

NOTICE OF ANNUAL GENERAL MEETING

AND EXPLANATORY MEMORANDUM

**THE ANNUAL GENERAL MEETING OF
CPA AUSTRALIA LTD WILL BE HELD ON
MONDAY 27 APRIL 2020 AT 5:30PM (AEST)**



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PRESIDENT'S MESSAGE

Dear Member

Please find enclosed the Notice of Annual General Meeting and Explanatory Memorandum for CPA Australia's 2020 Annual General Meeting (AGM).

The AGM is to be held on Monday 27 April at 5.30pm (AEST). The Board is monitoring the evolving situation around the COVID-19 outbreak with respect to public health concerns, travel restrictions and government limits on gatherings of people. The health of Members, CPA Australia personnel and other stakeholders is our priority, and the Board recommends that Members monitor the Company's website and other communications for further updates relating to the AGM.

The Board encourages Members to participate in the AGM by:

- reading the enclosed Notice and Explanatory Memorandum;
- exercising your right to vote at the 2020 AGM by completing and submitting your proxy in accordance with the instructions in this Notice and Explanatory Memorandum and at www.cpaaustralia.com.au/agm;
- asking questions of the Board or Auditor concerning matters to be considered at the AGM. Questions can be asked before or during the meeting and further instructions are set out in this Notice and Explanatory Memorandum (the Board is increasing online participation in 2020 by introducing a functionality for Members to dial in and ask questions by voice online, i.e. speak online); and
- watching the meeting via live webcast at www.cpaaustralia.com.au/agm.

The physical venue for this year's AGM will be at the offices of CPA Australia Ltd, Level 20, 28 Freshwater Place, Southbank, Victoria.

Members were previously advised that this year's AGM was to be held at a Sydney venue. Circumstances surrounding management of the COVID-19 pandemic have necessitated a change in venue to the head office of CPA Australia in Melbourne. The next AGM following the resolution of the COVID-19 pandemic will be held in Sydney.

While the Company and the Board ordinarily encourage Members to attend the AGM in person, Members are strongly encouraged to consider carefully whether they should attend the venue for this year's AGM. Depending on the circumstances, the Company and the Board may be required to adopt extraordinary procedures in relation to the physical venue, including limiting or prohibiting attendance. As such, we encourage Members to submit their proxies online as early as possible, even if you are planning to attend the meeting in person, as there may be restrictions on where and how the meeting can be conducted.

Resolutions at the 2020 AGM

The Board has not put forward any resolutions to the 2020 AGM.

There is one special resolution in the Notice that has been submitted by Member Vittoria Anderson, in accordance with section 249N of the Corporations Act. Details of the resolution are contained in the attached Notice.

The Board has carefully considered the proposed resolution in light of its responsibility to act in good faith and in the best interests of the Company and Members overall. The resolution seeks to modify the Constitution to mandate that the Company makes available remote technology to enable all Members, wherever they are located across over 100 countries, to speak and vote during meetings.

The Board has already, under its existing powers in the Constitution, adopted significant aspects of a hybrid meeting. Meetings are webcast, Members can lodge their proxies online, questions may be posed in text format online, and in 2020, for the first time - Members will be able to dial in and ask questions by voice online during the AGM.

The Board recommends that members vote against the resolution being put to the meeting. The Board recognises the value of using technology to enable participation in meetings of Members and is progressively adopting proven and reliable technologies to facilitate this. However, the Board is unable to support the proposed change to the Constitution for the reasons set out in the Notice of Meeting which pertain to ensuring the use of technology is fair, safe, reliable and lawful, and is accessible to Members in more than 100 countries. The reliability and cyber security risk controls for certain aspects of virtual meeting technology, particularly for voting online, have yet to be demonstrated and regularly assessed in order to provide assurance that it is stable and that current risks are properly mitigated. Depending on the nature of the technology failure, this could affect voting by individuals or whole geographic regions. Currently Members may complete their Proxy Form online and direct their proxy how to vote.

Full details of the resolution and the Board's response are contained on pages 12 to 15 of the Notice.

The Board encourages all Members to read the details of the resolution you are being asked to consider and to take the time to exercise your right to vote at the 2020 AGM by submitting your proxy. Full details about the ability to lodge your proxy online can be accessed at www.cpaaustralia.com.au/agm.



Peter Wilson AM FCPA

President and Chair, CPA Australia Ltd

On behalf of the Board of Directors of CPA Australia Ltd

INFORMATION FOR MEMBERS

By order of the Board



Kerrell Ma
Company Secretary

NOTICE is hereby given that the AGM of CPA Australia will be held on Monday 27 April 2020 at the offices of CPA Australia Ltd, Level 20, 28 Freshwater Place, Southbank, Victoria commencing at 5:30pm (AEST).

