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A Comparative Review of the First Two Years of
ASX Corporate Governance Recommendation 4.3
Disclosures by Australian Large Listed Entities:

Mechanisms to Enhance the Integrity of Corporate Reporting

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The Deakin Integrated Reporting Centre

The Deakin Integrated Reporting Centre (DIRC) provides strategic and operational leadership in integrated reporting policy and technical knowledge, as well as academic and executive education and cutting-edge research. The DIRC aims to provide a focus for researchers to identify issues of interest to industry, conduct research, and disseminate knowledge about integrated thinking and integrated reporting through publications, education and professional development courses. The DIRC team and Advisory Board members are drawn from both industry and academia and have many years of experience in integrated reporting. The DIRC is jointly funded by the Association of Chartered Certified Accountants (ACCA), Chartered Accountants Australia and New Zealand (CA ANZ), KPMG and the Deakin Business School.

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Foreword

In 2019, the Australian Securities Exchange (ASX) Corporate Governance Council revised the Corporate Governance Principles and Recommendations. The introduction of Recommendation 4.3, focusing on disclosure of process to verify the integrity of unaudited periodic corporate reports, was a timely response to the unprecedented pace and scale of change in the global reporting scene – reflected by the IFRS Foundation’s creation of the International Sustainability Standards Board (ISSB) and exposure drafts on sustainability-related disclosures (S1 and S2) in 2022. Recommendation 4.3 in the 4th Edition of the Principles and Recommendations has proven insightful.

Congratulations to the Deakin Integrated Reporting Centre (DIRC) for producing an insightful, timely comparative analysis of the first two years of Recommendation 4.3 adoption by the ASX300. Research published in this report finds that 27% of entities made comprehensive entity-specific disclosures in 2022 (26% in 2021) and that there has been no overall improvement in the quality of disclosures when comparing 2021 and 2022. These findings suggest 4.3 disclosures are still in their early stages and therefore, there is considerable room for improvement in terms of the disclosures themselves and the rigour of integrity-enhancing processes implemented to support informed investor decision-making.

The ASX Corporate Governance Council must work towards strengthening Recommendation 4.3 to further propel better business reporting for more informed investor decision making. This might be achieved from a 5th Edition of the Corporate Governance Principles and Recommendations or, possibly, through an out of session one-off update to Recommendation 4.3. We continue to support voluntary adoption through the ‘if not, why not?’ approach that has proven effective over many years in encouraging entities to pursue better governance practices.

We believe the ASX should more closely monitor the quality of Recommendation 4.3 statements via the application of its supervisory powers under the Corporations Act. The ASX might also consider adopting this report as guidance to support entities in adopting better practice processes to ensure the integrity of their periodic corporate reports. The Australian Government, the Treasury and its authorities including the Financial Reporting Council (FRC) under sections 224 and 225 of the ASIC Act, the Australian Accounting Standards Board, and the Australian Auditing and Assurance Standards Board should carefully review the matters raised in this report. Potentially, the FRC and ASX Corporate Governance Council could work together more closely to drive improved corporate reporting.

We encourage all relevant stakeholders to read this report and implement its recommendations.

Mr Martyn Roberts
Chair Group of 100 Inc



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Executive Summary

This report provides a comparative analysis of the first two years of disclosures outlining how Australia's largest listed entities have responded to a major initiative by the ASX Corporate Governance Council (the Council) to drive improvements in the quality and integrity of unaudited periodic corporate reports. Examples of such periodic corporate reports include annual directors' reports, quarterly activity reports, quarterly cash flow reports, integrated reports, sustainability reports, or similar periodic report prepared for the benefit of investors.

Under Recommendation 4.3 of the ASX Corporate Governance Principles and Recommendations, listed entities have been encouraged to disclose the processes used to ensure the integrity of their unaudited periodic corporate reports.

Our aim is to provide an update on disclosures made in response to Recommendation 4.3 by the top 300 Australian listed entities in terms of market capitalisation as at 30 June 2021 or 30 June 2022. Based on our findings, we have produced a series of recommendations to encourage further improvements in the quality and integrity of corporate reporting to assist entities with their future reporting.

Overview of results

Our sample group comprised 297 listed entities, with the largest market capitalisation in Australia as at 30 June 2021 or 30 June 2022, which have been required to respond to the Corporate Governance Council's Recommendation 4.3 for two consecutive years.

We analysed these entities' disclosures based on two main aspects of the processes and mechanisms related to the verification of the integrity of any periodic corporate report(s):

1. Effectiveness of communication; and
2. Disclosure of specific integrity-enhancing mechanisms

1. Effectiveness of communication

To measure the effectiveness of communications in relation to Recommendation 4.3 obligations, we used three mutually exclusive hierarchical categories designed to capture differences in disclosure qualities:

- No entity-specific disclosure;
- Limited entity-specific disclosure; and
- Comprehensive entity-specific disclosure.

Table 1 documents an overview of the comparison of the effectiveness of communication in the first two years of Recommendation 4.3 disclosures.

Table 1. Comparison of the effectiveness of communication in the first two years

Effectiveness of communication	2021	2022
No entity-specific disclosure	77 (32%)	103 (35%)
Limited entity-specific disclosure	100 (42%)	113 (38%)
Comprehensive entity-specific disclosure	63 (26%)	81 (27%)
TOTAL	240 (100%)	297 (100%)

No entity-specific disclosure

35% of entities (103 of 297) provided disclosures that do not contain any entity-specific information. Among these entities, 16.5% (17 of 103) made no identifiable disclosure regarding Recommendation 4.3 and 83.5% (86 of 103) provided boilerplate disclosures - general statements that could apply to any entity.

Limited entity-specific disclosure

38% of entities (113 of 297) provided limited entity-specific disclosures. Predominantly, these entities outlined the adoption of internal reviews of unaudited periodic reports, but there was no clear information on the specific personnel responsible for the verification process.

Comprehensive entity-specific disclosure

27% of entities (81 of 297) provided clear and comprehensive entity-specific disclosures. For these entities, detailed steps and implementation designs concerning the operationalisation of integrity-enhancing process are clearly articulated.

Additional observations:

Identification of periodic reports

34% of entities (102 of 297) clearly identified the suite of unaudited periodic reports. The ASX Corporate Governance Council currently does not require identification of reports that Recommendation 4.3 disclosures reference. We believe investors' interests would be better served by the provision of information outlining which unaudited reports are safeguarded by integrity-enhancing mechanisms.

Comparisons across size categories

Entities within the top 100 based on market capitalisation were more effective in communication when compared to entities within the top 101-200 and 201-297. 40% of the top 100 entities made comprehensive disclosures compared with 21% within the top 101-200 and 201-297. These results suggest considerable room for improvement in the communication of integrity processes for smaller entities.

Comparison across years

In Table 1, there is a higher percentage of entities that have no entity-specific disclosure in 2022 (35%) as compared to last year (32%). However, there is also an improvement in terms of entities that disclosed comprehensive entity-specific disclosure (27%) in comparison to last year (26%).

Changes in disclosure

Of the 297 entities in the sample, 205 entities (69%) provided the same disclosure (i.e., same texts in both years), 48 entities (16%) made a minor change in disclosure (i.e., slight changes in texts but same effectiveness of communication), and 44 (15%) made a substantive change in disclosure (i.e., significant changes in texts, may or may not have an impact on effectiveness of communication). Out of the 103 entities that provided no entity-specific disclosure in 2022, 75 entities (73%) maintained low-quality disclosure from the previous year. Among the 44 entities with a substantive change in disclosure, 24 entities (55%) showed an increase in disclosure quality, 4 entities (9%) had a lower effective communication score than last year, and 16 entities (36%) had a consistent score despite a change in disclosure.

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2. Disclosure of integrity-enhancing mechanisms

To measure the disclosure of those integrity-enhancing mechanisms referenced, we adopt a 'Three Lines of Defence' model. This model offers a structured framework to examine the overall arrangements for the verification of unaudited periodic reports within an organisation, namely:

- No defence or no disclosure;
- First line of defence: Internal control;
- Second line of defence: Board review; and
- Third line of defence: External assurance.

Table 2 documents an overview of the comparison of the disclosure of integrity-enhancing mechanism in the first two years of Recommendation 4.3 disclosures.

Table 2. Comparison of the disclosure of integrity-enhancing mechanism in the first two years

Integrity-Enhancing Mechanism	2021	2022
No disclosure	64 (26%)	45 (15%)
Internal control only	52 (22%)	73 (25%)
Board review only	12 (5%)	20 (7%)
Internal control + Board review	108 (45%)	143 (48%)
Internal control + External assurance	2 (1%)	7 (2%)
All three mechanisms are disclosed	2 (1%)	9 (3%)
TOTAL	240 (100%)	297 (100%)

No disclosure

15% of entities provided no information about the specific mechanism adopted—either there is no identifiable disclosure or it is not possible to identify the mechanism adopted from boilerplate statement.

Aggregate disclosureⁱ

The most common line of defence (i.e., integrity-enhancing mechanism) implemented is internal control (78%), followed by reviews completed by the Board of Directors (58%). The least common line of defence implemented is external assurance (5%).

Combined disclosure

The most common combination of mechanisms is the two-tier defence model consisting of internal control and board review at 48%. This was followed by the disclosure of internal control only, which has a lower proportion of 25%. Only 2% of entities disclosed the combination of internal control and external assurance, and 3% of entities disclosed all three defence mechanisms.

Additional observations:

Comparisons across size categories

Disclosures involving assurance by external auditors were most common among entities in the top 100 - 7% disclosed the combination of internal control and external assurance, as well as the use of all three defence mechanisms. This contrasts to almost none among smaller entities.

Comparison across years

Table 2 shows that entities improved the disclosure of integrity-enhancing mechanisms in 2022. The proportion of entities not disclosing dropped from 26% to 15%. All other combinations of defence lines have increased between 1% and 3%.

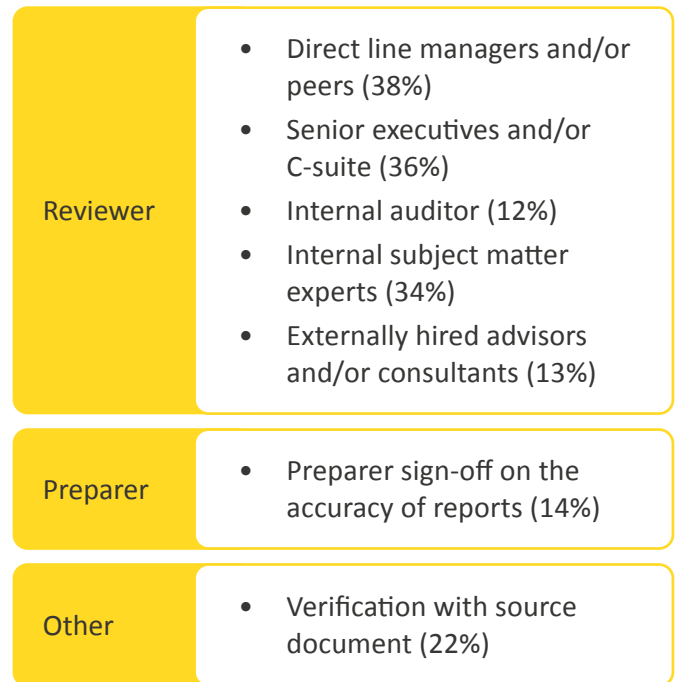
Changes in disclosure

Out of the 44 entities with a substantive change in disclosures, 46% of entities showed an increase in the number of integrity-enhancing mechanisms disclosed, 13% had a decline, and 41% disclosed the same number of mechanisms for the first two years. Overall, it seems that entities with a substantive change in disclosure have focused on disclosing more details about their internal controls (such as the specific personnel responsible for internal reviews) — but with a lack of external assurance.

Disclosure of specific types of internal controls

Among the 297 entities in the final sample, we document various internal control measures disclosed by entities in 2022. These can be broadly classified as outlined in Figure 1. The top three most common types of internal controls disclosed by entities are reviews by direct line managers and/or peers (38%), senior executives and/or C-suite (36%), and internal subject matter experts (34%). In contrast, the least three common types of internal control are reviews by internal auditors (12%), externally hired advisors and/or consultants (13%), and preparer sign-off (14%). 22% of entities indicated that reviewers verified the disclosures against source document.

Figure 1. Summary of internal control measures



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Better practice disclosures

Our report also details examples of current better practice disclosures across entities of different size. Examples of better practice in both the communication and disclosure of integrity-enhancing mechanisms are detailed on pages 31–33.

Recommendations

Preparers of corporate reports

In future Recommendation 4.3 disclosures, Australian large listed entities should:

1. Identify and disclose all unaudited periodic corporate reports subject to Recommendation 4.3 integrity measures.
2. Provide comprehensive entity-specific disclosures.
3. Disclose all integrity-enhancing mechanisms adopted.
4. Disclose the extent of board involvement in, and responsibility for, Recommendation 4.3 integrity enhancement measures.
5. Consider the use of external assurance.
6. Consider listing each periodic corporate report and identifying the level of integrity-enhancing defence in proposed table form (Table 3) as follows.

Table 3. Summary of the level of integrity-enhancing defence for each unaudited periodic corporate report

Unaudited Periodic Corporate Report	Internal Control	Board Review	External Assurance
Chairman's Report	✓*		
Director's report, including Operating & Financial Review	✓	✓	
Sustainability Report	✓	✓	✓
Climate-related Disclosure report	✓		
Sustainable development Goals	✓		
Integrated Report	✓	✓	

*Tick indicates a hypothetical example of how an entity has implemented particular level of integrity-enhancing for an unaudited periodic corporate report.

ASX Corporate Governance Council

Given the impending publication of IFRS Sustainability Disclosure Standards S1 (General Requirements) and S2 (Climate-Related Financial Disclosures), the ASX Corporate Governance Council should review the wording of Recommendation 4.3 in developing the 5th Edition of its Principles and Recommendations or strengthen Recommendations 4.3 and 7.4 and associated commentary. This should be undertaken with a view to:

1. Provide greater direction on the disclosure of integrity-enhancing mechanisms, encompassing:
 - a) Identification of all periodic corporate reports subject to Recommendation 4.3.
 - b) Comprehensive entity-specific disclosures.
 - c) Encourage the use of internal auditors in the review process.
 - d) Formal acknowledgement of board involvement in the review process, and confirmation of the board's responsibility for the integrity of disclosures.
 - e) Identify external assurance as the highest form of integrity-enhancing mechanism.
2. Recommend entities describe integrity-enhancing processes applied in both their corporate governance disclosures and within each specific periodic corporate report.
 3. Specify the location of Recommendation 4.3 disclosures in Appendix 4G.
 4. Disclose when entities obtain independent assurance in relation to individual periodic corporate reports within 4.3 disclosures, as part of an overall package of integrity-enhancing mechanisms.

