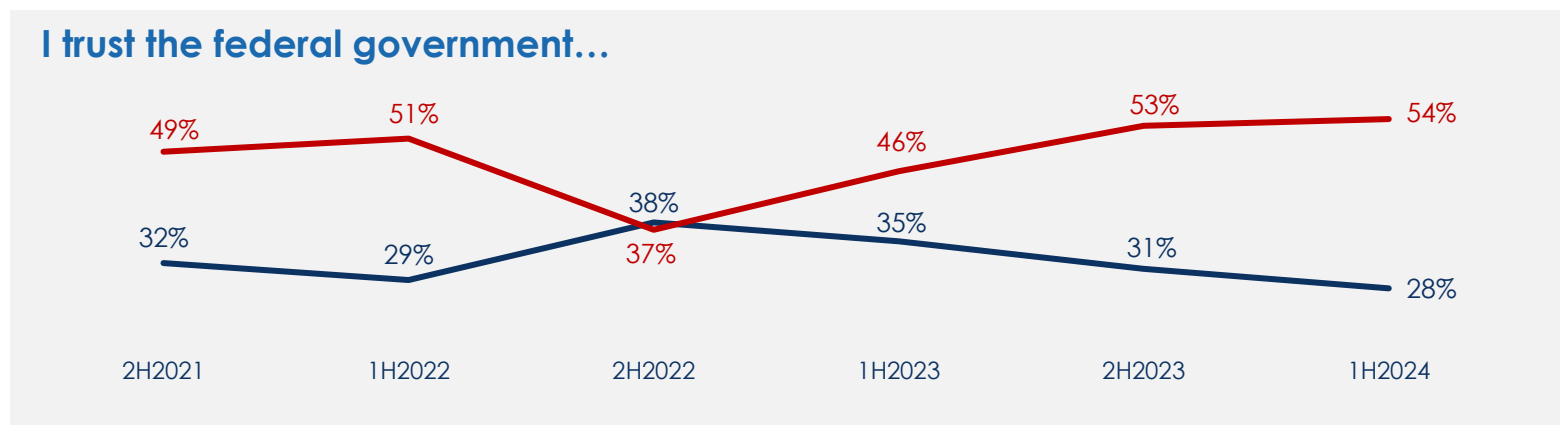
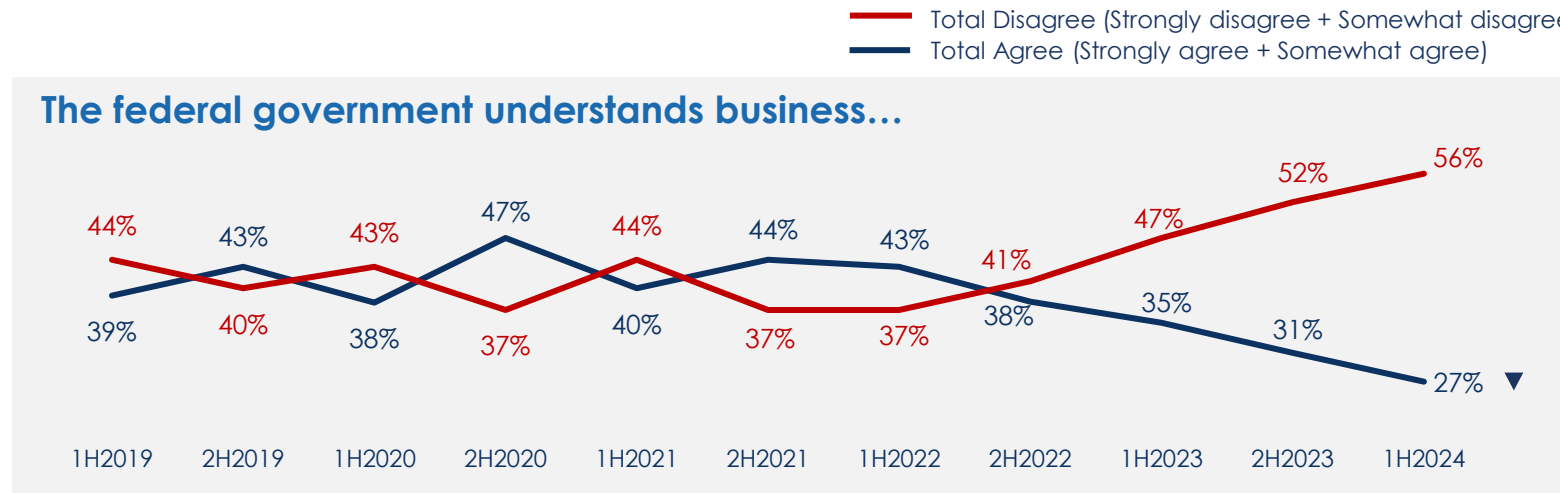
MICRO/STRUCTURAL POLICY SETTINGS DSI CATEGORY OVERVIEW

- The Micro/Structural Policy Settings DSI category includes:
 - Perception of levels of corporate/personal taxation and the GST, government spending on infrastructure and education, openness to foreign investment, support for international trade and innovation, and assessments of government understanding of business.
- The Micro/Structural Policy Settings DSI category score (-42) declined by 5 points in the first half of 2024. Government support for international trade (-2) remains the strongest indicator in Micro/Structural Policy Settings, however this had the steepest decline (-16) of indicators in this category since the last survey.

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087.
 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. * Indicates small base <50.
 T1. What is your level of satisfaction with the current state of the following Australian policy settings...?

Perception of the federal government’s understanding of business and trust in the federal government remained weak

Directors’ perception of the federal government’s understanding of business and their trust in the federal government has been declining over the past two years.



Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087.
 RE3.1. To what extent do you agree or disagree that the Federal Government understands business?
 RE3.2. To what extent do you agree or disagree that you trust the Federal government?

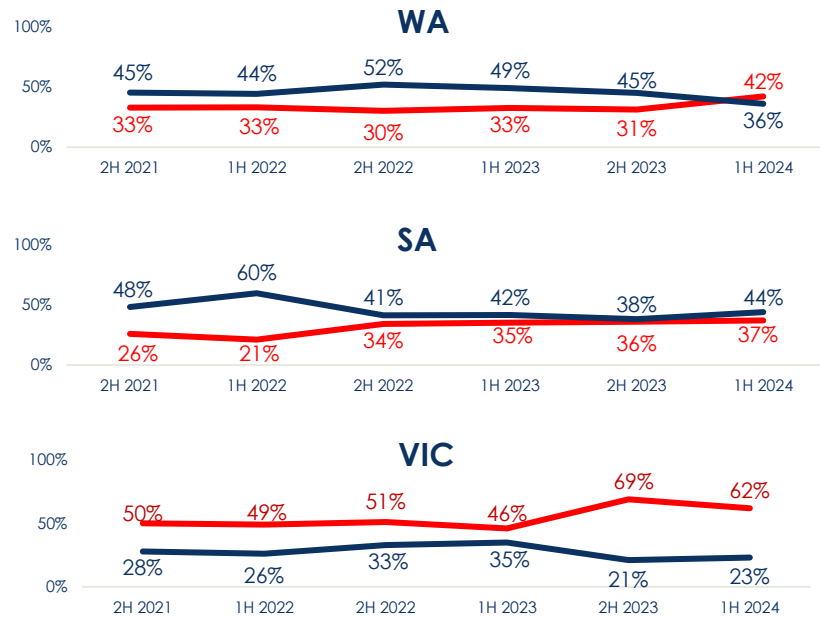
South Australia overtakes Western Australia as the state with the highest proportion of directors who agreed that the state government understands business

Victoria and Queensland remain the states with the highest proportion of directors perceiving that the state government doesn't understand business.

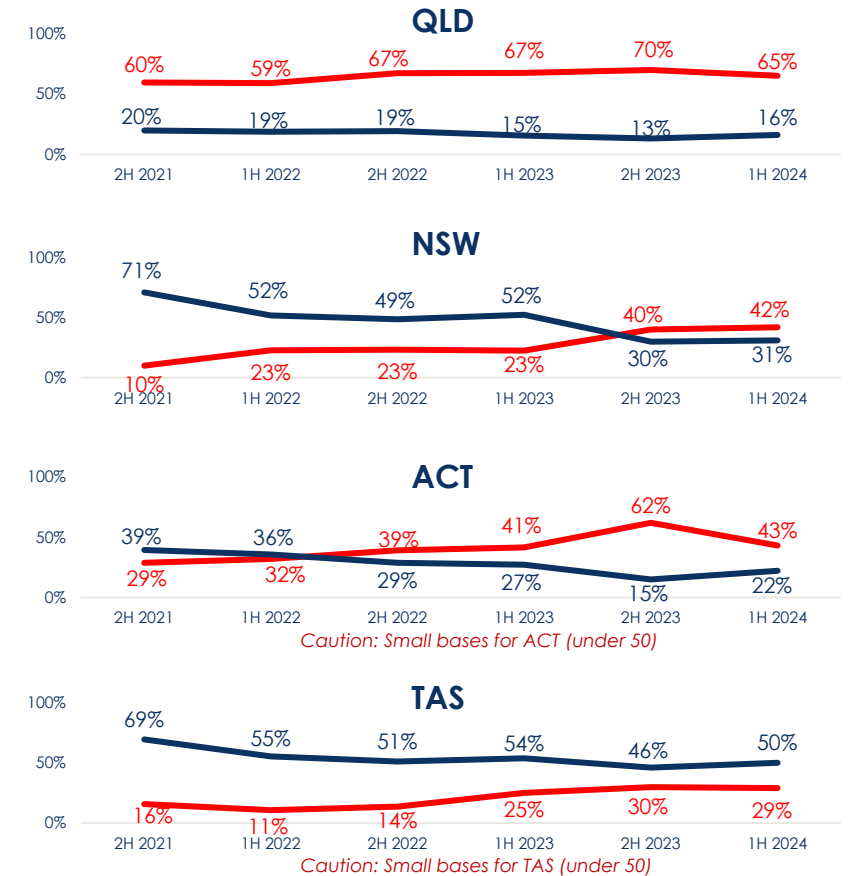
MY STATE GOVERNMENT UNDERSTANDS BUSINESS (3-YEAR TREND)

— Total Disagree (Strongly disagree + Somewhat disagree)
 — Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087. RE3. To what extent do you agree or disagree with the following statements? RE3.3 The [State government of primary directorship] understands business. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21, ACT n=41, NT n=16. NT not shown due to low base.

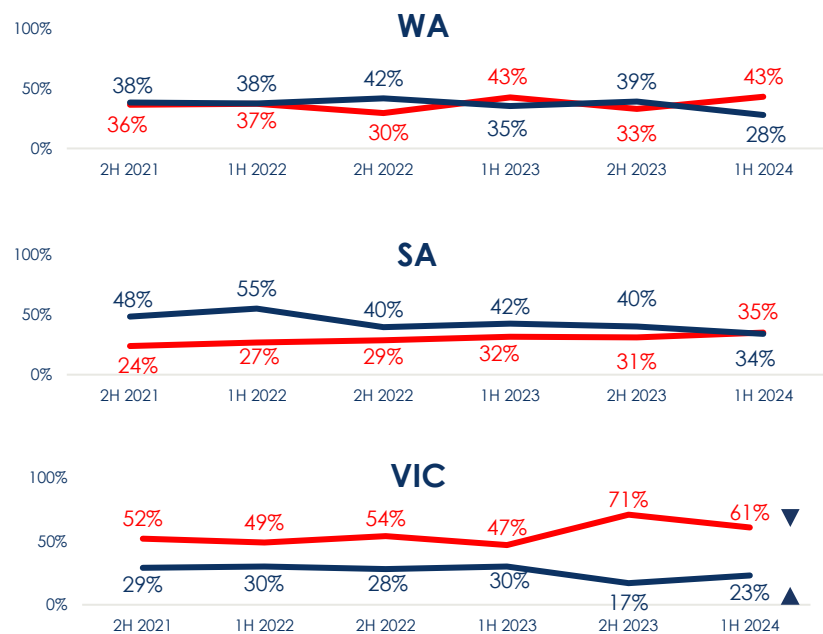
Queensland, ACT and Victoria remain the three states with directors who are least likely to trust their state government

Although still low, Victoria recorded a significant increase in the percentage of directors who trust the state government, whilst no significant improvement is seen in other states and territories.

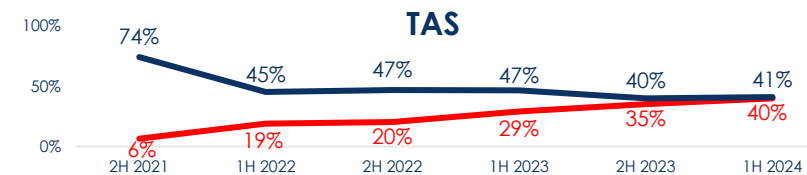
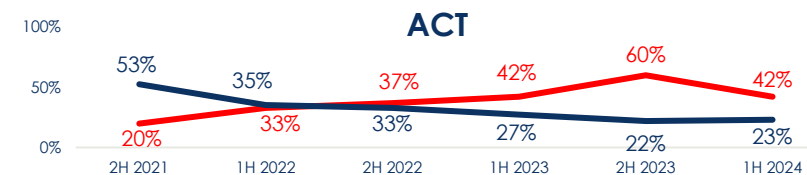
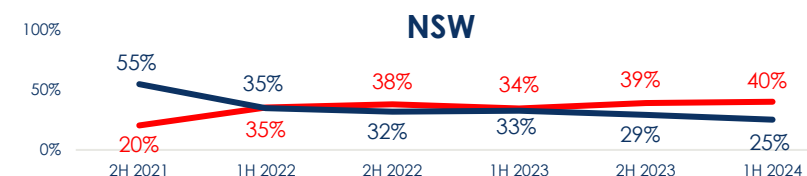
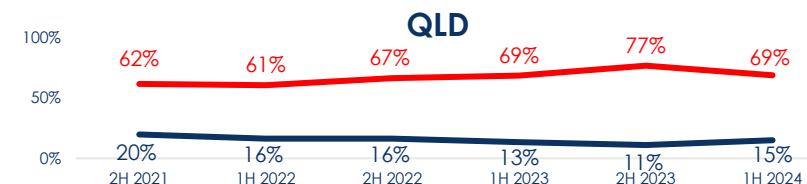
I TRUST MY STATE GOVERNMENT (3-YEAR TREND)

— Total Disagree (Strongly disagree + Somewhat disagree)
 — Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