ATTENDANCE AND VOTING AT THE AGM

In person: You may attend the AGM in person at the date, time and place specified in this Notice. Prior registration is not required.

By proxy: If you would like to appoint a proxy to attend the AGM and vote on your behalf, please refer to the enclosed Proxy Form.

By webcast: You may view the AGM online via webcast. Members who are viewing the webcast and who have not validly appointed a proxy to vote on their behalf will not be able to vote on the resolutions considered at the AGM.

NOTE:

Measures to address COVID-19: The health and safety of Members and personnel, and other stakeholders is our highest priority and we are acutely aware of the current circumstances resulting from COVID-19. While at this stage we plan to proceed with the meeting, we will update Members if circumstances change.

As noted in the President's message, while CPA Australia and the Board ordinarily encourage Members to attend the AGM in person, Members are strongly encouraged to consider carefully whether they should attend the venue for this year's AGM. Depending on the circumstances, CPA Australia and the Board may be required to adopt extraordinary procedures in relation to the physical venue, including limiting or prohibiting attendance. As such, we encourage Members to submit their proxies online as early as possible and submit questions in advance of the meeting, even if you are planning to attend the meeting in person, as there may be restrictions on where and how the meeting can be conducted.

Depending on the circumstances, we may need to adopt extraordinary meeting procedures (including limiting or prohibiting the attendance of Members in person) and/or, if necessary, we may need to postpone the meeting, and we will inform Members as soon as practicable.

QUESTIONS FROM MEMBERS

Members who are unable to attend the AGM, and who would like to ask questions of the Board concerning matters to be considered at the AGM, are invited to do so by completing the form accompanying this Notice or the online form at www.cpaaustralia.com.au/agm by Monday 20 April 2020 at 5:30pm (AEST) or in text format via the online portal during the AGM at www.cpaaustralia.com.au/agm.

For the first time, Members will be able to dial in and ask questions by voice online during the AGM. To ask questions in the AGM by telephone in Australia, please dial 1800 572 288 or from outside Australia please dial +61 1800 572 288. Members attending by phone will require their unique PIN for verification purposes. Your unique PIN can be found at the top of the Proxy Form that accompanies this Notice or on the email received. Please disregard the PIN on your Proxy Form if you will be attending via the online portal. Members who ask questions by phone will be able to ask questions at the appropriate times during the meeting.

Your questions are important to us and although we will not be able to reply to each question individually, we will respond to as many of the frequently asked questions as possible at the AGM.

Answers to questions:

- submitted for the AGM;
- asked at the AGM;
- taken on notice by the Chair at the AGM; and
- submitted via text or by phone that are not addressed in the AGM due to time constraints,

will be posted on our website.

Members as a whole will have reasonable opportunity at the AGM to ask questions and make comments on the business, operations and management of the Company, and to ask questions of the Auditor or their representative by completing the enclosed form, via text format on the online portal or by dialling in during the AGM.

ENQUIRIES

For further information relating to the AGM, please refer to www.cpaaustralia.com.au/agm or contact the Company's AGM information line on 1300 657 539 (within Australia) or +61 1300 657 539 (outside Australia).

For further information relating to the lodgement of Proxy Forms, please contact the Company's AGM information line on 1300 657 539 (within Australia) or +61 1300 657 539 (outside Australia).

RESOLUTION

ORDINARY BUSINESS

ITEM 1: RECEIPT OF ANNUAL FINANCIAL REPORT

To receive and consider CPA Australia's Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 December 2019.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

NOTE

Special resolution: For a special resolution to be passed, at least 75% of the votes cast (by Members entitled to vote on that resolution) must be in favour.

RESOLUTION REQUISITIONED PURSUANT TO SECTION 249N OF THE CORPORATIONS ACT

The following resolution, requisitioned by at least 100 Members, is **not supported** by the Board. For the reasons set out in the Board's response in the Explanatory Memorandum, the Board recommends that Members vote **against** resolution 1.

1. **SPECIAL RESOLUTION PROPOSED BY VITTORIA ANDERSON – *mandate that the Company makes available for all Members entitled to attend and cast a vote at a meeting of Members, remote technology so as to enable all Members to speak and vote during meetings using that remote technology and ensure that the technology provided offers the capability for Members to speak and vote during the meeting.***

THAT, with immediate effect, the proposed amendments to Article 27 of the Constitution described in this Notice be approved and adopted.