Australian Securities Exchange (ASX)

Given the lack of improvement in the quality of 4.3 disclosures from 2021 to 2022, the ASX should consider initiating or further developing an ongoing process to monitor the quality of Recommendation 4.3 disclosures.

Accounting bodies

Australia's major accounting bodies should provide targeted education and guidance to their members reinforcing the importance of enhancing the integrity of unaudited periodic corporate reports and the effectiveness of communicating the choice of integrity-enhancing mechanisms and on ASX Corporate Governance Principles and Recommendations.

Full details of these recommendations are provided on pages 34–36.

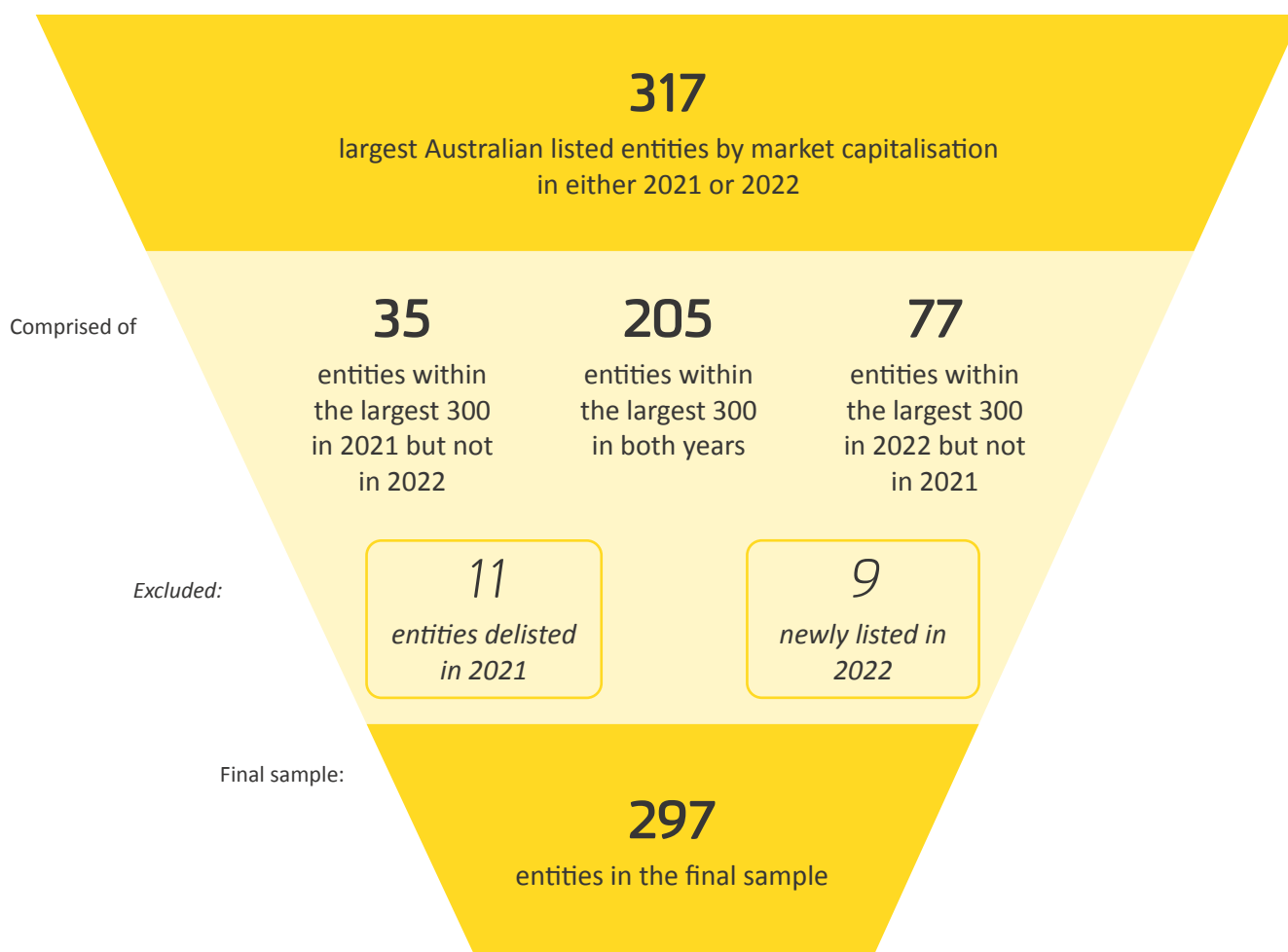
Sample Data and Research Methodology

Our aim is to provide a comparative review of Recommendation 4.3 disclosures in the first two years of implementationⁱⁱ.

The analysis commenced with 317 Australian listed entities having the largest market capitalisation as at 30 June 2021 or 30 June 2022ⁱⁱⁱ, with two years of available disclosures. The 317 entities comprised: (a) 205 entities that are within the largest 300 by market capitalisation in both years; (b) 35 entities that are within the largest 300 in 2021 but not in 2022, and (c) 77 entities that are within the largest 300 in 2022

but not in 2021. 11 entities that were de-listed in 2021 and 9 entities that were newly listed in 2022 were excluded from our analysis because these entities only provided Recommendation 4.3 disclosures for one year. Thus, the final sample comprised 297 entities that were required to respond to the ASX Corporate Governance Council's Recommendation 4.3 for two consecutive years.

Figure 2. Sample data



Research methodology

The Recommendation 4.3 disclosures were hand-collected according to the following steps. We determined whether entities were following Recommendation 4.3 by viewing their Appendix 4G disclosures^{iv}. We found only 67 of 297 entities (23%) clearly stated the locations of their Recommendation 4.3 disclosures in Appendix 4G. For the remaining 230 entities (77%), we manually searched their annual reports and corporate governance statements to extract Recommendation 4.3 disclosures. Our hand-collection process revealed that 91% (270 of 297) of the disclosures are contained in corporate governance statements and 9% (27 of 297) are contained in annual reports^v.

The disclosures were assessed based on two key themes with respect to the verification processes of unaudited periodic reports:

- a) **The effectiveness of communication**, relating to the quality of disclosure. Following the IFRS Foundation's (2017) listing of what constitutes effective versus ineffective communication, disclosures need to be conveyed in a simple and direct manner, highlight important issues, provide clear linkage across related information, and be presented in an appropriate format. For example, the provision of information that is entity-specific or tailored to the entity's own circumstances is considered effective communication.

- b) **The integrity-enhancing mechanism disclosed**, relating to the provision of information about the specific type(s) of mechanism(s) used as part of the verification process of unaudited corporate reports. For example, these may include internal reviews undertaken at management level or assurance provided by external auditors.

These two key themes are addressed as follows. First, we analyse the quality of disclosures and the disclosure of specific types of integrity-enhancing mechanisms for the 2022 financial year (i.e., the second year of the Recommendation 4.3 implementation). Second, along with prior year disclosures (i.e., 2021 financial year), we undertake a comparative analysis to observe any disclosure change(s) (e.g., improvement or deterioration in disclosure) made by entities within the first two years. We also separately present disclosure practices for three reporting cohorts (top 100, top 101-200, and top 201-297) to allow benchmarking of entities of different sizes.

To measure effectiveness of communication, we use three mutually exclusive hierarchical categories designed to capture differences in disclosure qualities. Table 4 below details how the three disclosure categories are classified, assessed, and applied.

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Table 4. Measures of the effectiveness of communication

Effectiveness of communication	Coding rule
No entity-specific disclosure	No reference to Recommendation 4.3 in the Appendix 4G, corporate governance statement or annual report; or the entity provides disclosures that are boilerplate or irrelevant. There is no basis for investors to assess the effectiveness of communication of the integrity-enhancing process(es), which does not meet the intention of Recommendation 4.3.
Limited entity-specific disclosure	Entity-specific disclosures of the process(es) used to verify the integrity of unaudited periodic corporate reports, providing limited detail on the operationalisation of the integrity-enhancing process(es).
Comprehensive entity-specific disclosure	Entity-specific disclosures of the process(es) used to verify the integrity of unaudited periodic corporate reports, with details of the operationalisation of integrity-enhancing processes (e.g., design and implementation) being clear, detailed, and comprehensive.

To measure the disclosure of integrity-enhancing mechanisms, we adapt the ‘Three Lines of Defence Model’^{vi}. Our aim is to provide a structured, comprehensive framework to consider the overall arrangements for the verification of unaudited periodic corporate reports within an organisation.

Figure 3 and Table 5 below detail how our measures of integrity-enhancing mechanisms are classified, assessed, and applied. *No disclosure* indicates an entity provides no or boilerplate disclosure, such that the defence or integrity-enhancing mechanism cannot be identified. The *first line of defence* (i.e., internal control) is provided by front line operational staff and executive management. The *second line of defence* (i.e., board review) is provided by the Board of Directors that oversees and monitors the verification processes done at operational and management levels. The *third line of defence* (i.e., external assurance) involves independent assurance that evaluates the adequacy and effectiveness of first two lines of defence.

Figure 3. Measures of integrity-enhancing mechanisms

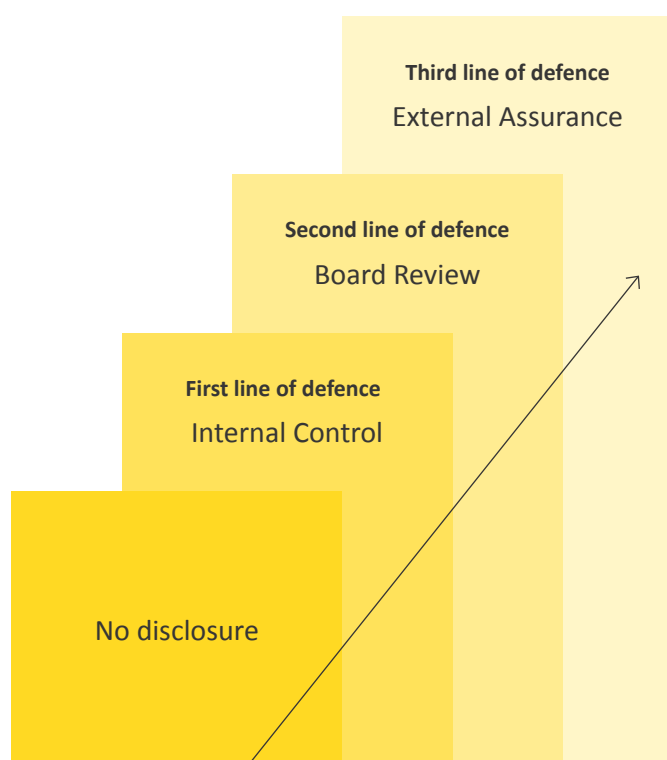


Table 5. Integrity-enhancing mechanism coding rules

Integrity-enhancing mechanism	Coding rule
No disclosure	The entity provides either no or boilerplate disclosures such that the integrity-enhancing mechanism adopted cannot be identified.
Internal control	Periodic corporate reports are internally reviewed by management or other experts. Internal reviewers include direct line managers and/or peers, senior executives and/or C-Suite (i.e., CEO, CFO, other chiefs), internal auditor, internal subject matter experts, and externally hired advisors/consultants. Other control processes include sign-off by preparers on the accuracy of periodic reports and verification with source documents.
Board review	The Board of Directors are involved in the integrity-enhancing process(es) of periodic corporate reports. Involvement includes reviewing or taking responsibility of the integrity of corporate reports (review processes).
External assurance	Periodic corporate reports are externally assured by independent external auditors.

Effectiveness of Communication

Table 6 Panel A shows how Australian large listed entities performed on the effectiveness of communication, based on three mutually exclusive disclosure categories, for the financial year ending 2022.

Most entities made entity-specific disclosures, with 38% (113 of 297) providing limited entity-specific disclosures and 27% (81 of 297) providing clear and comprehensive entity-specific disclosures about the process used to ensure the integrity of unaudited periodic corporate reports. In contrast, 35% (103 of 297) of entities provided disclosures that do not contain any entity-specific information.

Panel B shows the effectiveness of communication across the three size categories. Entities within the top 100, based on market capitalisation, had more effective communication compared to entities within the top 101-200 and 201-297. As many as 40% (40 of 100) of entities within the top 100 made clear and comprehensive entity-specific disclosures and only 18% did not disclose entity-specific information.

Table 6. Effectiveness of communication

Panel A: How large listed entities performed on the effectiveness of communication in 2022

Effectiveness of communication	2022
No entity-specific disclosure	103 (35%)
Limited entity-specific disclosure	113 (38%)
Comprehensive entity-specific disclosure	81 (27%)
TOTAL	297 (100%)

Panel B: Across size categories

Effectiveness of communication	Top 1-100	Top 101-200	Top 201-297
No entity-specific disclosure	18 (18%)	39 (39%)	46 (47%)
Limited entity-specific disclosure	42 (42%)	30 (40%)	31 (32%)
Comprehensive entity-specific disclosure	40 (40%)	21 (21%)	20 (21%)
TOTAL	100 (100%)	100 (100%)	97 (100%)

Among the 103 entities that provided no entity-specific disclosure, 16.5% (17 of 103) made no identifiable disclosure regarding Recommendation 4.3. The remaining 83.5% (86 of 103) provided boilerplate or general disclosures that did not contain any entity-specific information about the processes or mechanisms used for the verification process. The following boilerplate statements cited from this group of companies illustrates this:

Example 1:

“The Group follows a robust process to verify the integrity of any periodic report prior to its release to the market.”

Example 2:

“XXX is committed to providing clear, concise and effective disclosure in its corporate reports. XXX’s goal is that periodic corporate reports will be accurate, balanced and provide investors with appropriate information to make informed investment decisions.”

Disclosures need to be entity-specific rather than boilerplate to effectively assist investor decision making. We classify entity-specific disclosures as either **limited** or **comprehensive**. The most common disclosure practice for the final sample was the provision of limited entity-specific details on the operationalisation of the integrity-enhancing process, with over 38% (113 of 297) doing so.

Examples 3 and 4 below are rated as being limited entity-specific because, although entities have communicated the adoption of internal verification of unaudited periodic reports, there is no clear

information on the specific personnel (e.g., direct line managers, peers, internally or externally hired subject matter experts, or senior executives) responsible for the internal integrity-enhancing process. Also, the specific type of unaudited periodic report is also not clearly identified.