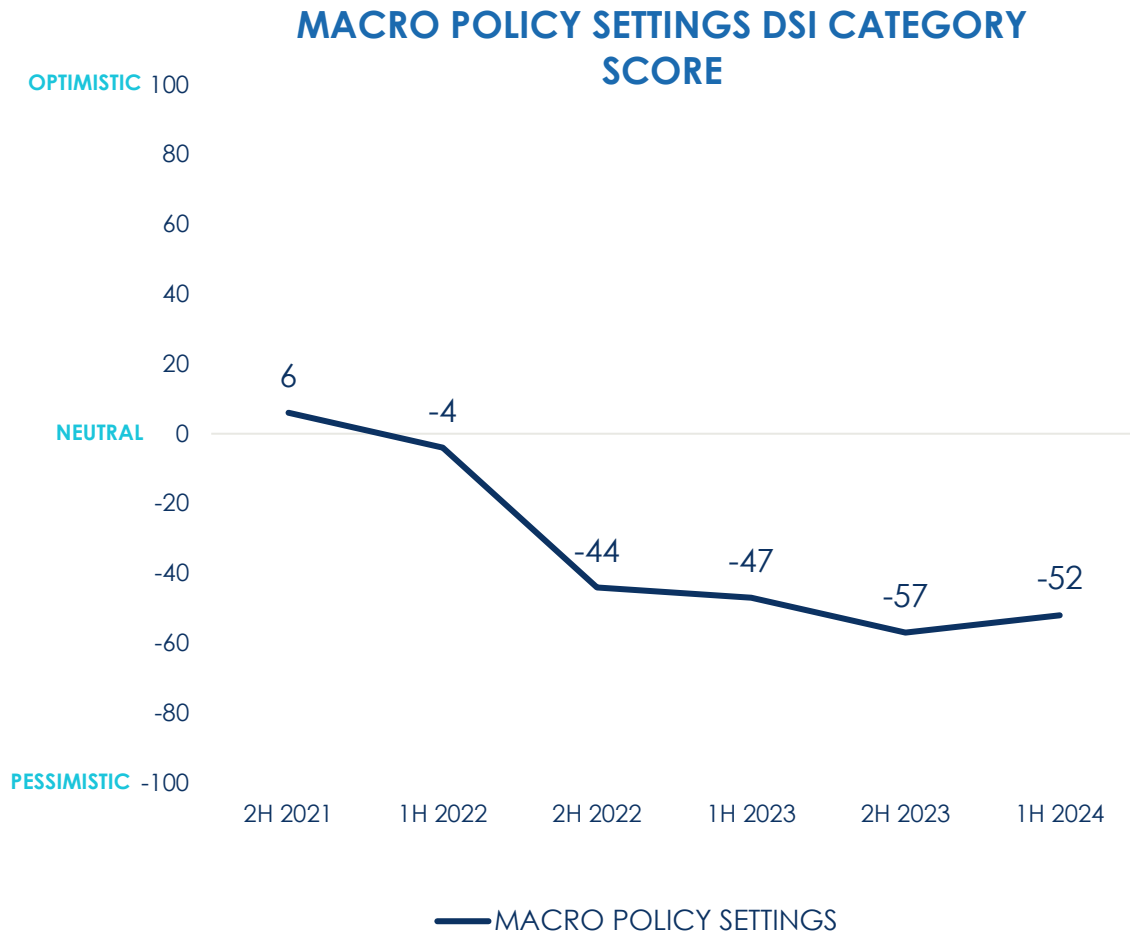


Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087. RE3.4. To what extent do you agree or disagree that you trust the state government where your primary directorship is based? NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21, ACT n=41, NT n=16. NT not shown due to low base.

A wide-angle photograph of the Australian Parliament House in Canberra, Australia, taken at dusk. The building is illuminated from within, and the sky is a deep blue. The Australian flag flies from a tall, modern flagpole in the center. The foreground shows a paved area and a circular garden bed.

Macro Policy Settings

Macro Policy Setting DSI category score improved marginally but still deep in negative territory



MACRO POLICY SETTINGS DSI CATEGORY OVERVIEW

- The Macro Policy Settings DSI category includes:
 - Assessment of the adequacy of federal and state government fiscal support and RBA monetary policy, the impact of the Australian dollar and the availability of business credit.
- The Macro Policy Settings DSI category score increased by 5 points in the first half of 2024, primarily driven by a positive change in the perception of the impact of the current level of the Australian dollar on business (-42) which increased by 18 points albeit remaining negative overall.
- Sentiment scores for credit availability (-32) and RBA monetary policy (-47) both saw increases of +12 points and +7 points respectively.

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087.
 MA1. How positively or negatively do the following affect your business.
 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. * Indicates small base <50.

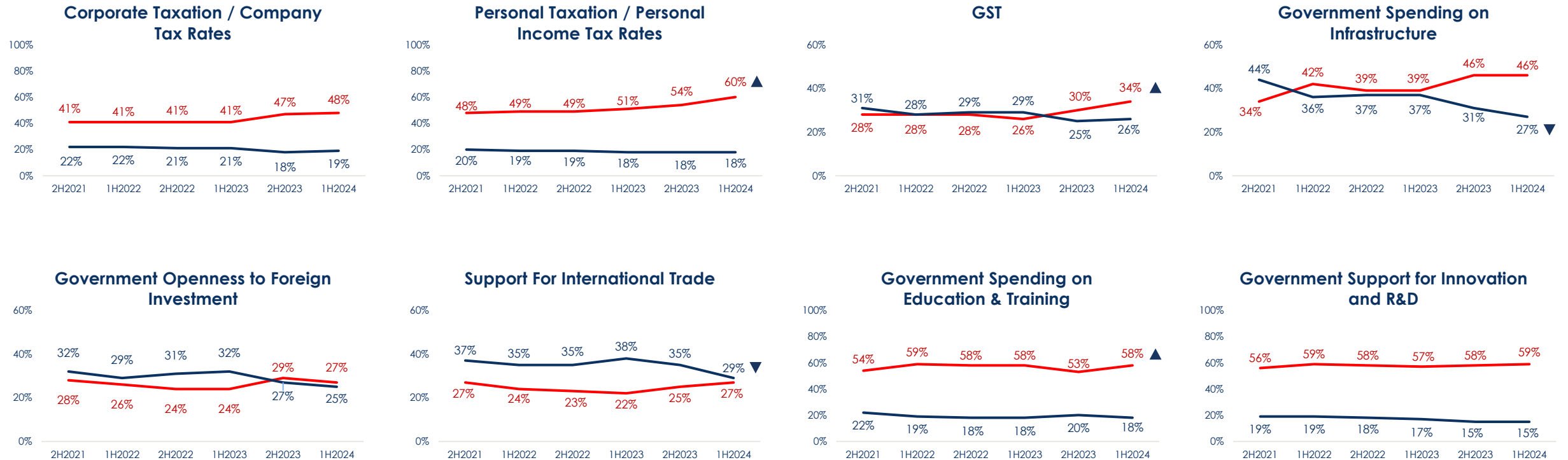
Dissatisfaction levels are higher than satisfaction for all policy settings, except for “Support for international trade”, where satisfaction remains marginally higher

A significant decline in satisfaction level for “Support for international trade” has closed the gap for this policy setting, which has had a strong satisfaction level. For all other policy settings, the gap between dissatisfaction and satisfaction has either remained wide or is becoming wider with significant increases in dissatisfaction, specifically “Personal Taxation”, “GST”, and “Government spending on Education and Training”.

SATISFACTION WITH AUSTRALIAN POLICY SETTINGS (3-YEAR TREND)

— Total Dissatisfied (Very dissatisfied + Somewhat dissatisfied)
 — Total Satisfied (Very satisfied + Somewhat satisfied)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087
 T1. What is your level of satisfaction with the current state of the following Australian policy settings...?

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

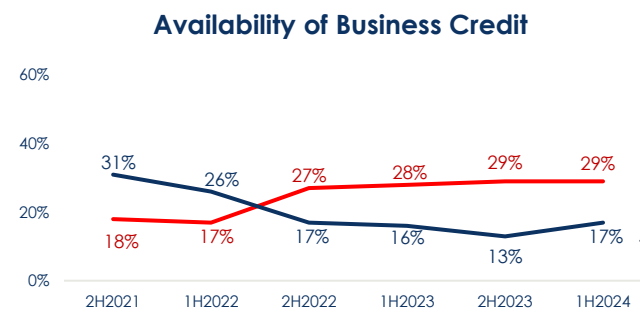
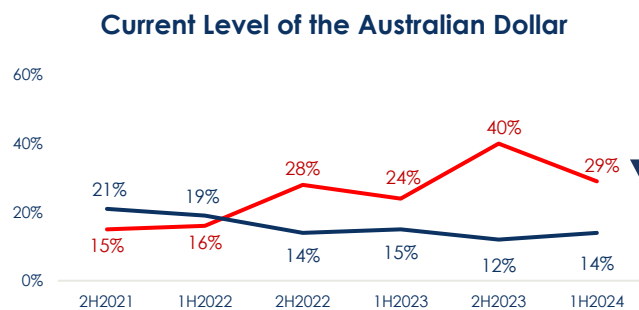
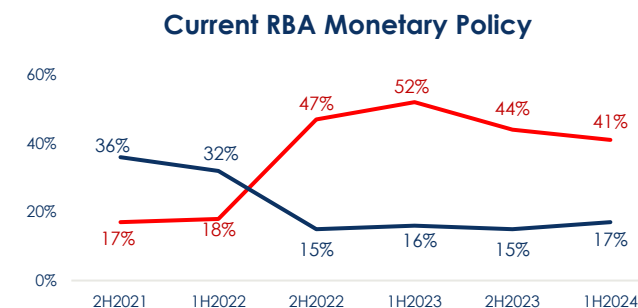
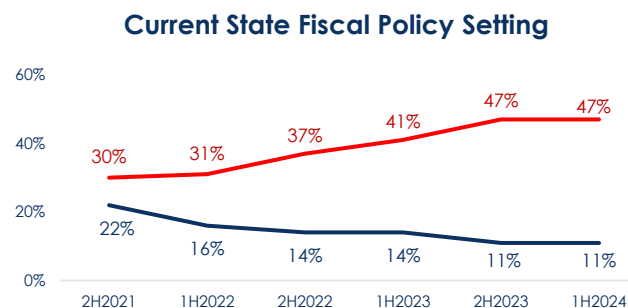
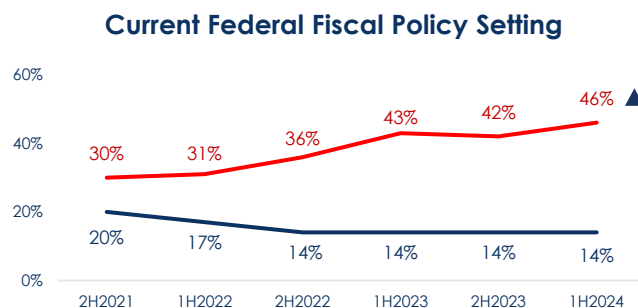
Much higher proportions of directors continue to report that the current federal and state fiscal policy and RBA’s monetary policy have negatively impacted their business

The negative impact on businesses of the current level of the Australian dollar has seen a significant drop from the second half of 2023.

IMPACT ON BUSINESS (3-YEAR TREND)

— Total Negatively (Very negatively + Somewhat negatively)
 — Total Positively (Very positively + Somewhat positively)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



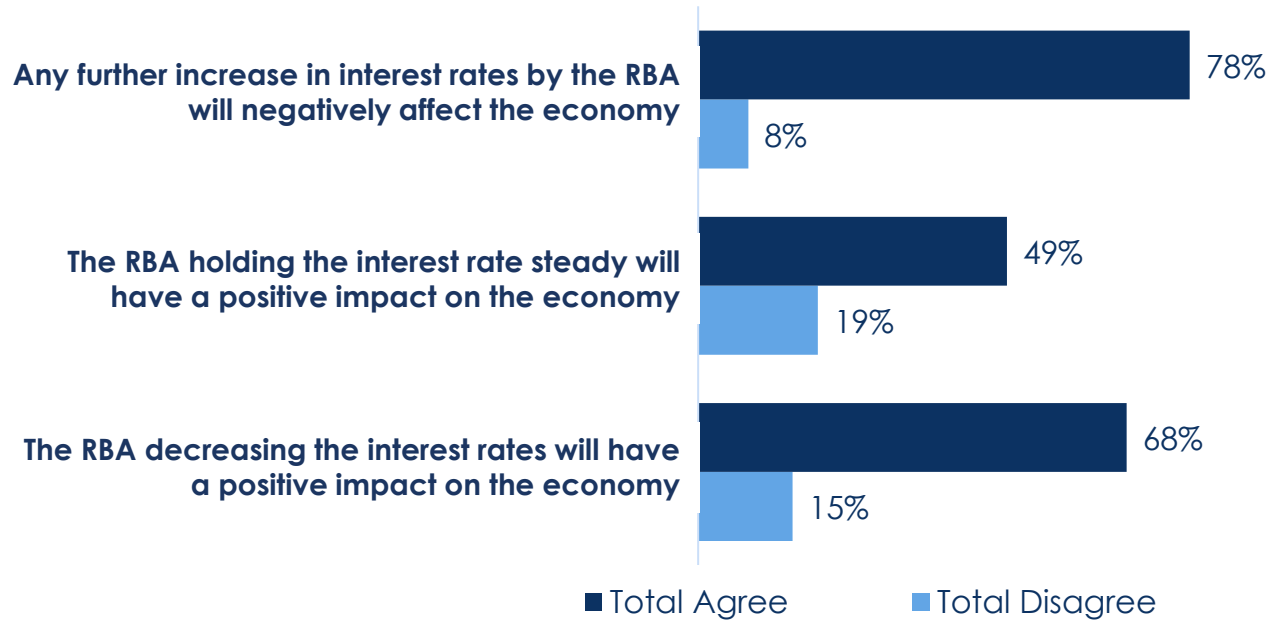
Source: AICD Director Sentiment Index Survey 1st half 2023. Base: AICD Directors 18+; n=1,087 MA1. How positively or negatively do the following affect your business?

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

The majority of directors felt that any further increase in interest rate would negatively affect the economy, but decreasing or holding it steady would have the opposite effect

Most directors continue to have the view that the current monetary policies will cause a major uptick in business insolvency, although the proportion of directors with this view is declining.

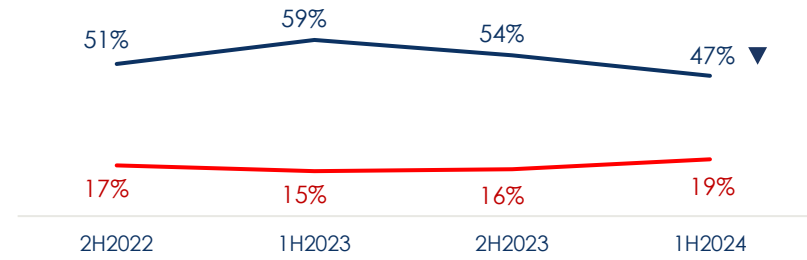
THINKING ABOUT INFLATION, INTEREST RATES AND THE RBA, PLEASE INDICATE THE EXTENT TO WHICH YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS:



New statements for 1H 2024 (No historical data available)

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087. RBA1. Thinking about inflation, interest rates and the RBA, please indicate the extent to which you agree or disagree with the following statements.