The proposed amendments to Article 27 are set out at page 12. The background to, and the Member's reasons for, this resolution are set out at Annexure A. The Board's response to this resolution is set out at pages 12 -15.

INFORMATION ABOUT PROXY VOTING

These notes form part of this Notice.

VOTING AT THE AGM

By proxy: If you would like to appoint a proxy to attend the AGM on your behalf, this can be done by completing and signing the enclosed Proxy Form and sending it to the Company by:

Mail: CPA Australia Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney NSW 1235 Australia

Online: www.cpaaustralia.com.au/agm and select 'Appoint a Proxy'

Facsimile: +61 2 9287 0309

In person: Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138 Australia

**During business hours (Monday to Friday, 9.00am – 5.00pm)*

IMPORTANT: To be effective, all Proxy Forms must be submitted and received by the Company by **no later than 5:30pm (AEST) on Saturday 25 April 2020**, being not later than 48 hours before the commencement of the AGM.

If the Proxy Form is signed by the appointing Member's attorney, the authority under which the appointment was signed or a certified copy of the authority must also be provided.

APPOINTING PROXIES

A Member who is entitled to attend and vote at the AGM has a right to appoint a proxy. The proxy appointed by a Member need not themselves be a Member. A proxy can be either an individual or a body corporate. If a Member appoints a body corporate as their proxy, that body corporate will need to appoint an individual as its corporate representative to exercise the powers of the body corporate at the AGM, in accordance with section 250D of the Corporations Act. Where an individual is appointed as a corporate representative they should bring to the AGM, or provide to the Company prior to the AGM, evidence of their appointment.

As a result of the evolving COVID-19 circumstances, we strongly encourage Members to carefully consider whom they appoint as their proxy. In relation to the physical meeting, CPA Australia may be required to take extraordinary measures, including to limit or prohibit attendance of proxies who have been nominated by Members. If a proxy, other than the Chair, cannot attend the meeting, the Chair will become the proxy. In this circumstance, the Chair will be directed by the voting preferences (if any) provided in the Proxy Form. Please refer to the enclosed Proxy Form for further details. Under the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed;
- if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;

- if the proxy is not the Chair, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed; and
- if the proxy is the Chair, the proxy must vote on a poll and must vote as directed.

The Chair will be taken to have been appointed as a Member's proxy for the purposes of voting on a particular resolution, even if the Member has not expressly appointed the Chair as their proxy, where:

- the appointment of proxy specifies the way the proxy is to vote on a particular resolution; and
- the appointed proxy is not the Chair; and
- a poll is called on the resolution; and
- either of the following applies:
 - the appointed proxy is not recorded as attending the AGM; or
 - the appointed proxy attends the AGM but does not vote on the resolution.

Members should consider directing their proxy as to how to vote on each resolution by crossing either the "For", "Against", or "Abstain" box when completing their Proxy Form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions. If Members do not mark any of the boxes on the items of business, the Member's proxy will decide for the Member.

A Member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. This option is a requirement under the Corporations Act even though it does not apply to CPA Australia, as a company limited by guarantee.

UNDIRECTED PROXIES

The Chair intends to vote any undirected proxies **against** special resolution 1.

ENQUIRIES

For further information relating to the lodgement of Proxy Forms, please contact the Company's AGM information line on 1300 657 539 (within Australia) or +61 1300 657 539 (outside Australia).

EXPLANATORY MEMORANDUM

This is an important document. Please read it carefully and in full.

This Explanatory Memorandum forms part of this Notice (above) and should be read in conjunction with it. Unless the context requires otherwise, terms defined in the Glossary on page 16 have the same meanings when used elsewhere in this Notice.

This Notice includes one Member proposed special resolution for consideration at the AGM. The Member proposed special resolution is supported by at least 100 Members as required by section 249N of the Corporations Act.

In addition, the Member has provided an explanatory statement to her proposed special resolution under section 249P of the Corporations Act. The Member proposed special resolution and accompanying explanatory statement are set out in Annexure A which forms part of this Notice. The Board's response to the Member resolution is also set out in this Explanatory Memorandum.

Overview of the Board's response to Member proposed special resolution

The Board has given careful consideration to the Member proposed special resolution, which seeks to modify certain rules in the Constitution to mandate that CPA Australia makes available remote technology to enable all Members to speak and vote during meetings. The Board wishes to acknowledge the Members who put forward and supported the proposed special resolution. The issues raised have contributed to ongoing discussions among the Board about how technology can improve Member participation.