Example 3:

“When XXX releases any periodic corporate report that is not audited or reviewed by an external auditor, it takes other steps to verify the integrity of that report. Such steps include seeking review and obtaining confirmation of the accuracy and completeness of the relevant information by the relevant XXX personnel.”

Example 4:

“XXX is committed to providing clear, concise and effective disclosure to shareholders and other stakeholders in its corporate reports. In circumstances where XXX’s auditor has not been required to review a periodic corporate report, XXX conducts an internal verification exercise to ensure that its reports are materially accurate, balanced and provide investors with appropriate information to make informed investment decisions. Material statements in these documents are verified by relevant business management prior to approval for release to the market.”

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In contrast, comprehensive entity-specific disclosures contain detailed steps about the operationalisation of integrity-enhancing processes, such as the involvement of specific reviewers at different levels (e.g., front-line staffs, senior executives, Board of Directors), and implementation designs and steps are clearly articulated. However, only 27% (81 of 297) of the sample group provided such a level of disclosure. We illustrate clear and comprehensive entity-specific disclosures with the following example.

Example 5:

“All periodic corporate reports that are not audited or reviewed by XXX are verified internally prior to release to the ASX. A verification process has been established which allocates material disclosures within the relevant report to a designated person to substantiate the relevant disclosures, so that materials released to market are accurate and provide investors with appropriate information to make informed investment decisions. The source documents are included in a verification file which records the sign off of that person against the statement, so that the accuracy of the disclosures can be attributed. All material reports released to the ASX are reviewed and approved by the Board, or if not the Board, the Group Disclosure Committee consisting of the Global CEO, the Group CFO, Group General Counsel, Group Head of Corporate Affairs and Marketing, and Group Head of Investor Relations.”

Figure 4 presents the proportions of entities that have provided entity-specific disclosures (limited and comprehensive) across the three size categories. More than 60% of the largest 200 entities provided some level of entity-specific disclosures, including 82% of the top 100 entities and 61% of the top 101-200 entities. In contrast, compliance was comparatively lower for entities within the top 201-297, with only 53% (51 of 97) of entities providing entity-specific disclosures.

Figure 4. Entity-specific disclosures across size categories

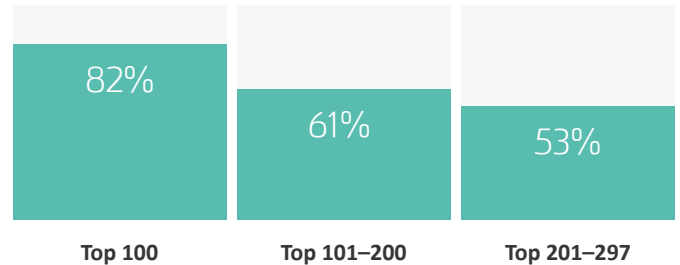
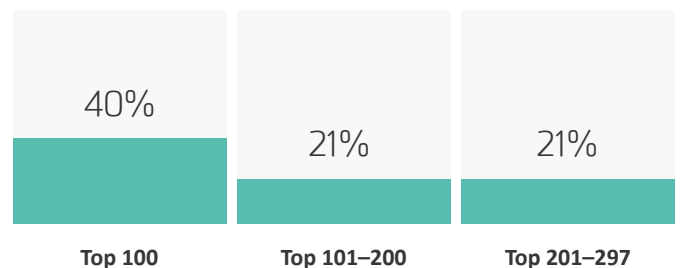


Figure 5 focuses on the provision of the most effective disclosure - comprehensive entity-specific disclosure across the three size categories. 40% of top 100 entities were most effective in communicating about their verification processes. The percentage declined markedly to 21% for entities in the top 101-200 and top 201-297, respectively. Our results suggest there is room for improvement around the disclosure of entity-specific information, particularly among entities outside the largest 100 cohort.

Figure 5. Comprehensive entity-specific disclosures across size categories

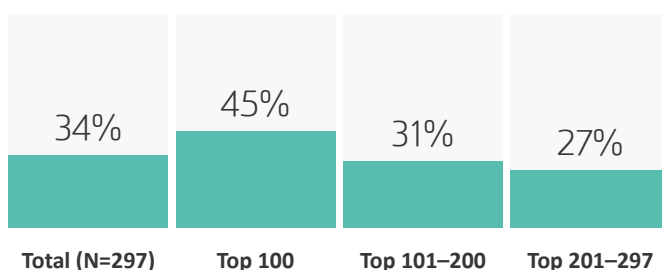


Overall, our results suggest most entities have made reasonable attempts at communicating the processes used to ensure the integrity of unaudited periodic corporate reports in the second year of Recommendation 4.3 implementation, although there is room for improvement. Entities are encouraged to improve the clarity of disclosure in upcoming years by providing more detailed information about the design, implementation, and operationalisation of integrity-enhancing process that are tailored to suit firm parameters.

Additional analysis: Specification of periodic corporate report portfolio

Entities disclose unaudited information through various periodic corporate reports (e.g., directors' reports including Operating and Financial Reviews, other unaudited information in annual reports, quarterly activity and cash flow reports, integrated reports, sustainability reports, greenhouse gas emissions reports, and modern slavery reports). In Figure 6, we show the proportion of entities that specify the periodic corporate report portfolio subject to Recommendation 4.3 across the three size categories. While most entities communicated the mechanisms applied as part of the verification process, we found that only 34% of entities (102 of 297) clearly identified all periodic corporate reports that were subject to Recommendation 4.3. There are variations in this regard between larger and smaller entities, with 45% of the top 100, 31% of the top 101-200, and 27% of the top 201-297 clearly identifying relevant periodic corporate reports to which Recommendation 4.3 applied. Based on current disclosure practices, a majority of investors and other users cannot be sure which unaudited periodic corporate reports have indeed been subject to the integrity-enhancing process(es) described.

Figure 6. Specification of periodic corporate report portfolio



Additional analysis: Comparison of the effectiveness of communication between entities with the same Recommendation 4.3 disclosure and those that have a change in disclosure

Next, the disclosures made in the first two years of Recommendation 4.3 implementation by those entities included in the final sample (i.e., financial years ending 2021 and 2022) are compared and contrasted. Three types of disclosure changes are identified in the comparative analysis: **(1) same disclosure** when identical texts are made in both years (and by definition, scored the same for effectiveness of communication); **(2) minor change** when there is a slight change in texts, but there is no impact on the effectiveness of communication because the same level of information or clarity about the integrity verification process is provided; and **(3) substantive change** when there is a significant change in texts from prior year, which may or may not have an impact on the effectiveness of communication.

The comparative analysis revealed that of the 297 entities in the full sample, 205 entities (69%) have the same disclosure as last year, 48 entities (16%) have a minor change in their Recommendation 4.3 disclosure, and 44 (15%) have a substantive change in their disclosure. The 205 entities with the same disclosure and 48 entities with a minor change in disclosure have the same effectiveness of communication score in both years. Of the 44 entities with a substantive change in disclosure, 16 entities (36%) have the same effectiveness of communication score in both years and the remaining 28 entities (64%) have a different score in communication.

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Table 7. Comparison of the effectiveness of communication in 2022 between entities with the same disclosure and a change in disclosure

2022 Disclosure	Same (N=205)	Minor change (N=48)	Substantive change (N=44)	TOTAL (N=297)
No entity-specific disclosure	75 (73%)	10 (10%)	18 (17%)	103 (100%)
Limited entity-specific disclosure	77 (68%)	24 (21%)	12 (11%)	113 (100%)
Comprehensive entity-specific disclosure	53 (66%)	14 (17%)	14 (17%)	81 (100%)

In Table 7, we compare the effectiveness of communication in 2022 between entities with the same disclosure and a change in disclosure. Out of the 103 entities that have provided no entity-specific disclosures in 2022, as many as 75 entities (73%) maintained their low-quality disclosures from 2021. 18 entities (17%) made a substantive change in disclosures, but their revised disclosures were not entity specific and so not informative. Our analysis revealed that among these 18 entities: (a) 13 entities (72%) have disclosed different texts about Recommendation 4.3 but the disclosures remained as boilerplate statements in both years; (b) 2 entities (11%) changed from providing absolutely no Recommendation 4.3 disclosure to boilerplate statements; and (c) 3 entities (17%) reduced the informativeness of disclosures from limited entity-specific to no entity-specific in 2022.

Entities with a minor change in Recommendation 4.3 disclosure

A total of 48 entities (16% of 297) made a minor change in the texts of their Recommendation 4.3 disclosure. For these entities, the effectiveness of communication is identical in both years because there is the same level of information or clarity about the integrity verification process provided. We illustrate with the following examples.

Example 6 was considered as providing no entity-specific information in 2021 because the entity only mentioned the responsibility of the Audit and Risk

Committee for reporting to the Board in accordance with the Charter. It is unclear whether any review by management or approval by the Board had been completed. In 2022, an additional sentence directing employees and directors to the Governance Codes and Policies for an understanding of the reporting responsibility of the Audit and Risk Committee to the Board was included, but it was not informative about the integrity-enhancing process.

Example 6:

2021: *“In accordance with the Audit and Risk Committee Charter, the Audit and Risk Committee is responsible for reporting to the Board on the Company’s process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor.”*

2022: *“In accordance with the Audit and Risk Committee Charter, the Audit and Risk Committee is responsible for reporting to the Board on the Company’s process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor. **The Company has developed a number of Governance Codes and Policies to help Directors and employees understand what is expected of them.**”*

Example 7 is provided by Costa Group Holdings Limited (CGC). It is rated as a comprehensive entity-specific disclosures in 2021 because the verification processes involve reviews by management and external advisors, as well as approval by the Board. In 2022, the disclosures were largely identical with the exception that the Modern Slavery Statement was specifically mentioned as part of the periodic report suite.

Example 7:

2021: “The Company’s non-audited periodic corporate reports, such as the Sustainability Report and the non-audited sections of the Annual Report, are verified by management (and external verification where appropriate) and approved by the Board prior to release to the market.”

*2022: “The Company’s non-audited periodic corporate reports, such as the Sustainability Report, **the Modern Slavery Statement** and the non-audited sections of the Annual Report, are verified by management (and external verification where appropriate) and approved by the Board prior to release to the market.”*

Entities with a substantive change in Recommendation 4.3 disclosure

Next, we turn our focus to the 44 entities with a substantive change in disclosure for an understanding of the nature of changes made.

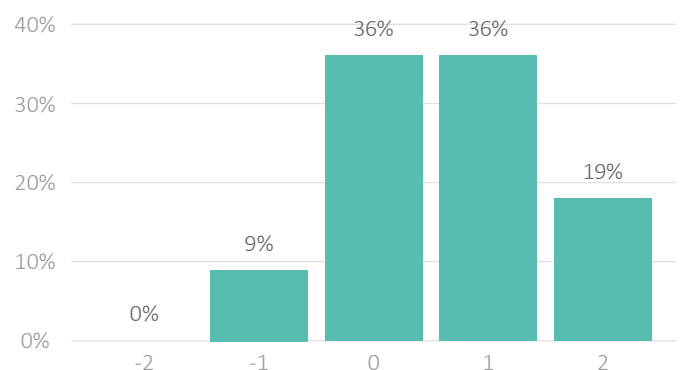
In Figure 7, we show the distribution of substantive change in effectiveness of communication. The data labels are interpreted as follows. As mentioned in the methodology section, the three disclosure categories are mutually exclusive and hierarchical. That is, no disclosure is considered as the least effective communication and comprehensive entity-specific disclosure is considered as the most effective communication. Positive (negative) numbers represent improvement (deterioration) to a higher (lower) level of disclosure quality. For example, 1 (-1)

indicates that an entity has improved (deteriorated) to the next (preceding) level of disclosure quality. At the extreme of 2 (-2), an entity has improved (deteriorated) from the lowest (highest) level of disclosure quality to the highest (lowest) level of disclosure quality. 0 captures those that remained in the same disclosure category despite a change in disclosure.

In total, 24 of the 44 entities (36%+19%=55%) showed an increase in disclosure quality. Four entities (9%) had a lower effective communication score than last year, and 16 entities (36%) had a consistent score with last year despite a change in disclosure. Although more than half of the entities made an improvement, it should be noted that entities presenting different disclosures compared to last year comprised only 14.8% of the final sample (44 of 297).

In untabulated results, entities in the top 201-297 are most likely to make a substantive change in disclosure (18%, 17 of 97), compared to 13% in the top 100 and 14% in the top 101-200. The results are not surprising. Our previous year’s report on Recommendation 4.3 disclosures documented that when compared to smaller entities, the top 100 entities were already providing more comprehensive entity-specific disclosures in 2021 (i.e., 39%, 33 of 85 entities in the top 100 in 2021). It is likely that these entities would maintain their good-quality disclosures in 2022. Therefore, the comparative analysis indicates that some smaller size entities attempted to improve their Recommendation 4.3 disclosures to emulate the disclosure qualities of larger entities.

Figure 7. Distribution of substantive change in effectiveness of communication



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The most common improvement in the effectiveness of communication score involved entities moving from providing limited entity-specific disclosure to providing clear and comprehensive disclosure information. To illustrate, **Jumbo Interactive Limited (JIN)** provided the following statement in 2021:

“The Group’s external auditor audits, or in the case of the half-year, reviews the Group’s financial reports in accordance with the accounting standards. Management verifies other periodic corporate reports. The verification processes involve a management and operational review and include cross checking statements, information and data to original source reports. All documents released to the market are subject to final sign off and approval by relevant senior executives and, as required, the Board.”

In comparison, in 2022 Jumbo Interactive Limited (JIN) including the specific names of unaudited corporate reports and detailed steps taken to ensure the integrity of these reports:

“Periodic corporate reports not subject to external audit (i.e. Corporate Governance Statement, Sustainability Report and the Investor Presentation etc.) undergo a multi-tiered review process. Reports are written by subject matter experts and are reviewed for accuracy and material requirements by relevant independent management including but not limited to Investor Relations, Legal, Risk, Compliance and Internal Audit. The verification processes involve a financial and operational review and include cross checking statements, information and data to original source reports. All reports released to the market are subject to final sign off and approval by relevant Key Management Personnel and material disclosures undergo additional review by the Board.”