Current monetary policies will cause a major uptick in business insolvency



— Total Disagree (Strongly disagree + Somewhat disagree)
 — Total Agree (Strongly agree + Somewhat agree)

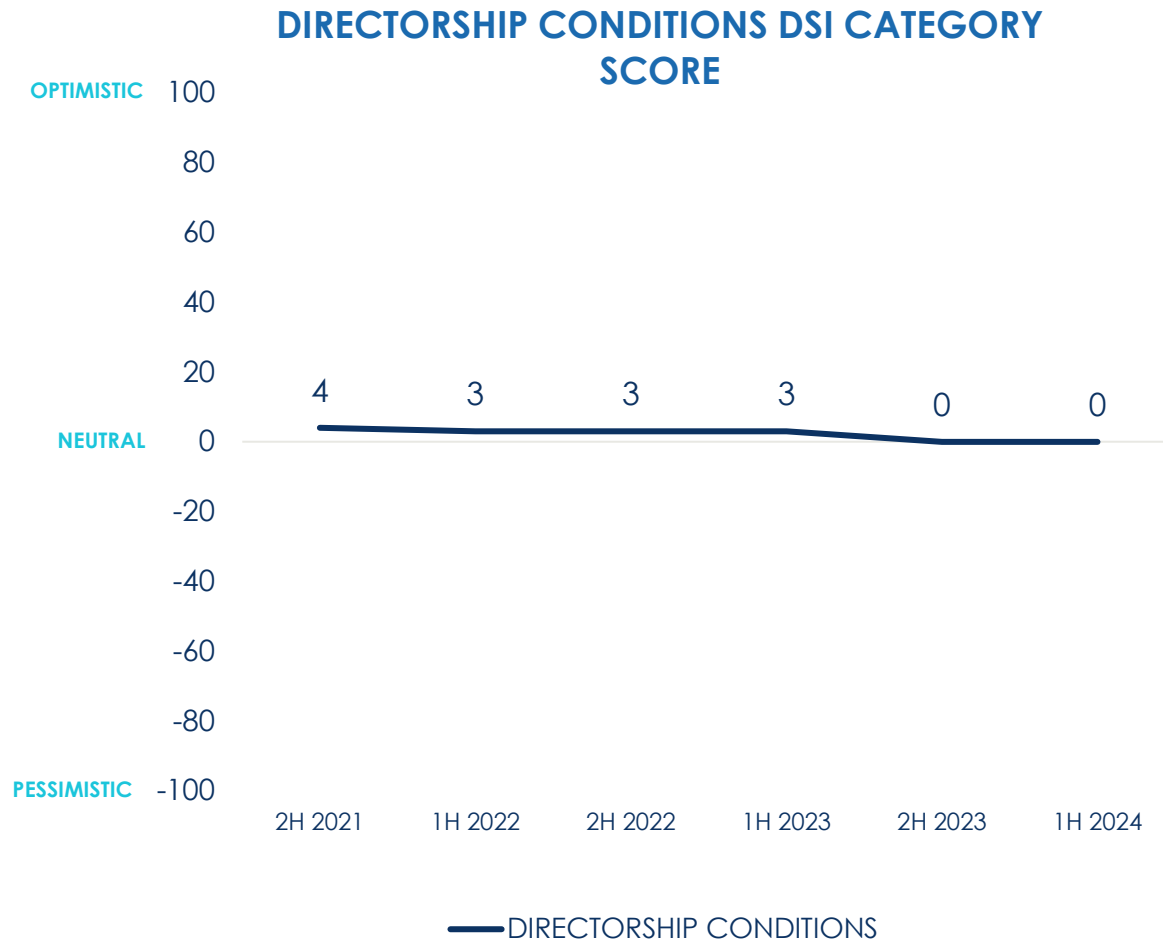
Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2024 survey.



Directorship Conditions

Directorship conditions remained unchanged at the zero neutral point



DIRECTORSHIP CONDITIONS DSI CATEGORY OVERVIEW

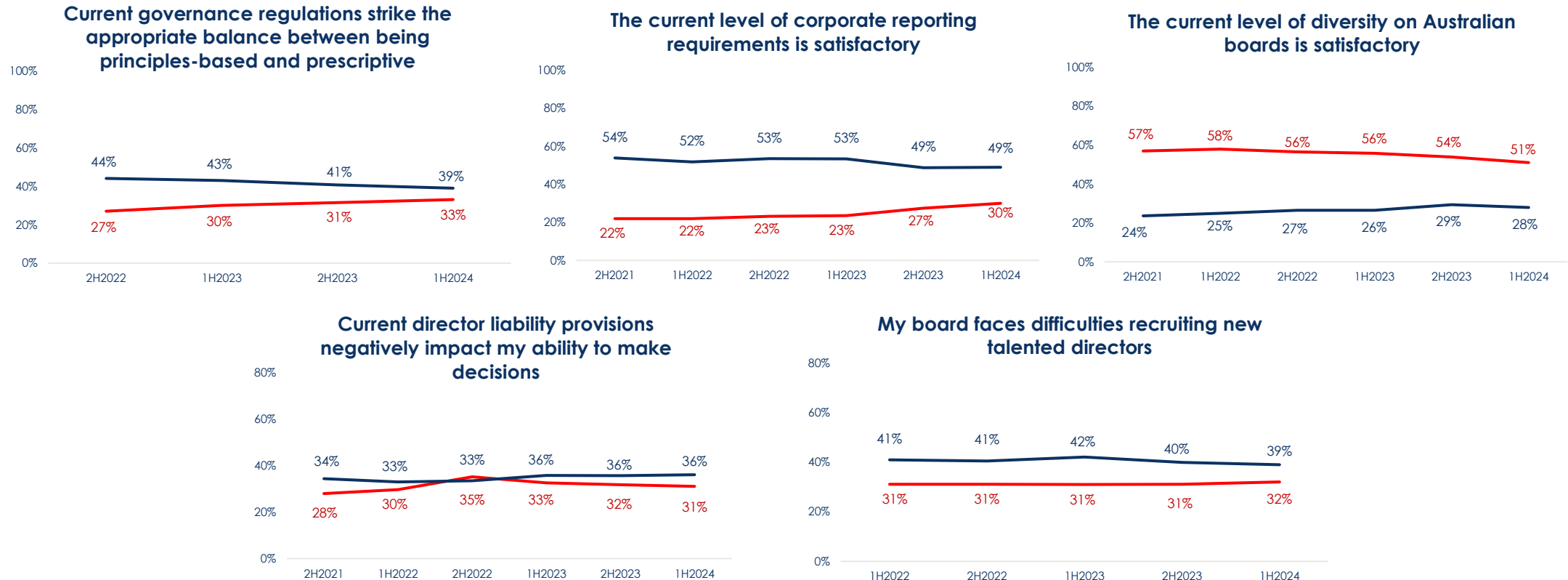
- The Directorship Conditions DSI category includes:
 - Balance of current governance regulations (principles-based vs prescriptive), satisfaction of corporate reporting requirements and diversity on Australian boards, and whether director liability provisions negatively impact decision-making.
- This wave's results saw higher levels of negative sentiment towards the current balance of governance regulations (+3), which decreased by 6 points. Additionally, there was increased negative sentiment towards the current director liability provisions and the potential impact on their decision-making (-10), which decreased by 4 points.

Agreement with directorship conditions remained unchanged since the last survey; the statement “*Current level of diversity on Australian boards is satisfactory*” is the only statement that had more directors’ disagreement than agreement

BASED ON YOUR PERSONAL BOARD EXPERIENCE, PLEASE INDICATE THE EXTENT TO WHICH YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS:

— Total Disagree (Strongly disagree+ Somewhat disagree)
 — Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

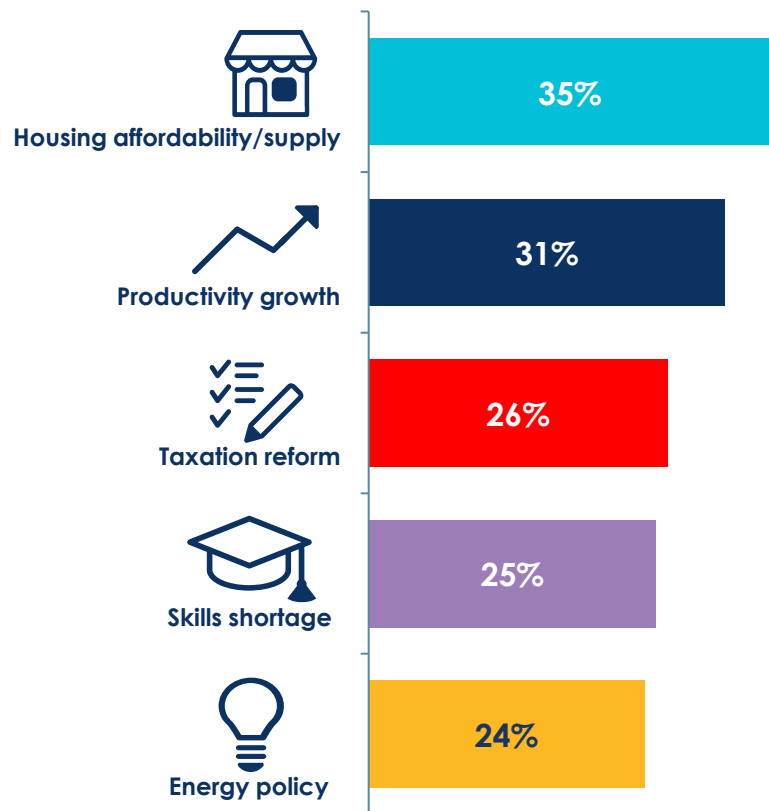
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087.
 G1. Based on your personal board experience, please indicate the extent to which you agree or disagree with the following statements.
 Board experience statements 1% = Not applicable; My board faces difficulties recruiting new talented directors 4% = Not applicable. Total disagreed that governance regulations strike appropriate balance n=426.

Topical issues/ Deep dives

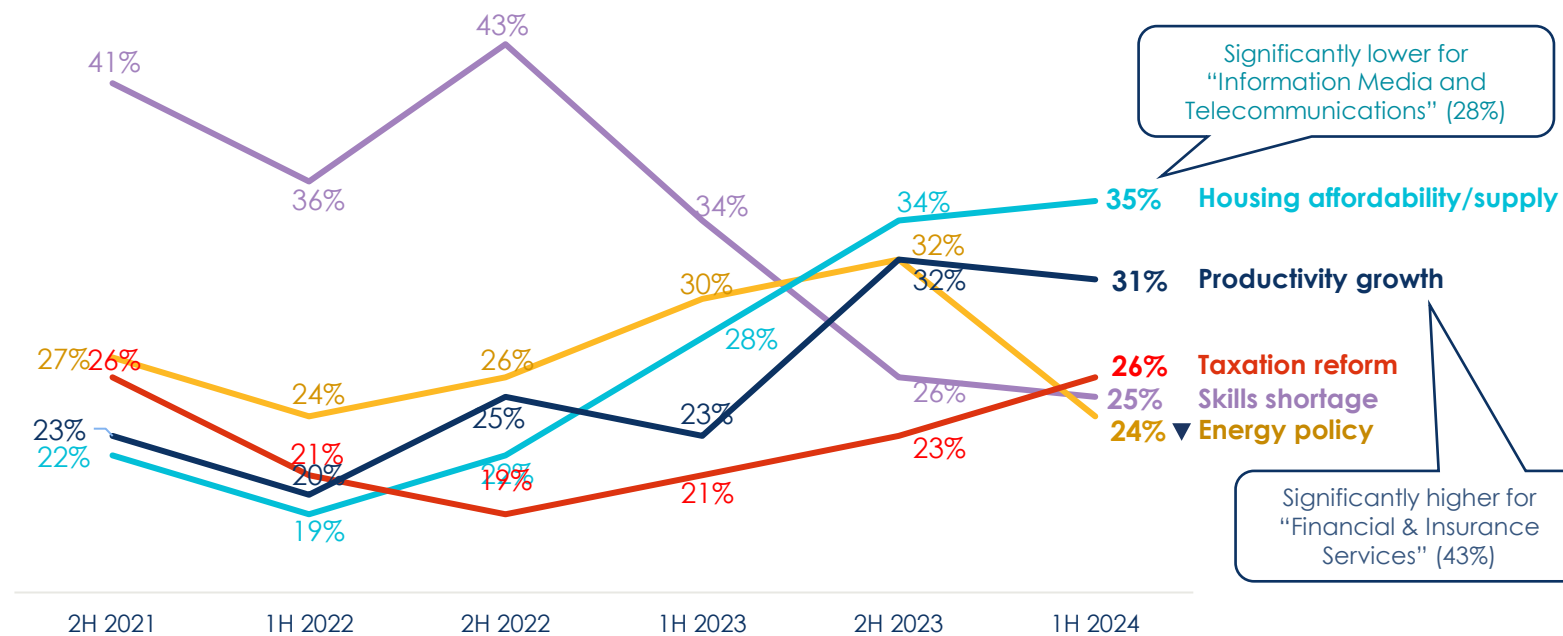
“Housing affordability/supply” and “Productivity growth” continue to be the most-mentioned short-term issues among issues the Federal Government should address

A significant decline was seen in the mentions of “Energy policy” as a short-term issue, whilst “Taxation reform” saw an increase in mentions to become among the top 3 issues to be addressed by the Federal Government.

TOP ISSUES FEDERAL GOVERNMENT SHOULD ADDRESS IN NEXT 3 YEARS



TOP FIVE SHORT-TERM ISSUES (TOTAL MENTIONS)



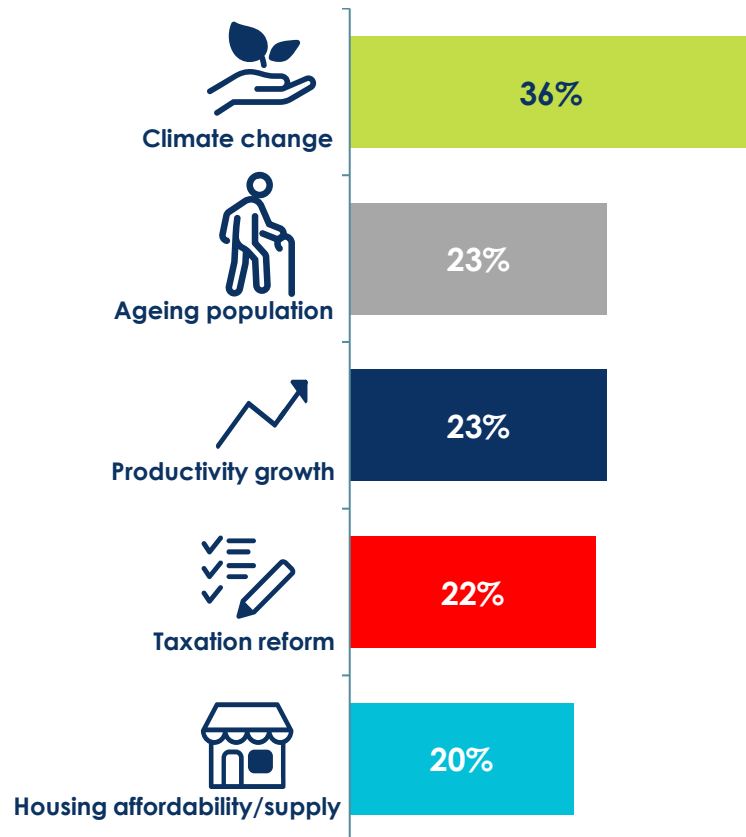
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+: 1,087. RE4. In your opinion, what are the top 3 issues the federal government should address in the short term (next 3 years)? Percentage refers to respondents who nominated this as a top 3 issue. Note: Amendments to list may impact comparability with previous results.