BOARD'S RESPONSE TO SPECIAL RESOLUTION PROPOSED BY VITTORIA ANDERSON

For the reasons set out below, the Board does not support the proposed special resolution and **unanimously recommends that Members vote against this special resolution:**

(a) the Board already has the power to facilitate the incremental adoption of appropriate

technology in meetings with Members and has adopted and continues to adopt technology where it is fair, safe, reliable and lawful to do so. The Board notes that the Corporations Act does not yet expressly recognise a reliable or lawful form of technology that can give effect to meetings. Further, there is no universal standard of technology which has been adopted by Australian companies for online voting or speaking at general meetings;

(b) the Board has adopted technological improvements for remote technology to support a hybrid meeting on an incremental basis, having regard to cost, reliability and fairness, among other things. In contrast, the Member proposed resolution would mandate change during an AGM simultaneously in over 100 countries without appropriate consideration of the legal or practical issues involved and is therefore not in the best interests of Members. The Board is of the view that there still remain practical issues on how to ensure each Member has fair access to the technology and how to protect CPA Australia and its Members from data security and cyber security risks, particularly for Members residing overseas. The Board is managing this risk in a systematic manner and part of risk management is to adopt an incremental approach with the implementation of systems, processes and software that can be used for hybrid meetings. It is noted that technology issues saw some interruption at the 2019 AGM; and

(c) the Board is increasing online participation in 2020 by introducing a functionality for Members to dial in and ask questions by voice online, i.e. speak online (a functionality requested in the proposed resolution). Since the 2019 AGM, the Board has undertaken an assessment of providers in the market to ascertain what technologies could be adopted to encourage and enable Member participation in a fair, safe and reliable way. While the Board continues to support remote participation through questions being submitted virtually (as described below), based on the options assessed, the Board is not satisfied that there is an appropriate technology which can facilitate reliable and secure online voting.

For this year's AGM, the Board will continue the functionality introduced in 2019 that allows for Members to pose questions online in text format during the meeting. The Board is also increasing online participation in 2020 by introducing a functionality for Members to dial in and ask questions by voice online during the AGM, i.e. speak online (a functionality requested in the proposed resolution). All of this has been adopted by the Board without Constitutional amendment.

Further information about the Member proposed resolution and the Board's response is set out in the following pages.

OBTAINING A COPY OF THE PROPOSED AMENDMENTS TO THE CONSTITUTION

Members can obtain a copy of the Constitution, amended in accordance with the proposed special resolution, in any of the following ways:

- a digital copy is available at www.cpaaustralia.com.au/agm;
- a hard copy will be made available for inspection at any of the Company's offices by emailing AGM@cpaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaustralia.com.au; and
- hard copies will also be made available at the AGM.

ITEM 1

The Corporations Act requires the CPA Australia's Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2019 to be laid before the AGM for consideration by Members. There is no requirement in the Corporations Act or the Constitution for Members to vote on, approve or adopt these reports. Members as a whole will have a reasonable opportunity at the AGM to ask questions and make comments on these reports for the purposes of this Item.

CPA Australia's Financial Report, Directors' Report and Auditor's Report form part of CPA Australia's Annual Integrated Report.

For the purposes of this Item, the Auditor will also be available to answer questions relating to the conduct of the audit, the Auditor's Report, accounting policies adopted by CPA Australia and the independence of the Auditor in relation to the conduct of the audit.

Members as a whole will have a separate opportunity at the end of the AGM to ask questions and make comments on the general business, operations and management of CPA Australia at the conclusion of consideration and voting on the special resolution set out in this Notice.

RESOLUTION REQUISITIONED PURSUANT TO SECTION 249N OF THE CORPORATIONS ACT

This Explanatory Memorandum sets out the resolution requisitioned by a Member and the Board's response to the resolution. The Member's explanatory statement has been reproduced by CPA Australia in accordance with Section 249P of the Corporations Act. For ease of reference the Member's explanatory statement is set out in Annexure A.

SPECIAL RESOLUTION NOT SUPPORTED BY THE BOARD

1. SPECIAL RESOLUTION PROPOSED BY VITTORIA ANDERSON

PROPOSED CHANGES TO THE CONSTITUTION

The special resolution will, if approved by Members, amend Article 27 of the Constitution as shown in underlined font:

Attendance at meeting of Members

- (a) Subject to this Constitution and any rights and restrictions of a class of Members, a Member who is entitled to attend and cast a vote at a meeting of Members, may attend and vote in person or by proxy or by attorney or by utilising remote technology. A Member who is entitled to cast a vote at a meeting of Members is also entitled to speak at those meetings.
- (b) CPA Australia has the right to specify the technology used by members to attend a meeting of Members as well as specify controls used to verify member identity. If CPA Australia exercises these rights, CPA Australia has a duty of care to:

- (i) make that technology available to all Members,
- (ii) provide instructions for use of that technology, and
- (iii) ensure that the technology provided offers the capability for Members to speak and vote during the meeting, using that technology.
- (c) ~~(b)~~ The chair of a meeting of Members may require a person acting as a proxy or attorney at that meeting to establish to the chair's satisfaction that the person is the person who is duly appointed to act. If the person fails to satisfy this requirement, the chair may exclude the person from attending or voting at the meeting.
- (d) ~~(c)~~ A Director is entitled to receive notice of and to attend all meetings of Members and all meetings of a class of Members and is entitled to speak at those meetings.
- (e) ~~(d)~~ A person requested by the Board to attend a meeting of Members or a meeting of a class of Members is, regardless of whether that person is a Member or not, entitled to attend that meeting and, at the request of the chair of the meeting, is entitled to speak at that meeting.

BOARD'S RESPONSE

Summary of the Board's response and recommendation to vote against this resolution

The Board is increasing online participation in the 2020 meeting by introducing a functionality to allow Members to dial in and ask questions by voice online, i.e. speak online (a functionality requested in the proposed resolution).

The Board agrees that it is appropriate to use technology to facilitate greater Member participation in meetings of Members. This approach aligns with CPA Australia's Strategy and the Board's commitment to adopting proven and reliable technologies to encourage and enable Member participation.

The Board has been progressively adopting technologies to increase Member access to its annual general meetings, including webcasting the meeting since 2017 and providing a facility to lodge proxy forms online since 2018. For the AGM in 2019, the Board introduced a new functionality that allowed Members to pose questions in text format online during the

meeting. In 2020, a new functionality has been added to allow Members to dial in and ask questions by voice online during the AGM.

Although the Board has continued to adopt technology to facilitate remote participation in general meetings, it does not believe the Member proposed resolution is in the best interests of CPA Australia and its Members. The key reasons for the Board's view are set out below.

The Board therefore unanimously recommends that Members vote **against** this special resolution.

The Chair intends to vote undirected proxies **against** special resolution 1.

The Board acknowledges that although technology is now becoming available to facilitate direct voting and Member participation at meetings, at this stage that technology has still not been widely adopted. Its reliability and cyber security risk controls particularly for voting online have yet to be demonstrated and regularly assessed and tested in order to provide assurance that they are stable and that current risks are properly mitigated. Currently, there is no agreed standard for hybrid AGM platforms being adopted at scale by Australian organisations.

With this in mind, the Board's view is that incremental adoption of technology is the best approach to ensuring the security of CPA Australia's IT Systems. This will be achieved by proactively managing the risk of technology failure, monitoring the security posture of its vendors and ensuring that technology is used in the best interests of CPA Australia and its Members as a whole.

The Board is also looking to implement an IT security framework to manage and mitigate technology risk based on industry standards, guidelines and practices with the objective of reducing the risk of possible technology failure and the impact to Members if this occurs.

Summary of reasons why the Board does not support the Member proposed resolution

(a) Constitution already allows for use of technology

The proposed special resolution seeks to amend the Constitution to force CPA Australia to use unspecified "remote technology" at CPA Australia's general meetings to allow Members to speak and vote during the meeting. This mandate is to be actioned regardless of any of the Board's concerns about technology and the proper and orderly conduct of the meeting, matters that are neither addressed in the proposed resolution nor the accompanying explanatory statement.

The Board believes the Constitution already allows CPA Australia to adopt technology to support Members from more than 100 countries and regions in their participation in general meetings where it is safe, fair and appropriate to do so. In particular:

- i. Article 30(b) of the Constitution provides that the Board may implement procedures for direct voting. Direct voting is a form of voting that allows Members to cast their vote, either online or by completing their personalised voting form, on resolutions of a meeting during a meeting in a live environment without having to attend the meeting in person and without needing to appoint a proxy to vote on their behalf. Currently, Members may complete their Proxy Form online and direct their proxy how to vote.
- ii. Articles 21(a) and 26 of the Constitution empower the Board to call a meeting of Members to be held at a time and place including 2 or more venues using technology which gives Meeting Members as a whole a reasonable opportunity to participate and the Chair to adopt procedures for the proper and orderly conduct of the meeting.

CPA Australia, its Board and management should continue to have permissive powers to adopt technology where it is fair, safe, reliable and lawful to do so. This is particularly so where the Corporations Act does not yet expressly recognise a reliable or lawful form of technology that can give effect to meetings.