An example of one of the most significant improvements with an incremental improvement of 2 levels is Telix Pharmaceuticals Limited. While there was no disclosure made in relation to Recommendation 4.3 in the previous year, **Telix Pharmaceuticals Limited** has the following disclosure for 2022:

“Telix has policies and processes in place to review the accuracy of information disclosed to the market so that investors can make informed investment decisions. These processes include those to verify the integrity of any periodic corporate report that is not audited or reviewed by the external auditor. The verification process varies depending on the particular report, but generally involves confirmation by individuals responsible for the information that to the best of their knowledge and belief the information is accurate and not misleading; verification of material supporting information or claims made in disclosures; a review of proposed disclosures by internal subject matter experts; and approval by the individual responsible for the corporate report and confirmation that it is accurate, balanced and appropriate for release. Additionally, the Disclosure Committee of the Board meets on a quarterly basis to review and approve the Appendix 4C and Activities Report.”

In contrast, some entities have made changes in disclosures that have resulted in a lower communication effectiveness score. There were four entities (10%) that had a limited entity-specific disclosure and three entities (7%) with a boilerplate disclosure in the previous year, but these entities have either removed the discussion in relation to Recommendation 4.3 or produced irrelevant disclosure. For example, one company did not have any disclosure in relation to Recommendation 4.3 in 2022 but previously had a limited entity-specific disclosure as follow:

“Periodic corporate reports that are not audited or reviewed by our external auditor are internally verified by management before their release to ASX. The verification process is led by people with the knowledge and expertise to confirm the accuracy and completeness of the disclosures. External advice is obtained where required.”

Lastly, despite significantly changing their disclosures, some entities are observed to have the same level of communication effectiveness in relation to Recommendation 4.3. There are six entities (14%) that remained at ‘No entity-specific’^{vii} (5 of which had no identifiable Recommendation 4.3 disclosure and 1 which provided boilerplate disclosures), two entities (5%) at ‘Limited entity-specific’, and one entity (2%) at ‘Comprehensive disclosure’.



Disclosure of Integrity-Enhancing Mechanisms

While the main focus of Recommendation 4.3 is the communication of integrity-enhancing mechanisms for unaudited periodic corporate reports, the ASX has made its interest clear in ensuring investors and other users have confidence in the credibility, or integrity-enhancing mechanisms used, for all periodic corporate reports (other than annual and half-yearly financial statements).

As mentioned in Figure 3 and Table 5, we adopt a modified Three Lines of Defence model that aims to provide a structured framework to consider the overall mechanisms for the verification of unaudited periodic corporate reports within an organisation. There are four measures, being no disclosure of mechanisms (i.e., no defence adopted) and three lines of defence mechanisms. The three lines of defence are internal control mechanisms (first line), board review (second line), and external assurance (third line).

Aggregate disclosure of integrity-enhancing mechanism

Our results revealed that these lines of defence are not mutually exclusive, but rather cumulative in nature. Entities adopt more than one measure of integrity-enhancing mechanisms or lines of defence to verify their unaudited periodic corporate reports. In Table 8 Panel A, we show the aggregate disclosure of integrity-enhancing mechanisms in 2022 (the numbers do not add up to 100% because some entities adopted more than one defence mechanism). 15% of entities (45 of 297) provided no information about the specific mechanisms adopted – either there is no identifiable disclosure or boilerplate statements were presented.

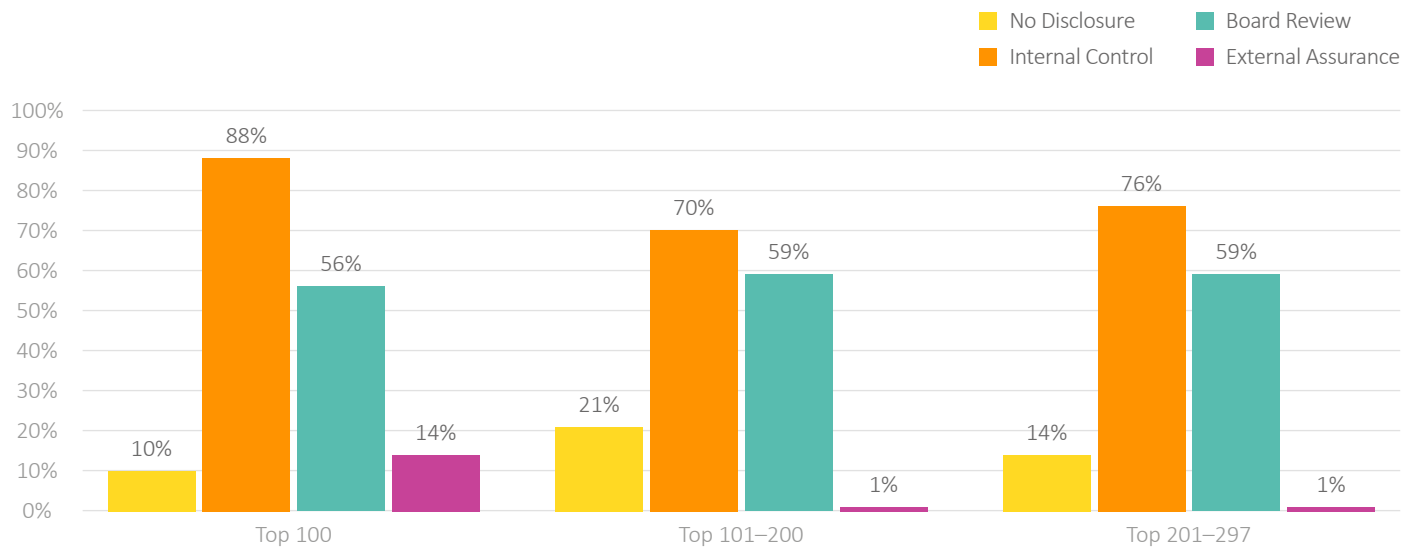
The most common mechanism disclosed is internal control (78%, 232 of 297), which refers to any reviews or preparation processes undertaken at operational and management levels. This is then followed by reviews completed by the Board of directors (58%, 172 of 297), which includes taking responsibility or approving the internal review processes. The least common integrity-enhancing mechanism disclosed is external assurance (5%, 16 of 297) — deemed as the highest level of defence mechanism^{viii}.

Table 8. Aggregate disclosure of integrity-enhancing mechanism

Panel A. How large listed entities disclosed integrity-enhancing mechanisms in 2022

Integrity-enhancing mechanism	2022 (N=297)
No disclosure	45 (15%)
Internal control	232 (78%)
Board review	172 (58%)
External assurance	16 (5%)

Panel B: Across size categories



Panel B reveals differences in the disclosure of mechanisms across size categories. The disclosure of internal control is observed most among entities in the top 100 (88%). In contrast, the disclosure of board review is slightly lower at 56% for entities in the top 100 as compared to entities in the top 101-200 and 201-297 (59% respectively). Although the responsibility provided by the Board of Directors is slightly lower, the disclosure of external assurance is significantly higher for entities in the top 100 at 14%, as compared to only 1% among entities in the top 101-200 and 201-297. This is not surprising considering that larger entities have more resources and funds to engage independent assurance by an external party to verify unaudited periodic reports.

Combined disclosure of integrity-enhancing mechanisms

For a comprehensive understanding of the overall defence mechanisms for the verification of unaudited periodic corporate reports of an organisation, we tabulated the disclosure combinations of integrity-enhancing mechanisms in Table 9 Panel A, 6 combinations are identified.

The most common combination disclosed is the combination of internal control and board review at 48% (143 of 297). Almost half the sample group opted for a two-tier defence model at operational/management and board levels. This is then followed by the disclosure of internal control only, with a lower proportion of 25% (73 of 297). It is unlikely that entities would adopt (and thus disclose) the second and third lines of defence (i.e., board review and external assurance) without providing information about internal control. To illustrate, as few as 7% (20 of 297) of entities disclosed board review only, none disclosed external assurance only, and none disclosed board review and external assurance only. Thus, the majority of entities disclosures closely follow the stepped approach of a defence model.

Consistent with the fact that external assurance is the least cited line of defence, as documented in Table 9 Panel A, only 2% (7 of 297) of entities disclosed the dual combination of internal control and external assurance, and 3% (9 of 297) entities have disclosed all three lines of defence mechanisms.

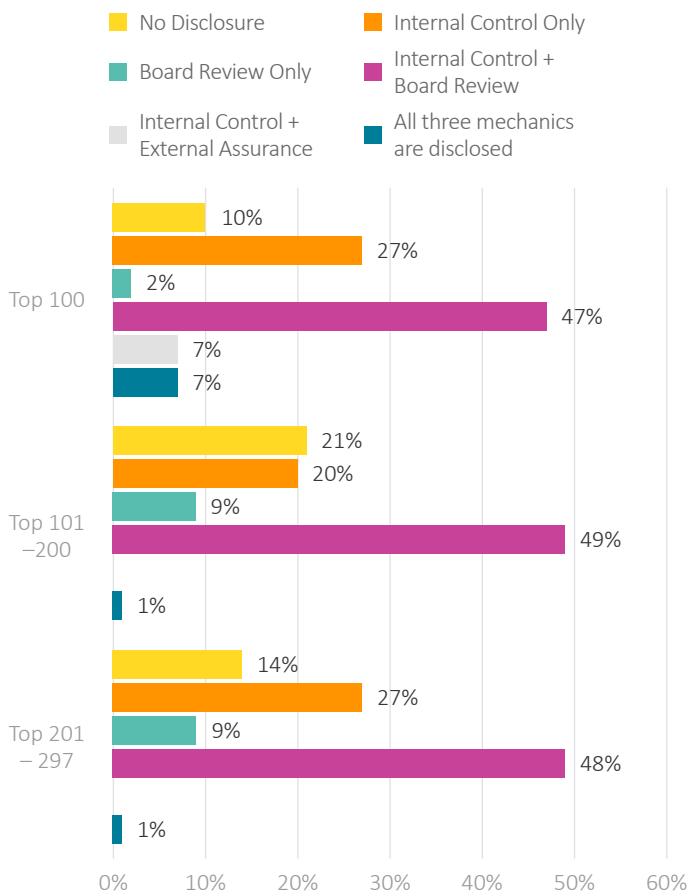
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Table 9. Combined disclosure of Integrity-enhancing mechanisms

Panel A: How large listed entities disclosed the combination of integrity-enhancing mechanisms in 2022

Combination of Integrity-enhancing mechanisms	2022
No disclosure	45 (15%)
Internal control only	73 (25%)
Board review only	20 (7%)
Internal control + Board review	143 (48%)
Internal control + External assurance	7 (2%)
All three mechanisms are disclosed	9 (3%)
TOTAL	297 (100%)

Panel B: Across size categories



Panel B tabulates the combined results across our three size categories. The disclosure of the dual combination of internal control and board review does not vary widely across the different sizes: 47% of entities in the top 100, 49% of entities in the top 101-200, and 48% of entities in the top 201-297. As expected, any disclosures involving independent assurance by external auditors are most common among entities in the top 100—7% of top 100 entities have provided disclosures on the combination of internal control and external assurance, as well as the use of all three defence mechanisms.

Additional analysis: Specific types of internal control

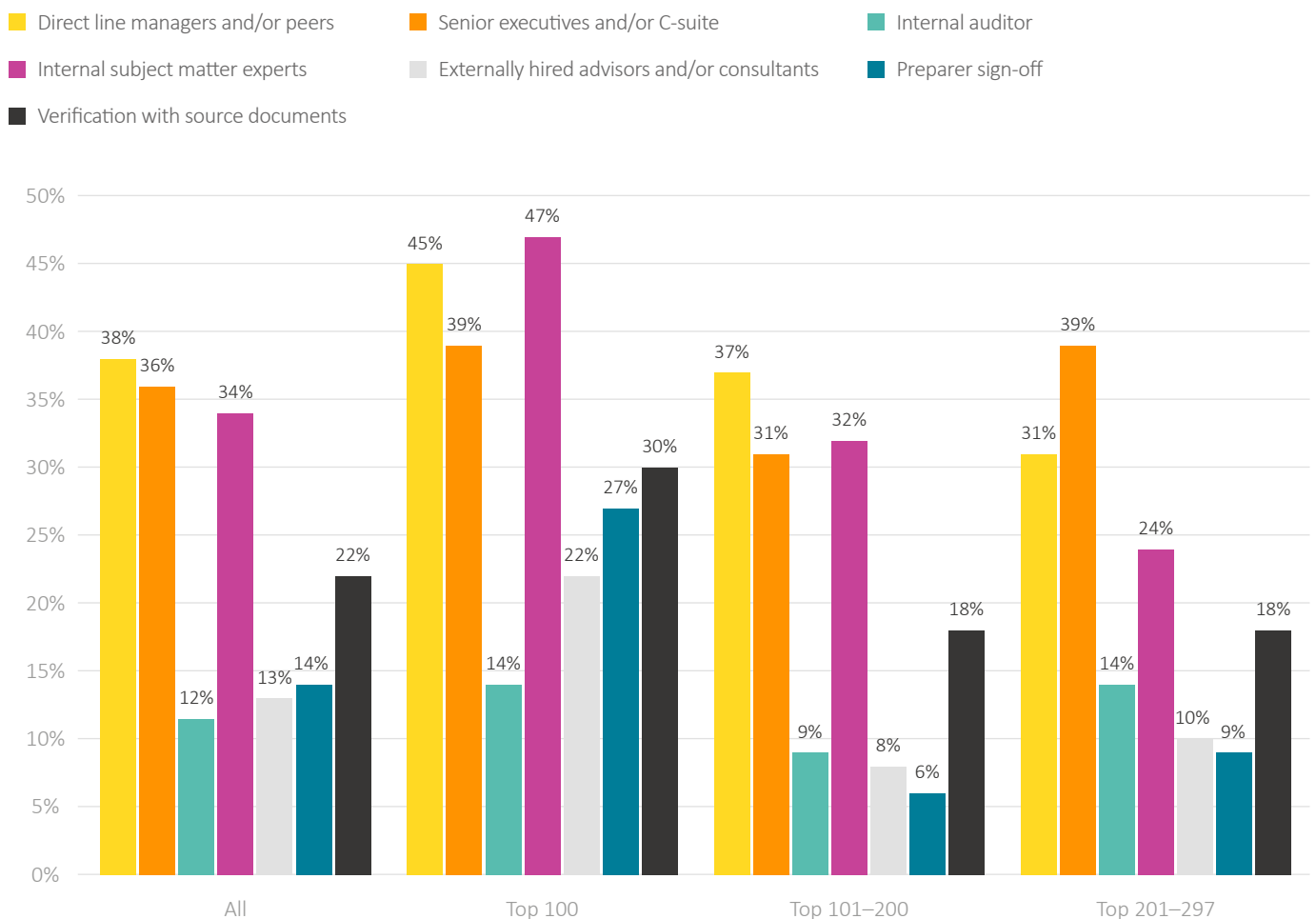
We relied on various types of mechanisms to measure the disclosure of internal control. These include reviews by internal parties such as direct line managers and/or peers, senior management and/or C-suites (e.g., CEO, CFO, and other chiefs), internal auditors, subject matter experts, and externally hired advisors and/or consultants. In addition, our coding process also identified disclosures of any preparation processes, such as preparer sign-off on the accuracy of periodic reports and verification with source documents.