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

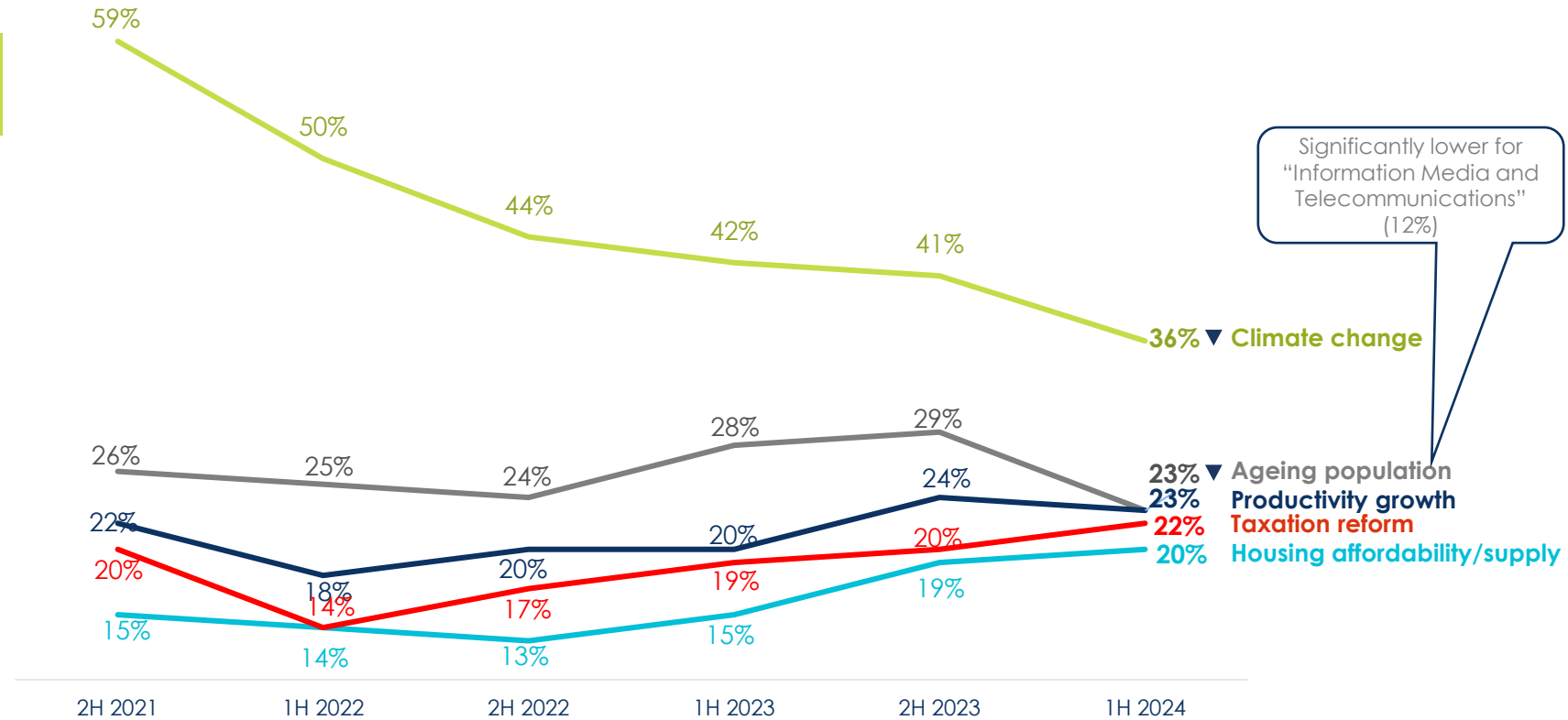
“Climate change” is still the top long-term issue for the Federal Government to address, although the percentage of mentions continued to decline

“Aging population” (with the number of mentions significantly lower) and “Productivity growth” were the other most-mentioned issues the government should address in the long term.

TOP ISSUES FEDERAL GOVERNMENT SHOULD ADDRESS IN NEXT 10-20 YEARS



TOP FIVE LONG-TERM ISSUES (TOTAL MENTIONS)

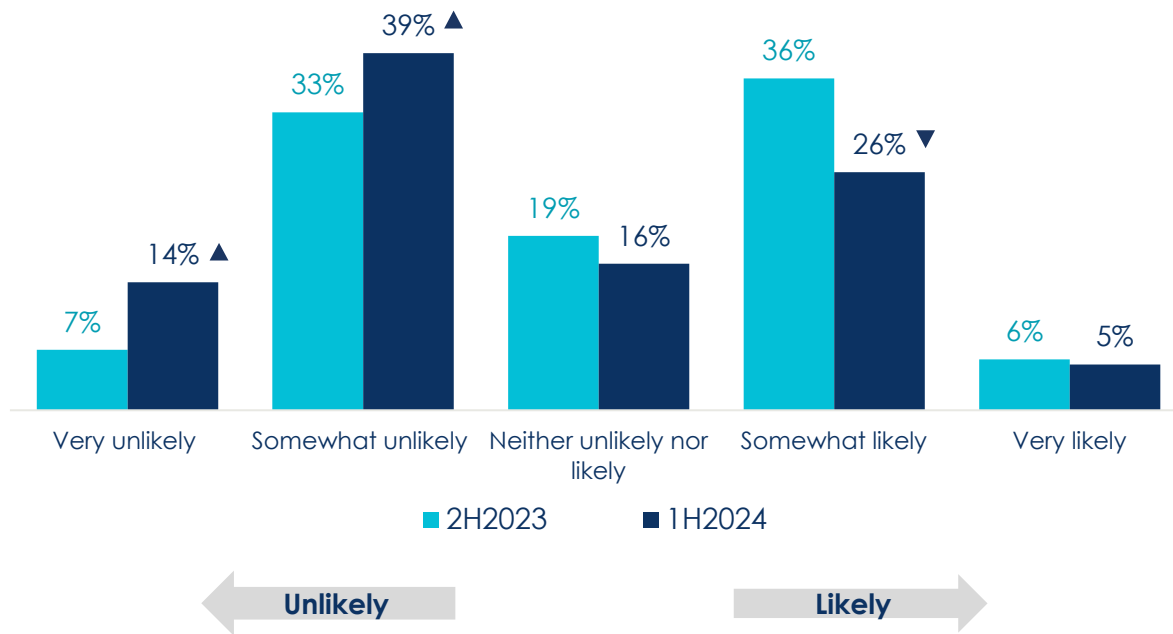


Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; n=1,087. RE4a. Now thinking about the longer term (next 10-20 years), what are the top 3 issues the federal government should address? Percentage refers to respondents who nominated this as a top 3 issue. Note: Amendments to list may impact comparability with previous results.

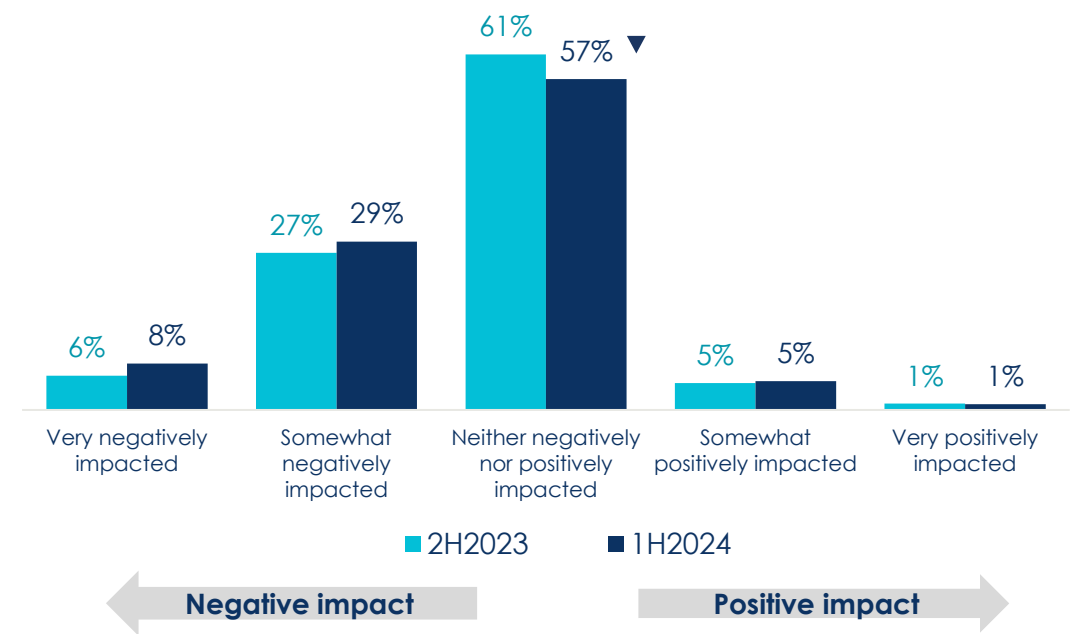
▲▼ Arrows represent a significant increase or decrease at 95% or 99% confidence level since the 2nd half 2023 survey.

1 in 2 (53%) directors believe it is unlikely Australia will be in a recession within the next 12 months, up from 40% in the second half of 2023. 37% of directors believe the housing market has negatively impacted their business.

LIKELIHOOD OF RECESSION



HOUSING MARKET IMPACT ON BUSINESS

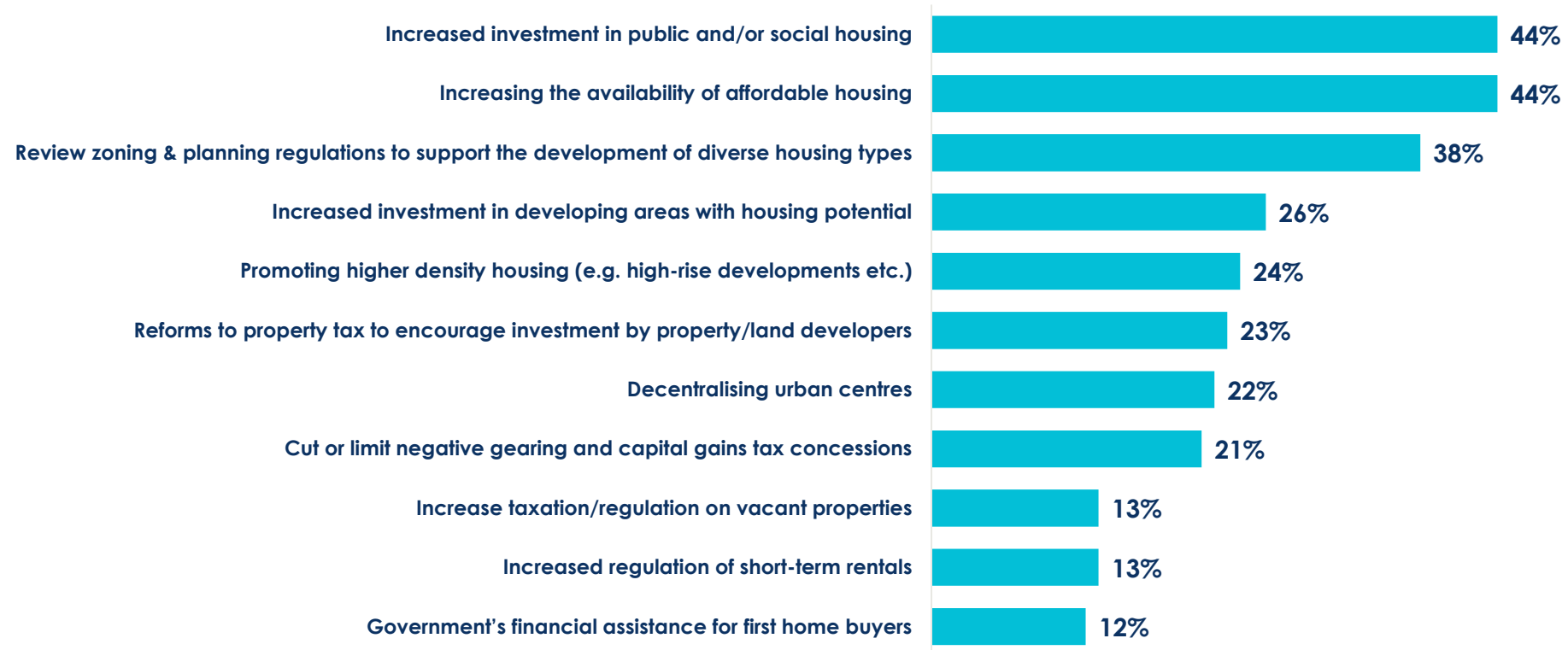


Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; n=1,087.
 DD10. How likely or unlikely do you think that it is that Australia will be in a recession within the next 12 months?
 DD13. How is your business/organisation being impacted by the current state of the housing market in Australia?

▲▼ Arrows represent a significant increase or decrease at 95% or 99% confidence level since the 2nd half 2023 survey.

“Increased investment in public/social housing” and “Increasing the availability of affordable housing” are the key factors in addressing housing issues in Australia

IMPORTANT STRATEGIES IN ADDRESSING THE HOUSING ISSUE IN AUSTRALIA



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; n=1,087.

DD9. In your opinion, which of the following are most important in addressing the housing issue in Australia? Please select up to 3 only, with 1 being the most important

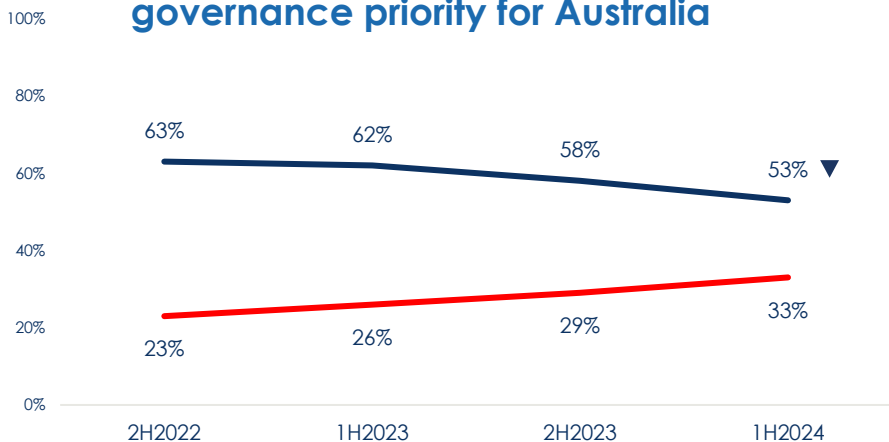
Compared to the second half of 2023, significantly fewer directors agreed that “Advancing reconciliation with First Nations peoples is a national governance priority for Australia”

Areas in which boards seek to increase diversity remained broadly unchanged from the second half of 2023, with “Skills” and “Digital capability/Technology” being the areas with the highest proportion of boards seeking to increase diversity.