(b) The Board has already taken steps to use technology at annual general meetings and continues to take incremental steps

CPA Australia and the Board have already taken incremental steps to implement technology at CPA Australia's annual general meetings.

Recent examples of the adoption of technology include:

- i. The 2017 AGM was webcast for the first time, allowing Members worldwide to stream the annual general meeting in real time.
- ii. In 2018, the Board provided a facility for proxy forms to be lodged online for the AGM.
- iii. In 2019, the Board provided a facility for Members to pose questions in text format online during the AGM and is providing this facility again in 2020.
- iv. In 2020, the Board is providing a facility for Members to dial in and ask questions by voice online during the AGM.

In each case, the Board has adopted the technological improvements on an incremental basis, having regard to their cost, reliability and fairness, among other things. In contrast, the Member proposed resolution would mandate change without appropriate consideration of the legal or practical issues involved.

The Board believes the Company's approach is in line with other Australian public companies who are also adopting an incremental approach, either with technology or meeting procedures.

Few companies in Australia conducted full hybrid meetings in 2019. The Board wishes to ensure that there are no limitations on technology in countries and regions where Members reside, that there is ongoing compliance with procedural requirements under the Corporations Act and that appropriate meeting procedures are in place. The component of a hybrid meeting that the Board has not yet implemented for the AGM, is voting online in real time.

The AGM is a live environment, which differs from other elections conducted by CPA Australia. In particular, other CPA Australia

elections where the online voting platform is used are typically open for several weeks (rather than for the duration of the AGM only) so a power outage in a region at a point in time will not be decisive for an opportunity for Members to vote online within an application at CPA Australia. In contrast, a power outage at an AGM will be decisive for Members.

Currently, Members may complete their Proxy Form online and direct their proxy how to vote and the Board believes that this and the opportunity to ask questions during the AGM provides Members as a whole with a reasonable and fair opportunity to participate in the AGM.

(c) Proposed special resolution has a number of procedural limitations

The Board believes the proposed resolution does not appropriately address a number of important technology and procedural considerations, including quorum and appointment of proxy procedures, making it inappropriate for inclusion in the Constitution.

(d) Technology considerations

CPA Australia cannot guarantee or control the availability of technology in more than 100 countries and regions during an AGM and the failure of technology impacts the holding of the AGM. The AGM is a live event.

There is a risk that technology failures beyond the control of CPA Australia and the Board (e.g. internet failure in Australia or the region of any participating Member) or the choice of hardware device by a Member could result in a Member not having the capability to speak and vote during the meeting, which is held within a short timeframe.

There is also a risk that technology failures beyond the control of CPA Australia and the Board (e.g. internet failure in Australia or the region of any participating Member), could trigger a situation where a Member expecting to vote online during the meeting is unable to do so. Depending on the nature of the failure, this could affect voting by individuals or whole geographic regions. As stated above, currently, Members may complete their Proxy Form online and direct their proxy how to vote.

The Board believes the Constitution's existing provisions are adequate for the Board to respond to technological issues in a manner that respects the best interests of Members as a whole.

(e) Quorum

The proposed resolution does not address whether online attendees are to be included in the quorum. This raises issues of how online "presence" can be verified and whether the presence of online attendees should constitute a quorum even if no Members attend the meeting in person.

(f) Proxy

The proposed resolution does not address whether an online attendee can be a proxy. There is a risk that an online "presence" cannot be verified. In contrast for those proxies appointed from those attending the meeting, the proxy can be verified as being in attendance.

The Board believes it is paramount for meetings of Members to be conducted under procedures which are transparent, and which are not subject to unclear rules or potentially unreliable or untested technology. The proposed resolution does not, in the Board's view, adequately or appropriately deal with the quorum and proxy issues described above.

(g) Proposed resolution has a number of practical limitations

The proposed resolution requires CPA Australia and the Board to recognise and give effect to a Member's right to speak at, vote and attend a meeting using "remote technology". The resolution thus mandates technology without regard to what that technology is, whether that technology is reliable and tested, and whether it has been adopted widely by comparable companies.

The requirement to mandate the use of remote technology places a "Duty of Care" on CPA Australia and the Board to ensure that technology is "available to all Members" and that technology offers the capability for Members to speak and vote during the meeting using that technology. It is unclear whether that "Duty of Care" requires CPA Australia to be responsible for the costs of technological failures and, in the Board's view, CPA Australia should not be responsible for underwriting the costs of

technology including that which is neither reliable nor safe.