Figure 8 tabulates the frequency distribution of various types of internal control across size categories. The most common internal control is review by personnel other than the preparer, which we label as internal reviewer. The analysis reveals that for the final sample of 297 entities, the top three most common types of internal control are reviews by direct line managers and/or peers (38%, 112 of 297), senior executives and/or C-suite (36%, 108 of 297), and internal subject matter experts (34%, 102 of 297). In contrast, the least three common types of internal control are reviews by internal auditors (12%, 37 of 297), externally hired advisors and/or consultants (13%, 40 of 297), and preparer sign-off (14%, 42 of 297).

As observed from Figure 8, the disclosure of internal control types varies across the three size categories. Among entities in the top 100, 47% relied on reviews by subject matter experts, 45% relied on reviews by direct line managers and/or peers, and 43% relied on reviews by senior management and/or C-suite in ensuring the integrity of their periodic reports, respectively. There is a relatively lower number, 22% of entities in the top 100, that disclosed internal control involving externally hired advisors and/or consultants, although this proportion is significantly higher than for entities in other size groups.

The distribution of disclosure of internal control types is similar across the 101-200 and 201-297 categories. For entities in the top 101-200, the most common internal control is review by direct line managers and/or peers (37%), followed by review by internal subject matter experts (32%). Preparer sign-off is the lowest at 6%. In contrast, the most common internal control for entities in the top 201-297 is review by senior management and/or C-suite (39%). Like entities in the top 101-200, the least common internal control types are preparer sign-off (9%), externally hired advisors and/or consultants (10%), and reviews by internal auditors (14%).

Figure 8. Various types of internal control across size categories



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Additional analysis:
Comparison of the disclosure of integrity-enhancing mechanisms between entities with same Recommendation 4.3 disclosure and those that have a change in disclosure

As described in results for the effectiveness of communication, there are 205 entities (69%) that have the same disclosure as last year, 48 entities (16%) with a minor change, and 44 entities (15%) having a substantive change in their Recommendation 4.3 disclosures.

Table 10 compares the combined disclosure of integrity-enhancing mechanisms in 2022 between entities with the same and those with a change in disclosures. For no disclosure and disclosures involving two lines of defence, at least 67% of entities maintained their disclosure practices in both years. 20% of entities (9 of 45) made substantive changes in disclosure, but their revised disclosures were not entity specific and did not communicate the integrity-enhancing mechanism(s) adopted. The higher incidence is likely driven by entities that have either removed

Table 10. Comparison of the combined disclosure of integrity-enhancing mechanisms between entities with the same and a change in disclosures

2022 Disclosure	Same		Minor change		Substantive change		Total	
No disclosure	34	76%	2	4%	9	20%	45	100%
Internal control only	52	71%	12	17%	9	12%	73	100%
Board review only	14	70%	3	15%	3	15%	20	100%
Internal control + Board review	96	67%	25	18%	22	15%	143	100%
Internal control + External assurance	5	71%	2	29%	0	0%	7	100%
All three mechanisms are disclosed	4	44.5%	4	44.5%	1	11%	9	100%
Total	205	69%	48	16%	44	15%	297	100%

the discussion in relation to Recommendation 4.3, or changed the discussion so that it does not satisfy Recommendation 4.3 anymore.

Out of the 9 entities disclosing all three mechanisms in 2022 (i.e., internal control, board review, and external assurance), 4 entities (44.5%) made a minor change from the prior year to provide information about all three lines of defence in their current disclosure practice. In addition, out of the 7 entities that have disclosed both internal control and external assurance, 2 entities (29%) also made a minor change from the prior year. This indicates an improvement in the disclosure related to the use of independent external assurance in the verification of unaudited periodic reports.

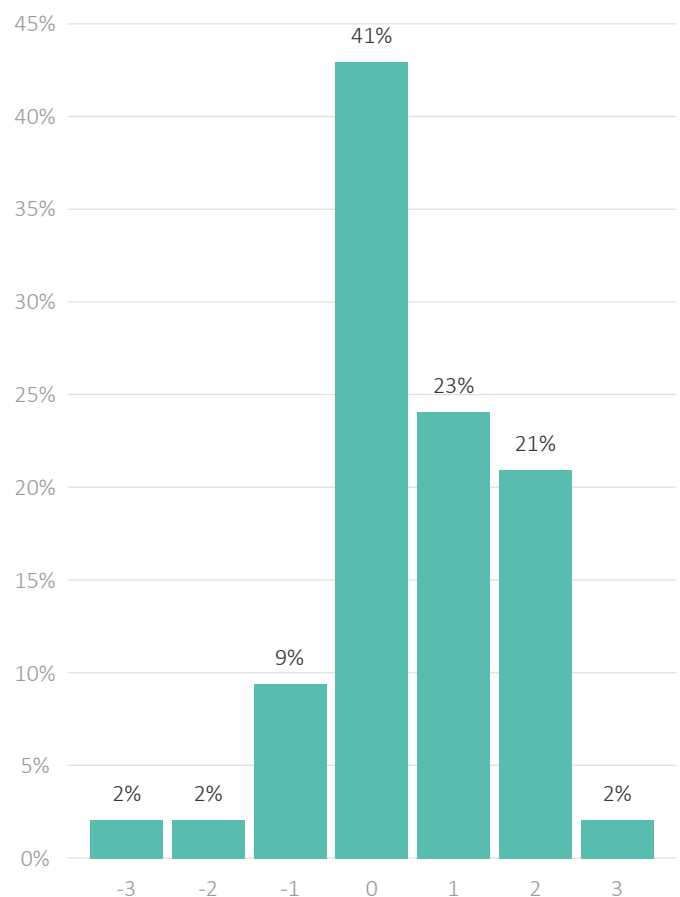
Entities with a substantive change in Recommendation 4.3 disclosure

Figure 9 shows the distribution of substantive change in disclosure of integrity-enhancing mechanisms. First, we assign a scale of 4 (i.e., from 0 to 3) to the following combinations based on the numbers of defence lines disclosed: (a) 0 is assigned to entities with no disclosure of integrity-enhancing mechanisms or lines of defence; (b) 1 is assigned to entities that have disclosed one line of defence only (i.e., either internal control, board review or external assurance only); (c) 2 is assigned to entities that have disclosed a combination of two lines of defence; (d) 3 is assigned to entities that have disclosed all three lines of defence.

Similar to the analysis on the change in effectiveness of communication in Figure 7, positive (negative) numbers represent improvement (deterioration) in the disclosure of a higher (lower) number of lines of defence. For example, 1 (-1) indicates an entity has disclosed one additional (reduced) line of defence. At the extreme of 3 (-3), an entity has improved (deteriorated) from disclosing none (three) to a total of three (none) lines of defence. 0 identifies those that disclose of the same number of defence lines despite a change in disclosure.

46% of entities (23%+21%+2% = 46%, 20 of 44 entities) showed an increase in the number of lines of defence. In contrast, only 13% of entities (9%+2%+2% = 13%, 6 of 44 entities) demonstrated a decline in the number of lines of defence disclosed. As many as 41% of entities (18 of 44) disclosed the same number of defence lines for the first two years. In subsequent analysis (untabulated), the most frequent (modal) change happened when an entity went from providing no information on integrity-enhancing mechanisms to providing at least one internal control (23%, 10 of 44).

Figure 9. Distribution of substantive changes in the disclosure of integrity-enhancing mechanisms

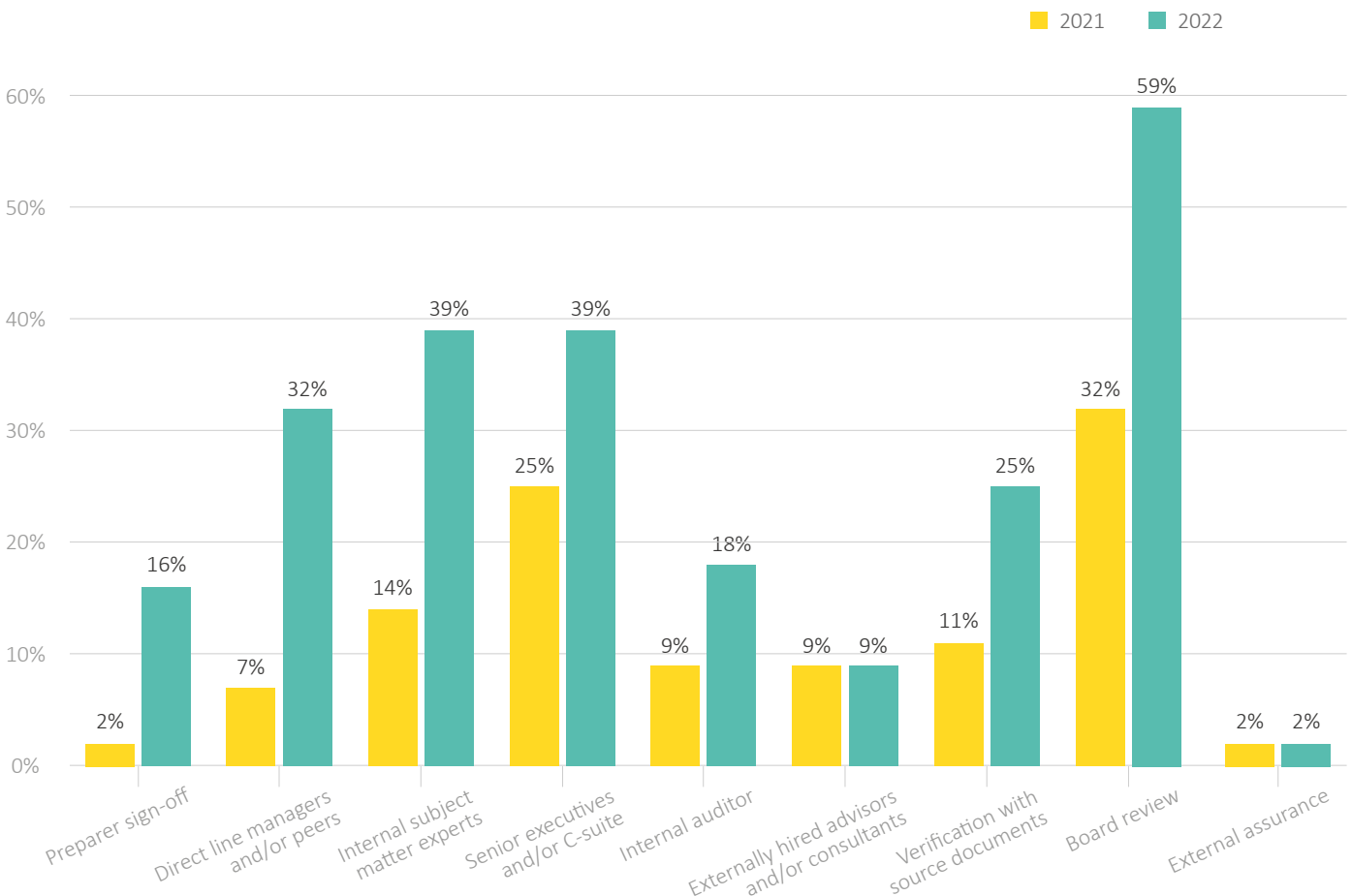


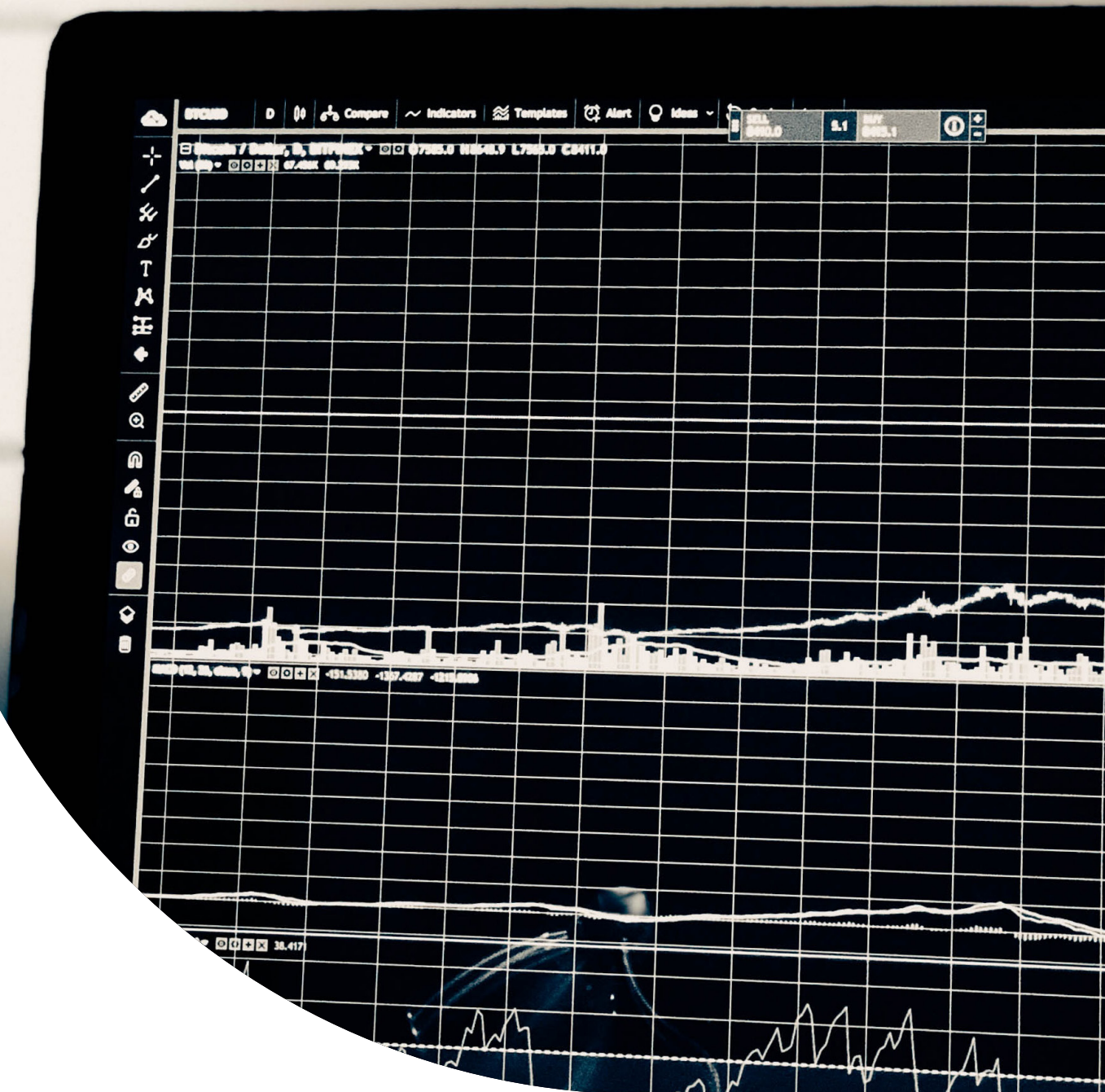
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Positive changes can be observed through Figure 10, which provides information on the changes of all types of integrity-enhancing mechanisms used by entities with a substantive change in disclosure between 2021 and 2022. Out of nine types of mechanisms disclosed (which includes seven types of internal controls, board review, and external assurance), seven mechanisms have exhibited a positive change. Accordingly, most entities made an improvement to include clearer and more comprehensive information about the

types of mechanisms specific to an entity. The only exceptions are that disclosures relating to externally hired advisors and/or consultants and external assurance remained at 9% (4 of 44) and 2% (1 of 44) respectively. Overall, entities with a substantive change in disclosure focused on disclosing details about their internal controls, but there was a lack of external assurance provided on the verification process.