— Total Disagree (Strongly disagree + Somewhat disagree)
 — Total Agree (Strongly agree + Somewhat agree)

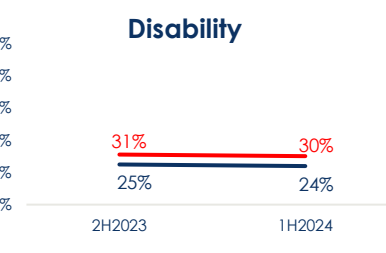
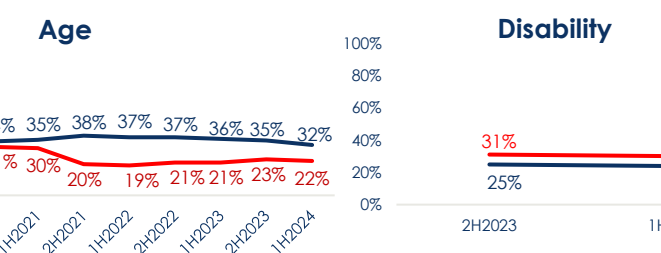
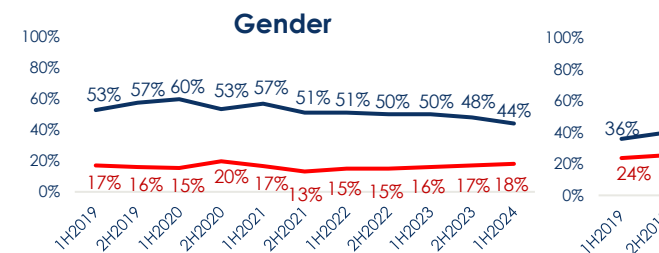
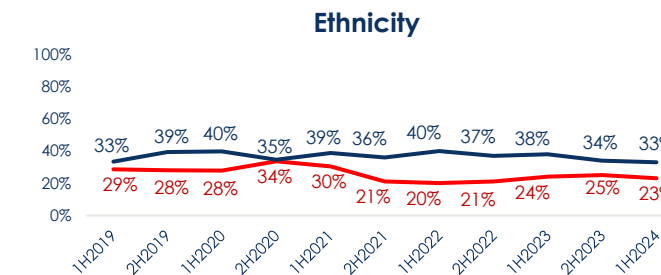
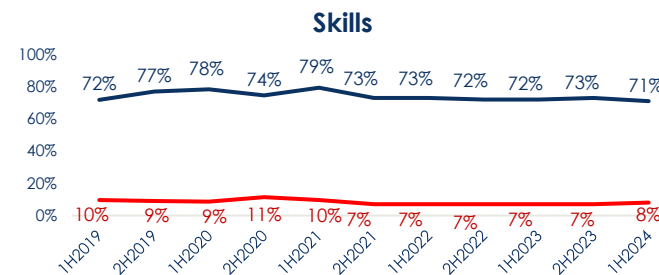
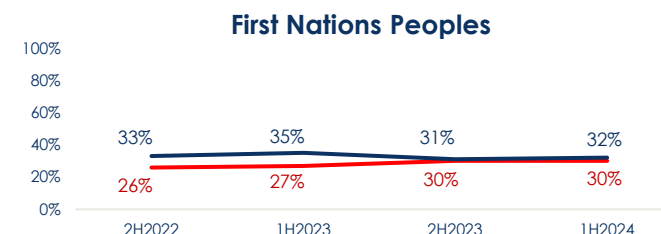
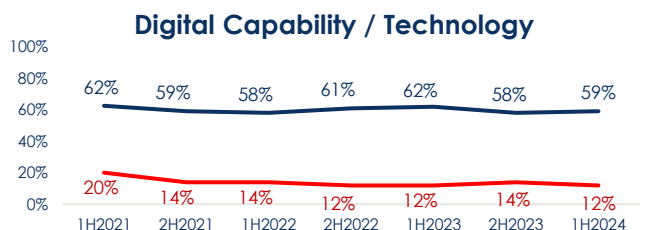
Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

Advancing reconciliation with first nations peoples is a national governance priority for Australia



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Is your board seeking to increase diversity in...

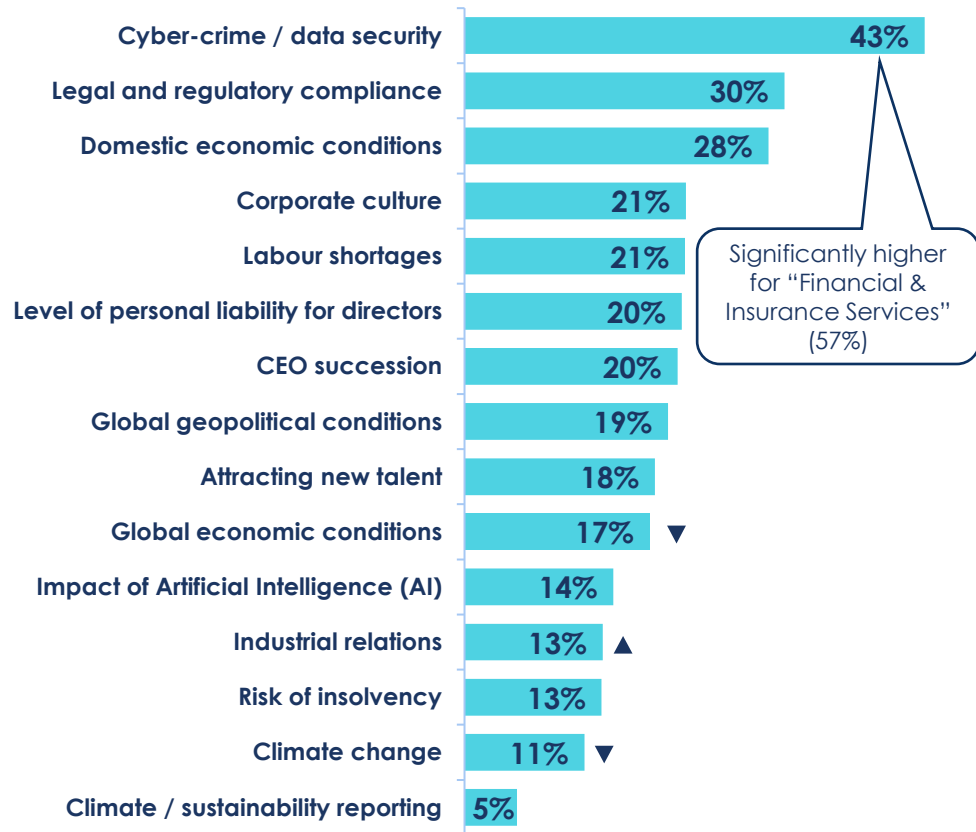


Base: AICD Directors 18+; n=1,087. BD2a. How much do you agree or disagree that your board is currently seeking to increase diversity in the following areas?

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+; n=1,087. IRAP1a. To what extent do you agree or disagree with the following statement? Advancing reconciliation with First Nations peoples is a national governance priority for Australia. Don't know = 1%. BD2a. How much do you agree or disagree that your board is currently seeking to increase diversity in the following areas?

“Cyber-crime/data security” (43%) remains the top issue that concerns directors, followed by “Legal and regulatory compliance” (30%).

WHAT ARE THE TOP ISSUES THAT KEEPS YOU AWAKE AT NIGHT? (TOTAL MENTIONS) – 1H2024



WHY CYBER-CRIME AND DATA SECURITY?

“It is unpredictable, pervasive, and impacts at multiple levels (legal, reputation, operations, customer, stakeholders, staff, systems)”

“The rise of crime and security breaches with cyber-crime organisations becoming large corporations and off-the-shelf packages for ransomware. It is a huge industry bent on raiding companies, and keeping the data and company safe is becoming increasingly difficult. We need extra resources to help protect and safeguard ourselves, suppliers and customers.”

“Cyber development is moving so fast that it is hard, especially for a small company, to keep up with protecting client data from potential threats”

“The increasing and omnipresent threat levels, actors and incursions occurring all too frequently across large scale businesses is proving Australia is weak in this area, and its corporate entities are insufficiently capable of protecting organisations from financial calamity.”

“The cybersecurity risk is high for my organisation and there are many challenges to handle that risk. The cost of such an issue would be extremely high. It is also an area of personal responsibility.”

“Lack of ability to control or prevent attack due to rapid changes and global groups activities and governments inability for agile response.”

WHY LEGAL AND REGULATORY COMPLIANCE?

“Complex, onerous and costly at a business level and risk to directors at a personal level.”

“Complexity and amount of new laws affecting business for compliance”

“It is becoming unduly complex and ambiguous. Simplicity and clarity seem to be totally forgotten.”

“The constant and sustained barrage of regulatory change from a government/ authority who has limited understanding of the business”

WHY DOMESTIC ECONOMIC CONDITIONS?

“The current market is so volatile and there is no cost relief in sight. The currency freight and unions are too strong currently.”

“Pressure on cost of living puts pressure on our service provision and demand for our services which is out of step with reducing government support”

“Low unemployment, high interest rates and general lack of leadership by federal government to promote and encourage Australian industry”

“Inflation, and lack of fiscal policy”

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

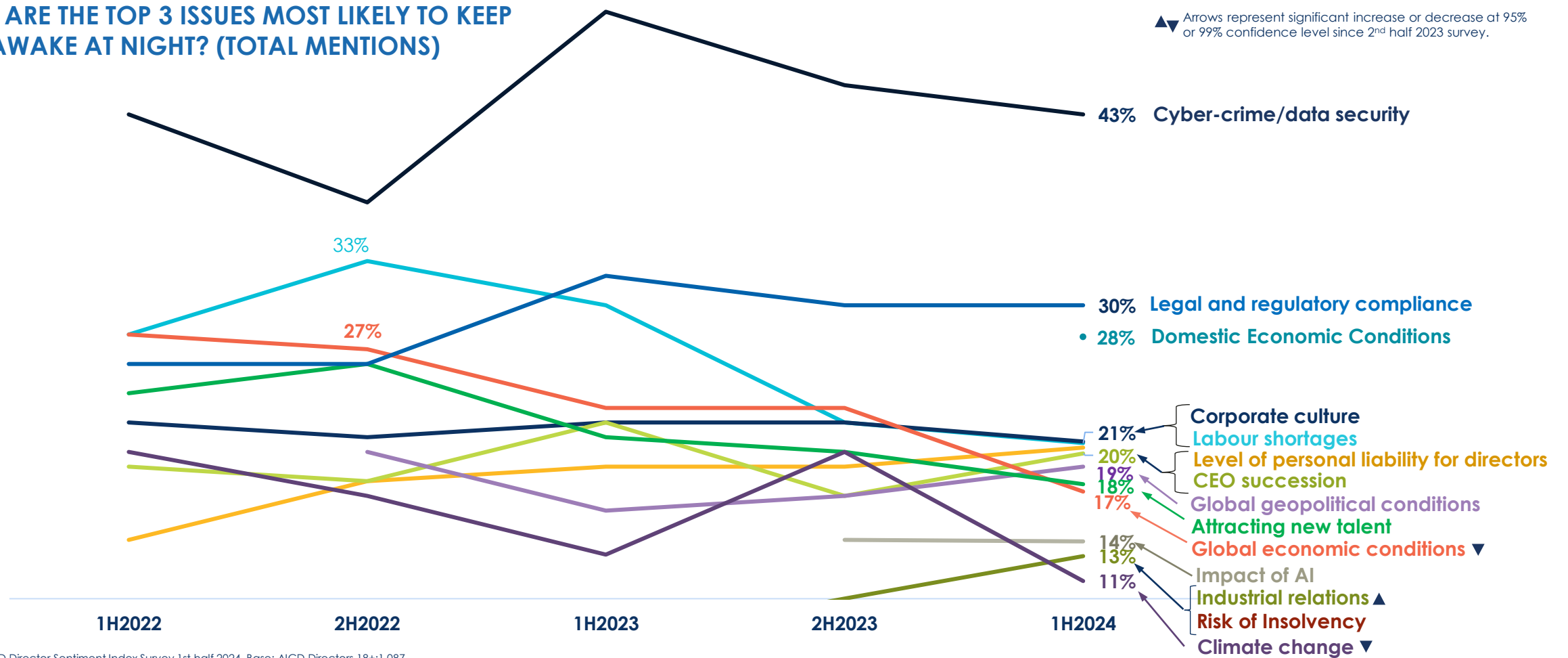
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+.
 TQ1. What are the top 3 issues most likely to “keep you awake at night” as a director on your board? Display % rounded to no decimal points, ranked to 1 decimal point. Percentage refers to respondents who nominated this as a top 3 issue. Top 10 issues included. Note: Amendments to list may impact comparability with previous results.

Base: AICD Directors 18+; n=1,087. TQ1BA. What aspects of [no.1 TQ1 issue] make it the main issue likely to ‘keep you awake at night’?

Despite a slight drop in mentions, “Cyber-crime/data security” continues to be the top issue keeping directors awake at night

“Labour shortages” and “Attracting new talent” have declined significantly over the years. Although still relatively low, “Industrial relations” is a new issue seeing a significant increase in mentions of keeping directors awake at night. The newest issue added of Domestic Economic Conditions was the third most common issue.

WHAT ARE THE TOP 3 ISSUES MOST LIKELY TO KEEP YOU AWAKE AT NIGHT? (TOTAL MENTIONS)



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087.

TQ1. What are the top 3 issues most likely to “keep you awake at night” as a director on your board? The percentage refers to respondents who nominated this as a top 3 issue. Note: Amendments to list may impact comparability with previous results.

Note: Data for ‘Climate/Sustainability reporting’ are omitted due to low response rates and is available in the Data Appendix.

As in the second half of 2023, the overwhelming majority of directors agreed with each of the four data security/privacy-related statements

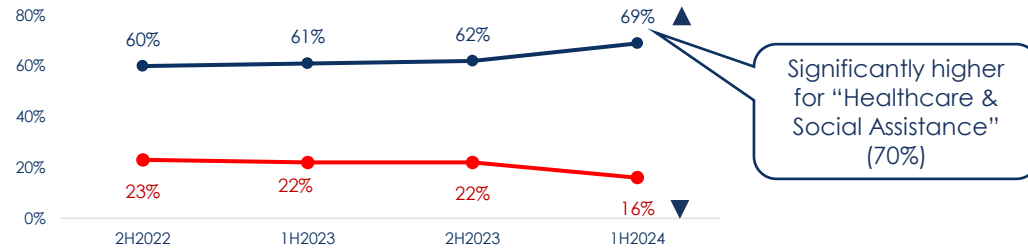
Compared to the second half of 2023, significantly more directors agreed that their “Board has oversight of cyber security threats” and have implemented a “Data governance framework to guide how data is collected, stored, protected”.

DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS...?

