

# Materiality further information

**Material issues are those that can substantively affect the organisation's ability to create value over the short, medium and long-term.**

CPA Australia's materiality process is facilitated by an independent third party and its objectives are to:

- Identify priorities for the Integrated Report in terms of our value creation story
- Demonstrate an independent, robust process for determining material issues
- Understand what the issues mean to members and other stakeholders
- Demonstrate respect for stakeholder views
- Identify where internal and external priorities differ and why
- Ensure risk has been taken into account.

Our materiality process was presented to the Board via the Audit, Risk and Compliance Committee at its June meeting.

The development of the initial 2020 material issues list used the following information and data points:

- CPA Australia's strategy and business model
- Strategic risks
- Member feedback
- Peer and best practice reports
- Member research
- UN Sustainable Development Goals
- IIRC framework
- Employee feedback
- Environmental scan/global mega trends
- Impacts of COVID-19.

An initial list of 19 material issues and definitions was provided to stakeholders and one-on-one 30-minute telephone interviews with 25 members, five Board members and all members of the executive management team were held. Member stakeholders include a mix of members across geographies and industries including academia, government, large to small accounting firms, corporations and not-for-profits. Interviews focused on:

- Top three priorities for value creation and why
- Discussion of COVID-19 implications and response
- Thoughts on the biggest risks into the future.

In looking at our material issues, consideration is given to the order of priority of the issue, its definition, the horizon over which it will impact value creation, and the level of control CPA Australia has over the issue.

In October a workshop was held with our executive management team to agree and finalise our list of material issues. The workshop considered:

- Impact on CPA Australia's ability to create value for members over the short, medium and long-term
- Recognition as a current/future key topic or challenge by peers
- Links to legislation or agreements of strategic significance to CPA Australia
- Connection to CPA Australia's values, policies, strategies, operational management systems, goals or targets
- Influence on CPA Australia's reputation.

The final list of 14 material issues that appear in our report was approved by the Board via the Audit, Risk and Compliance Committee at its November meeting.

## Moving forward

In our materiality interviews we also looked to the future with key themes being:

- A future that is skills-driven requiring more practical training
- Help on data analytics is sought by members, to allow them to lead this area within their organisations and with their clients
- Understanding social licence to operate is seen as important for the future of the profession and includes education on social responsibility issues and <IR>
- Having a reputation for being ethical is something that will become increasingly important in the future.

The results of our materiality process are included in our Integrated Report and inform the report's content.