Figure 10. Distribution of all types of integrity-enhancing mechanisms disclosed by entities that have a substantive change in Recommendation 4.3 disclosure





Industry Analysis^{ix}

Figures 11 and 12 respectively document industry analyses for the effectiveness of communication and the disclosure of integrity-enhancing mechanisms.

297 entities in the sample group are categorised according to their primary business activities following the Global Industry Classification Standard (GICS) 4-digit codes. 11 industry sectors are represented in the analysis.

Figure 11. Effective Communication

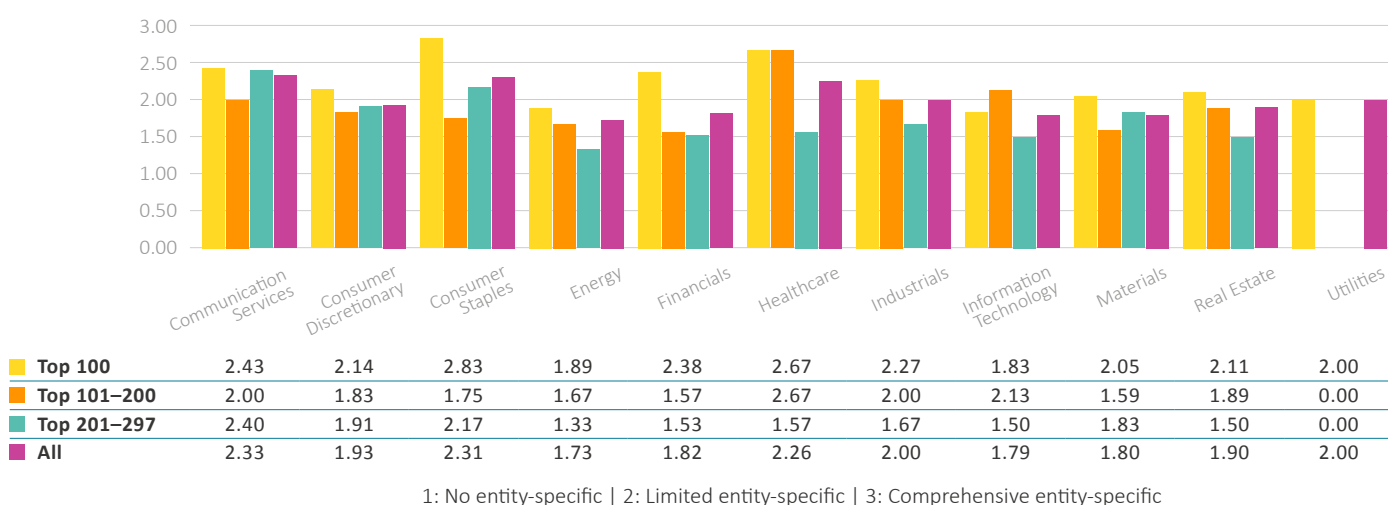
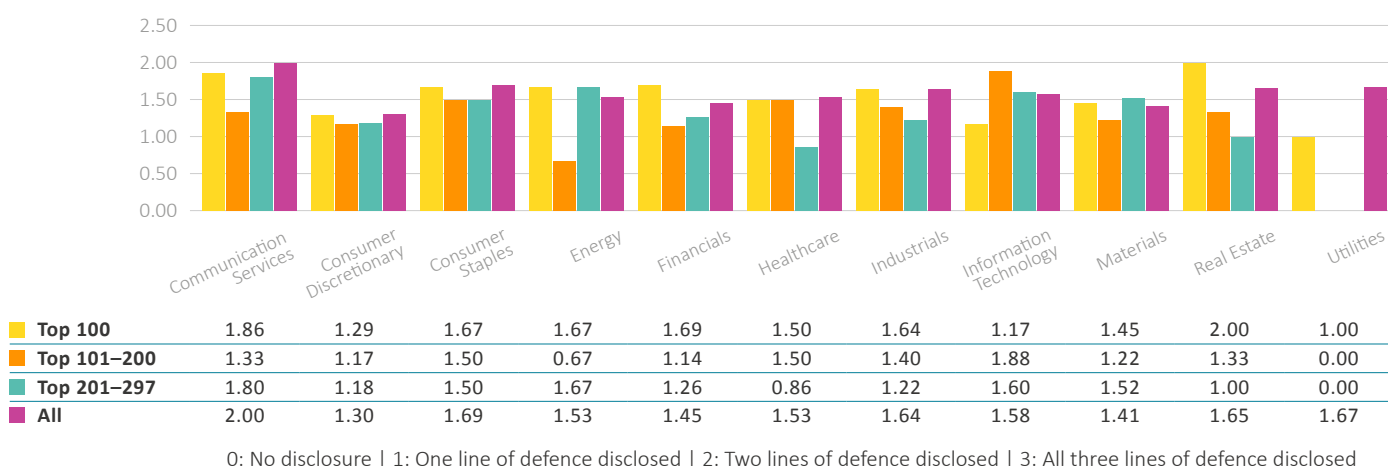


Figure 12. Integrity-enhancing Mechanism



For effectiveness of communication, the mutually exclusive and hierarchical disclosure categories capturing the three levels of disclosure qualities were converted into a three-point scale (minimum=1, maximum=3) to analyse the average performance of each industry across

different size categories. For the disclosure of integrity-enhancing mechanisms, the three lines of defence model was converted into a four-point scale (minimum=0, maximum=3) to analyse the average number of lines of defence disclosed for each industry across different size categories. The method was

Table 11. Summary of the top three industries with the highest average effectiveness of communication score

	All	Top 100	Top 101-200	Top 201-297
1	Communication service (2.33)	Consumer staples (2.83)	Health care (2.67)	Communication service (2.40)
2	Consumer staples (2.31)	Health care (2.67)	Information technology (2.13)	Consumer staples (2.17)
3	Health care (2.26)	Communication service (2.43)	Communication service and Industrials (2.00)	Consumer discretionary (1.91)

Table 12. Summary of the top three industries with the highest average number of lines of defence disclosed

	All	Top 100	Top 101-200	Top 201-297
1	Communication service (2.00)	Real estate (2.00)	Information technology (1.88)	Communication service (1.80)
2	Consumer staples (1.69)	Communication service (1.86)	Consumer staples (1.50)	Energy (1.67)
3	Utilities (1.67)	Financials (1.69)	Industrials (1.40)	Information technology (1.60)

described on page 13. To reiterate, (a) 0 is assigned to entities with no disclosure of line of defence; (b) 1 is assigned to entities that have disclosed one line of defence only; (c) 2 is assigned to entities that have disclosed a combination of two lines of defence; (d) 3 is assigned to entities that have disclosed all three lines of defence.

The three industries with the highest average effectiveness of communication score and the highest average number of lines of defence disclosed among the full sample group and across size categories are tabulated in Table 11 and Table 12, respectively.

In Table 11, consumer-oriented industries (such as communication service, consumer staples, consumer discretionary, and health care sectors) were awarded the highest effectiveness of communication scores for the full sample, as well as across different size categories. The only exception was the information technology sector that scored second highest with

regard to communication within entities in the top 101-200. Our results reveal that consumer-oriented industries are top performers in communicating the verification processes of their unaudited periodic reports.

Two interesting findings emerge in Table 12. First, despite a four-point scale, the average scores for top performers in the full sample and across size categories are around 2.00 and lower. This is likely driven by results in Table 7: 47% of the sample group (138 of 297) made no disclosure or disclosed only one line of defence. Second, the top performers in the disclosure of integrity-enhancing mechanisms for the full sample and across size categories are a mixture of different types of industries. Capital-intensive industries, such as utilities, real estate, industrials and energy, and the information technology sector (that has more intangible assets) are disclosing more than one line of defence to safeguard their periodic reports.



Current Better Practice Disclosures

Below we provide examples of entities offering clear and comprehensive entity-specific explanations of integrity-enhancing processes in 2022. Three examples of current better practice disclosures are selected from the Top 100, 101-200, and 201-297.

National Australia Bank (NAB) (Top 100)

Periodic corporate reports

The Annual Report, Climate Report, Investor Presentations, Quarterly Trading Updates, Full Year Results Management Discussion and Analysis and Pillar 3 Report form the suite of the Group's periodic corporate reports.

Each report is subject to the Group's risk management and internal control systems. Assurance over risk management and internal control systems is achieved through assessments of the effectiveness of controls.

The integrity of the Group's periodic corporate reports is underpinned by structures and processes within the Group functions that support areas of judgement, validation of information and the maintenance of proper records for all information.

The Group's reporting policies incorporate Australian and international regulatory, legislative and prudential requirements. The Group's Enterprise Reporting Assurance team review and check information across the suite of the Group's periodic corporate reports. Group Executives and subject matter experts certify the information pertaining to their area of responsibility is materially complete and not materially misleading by statement or omission. The suite of the Group's periodic corporate reports is also critically reviewed for consistency in messaging.

The level of external assurance provided on the suite of the Group's periodic corporate reports is disclosed by the external auditor in their reports presented in NAB's 2022 Annual Report and by KPMG in their reports presented in NAB's 2022 Climate Report.

Where there is no external assurance provided, management's assurance procedures are considered adequate by the Audit Committee for ensuring the Group's periodic corporate reports are materially accurate, balanced and provide investors with appropriate information to make informed decisions.

The suite of periodic corporate reports is specified.

Internal control is in place and there are multiple internal reviewers involved in the verification process (e.g., internal subject matter experts and C-suites).

External assurance is disclosed, and auditor is named.

There is involvement by the Board of Directors.

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Adbri Limited (previously known as Adelaide Brighton Limited (ABC)) (Top 101-200)

4.4 Verification of unaudited periodic reports

The Audit, Risk and Compliance Committee assists the Board in discharging its responsibilities in relation to the external reporting of financial information for the Company. The Company has a comprehensive process for preparing, verifying and approving the full and half year financial statements, and the external auditor provides a report in accordance with auditing standards ahead of release to the market.

The Company publishes additional unaudited information in the half year and annual reports (including the sustainability report that is published as part of the annual report). Although this information is not externally audited, the Company has in place policies to seek to ensure that such information is not inaccurate, false, misleading or deceptive, does not have material omissions, and complies with any applicable laws, regulations, governance standards and the Company's policies.

Adbri has adopted the following process to verify material statements in these documents before they are released to the market:

- content is prepared by, or under the oversight of, the relevant subject matter expert for the area being reported on;
- a verification schedule is set up to allocate the material statements within those documents to persons who are responsible for verifying their accuracy and completeness;
- material statements of fact are reviewed by relevant group executives against source data for accuracy, and statements of opinion are separately identified and reviewed by relevant group executives for reasonableness to determine if there is a sound basis for the statement being made; and
- the verification process for the full-year and half-year reports (including information about the relevant information owner(s), information source(s) and evidence used to support statements made in the relevant report) is formally documented and reviewed by the Audit, Risk and Compliance Committee before approval by the Board. In addition, the Board receives a written declaration in relation to the financial statements of the Company from the CEO and Chief Financial Officer (see section 3.1).

The Board approves the half year and annual reports, including the sustainability report.

The unaudited periodic report is specified (i.e., Sustainability Report).

- Multiple internal reviewers are involved (e.g., internal subject matter expert and executive groups).
- Periodic corporate reports are verified against source documents.

Verification processes are subject to review and approval by the Board of Directors.

Bega Cheese Limited (BGA) (Top 201-297)

VERIFICATION OF PERIODIC REPORTS (RECOMMENDATION 4.3)

The Group is committed to providing clear, concise and effective disclosure in its corporate reports. The Group's goal is that periodic corporate reports will be accurate, balanced and provide investors with appropriate information to make informed investment decisions.

The Group's process for verifying unaudited periodic corporate reports is as follows:

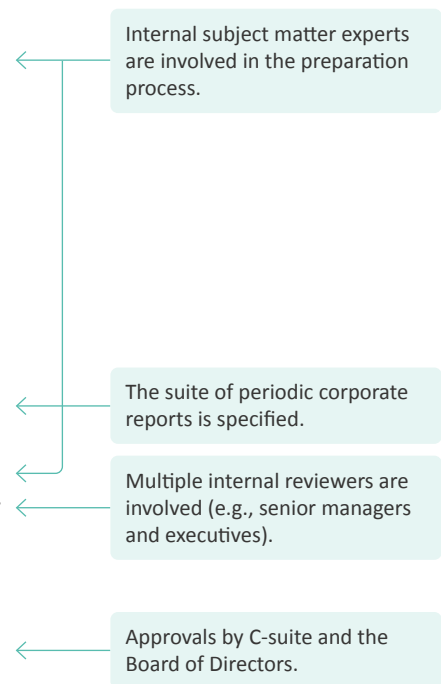
- reports are prepared by, or under the supervision of, subject-matter experts;
- material statements in the reports are reviewed for accuracy and material requirements; and
- other than administrative announcements all other announcements must be approved by the Board.

This process is intended to ensure that all applicable laws, regulations and company policies have been complied with, and that appropriate approvals are obtained before a report is released to the market.

Consistent with these principles, the non-audited sections of the Annual Report, the Investor Presentation and Corporate Governance Statement for the reporting period were prepared by the relevant subject matter experts and reviewed and verified by relevant executives and senior managers prior to review and consideration by the Board and if thought fit, approval.