The Board is not assured that the proposed special resolution, if adopted, takes the technology risks or practical considerations into account. CPA Australia's Members reside in over 100 different countries and regions, where access to potential technology may not be possible, may be expensive and may be unreliable. Currently, Members may complete their Proxy Form online and direct their proxy how to vote.

While the Board accepts that it is CPA Australia's and the Board's duty to assess the risks involved in using technology at any point in time, it should not be CPA Australia's and the Board's mandated duty or responsibility to implement technology regardless of those risks, a mandate that does not respect the best interests of the Company and its Members as a whole and may require the expenditure of significant funds without the option to assess whether those funds could be better spent in other areas to benefit Members.

The Board has already adopted significant aspects of a hybrid meeting. Meetings are webcast, Members can lodge their proxies online, questions may be posed in text format online, and in 2020, for the first time - Members will be able to dial in and ask questions by voice online during the AGM.

The Board recommends voting against this resolution

For the reasons set out above, the Board believes this resolution is not in the best interests of CPA Australia and its Members as a whole, and unanimously recommends that Members vote against special resolution 1.

The Chair intends to vote undirected proxies against special resolution 1.

GLOSSARY

AEST means Australian Eastern Standard Time.

AGM means the 2020 Annual General Meeting of the Company to be held on 27 April 2020 at the offices of CPA Australia Ltd, Level 20, 28 Freshwater Place, Southbank, Victoria commencing at 5:30pm (AEST).

Board means the Directors of the Company from time to time.

Chair means the chair of the Company.

Company means CPA Australia Ltd (ACN 008 392 452).

CPA Australia means CPA Australia Ltd (ACN 008 392 452).

Constitution means the constitution of the Company, dated 14 May 2019.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director means a person who is, for the time being, a director of the Company.

Meeting Members means, in relation to a meeting of Members, the Members present at the place of the meeting, in person, by proxy or by attorney.

Member means a member of the Company as defined in Article 1 of the Constitution.

Notice means the notice of the AGM and explanatory memorandum of which this Glossary forms a part, together with Annexure A.

President means a person elected to that role pursuant to Article 67 of the Constitution.

Proxy Form means the proxy form enclosed in this Notice.

Strategy means the CPA Australia Strategy 2018 – 2021 published on the Company's website on 30 August 2018.

ANNEXURE A: VITTORIA ANDERSON MEMBER PROPOSED SPECIAL RESOLUTION 1: MEMBER'S STATEMENT

Note: The following Member's explanatory statements have been reproduced by the Company in accordance with 249P of the Corporations Act. By reproducing these statements, the Company does not make any representations as to their truth or accuracy and disclaims any liability for their contents.

Optional members' statement

Text of members' statement

The purpose of this resolution is to provide all members who wish to attend a meeting:

1. Equal opportunity to attend and be heard at that meeting,
2. Ability to vote at the meeting having heard speakers first debate the resolution

The goal is to increase member engagement and give members a voice in shaping our CPA.

Existing technology exists, is in use and offers appropriate level of security.

Explanatory Memorandum to AGM & EGM Technology Resolution

Resolution: Make Annual General Meetings (AGM's) and Extraordinary General Meetings (EGM's) accessible to all members through implementation of technology that enables attending members to utilise that technology to speak and vote during the meeting.

CPA 2018 – 2021 Strategy

CPA Australia is a member organisation that exists to support and benefit members. CPA's 2018 – 2021 strategy includes six points, one of which is to provide members with personalised and engaging experiences. Specifically, CPA has stated they will do this through tailored communications based on individual member needs and feedback, enabled by data, technology and digital solutions. The full strategy document states that CPA will:

- Design and implement a better and more consistent member experience, and suite of products and services, that meet their needs and goals along each stage of their journey
- Continuously improve member interactions across all channels through applying learnings from member feedback and data
- Explore other digital channels (e.g. apps) as alternative ways to provide members with resources and information