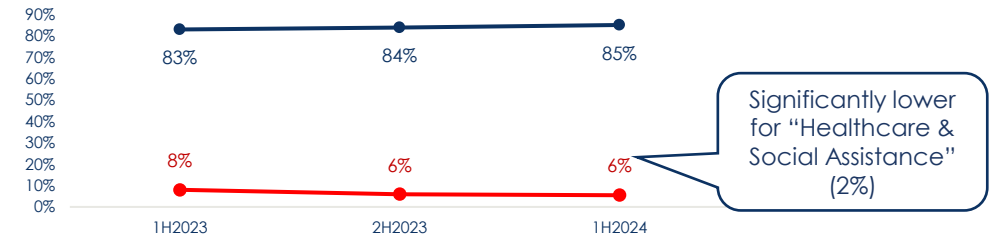
— Total Disagree (Strongly disagree + Somewhat disagree)
 — Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

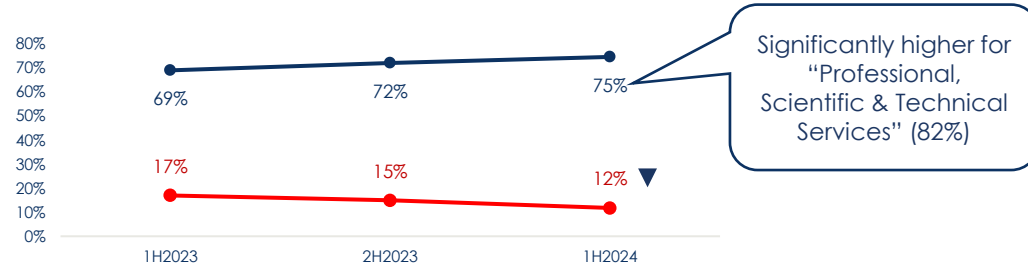
Our board has effective oversight of cyber security threats to our organisation



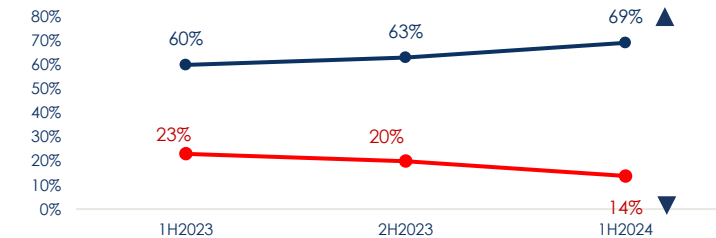
Our board is aware of the Privacy Act obligations related to the collection, storage and management of personal information



Our board understands what personal customer or employee data is collected, who has access to it and where it is stored



We have a data governance framework to guide how data is collected, stored, protected and destroyed



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087. CYB1. To what extent do you agree or disagree with the following statements...?

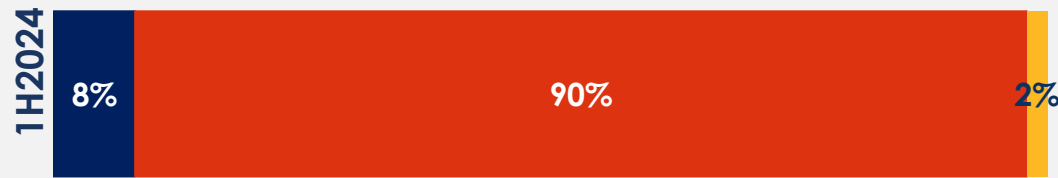
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Most directors (90%) have not experienced a threat actor in their organisations in the last 12 months; A high proportion (43%) still lacked confidence in their organisations having appropriate governance to manage AI-related opportunities and risks.

Only 29% of directors are confident in their organisations' ability to handle AI-related opportunities and risks, but this proportion has increased significantly compared to the second half of 2023.

Has your organisation experienced a significant cyber security incident where a threat actor (e.g. a hacker) successfully obtained organisational data or system access in the L12M?

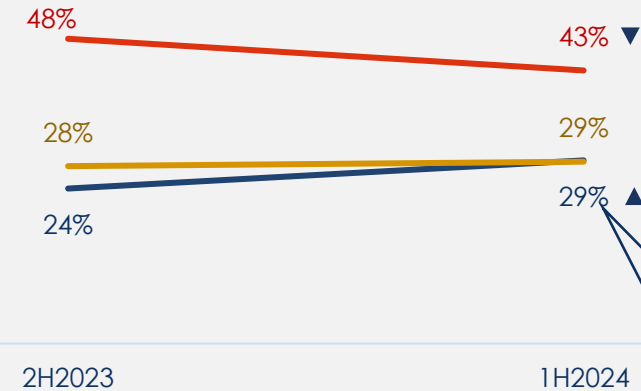
■ Yes ■ No ■ Don't Know



Significantly higher for "Construction" (22%)

How confident are you that your organisation has appropriate governance in place to manage artificial intelligence (AI) opportunities and risks?

— Total Confident
 — Total Unconfident
 — Neither Confident nor Unconfident



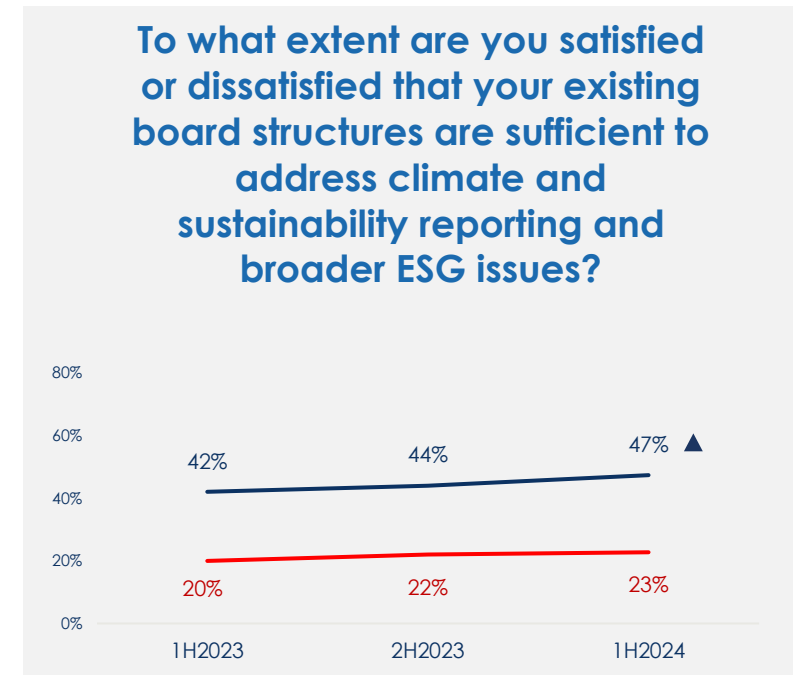
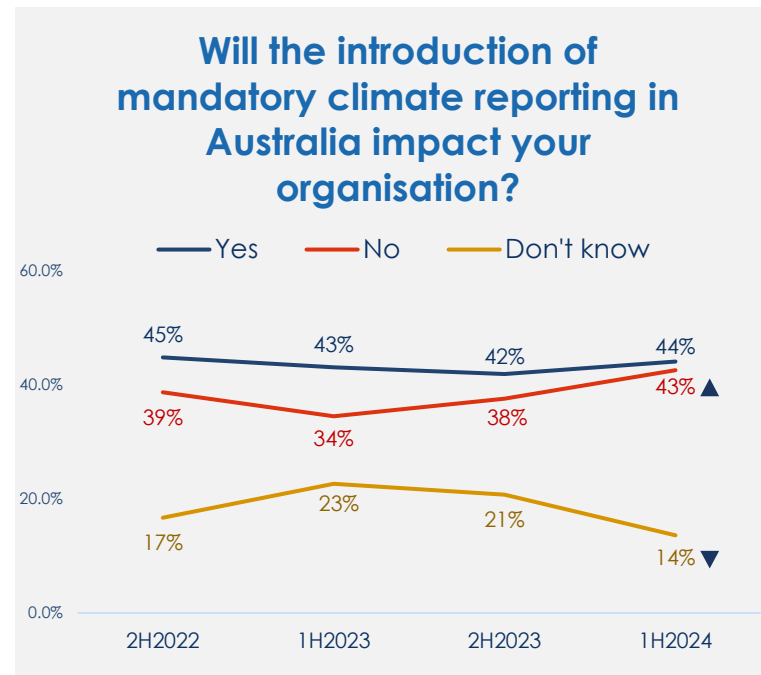
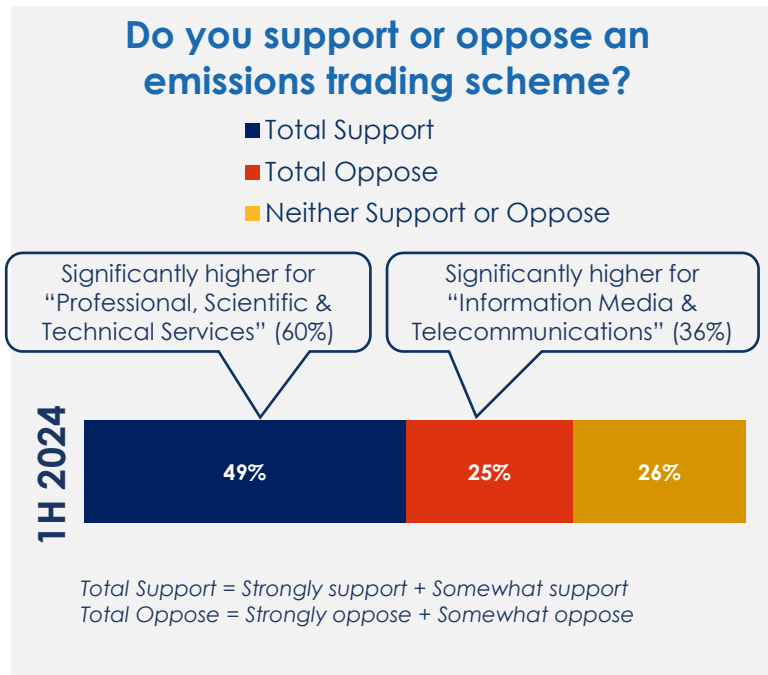
Significantly higher for "Information Media & Telecommunications" (61%), and lower for "Manufacturing" (17%)

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+;1,087.
 CYB1a. In the last 12 months, has your organisation experienced a significant cyber security incident where a threat actor (e.g. a hacker) successfully obtained organisational data or system access?
 CYB2. How confident are you that your organisation has appropriate governance in place to manage Artificial Intelligence (AI) opportunities and risks?

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Half of the directors surveyed (49%) support an emissions trading scheme; 47% are satisfied that their existing board structures are sufficient to address climate and sustainability reporting mandates.

Compared to the second half of 2023, significantly more directors (43%) now believe that the introduction of mandatory climate reporting will not impact their organisations.



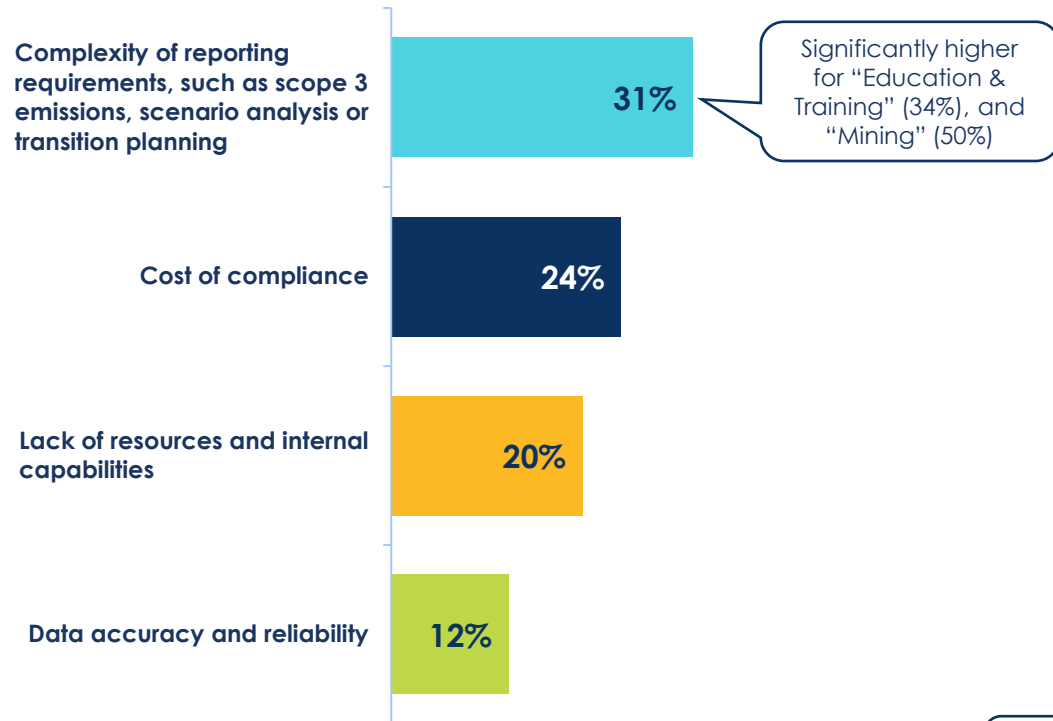
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

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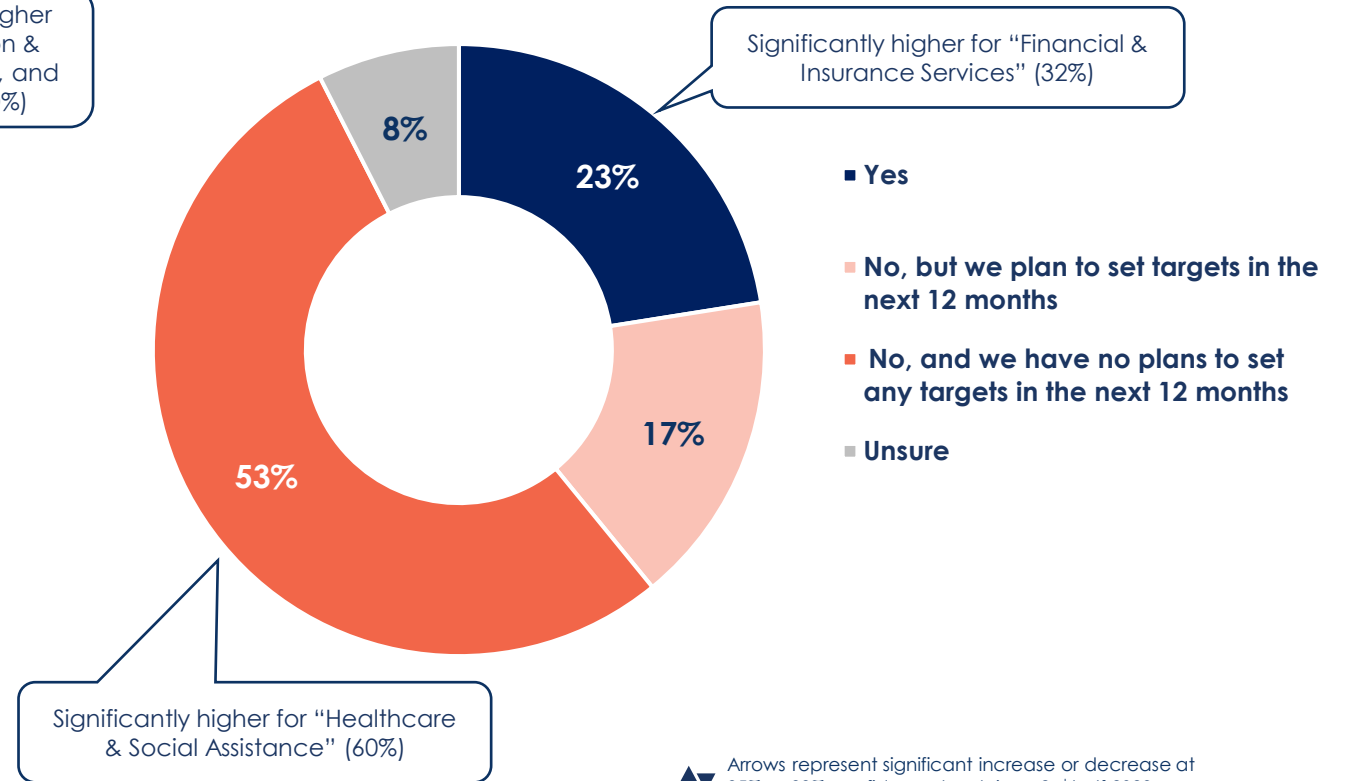
Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087.
DD4. To what extent do you support or oppose an emissions trading scheme for the Australian economy?
DD5ai. Will the introduction of mandatory climate reporting in Australia impact your organisation?
DD5c. To what extent are you satisfied or dissatisfied that your existing board structures are sufficient to address climate and sustainability reporting and broader ESG issues?