The process for verification of integrity of the sustainability reports includes preparing the report against the Global Reporting Initiative (GRI) Standards 2016, and having the report approved by the Board and CEO prior to release.

ASX announcements including administrative announcements are reviewed by the Chairman and CEO prior to release by the Company Secretary.



Recommendations

Drawing on our research findings, we make the following recommendations to report preparers, the ASX Corporate Governance Council, the ASX, and the accounting profession.

Report preparers

Our research on the evolution of Recommendation 4.3 disclosures over their first two years suggests continuing room for improvement in both the communication and selection of integrity-enhancing mechanisms. Preparers should consider the following in their future Recommendation 4.3 disclosures:

1. Identify and disclose all reports subject to Recommendation 4.3 integrity measures

Entities should specify all unaudited periodic corporate reports subject to an integrity-enhancing process (e.g., unaudited information in the annual report such as the Operating and Financial Review/ Directors Report, the sustainability report, modern slavery report, quarterly cash flow reports, integrated report).

2. Provide comprehensive entity-specific disclosure

There should be a clear and comprehensive entity-specific description of the processes used to ensure the integrity of each unaudited periodic report. Avoid boilerplate statements (e.g., “Internal reviewers have reviewed the report(s)”), instead providing a detailed description of the integrity-enhancing processes applied in practice.

3. Disclose all integrity-enhancing mechanisms adopted

Entities should clearly disclose the lines of defence adopted to ensure the integrity of all periodic corporate reports.

- a) The first line of defence involves internal controls, which can include (i) internal reviews by direct line managers, senior managers, subject matter experts, internal audit and

external consultants, (ii) preparer sign-off, and (iii) verification with source documents.

- b) The second line of defence requires the Board of Directors to review publicly reported information and acknowledge accountability for the integrity of periodic corporate reports.
- c) The third line of defence requires independent assurance evaluating the adequacy and effectiveness of the above two lines of defence.

4. Disclose board involvement

The board oversees and monitors the verification processes undertaken at operational and management levels. Boards should therefore disclose the extent of board involvement in, and responsibility for, Recommendation 4.3 integrity measures.

5. Consider the use of external assurance

With the increased disclosure requirements arising from standards issued by the International Sustainability Standards Board (ISSB), investors are likely to increasingly demand periodic reports be subject to independent assurance (3rd line of defence) to enhance the perceived credibility of additional disclosures.

6. Consider the use of a simplified table to summarize the integrity-enhancing mechanisms adopted for each periodic report

Entities should consider listing each periodic corporate report and identifying the level of integrity-enhancing in proposed table form as follows:

Table 13. Summary of the level of integrity-enhancing defence for each unaudited periodic corporate report

Unaudited Periodic Corporate Report	Internal Control	Board Review	External Assurance
Chairman's Report	✓*		
Director's report, including Operating & Financial Review (those parts not audited)	✓	✓	
Sustainability Report	✓	✓	✓
Climate-related Disclosure report	✓		
Sustainable development Goals	✓		
Integrated Report	✓	✓	

*Tick indicates a hypothetical example of how an entity has implemented particular level of integrity-enhancing for an unaudited periodic corporate report.

ASX Corporate Governance Council

Consider the wording of Recommendation 4.3 and associated commentary. This study finds scope for most entities to improve their communication and selection of integrity-enhancing mechanisms. Accordingly, the Council should consider revisions to the wording of Recommendation 4.3 and associated guidance.

1. Recommendation 4.3 and associated guidance would benefit from including greater direction on the disclosure of integrity-enhancing mechanisms as follows:

- a) **Identify the suite of periodic corporate reports subject to Recommendation 4.3.** Entities should specify the various periodic corporate reports subject to the integrity-enhancing processes.

- b) **Comprehensive entity-specific disclosures.** Disclosures should include a clear and comprehensive entity-specific description of all integrity-enhancing mechanisms applied in practice. Entities should be discouraged from using broad general (boilerplate) statements (e.g., "Internal reviewers have reviewed the report(s)").
- c) **Encourage the use of Internal auditors in the review process.** Given our results revealed that one of the least common integrity-enhancing mechanisms disclosed is review by internal auditors (12%, 37 of 297), the Council should consider and promote the importance of internal audit as a mechanism to enhance the integrity of periodic corporate reports.
- d) **Formal acknowledgement of board involvement in the review process, and confirmation of the board's responsibility for integrity of disclosures.** Encourage disclosure that the board formally acknowledges responsibility for the integrity of the unaudited periodic corporate reports, as well as the role of the board or board committees in the integrity-enhancing process. Directors should be encouraged to actively review the content of periodic reports.
- e) **External assurance.** The council should identify external assurance as the highest form of integrity enhancing mechanism.

MECHANISMS TO ENHANCE THE INTEGRITY OF CORPORATE REPORTING

2. Consider requiring entities to describe the integrity-enhancing processes applied in both their corporate governance disclosures and within each specific periodic corporate report.

The third paragraph of Recommendation 4.3 Commentary provides discretion on where to disclose a response:

“This (process to verify the integrity of any periodic corporate reports) can be disclosed in the report itself or more generally in the entity’s governance disclosures in its annual report or on its website”.

The above guidance is confusing. Readers may not read the corporate governance statement, but rather go directly to a specific report. Therefore, consideration should be given to recommending the inclusion of a description of the integrity-enhancing disclosures specific to the subject matter in all relevant unaudited periodic corporate reports. The Corporate Governance Statement is the document that indicates an entity’s adoption of the ASX Corporate Governance Council’s recommendations. It would be helpful for investors if the integrity-enhancing processes for the suite of periodic corporate reports were disclosed in the corporate governance disclosures, with a more detailed description in each specific report. Further, the annual report is an entity’s primary mode of communication to the market; there is opportunity for improved reporting of the process for ensuring the integrity of all unaudited information within the annual report. Consideration should be given to revising the wordings as follows:

“This (process to verify the integrity of specific periodic corporate reports) can be disclosed in the relevant specific reports and, more generally, in the entity’s governance disclosures (in the corporate governance statement, annual report, or website).”

3. Consider the location of Recommendation 4.3 disclosure in Appendix 4G.

Our analysis revealed only 67 of 297 entities (23%) have clearly stated the locations of their Recommendation 4.3 disclosures in Appendix 4G. Thus, we recommend listed entities be directed to always indicate the specific location of their Recommendation 4.3 disclosures.

4. Consider entities disclose when they obtain independent assurance in relation to individual periodic corporate reports as part of an overall package of integrity-enhancing mechanisms.

Recommendation 4.3 states “A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor”. Thus, if a periodic corporate report is audited/reviewed, the current recommendation suggests there is no need for the entity to disclose its process to verify the integrity of that particular report. Entities should refer in their governance disclosures to the decision to engage an independent audit as part of their suite of integrity-enhancing mechanisms.

The ASX

Implement a process to monitor the quality of Recommendation 4.3 disclosures. The ASX should put in place or further develop a process for monitoring the quality of Recommendation 4.3 adoption statements as part of its monitoring activities on compliance with ASX Listing Rules.

Accounting bodies

Educate and guide members on the importance of enhancing the integrity of unaudited periodic corporate reports. Australia’s major accounting bodies should provide targeted education and guidance to their members to reinforce the importance of enhancing the integrity of unaudited periodic corporate reports and the effectiveness of communicating the choice of integrity-enhancing mechanisms and ASX Corporate Governance Principles and Recommendations.



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- Ridehalgh, N., 2019. *“Adopting the principles of integrated reporting: The future is clear”*. Available at: <https://newsroom.kpmg.com.au/adopting-principles-integrated-reporting-future-clear/>
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- i) Internal control (78%) is the sum of internal control only (25%), internal control + board review (48%), internal control + external assurance (2%), and all three mechanisms are disclosed (3%). Board review (58%) is the sum of board review only (7%), internal control + board review (48%), and all three mechanisms are disclosed (3%). External assurance (5%) is the sum of internal control + external assurance (2%) and all three mechanisms are disclosed (3%).
- ii) This report complements the KPMG and ASX (2022) report on the current implementation of Corporate Governance Council Principles and Recommendations. However, the scope of this report is specifically on the review and analysis of Recommendation 4.3 among ASX 300 and provides a more detailed analysis of Recommendation 4.3 adoption.
- iii) The largest entities by market capitalisation were obtained from the [Market Index website \(as of 30 June 2021\)](#) and [CapitalIQ \(as of 30 June 2022\)](#). The sample data collection is different from S&P300 constituents in order to allow a wider coverage of entities and also to exclude financial entities.
- iv) Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. Appendix 4G serves two purposes. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under ASX Corporate Governance Council's recommendations.
- v) Out of the 297 entities in final sample, only 5 entities (1.7%) have changed the location of their Recommendation 4.3 disclosures: 2 entities went from providing no disclosure to providing Recommendation 4.3 disclosures in their corporate governance statements in 2022, 2 entities changed from providing disclosures in annual reports to corporate governance statements, and 1 entity changed from providing disclosures in corporate governance statement to annual report.
- vi) We do understand that some three lines of defence models have an internal focus and have internal audit as their third line. For example, the Three Lines of Defence Model introduced by the Institute of Internal Auditors (IAA) in 2013 and updated in 2020, comprises management/ internal control (line 1), risk oversight (line 2), and independent assurance (line 3) (IAA, 2020). In our modified three lines of defence model, we maintain an external focus, consider internal audit as part of internal control (consistent with ASA 610 (AUASB 2022)), and have external audit as our third line of defence (consistent with Gay and Simnett (2023)).
- vii) Some companies changed their disclosures, but are deemed to have made no relevant disclosures. To illustrate, there were wording changes between the first and second years of disclosures, but in each year the disclosures were either not relevant to Recommendation 4.3 or focused on the financial reports.
- viii) Our results of finding a low 5% (16 of 297) for external assurance deviates significantly from two papers. First, a report by EY (2022) found that in 2021, 36% of ASX200 entities disclosed the use of external assurance within their sustainability reports. Second, a similar report produced by IFAC (2023) found that in 2021, 98% of Australian largest 50 companies reported on ESG, and 69% obtained independent assurance over some of the information provided. The significant discrepancies between our findings and these two reports are due to: (1) different sample size examined (our study has a wider coverage of examining the top 300 Australian companies); and (2) different search criteria or coding rules in identifying the disclosure of external assurance. In particular, our identification of external assurance-related information are contained within Recommendation 4.3 disclosures, which we found 91% of 4.3 disclosures were contained in corporate governance statements. Entities might disclose assurance within their sustainability reports but not disclose the practice in corporate governance statements, possibly because of a lack of connectivity or communication within the organisation. Therefore, it is possible that our findings do not coincide with what EY (2022) and IFAC (2023) found within the context of sustainability or ESG disclosures.
- ix) The number of entities in each industry for each group (i.e., top 100, top 101-200, top 201-297) is provided in Appendix 2.

Appendix

Appendix 1

Group 1: Top 100 (N= 100)

Company Name	Source
AGL Energy Limited	Corporate Governance Statement
Allkem Limited	Corporate Governance Statement
ALS Limited	Corporate Governance Statement
Altium Limited	Corporate Governance Statement
Alumina Limited	Corporate Governance Statement
AMP Limited	Corporate Governance Statement
Ampol Limited	Corporate Governance Statement
APA Group	Corporate Governance Statement
Aristocrat Leisure Limited	Corporate Governance Statement
ASX Limited	Annual Report
Atlas Arteria Limited	Corporate Governance Statement
Aurizon Holdings Limited	Corporate Governance Statement
Australia and New Zealand Banking Group Limited	Corporate Governance Statement
Bank of Queensland Limited	Corporate Governance Statement
Beach Energy Limited	Corporate Governance Statement
Bendigo and Adelaide Bank Limited	Corporate Governance Statement
BHP Group Limited	Annual Report
BlueScope Steel Limited	Corporate Governance Statement
Brambles Limited	Corporate Governance Statement
carsales.com Ltd	Corporate Governance Statement
Challenger Limited	Corporate Governance Statement
Charter Hall Group	Corporate Governance Statement
Cleanaway Waste Management Limited	Corporate Governance Statement
Cochlear Limited	Corporate Governance Statement
Coles Group Limited	Corporate Governance Statement
Commonwealth Bank of Australia	Corporate Governance Statement
Computershare Limited	Annual Report
CSL Limited	Corporate Governance Statement
Dexus	Corporate Governance Statement
Dexus	Annual Report

Company Name	Source
Domino's Pizza Enterprises Limited	Corporate Governance Statement
Downer EDI Limited	Annual Report
EBOS Group Limited	Corporate Governance Statement
Endeavour Group Limited	Corporate Governance Statement
Evolution Mining Limited	Corporate Governance Statement
Flight Centre Travel Group Limited	Corporate Governance Statement
Fortescue Metals Group Limited	Corporate Governance Statement
Goodman Group	Corporate Governance Statement
Harvey Norman Holdings Limited	Corporate Governance Statement
IDP Education Limited	Corporate Governance Statement
IGO Limited	Corporate Governance Statement
Iluka Resources Limited	Corporate Governance Statement
Incitec Pivot Limited	Corporate Governance Statement
Insurance Australia Group Limited	Corporate Governance Statement
James Hardie Industries plc	Corporate Governance Statement
Janus Henderson Group plc	Corporate Governance Statement
JB Hi-Fi Limited	Annual Report
Lendlease Group	Corporate Governance Statement
Liontown Resources Limited	Corporate Governance Statement
Lynas Rare Earths Limited	Corporate Governance Statement
Macquarie Group Limited	Corporate Governance Statement
Medibank Private Limited	Corporate Governance Statement
Metcash Limited	Corporate Governance Statement
Mineral Resources Limited	Corporate Governance Statement
Mirvac Group	Corporate Governance Statement
National Australia Bank Limited	Annual Report
Newcrest Mining Limited	Corporate Governance Statement
News Corporation	Corporate Governance Statement
NEXTDC Limited	Corporate Governance Statement

Company Name	Source
Nine Entertainment Co. Holdings Limited	Corporate Governance Statement
Northern Star Resources Limited	Corporate Governance Statement
Orica Limited	Corporate Governance Statement
Origin Energy Limited	Corporate Governance Statement
OZ Minerals Limited	Corporate Governance Statement
Pilbara Minerals Limited	Corporate Governance Statement
Pro Medicus Limited	Corporate Governance Statement
Qantas Airways Limited	Corporate Governance Statement
QBE Insurance Group Limited	Corporate Governance Statement
Qube Holdings Limited	Corporate Governance Statement
Ramsay Health Care Limited	Corporate Governance Statement
REA Group Limited	Corporate Governance Statement
Rio Tinto Group	Annual Report
Santos Limited	Corporate Governance Statement
Scentre Group	Corporate Governance Statement
SEEK Limited	Corporate Governance Statement
Seven Group Holdings Limited	Corporate Governance Statement
Sonic Healthcare Limited	Annual Report
South32 Limited	Corporate Governance Statement
Steadfast Group Limited	Corporate Governance Statement
Stockland	Annual Report
Suncorp Group Limited	Annual Report
Technology One Limited	Corporate Governance Statement
Telstra Corporation Limited	Corporate Governance Statement
The a2 Milk Company Limited	Corporate Governance Statement
The GPT Group	Corporate Governance Statement
TPG Telecom Limited	Corporate Governance Statement
Transurban Group	Corporate Governance Statement
Treasury Wine Estates Limited	Corporate Governance Statement
Vicinity Centres	Corporate Governance Statement
Viva Energy Group Limited	Corporate Governance Statement

Company Name	Source
Washington H. Soul Pattinson and Company Limited	Corporate Governance Statement
Wesfarmers Limited	Corporate Governance Statement
Westpac Banking Corporation	Corporate Governance Statement
Whitehaven Coal Limited	Corporate Governance Statement
WiseTech Global Limited	Corporate Governance Statement
Woodside Energy Group Ltd	Corporate Governance Statement
Woolworths Group Limited	Corporate Governance Statement
Worley Limited	Corporate Governance Statement
Xero Limited	Corporate Governance Statement
Yancoal Australia Ltd	Annual Report

Appendix

Appendix 1 (Cont.)