VISION: Partnering with members to prepare for today and tomorrow in a globally connected world PURPOSE: Advancing trusted and valued accounting and business professionals who enhance their communities					
>1	>2	>3	>4	>5	>6
PROTECT, PROMOTE AND ENHANCE THE INTEGRITY OF THE DESIGNATION	LEAD THE FUTURE OF THE ACCOUNTING PROFESSION	PROVIDE MEMBERS WITH PERSONALISED AND ENGAGING EXPERIENCES	PROVIDE RELEVANT LEARNING AND DEVELOPMENT CONTENT, RESOURCES AND TOOLS	ATTRACT AND DEVELOP THE NEXT GENERATION OF CPA'S	IMPACT POLICY GLOBALLY AND BE ACTIVE IN COMMUNITY ADVOCACY
OBJECTIVE	OBJECTIVE	OBJECTIVE	OBJECTIVE	OBJECTIVE	OBJECTIVE
1. Continue to invest in building the CPA Australia brand, so that the designation continues to inspire trust, confidence and respect	1. Understand the emerging changes in the accounting profession, and the implications for members in the future	1. Improve member experience and tailored communications based on individual member needs and feedback, enabled by data, technology and digital solutions	1. Improve value for money, relevance and flexibility of CPD	1. Maintain the high standards and relevance of the CPA program for the global digital future	1. Enhance and extend the amount of policy and advocacy work that CPA Australia undertakes for the benefit of members and the community they serve, to build recognition of the CPA Australia brand
2. Strengthen internal quality assurance and risk framework to ensure integrity and transparency	2. Develop strategies, training and tools to support members through the future changes to the accounting profession	2. Create a more effective local support model for members through divisions, branches and committees	2. Develop and deliver high quality products and services to build careers of specific member groups	2. Improve the support model for CPA program students to attain full membership	2. Advocate for member and public interests through local and international policy work
3. Strengthen CPA Australia's position as an international designation	3. Provide opportunities and pathways for business professionals wanting to develop their skills and employment options while ensuring high professional standards	3. Develop a culture that enables a personalised and engaging member experience		3. Attract high calibre ASAs globally through a compelling content offer and experience for prospective members	

Rationale

Using technology that provides members with the opportunity to speak and vote at meetings gives all members, regardless of member or meeting location, equal opportunity to attend the meeting. Providing the tools to enable members to speak and vote at the meeting allows for true debate about a resolution and offers members the opportunity to ask questions and seek clarity before voting.

At the 2019 AGM 178 members signed to support the above resolution and 75 of 76 members who submitted proxies to the author voted in favour of the resolution.

During the meeting Peter Wilson stated that the board supported the resolution in principle. Reasons for not actually supporting the resolution included security and failure of the technology potentially leading to a meeting postponement. The requirement to postpone a meeting due to technology failure has been removed from the resolution. Secure systems and authenticated login provide similar or better security than processes currently in place for member voting of Divisional Council members.

Hybrid and Virtual Meetings

Definitions

Virtual AGM: A virtual AGM is a meeting where shareholders attend the AGM using an online only platform which allows shareholders to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue. There is no physical component to the meeting.

Hybrid AGM: A hybrid AGM shares characteristics of both a traditional and a virtual meeting, allowing shareholders to opt between attending the meeting in person at a physical venue and attending the meeting online from a remote location (computer or smartphone), with online attendees having the same ability to participate (vote and ask questions) as those attending in person.

Technology Options

There are a number of technology options available in the Australian market, for hybrid and virtual AGM's. These include, but are not limited to Lumi AGM Technology, OmniLoop, LinkVote. Suitable technologies contain the following key features:

- **Secure, authenticated login**
- Secure, instant voting
- Integration of instant voting with proxy voting data
- Ability to speak, real time
- Moderated question and answer sessions
- Are ASX compliant
- Mobile App (with all of the above features)
- CPA branding
- Ability to record meetings

Australian Companies Holding Hybrid AGM's

- Link Administration Holdings Limited (Link Group) (since 2016)
- Omni Market Tide (OMT)
- Australian Shareholders' Association (2017)

Legality

Hybrid meetings are acceptable under Australian Corporations Law, while the position on virtual-only meetings is less clear.

Section 249S of the Corporations Act expressly allows a company to hold a meeting at two or more venues using any technology that gives members as a whole a reasonable opportunity to participate in the meeting. This provision is generally considered broad enough to accommodate hybrid meetings.

The position relating to virtual-only meetings is less clear because of the language used in the Act, which requires a meeting to be held "at a reasonable time and place" and requires that "place" to be set out in the notice of meeting (sections 249R and 249L of the Corporations Act 2001 (Cth), respectively). Traditionally, the term "place" has been interpreted to mean a physical location. For this reason, some commentators have concluded that the Act does not permit virtual-only meetings. However, the term "place" could arguably be defined with reference to an online location or web address. Alternatively, the term "place" could be more broadly defined to include the physical location of each shareholder participating in the meeting by virtual means. Accordingly, the argument could be made that, provided the virtual platform is sufficient to satisfy all other meeting requirements under the Act, it should not be automatically discounted on the basis of it being virtual-only.¹

¹ <https://www.claytonutz.com/knowledge/2017/july/hybrid-and-virtual-agms>