“Complexity of climate reporting requirements” is the top concern for directors (31%), followed by “Cost of compliance” and “Lack of resources and capabilities”. 1 in 2 (53%) reported that their organisations do not have emissions reduction targets.

TOP CONCERNS WITH MANDATORY CLIMATE REPORTING



DOES YOUR ORGANISATION HAVE EMISSIONS REDUCTION TARGETS IN PLACE?

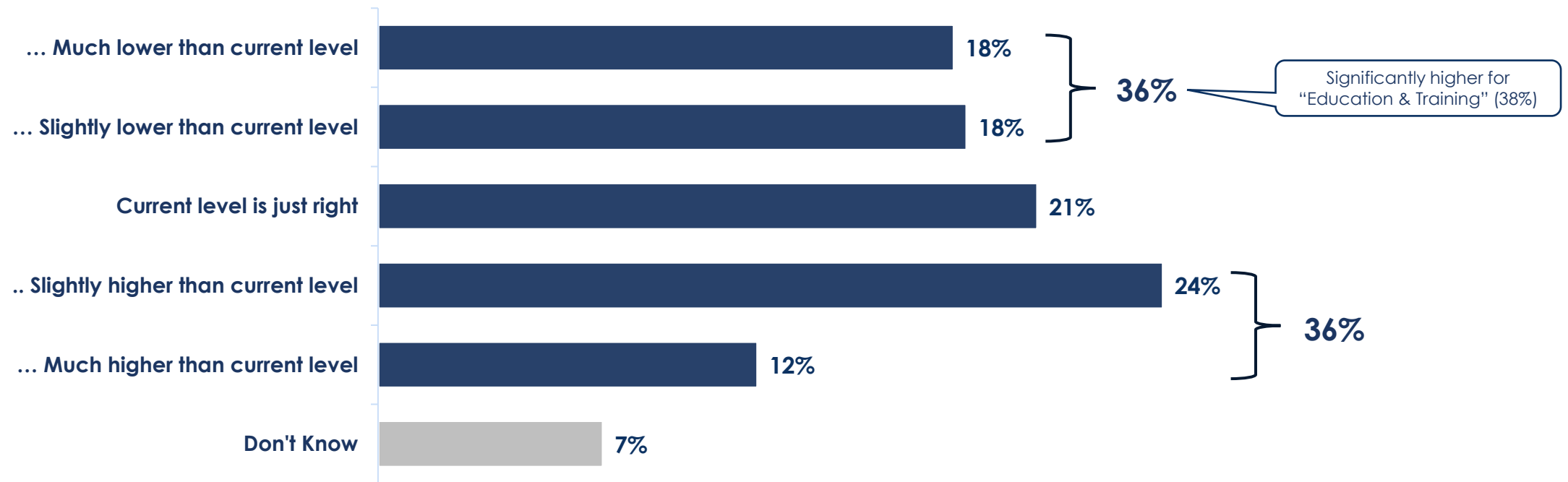


Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+: 1,087.
 DD5d. What is your biggest concern with the shift to mandatory climate reporting?
 DD5e. Does your organisation have emissions reduction targets in place?

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Directors are equally split in their views on whether the levels of migration should be higher or lower than current levels

Migration levels should be ...



Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087.
 DD15. Thinking about the level of migration and its overall impact on the economy, which of the following best describes your opinion of Australia's level of migration?

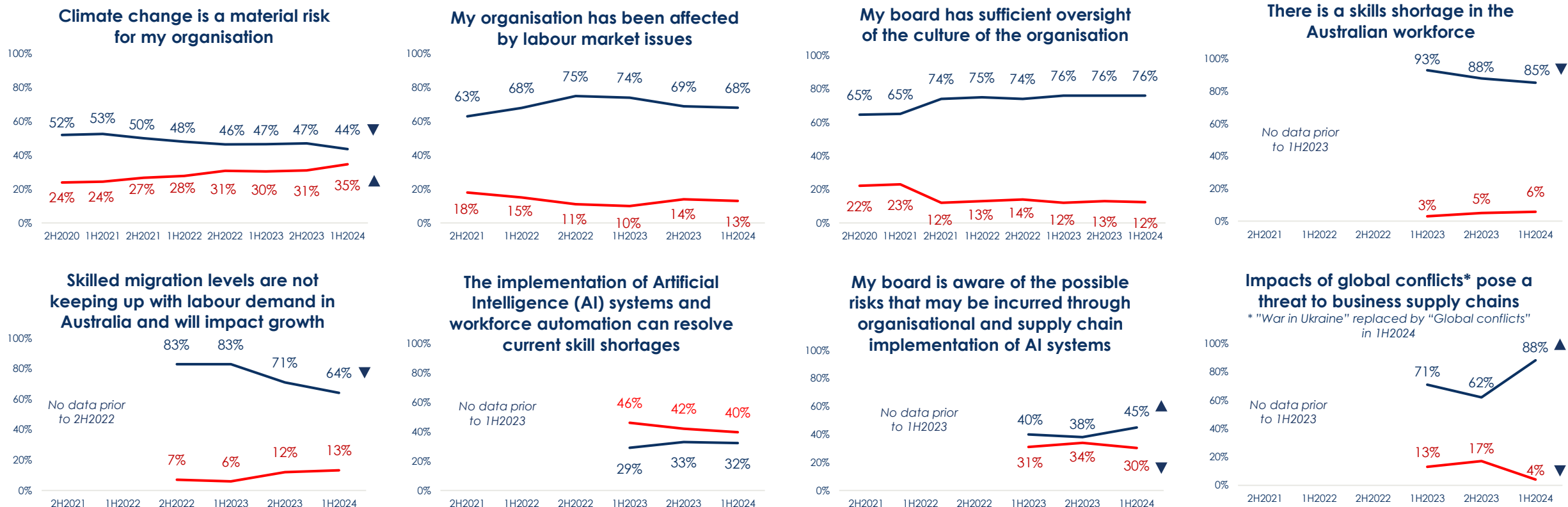
“Impacts of global conflicts” and “Skills shortage” concern almost 9 in 10 directors; “Culture of organisation” and “Labour market issues” also concern the majority of directors surveyed.

Compared to the second half of 2023, significantly more directors agreed to the statements “Impacts of global conflicts” and “Board is aware of the possible risks that may be incurred through the implementation of AI systems”.

DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS...?

— Total Disagree (Strongly disagree + Somewhat disagree)
— Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

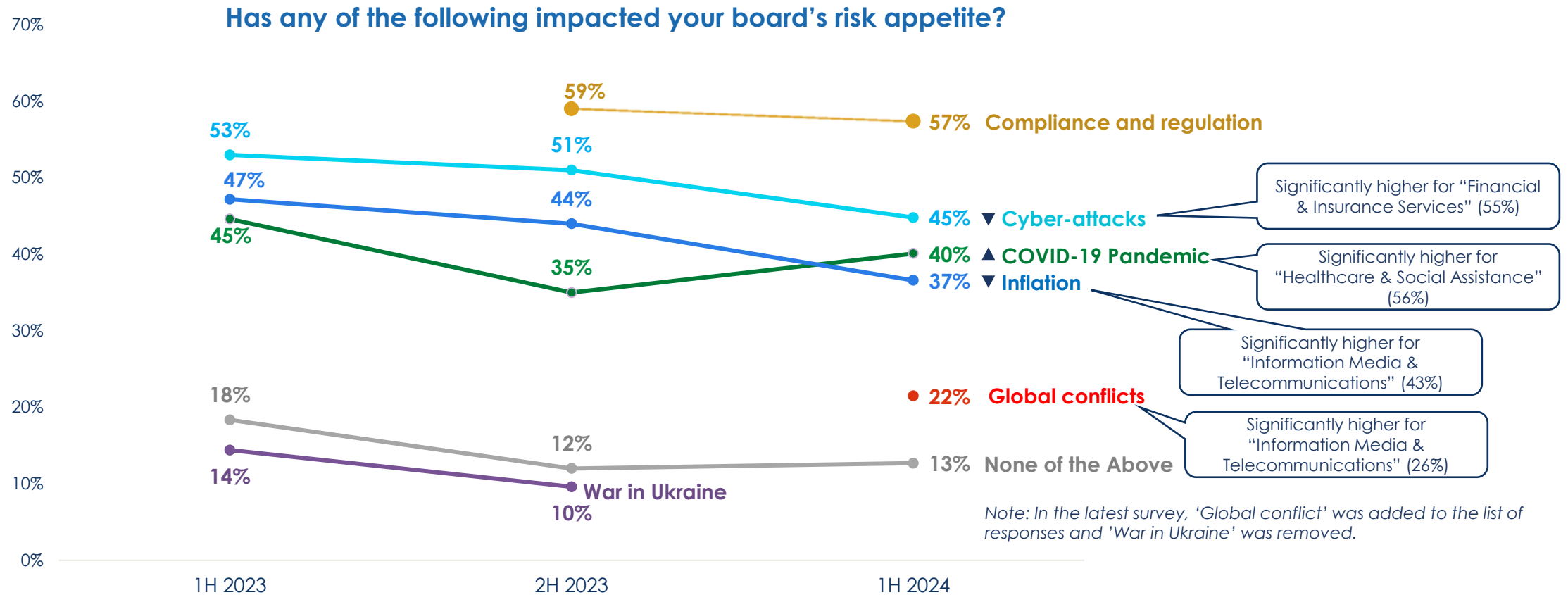


▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+1,087. TQ3. To what extent do you agree or disagree with the following statements...? Note: Amendments to list may impact comparability with previous results. All figures included in the report are rounded to whole numbers.

“Compliance and regulation” remained the top factor impacting boards’ risk appetite, followed by “Cyber-attacks”

Significantly fewer directors cited “Cyber-attacks” and “Inflation” as risk factors impacting their boards’ risk appetite compared to the second half of 2023.



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2nd half 2023 survey.

Source: AICD Director Sentiment Index Survey 1st half 2024. Base: AICD Directors 18+:1,087. TQ3a1. Have any of the following impact your board’s risk appetite?
 Note: The added response option in 2H 2023 may impact comparability.



Data Appendix

Economic Outlook & Business Conditions

ECONOMIC OUTLOOK INDICATOR (WEAK/STRONG)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Health of the Australian economy – current	+6	+10	+27	+34	+38	+42
Health of the state economy – current	+2	+4	+26	+26	+28	+27
Health of the Chinese economy – current	-27	-30	+13	-4	+49	+20
Health of the Asian (ex. China) economy – current	+22	+20	+18	+10	+26	+18
Health of the European economy – current	-25	-22	-40	-48	-24	-9
Health of the US economy – current	+19	+4	-3	-19	+16	+14
Health of the Australian economy – future (N12M**)	+7	+2	+7	+15	+38	+53
Health of the state economy – future (N12M)	0	-5	+10	+11	+32	+46
Health of the Chinese economy – future (N12M)	-18	-21	+21	-8	+45	+24
Health of the Asian (ex. China) economy – future (N12M)	+22	+17	+18	0	+28	+29
Health of the European economy – future (N12M)	-16	-17	-29	-42	-28	+12
Health of the US economy – future (N12M)	+15	+2	-3	-22	+14	+29

BUSINESS CONDITIONS INDICATOR (WEAK/STRONG)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Assessment of AUS business conditions – current	-2	+2	+15	+26	+28	+31
Assessment of NSW business conditions – current	-3	+4	+13	+22	+27	+38
Assessment of VIC business conditions – current	-30	-38	+4	+5	+6	-7
Assessment of QLD business conditions – current	+4	-6	+8	+23	+20	+20
Assessment of SA business conditions – current	-2	+7	+19	+16	+25	+25
Assessment of WA business conditions – current	+34	+58	+57	+56	+69	+70
Assessment of TAS* business conditions – current	+3	+32	+33	+14	+49	+69
Assessment of ACT* business conditions – current	-13	+11	+12	+35	+42	+31
Assessment of NT* business conditions – current	-59	-41	+12	-1	0	0

ECONOMIC OUTLOOK INDICATOR (WEAK/STRONG)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Health of the NSW economy – current	+2	+19	+32	+33	+42	+55
Health of the VIC economy – current	-41	-48	+7	+1	+3	-18
Health of the QLD economy – current	+13	+13	+20	+22	+8	+1
Health of the SA* economy – current	+5	+9	+14	+14	+20	+26
Health of the WA economy – current	+71	+89	+83	+82	+84	+82
Health of the TAS* economy – current	+4	+12	+29	+34	+62	+68
Health of the ACT* economy – current	+8	+13	+37	+50	+52	+48
Health of the NT* economy – current	-80	-54	-52	-15	-19	-18
Health of the NSW economy – future (N12M)	+13	+6	+7	+14	+41	+69
Health of the VIC economy – future (N12M)	-40	-51	-6	-14	+12	+24
Health of the QLD economy – future (N12M)	+10	+1	+7	+10	+21	+19
Health of the SA* economy – future (N12M)	+11	+8	-2	+2	+32	+34
Health of the WA economy – future (N12M)	+53	+70	+70	+63	+79	+75
Health of the TAS* economy – future (N12M)	-17	+2	+10	+28	+53	+72
Health of the ACT* economy – future (N12M)	-7	+8	+25	+39	+47	+51
Health of the NT* economy – future (N12M)	-82	-46	-52	+2	+2	+3

BUSINESS CONDITIONS INDICATOR (WEAK/STRONG)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Assessment of AUS business conditions – future (N12M)	+3	-2	+11	+15	+30	+50
Assessment of NSW business conditions – future (N12M)	+7	-2	+8	+13	+33	+63
Assessment of VIC business conditions – future (N12M)	-34	-43	-5	-4	+10	+20
Assessment of QLD business conditions – future (N12M)	+10	-6	+8	+14	+16	+26
Assessment of SA* business conditions – future (N12M)	+4	+6	+11	+7	+23	+33
Assessment of WA business conditions – future (N12M)	+36	+57	+56	+55	+70	+68
Assessment of TAS* business conditions – future (N12M)	+5	+4	+9	+36	+46	+53
Assessment of ACT* business conditions – future (N12M)	-9	+4	+15	+29	+46	+47
Assessment of NT* business conditions – future (N12M)	-61	-38	-27	-10	+25	+16

Source: Roy Morgan AICD Director Sentiment Index Survey 1st Half 2024. Base: AICD Directors 1st Half 2024 18+; n=1,087. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. * Indicates small base <50
 Base: AICD Directors 1st Half 2024 18+; n=1,087. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. AICD Directors 2nd Half 2023 18+; n=1,324. NSW n=394, VIC n=338, QLD n=222, SA n=88, WA n=146, TAS n=38, ACT n=42, NT n=12. Base: AICD Directors 2nd Half 2022 18+; n=1,475. NSW n=443, VIC n=387, QLD n=234, SA n=98, WA n=156, TAS n=38, ACT n=53, NT n=17. Base: AICD Directors 1st Half 2022 18+; n=1,737. NSW n=525, VIC n=433, QLD n=240, SA n=133, WA n=190, TAS n=48, ACT n=58, NT n=20. Base: AICD Directors 2nd Half 2021 18+; n=1,645. NSW n=521, VIC n=411, QLD n=260, SA n=92, WA n=197, TAS n=33, ACT n=54, NT n=11. * Indicates small base <50 **N12M is Next 12 months.