Group 2: Top 101–200 (N= 100)

Company Name	Source
Abacus Property Group	Corporate Governance Statement
Adbri Limited	Corporate Governance Statement
Ansell Limited	Corporate Governance Statement
ARB Corporation Limited	Corporate Governance Statement
Arena REIT	Corporate Governance Statement
AUB Group Limited	Corporate Governance Statement
Bapcor Limited	Corporate Governance Statement
Blackmores Limited	Corporate Governance Statement
Boral Limited	Annual Report
BrainChip Holdings Ltd	Corporate Governance Statement
Breville Group Limited	Annual Report
Brickworks Limited	Corporate Governance Statement
BSP Financial Group Limited	Corporate Governance Statement
BWP Trust	Corporate Governance Statement
Capricorn Metals Ltd	Corporate Governance Statement
Centuria Capital Group	Corporate Governance Statement
Centuria Industrial REIT	Corporate Governance Statement
Chalice Mining Limited	Corporate Governance Statement
Champion Iron Limited	Corporate Governance Statement
Charter Hall Long WALE REIT	Corporate Governance Statement
Charter Hall Retail REIT	Corporate Governance Statement
Charter Hall Social Infrastructure REIT	Corporate Governance Statement
Codan Limited	Corporate Governance Statement
Core Lithium Ltd	Corporate Governance Statement
Coronado Global Resources Inc.	Corporate Governance Statement
Corporate Travel Management Limited	Corporate Governance Statement
Costa Group Holdings Limited	Corporate Governance Statement
Credit Corp Group Limited	Annual Report
Cromwell Property Group	Corporate Governance Statement
CSR Limited	Annual Report

Company Name	Corporate Governance Statement
De Grey Mining Limited	Corporate Governance Statement
Deterra Royalties Limited	Corporate Governance Statement
Dicker Data Limited	Corporate Governance Statement
Domain Holdings Australia Limited	Corporate Governance Statement
Eagers Automotive Limited	Corporate Governance Statement
Elders Limited	Corporate Governance Statement
EVT Limited	Corporate Governance Statement
Gold Road Resources Limited	Corporate Governance Statement
GrainCorp Limited	Corporate Governance Statement
Grange Resources Limited	Corporate Governance Statement
Growthpoint Properties Australia	Corporate Governance Statement
Healius Limited	Corporate Governance Statement
Home Consortium Limited	Corporate Governance Statement
HomeCo Daily Needs REIT	Corporate Governance Statement
HUB24 Limited	Corporate Governance Statement
Imugene Limited	Corporate Governance Statement
Ingenia Communities Group	Corporate Governance Statement
Insignia Financial Ltd.	Corporate Governance Statement
InvoCare Limited	Corporate Governance Statement
ioneer Ltd	Annual Report
IPH Limited	Corporate Governance Statement
Iress Limited	Corporate Governance Statement
Johns Lyng Group Limited	Corporate Governance Statement
Kelsian Group Limited	Corporate Governance Statement
Lake Resources NL	Corporate Governance Statement
Latitude Group Holdings Limited	Corporate Governance Statement
Liberty Financial Group Limited	Corporate Governance Statement
Lifestyle Communities Limited	Corporate Governance Statement
Link Administration Holdings Limited	Corporate Governance Statement

Company Name	Corporate Governance Statement
Lovisa Holdings Limited	Corporate Governance Statement
MAAS Group Holdings Limited	Corporate Governance Statement
Macquarie Telecom Group Limited	Annual Report
Magellan Financial Group Limited	Corporate Governance Statement
Megaport Limited	Corporate Governance Statement
Nanosonics Limited	Corporate Governance Statement
National Storage REIT	Corporate Governance Statement
Netwealth Group Limited	Corporate Governance Statement
New Hope Corporation Limited	Corporate Governance Statement
nib holdings limited	Corporate Governance Statement
Nickel Industries Limited	Corporate Governance Statement
Novonix Limited	Corporate Governance Statement
Nufarm Limited	Corporate Governance Statement
Objective Corporation Limited	Corporate Governance Statement
Orora Limited	Annual Report
Paladin Energy Ltd	Corporate Governance Statement
Pendal Group Limited	Corporate Governance Statement
Perpetual Limited	Corporate Governance Statement
Perseus Mining Limited	Corporate Governance Statement
PEXA Group Limited	Corporate Governance Statement
Piedmont Lithium Inc.	Corporate Governance Statement
Pinnacle Investment Management Group Limited	Corporate Governance Statement
PolyNovo Limited	Corporate Governance Statement
Premier Investments Limited	Corporate Governance Statement
PSC Insurance Group Limited	Corporate Governance Statement
Regis Resources Limited	Corporate Governance Statement
Reliance Worldwide Corporation Limited	Corporate Governance Statement
Sandfire Resources Limited	Corporate Governance Statement
Sayona Mining Limited	Corporate Governance Statement

Company Name	Corporate Governance Statement
Shopping Centres Australasia Property Group	Corporate Governance Statement
Silver Lake Resources Limited	Corporate Governance Statement
Sims Limited	Corporate Governance Statement
Stanmore Resources Limited	Corporate Governance Statement
Super Retail Group Limited	Corporate Governance Statement
Tabcorp Holdings Limited	Corporate Governance Statement
Telix Pharmaceuticals Limited	Corporate Governance Statement
The Star Entertainment Group Limited	Corporate Governance Statement
Waypoint REIT	Corporate Governance Statement
Webjet Limited	Corporate Governance Statement
West African Resources Limited	Corporate Governance Statement
Zimplats Holdings Limited	Annual Report

Appendix

Appendix 1 (Cont.)

Group 3: Top 201-297 (N= 97)

Company Name	Source
29Metals Limited	Corporate Governance Statement
Accent Group Limited	Corporate Governance Statement
Appen Limited	Corporate Governance Statement
Argo Investments Ltd	Corporate Governance Statement
Audinate Group Limited	Corporate Governance Statement
Aussie Broadband Limited	Corporate Governance Statement
Austal Limited	Corporate Governance Statement
Australian Agricultural Company Limited	Corporate Governance Statement
Australian Clinical Labs Limited	Annual Report
Australian Ethical Investment Ltd.	Corporate Governance Statement
Australian Foundation Investment Company Ltd	Corporate Governance Statement
Australian Strategic Materials Ltd	Corporate Governance Statement
Australian United Investment Company Ltd	Corporate Governance Statement
AVZ Minerals Ltd	Corporate Governance Statement
Baby Bunting Group Limited	Annual Report
Bega Cheese Limited	Corporate Governance Statement
Bellevue Gold Limited	Corporate Governance Statement
BKI Investment Company Ltd	Corporate Governance Statement
Boss Energy Limited	Annual Report
Calix Limited	Corporate Governance Statement
Centuria Office REIT	Corporate Governance Statement
Cimic Group Ltd	Corporate Governance Statement
City Chic Collective Ltd	Corporate Governance Statement
Clinuvel Pharmaceuticals Limited	Corporate Governance Statement
Collins Foods Limited	Corporate Governance Statement
Dalrymple Bay Infrastructure Limited	Corporate Governance Statement
Dexus Industria REIT	Corporate Governance Statement
DGL Group Limited	Corporate Governance Statement

Company Name	Source
Diversified United Investment Ltd	Corporate Governance Statement
Eclipx Group Limited	Corporate Governance Statement
EML Payments Ltd	Corporate Governance Statement
Energy Resources of Australia Ltd	Corporate Governance Statement
FINEOS Corporation Holdings plc	Corporate Governance Statement
G8 Education Limited	Corporate Governance Statement
Genworth Mortgage Insurance Australia Limited	Corporate Governance Statement
GUD Holdings Limited	Corporate Governance Statement
Hansen Technologies Limited	Corporate Governance Statement
Hearts and Minds Investments Ltd	Corporate Governance Statement
Hotel Property Investments	Corporate Governance Statement
Hutchison Telecommunications	Annual Report
Imdex Limited	Corporate Governance Statement
Inghams Group Limited	Annual Report
Integral Diagnostics Limited	Corporate Governance Statement
Jervois Global Limited	Corporate Governance Statement
Jumbo Interactive Limited	Corporate Governance Statement
Karoon Energy Ltd	Corporate Governance Statement
Kogan.com Ltd	Corporate Governance Statement
L1 Long Short Fund Ltd	Corporate Governance Statement
LIFE360 Inc	Corporate Governance Statement
Life360, Inc.	Corporate Governance Statement
MA Financial Group Limited	Corporate Governance Statement
Magellan Global Fund	Corporate Governance Statement
McMillan Shakespeare Limited	Corporate Governance Statement
Mesoblast Limited	Corporate Governance Statement
MFF Capital Investments Ltd	Corporate Governance Statement
Mincor Resources NL	Corporate Governance Statement
Monadelphous Group Limited	Corporate Governance Statement

Company Name	Source
Mount Gibson Iron Limited	Corporate Governance Statement
Nearmap Ltd	Corporate Governance Statement
Neometals Ltd	Corporate Governance Statement
Neuren Pharmaceuticals Limited	Corporate Governance Statement
Nick Scali Limited	Corporate Governance Statement
NRW Holdings Limited	Corporate Governance Statement
OFX Group Limited	Corporate Governance Statement
Omni Bridgeway Limited	Corporate Governance Statement
oOh!media Limited	Corporate Governance Statement
Orocobre Ltd	Corporate Governance Statement
Pact Group Holdings Ltd	Corporate Governance Statement
Pepper Money Limited	Corporate Governance Statement
Platinum Investment Management Limited	Corporate Governance Statement
PointsBet Holdings Limited	Annual Report
PPK Group Ltd	Corporate Governance Statement
Ramelius Resources Limited	Corporate Governance Statement
Red 5 Limited	Corporate Governance Statement
Regal Partners Limited	Corporate Governance Statement
Regis Healthcare Limited	Corporate Governance Statement
Sealink Travel Group Ltd	Corporate Governance Statement
Service Stream Limited	Corporate Governance Statement
Seven West Media Limited	Corporate Governance Statement
SG Fleet Group Limited	Corporate Governance Statement
Sigma Healthcare Limited	Corporate Governance Statement
Silex Systems Limited	Corporate Governance Statement
Smartgroup Corporation Ltd	Corporate Governance Statement
St Barbara Limited	Corporate Governance Statement
Syrah Resources Limited	Corporate Governance Statement
Tassal Group Limited	Corporate Governance Statement
Temple & Webster Group Ltd	Corporate Governance Statement
Tuas Limited	Corporate Governance Statement
Tyro Payments Ltd	Corporate Governance Statement

Company Name	Source
United Malt Group Limited	Corporate Governance Statement
United Overseas Australia Limited	Corporate Governance Statement
Vulcan Energy Resources Limited	Annual Report
WAM Capital Ltd	Corporate Governance Statement
Wam Leaders Ltd	Corporate Governance Statement
Westgold Resources Limited	Corporate Governance Statement
Zip Co Ltd	Corporate Governance Statement

Appendix

Appendix 2

	Top 100			Top 101–200		
	N	Mean of EC*	Mean of IEM**	N	Mean of EC*	Mean of IEM**
Communication Services	7	2.43	1.86	3	2.00	1.33
Consumer Discretionary	7	2.14	1.29	12	1.83	1.17
Consumer Staples	6	2.83	1.67	4	1.75	1.50
Energy	9	1.89	1.67	3	1.67	0.67
Financials	16	2.38	1.69	14	1.57	1.14
Health Care	6	2.67	1.50	6	2.67	1.50
Industrials	11	2.27	1.64	5	2.00	1.40
Information Technology	6	1.83	1.17	8	2.13	1.88
Materials	20	2.05	1.45	27	1.59	1.22
Real Estate	9	2.11	2.00	18	1.89	1.33
Utilities	3	2.00	1.00	0	0.00	0.00

Note:

* EC is a three-point scale that analyses the average performance of the effectiveness of communication. The scale includes: 1 = No entity-specific; 2 = Limited entity-specific; and 3: Comprehensive entity-specific.

** IEM is a four-point scale that analyses the average number of lines of defense disclosed (i.e. integrity-enhancing mechanism). The scale includes: 0 = No disclosure of line of defence; 1 = One line of defence disclosed only; 2 = A combination of two lines of defence disclosed; 3 = All three lines of defence disclosed.

Top 201–297			Overall		
N	Mean of EC*	Mean of IEM**	N	Mean of EC*	Mean of IEM**
5	2.40	1.80	15	2.33	2.00
11	1.91	1.18	30	1.93	1.30
6	2.17	1.50	16	2.31	1.69
3	1.33	1.67	15	1.73	1.53
19	1.53	1.26	49	1.82	1.45
7	1.57	0.86	19	2.26	1.53
9	1.67	1.22	25	2.00	1.64
10	1.50	1.60	24	1.79	1.58
23	1.83	1.52	70	1.80	1.41
4	1.50	1.00	31	1.90	1.65
0	0.00	0.00	3	2.00	1.67



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