Business Conditions & Micro/Structural Policy Settings

BUSINESS CONDITIONS INDICATOR (TOP ECONOMIC CHALLENGES)	% OF TOTAL MENTIONS					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Cost of living	40%	42%	33%	24%	N/A	N/A
Labour shortages	35%	43%	52%	60%	60%	55%
Productivity growth	34%	32%	16%	17%	24%	22%
Inflation and rising interest rates	28%	39%	56%	49%	N/A	N/A
Regulation requirements / red tape	24%	19%	17%	12%	20%	23%
Global economic uncertainty	22%	22%	27%	28%	55%	30%
Climate change	21%	26%	18%	22%	34%	38%
Energy policy	21%	25%	24%	20%	21%	22%
Industrial relations	21%	-	-	-	-	-
Taxation system	17%	12%	11%	7%	11%	13%
Supply chain challenges	15%	14%	23%	33%	N/A	N/A
Government debt levels	9%	12%	8%	9%	13%	14%
Health of Australia China relationship	6%	8%	9%	10%	23%	30%
Global protectionism	4%	2%	2%	2%	6%	7%
Coronavirus/ COVID-19	-	0%	1%	4%	27%	43%
Incompetent/ ineffective government	0%	0%	1%	0%	1%	1%
Global logistics/ supply chain	0%	-	0%	0%	1%	N/A
Other	4%	3%	2%	2%	3%	3%

MICRO/STRUCTURAL INDICATOR (DISAGREE/AGREE)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Federal government understands business	-29	-21	-11	-2	+6	+7
NSW government understands business	-11	-10	+30	+25	+29	+61
VIC government understands business	-39	-48	-12	-18	-23	-22
QLD government understands business	-49	-57	-52	-48	-40	-40
SA* government understands business	+7	+2	+7	+7	+39	+22
WA government understands business	-6	+14	+16	+22	+11	+13
TAS* government understands business	+21	+15	+29	+37	+45	+54
ACT* government understands business	-21	-47	-14	-10	+4	+11
NT* government understands business	-37	-15	-42	-20	-46	-26

BUSINESS CONDITIONS INDICATOR (DECREASE/INCREASE)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Investment Levels	+13	+13	+13	+15	+36	+54
Staffing Levels / Labour Demands	+18	+22	+28	+45	+57	+60
Wage Levels	+65	+69	+72	+78	+72	+67
Costs (e.g. raw materials, energy)	+82	+83	+86	+89	+89	+83
Turnover / Sales	+32	+31	+35	+43	+56	+66
Profitability	+1	-3	+1	+1	+15	+32

MICRO/STRUCTURAL INDICATOR (DISAGREE/AGREE)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Trust in Federal Government	-26	-23	-10	+1	-22	-17
Trust in NSW government	-14	-10	-2	-6	-1	+34
Trust in VIC government	-38	-54	-18	-26	-19	-23
Trust in QLD government	-54	-66	-55	-50	-45	-42
Trust in SA* government	-1	+9	+11	+11	+28	+24
Trust in WA government	-15	+6	-7	+12	0	+2
Trust in TAS* government	+1	+5	+18	+27	+26	+68
Trust in ACT* government	-19	-37	-15	-4	+2	+33
Trust in NT* government	-49	-41	-71	+4	-35	-24

Source: Roy Morgan AICD Director Sentiment Index Survey 1st Half 2024. Base: AICD Directors 1st Half 2024 18+ Base: n=1,087 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. * Indicates small base <50
Base: AICD Directors 1st Half 2023 18+; n=1,087. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. AICD Directors 1st Half 2022 18+; n=1,324. NSW n=394, VIC n=338, QLD n=222, SA n=88, WA n=146, TAS n=38, ACT n=42, NT n=12. Base: AICD Directors 2nd Half 2022 18+; n=1,475. NSW n=443, VIC n=387, QLD n=234, SA n=98, WA n=156, TAS n=38, ACT n=53, NT n=17. Base: AICD Directors 1st Half 2022 18+; n=1,737. NSW n=525, VIC n=433, QLD n=240, SA n=133, WA n=190, TAS n=48, ACT n=58, NT n=20. Base: AICD Directors 2nd Half 2021 18+; n=1,645. NSW n=521, VIC n=411, QLD n=260, SA n=92, WA n=197, TAS n=33, ACT n=54, NT n=11. * Indicates small base <50

Micro/Structural & Macro Policy Settings

MICRO/STRUCTURAL INDICATOR (DISSATISFIED/SATISFIED)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Corporate taxation / company tax rates	-29	-29	-20	-20	-19	-18
Personal taxation / personal income tax	-41	-36	-33	-30	-30	-28
GST	-8	-5	+3	+2	0	+3
Government spending on infrastructure	-19	-15	-3	-2	-6	+10
Government openness to foreign investment	-2	-2	+8	+7	+3	+4
Support for international trade	+2	+10	+16	+12	+11	+10
Gov. spending on education and training	-40	-34	-40	-40	-41	-32
Gov. support for innovation and R&D	-43	-44	-40	-40	-40	-37

MACRO POLICY INDICATOR (DISAGREE/AGREE)	NET BALANCE			
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022
Any further increase in interest rates by the RBA will negatively affect the economy	+70	N/A	N/A	N/A
The RBA holding the interest rate steady will have a positive impact on the economy	+30	N/A	N/A	N/A
The RBA decreasing the interest rates will have a positive impact on the economy	+53	N/A	N/A	N/A
Current monetary policies will cause a major uptick in business insolvency	+29	+38	+44	+34

MACRO POLICY INDICATOR (NEGATIVE/POSITIVE)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Impact on business of current Federal fiscal policy settings	-33	-28	-29	-22	-14	-11
Impact on business of current state fiscal policy settings	-36	-36	-27	-23	-15	-8
Impact on business of current RBA monetary policy	-24	-29	-36	-32	+14	+19
Impact on business of current level of the Australian dollar	-15	-29	-9	-13	+3	+6
Impact on business of the availability of business credit	-12	-16	-12	-10	+9	+13

MACRO POLICY INDICATOR (NEGATIVE/POSITIVE)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
NSW policy settings affect on business	-31	-29	-14	-11	-7	+14
VIC policy settings affect on business	-54	-60	-36	-31	-24	-28
QLD policy settings affect on business	-46	-42	-45	-49	-33	-34
SA* policy settings affect on business	-20	-21	-25	-17	-3	+5
WA policy settings affect on business	-12	-2	-20	-14	-12	0
TAS* policy settings affect on business	-36	-16	-24	-14	+15	+39
ACT* policy settings affect on business	-29	-42	-20	-26	-5	-12
NT* policy settings affect on business	-46	-58	-64	-35	-32	-18

Source: Roy Morgan AICD Director Sentiment Index Survey 1st Half 2024. Base: AICD Directors 1st Half 2024 18+ Base: n=1,087 NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. * Indicates small base <50
 Base: AICD Directors 1st Half 2024 18+; n=1,087. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21*, ACT n=41*, NT n=16*. AICD Directors 1st Half 2023 18+; n=1,324. NSW n=394, VIC n=338, QLD n=222, SA n=88, WA n=146, TAS n=38, ACT n=42, NT n=12. Base: AICD Directors 2nd Half 2022 18+; n=1,475. NSW n=443, VIC n=387, QLD n=234, SA n=98, WA n=156, TAS n=38, ACT n=53, NT n=17. Base: AICD Directors 1st Half 2022 18+; n=1,737. NSW n=525, VIC n=433, QLD n=240, SA n=133, WA n=190, TAS n=48, ACT n=58, NT n=20. Base: AICD Directors 2nd Half 2021 18+; n=1,645. NSW n=521, VIC n=411, QLD n=260, SA n=92, WA n=197, TAS n=33, ACT n=54, NT n=11. * Indicates small base <50

Directorship Conditions & Topical / Deep-Dive Issues

DIRECTORSHIP CONDITIONS INDICATOR (DISAGREE/AGREE)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Current governance regulations are appropriately balanced	+7	+9	+13	+17	N/A	N/A
Current level of corporate reporting requirements is satisfactory	+20	+21	+30	+30	+30	+32
Current level of diversity on Australian boards is satisfactory	-23	-24	-29	-30	-33	-33
Current director liability provisions have a negative impact on decision making	+5	+4	+3	-2	+3	+6
My board faces difficulties recruiting new talented directors	+7	+9	+11	+9	+10	N/A

BOARD DIVERSITY TOPICAL/DEEP-DIVE INDICATOR (DISAGREE/AGREE)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Gender	+26	+31	+33	+35	+36	+38
Age	+10	+12	+15	+17	+18	+18
Skills	+64	+66	+65	+65	+66	+66
Ethnicity	+10	+9	+14	+16	+20	+15
Digital capability / technology	+47	+44	+50	+49	+44	+45
First Nations people	+2	+1	+8	+7	N/A	N/A
Disability	-6	-6	N/A	N/A	N/A	N/A

TOPICAL/DEEP-DIVE INDICATOR (ISSUES KEEP YOU AWAKE)	TOTAL MENTIONS				
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022
Cyber-crime / data security	43%	45%	50%	37%	43%
Legal and regulatory compliance	30%	30%	32%	27%	26%
Domestic economic conditions	28%	N/A	N/A	N/A	N/A
Corporate culture	21%	22%	22%	21%	22%
Labour shortages	21%	22%	30%	33%	28%
Level of personal liability for directors	20%	19%	19%	18%	14%
CEO succession	20%	18%	22%	18%	20%
Global geopolitical conditions	19%	17%	16%	20%	N/A
Attracting new talent	18%	20%	21%	26%	24%
Global economic conditions	17%	23%	23%	27%	28%
Impact of Artificial Intelligence (AI)	14%	14%	N/A	N/A	N/A
Industrial relations	13%	10%	7%	8%	N/A
Risk of insolvency	13%	N/A	N/A	N/A	N/A
Climate change	11%	20%	13%	18%	20%
Climate / sustainability reporting	5%	6%	5%	5%	N/A
Geopolitics	N/A	N/A	0%	0%	1%
No other concerns	0%	0%	N/A	N/A	0%
Other	3%	5%	4%	4%	3%
None	1%	1%	1%	1%	2%

CLIMATE REPORTING TOPICAL/DEEP-DIVE INDICATOR (DISSATISFIED/SATISFIED)	NET BALANCE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
To what extent are you satisfied or dissatisfied that your existing board structures are sufficient to address climate and sustainability reporting and broader ESG issues?	+25	+22	+21	N/A	N/A	N/A

Source: Roy Morgan AICD Director Sentiment Index Survey 1st Half 2024. Base AICD Directors 1st Half 2024 18+ Base: n=1,087; 2nd Half 2023 n=1,324; 1st Half 2023 n=1,324; 2nd Half 2022 n=1,475; 1st Half 2022 n=1,737; 2nd Half 2021 n=1,645. Note: Additional response options impact comparability with previous wave. Total mentions = Percentage of respondents who nominated this as a top 3 issue. Base: AICD Directors 18+ who believe the likely shift to mandatory climate reporting in Australia will impact their organisation; 1st half 2023 n=566; 2nd half 2022, n=658.

Topical / Deep-Dive Issues

TOPICAL INDICATOR (TOP ISSUES GOVERNMENT SHOULD ADDRESS)	SHORT-TERM						LONG-TERM					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Housing affordability/ housing supply	35%	34%	28%	22%	19%	22%	21%	19%	15%	13%	14%	15%
Productivity growth	31%	32%	23%	25%	20%	23%	23%	24%	20%	20%	18%	22%
Taxation reform	26%	23%	21%	19%	21%	26%	22%	20%	19%	17%	14%	20%
Lack of skills in workforce/ skills shortages	25%	26%	34%	43%	36%	41%	16%	15%	18%	20%	18%	18%
Energy policy	24%	32%	30%	26%	24%	27%	20%	24%	21%	21%	20%	22%
Climate change	21%	32%	27%	33%	39%	48%	36%	41%	42%	44%	50%	59%
Education	14%	12%	15%	12%	16%	17%	17%	14%	17%	17%	18%	20%
Health	13%	12%	19%	16%	16%	17%	13%	14%	18%	16%	15%	16%
Defence	12%	8%	12%	11%	10%	0%	17%	11%	16%	15%	11%	0%
Industrial relations	12%	8%	6%	8%	N/A	N/A	6%	4%	3%	5%	N/A	N/A
Ageing population	11%	13%	12%	12%	15%	12%	23%	29%	28%	24%	25%	26%
Innovation policy / Barriers to innovation	11%	12%	13%	11%	17%	0%	12%	13%	15%	14%	17%	0%
International competitiveness	11%	11%	11%	11%	12%	20%	18%	18%	18%	21%	21%	27%
Regulation of Artificial Intelligence (AI)	10%	3%	N/A	N/A	N/A	N/A	11%	9%	N/A	N/A	N/A	N/A
Infrastructure	9%	10%	10%	10%	14%	15%	13%	15%	14%	14%	16%	18%
Federal budget position	7%	10%	12%	11%	10%	14%	8%	12%	16%	16%	15%	18%
Indigenous reconciliation	6%	11%	14%	9%	N/A	N/A	7%	8%	9%	10%	N/A	N/A
Australia-China relationship	6%	8%	12%	11%	18%	0%	7%	7%	9%	11%	14%	0%
Other	2%	1%	2%	1%	2%	0%	1%	1%	1%	1%	1%	0%

Data ranked on short-term issue of 1st half 2024

TOPICAL INDICATOR (DISAGREE/AGREE)	NET BALANCXE					
	1 st HALF 2024	2 nd HALF 2023	1 st HALF 2023	2 nd HALF 2022	1 st HALF 2022	2 nd HALF 2021
Climate change is a material risk to my organisation	+9	+17	+16	+15	+20	+22
Organisation affected by labour market issues	+55	+55	+64	+64	+54	+45
Sufficient oversight of organisation culture	+64	+63	+64	+60	+63	+62
There is a skills shortage in the Australian workforce*	+80	+83	+90	N/A	N/A	N/A
Skilled migration levels are not keeping up with labour demand in Australia and will impact growth	+51	+59	+77	+76	N/A	N/A
The implementation of AI systems and workforce automation can resolve current skill shortages*	-8	-9	-17	N/A	N/A	N/A
My board is aware of the possible risks that may be incurred through organisational and supply chain implementation of AI systems*	+15	+5	+9	N/A	N/A	N/A
Impacts of the war in Ukraine pose a threat to business supply chains*	+84	+45	+58	N/A	N/A	N/A

Source: Roy Morgan AICD Director Sentiment Index Survey 1st Half 2024. Base AICD Directors 1st Half 2024 18+ Base n=1,078; 2nd Half 2023 n=1,352; 1st Half 2023 18+; n=1,324; 2nd Half 2022 n=1,475; 1st Half 2022 n=1,737; 2nd Half 2021 n=1,645.

Note: Additional response options impact comparability with previous wave. Percentage of respondents who nominated this as a top 3 issue. *New statement added in 1st Half 2023. Amendments to list may impact comparability with previous results.



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Thank You

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