

AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER

CPA Australia Ltd
ACN 008 392 452

1 Introduction

- 1.1 This Charter has been approved by the Board and outlines the roles, responsibilities, composition, membership and meeting procedures of the Audit, Risk & Compliance Committee. The conduct of the Committee is also governed, where applicable, by the Constitution of CPA Australia (**Constitution**).
- 1.2 Nothing in this Charter limits any powers or responsibilities of the Board.

2 Objectives of the Committee

- 2.1 The Committee is a committee of the Board. The Committee is to assist the Board with the effective discharge of its responsibilities in the areas of internal financial and non-financial reporting and external financial statements, external reporting and non-financial reporting, the effectiveness of internal financial controls, risk management and compliance policies and practices and the independence, objectivity and performance of the external and internal audit functions for CPA Australia. The Committee's work is supported by the Chief Executive Officer (**CEO**) and their nominees, principally the Chief Financial Officer (**CFO**) and the internal audit function.
- 2.2 Ultimate responsibility for audit, risk and compliance oversight rests with the full Board notwithstanding the establishment of the Committee.
- 2.3 The Committee plays an advisory role and is authorised to exercise those Board powers expressly delegated to it in this Charter.
- 2.4 Other than to the Board, the Committee has no direct obligation to or from any management group, Branch or Division.

3 Committee Responsibilities

Without limiting the general role or powers of the Board, the Committee is responsible for providing the Board with advice and guidance on the following:

3.1 External Reporting

- (a) reviewing and making recommendations to the Board on the approval of the annual accounts;
- (b) reviewing and making recommendations to the Board for approval of changes to accounting policies and treatments having an impact on external reporting;
- (c) assessment of whether financial or non-financial external reporting is consistent with Committee members' information and knowledge and is adequate for the needs of the organisation's members;
- (d) assessment of the management processes supporting external reporting;
- (e) reviewing compliance related documents (including, for example, the Directors' report);
and

- (f) requiring the CEO and the CFO to make signed and written declarations that, in their opinion (formed on the basis of a sound system of risk management and internal control which is operating effectively):
 - (i) the financial records for the financial year have been properly maintained;
 - (ii) the financial statements and notes for the financial year comply with the relevant accounting standards;
 - (iii) that the financial statements and notes for the financial year give a true and fair view of the financial position and performance of the organisation; and
 - (iv) any other matters in relation to the financial statements that are materially relevant.

3.2 **Internal Control and Risk Management and Compliance**

- (a) overseeing the implementation and review of systems of internal control;
- (b) overseeing risk management to verify that:
 - (i) environmental, social, sustainability and governance factors are also integrated into enterprise risk and strategic decision-making to drive efficient allocation of resources and inform more meaningful reporting; and
 - (ii) the organisation is equipped to respond to any material external risk impacting CPA Australia and its membership including environmental or natural catastrophe or disaster, pandemic or other major disruption or like occurrence; and
 - (iii) compliance and related internal controls' frameworks including delegations are functioning effectively
- (c) overseeing and monitoring of the whistleblowing policy, modern slavery policy and fraud & corruption policy;
- (d) overseeing the insurance portfolio (including approval of the general insurance program and recommendations to the Board for Directors' & Officers' insurance);
- (e) reviewing of regular reports on all litigation and claims and advising the Board in respect of any material legal risks; and
- (f) conducting an annual review of the Committee and reporting on outcomes to the Board.

3.3 **External Audit**

- (a) reviewing and assessing key areas relating to the external audit of the organisation including the relationship with the external auditor (including advice to the Board on the appointment, performance and rotation (and if necessary, the removal) of the external auditor);
- (b) monitoring the quality, performance and independence of the external auditor and where the external auditor provides non-audit services, the organisation's Integrated Annual

Report should state whether the Committee is satisfied that provision of those services has not compromised the auditor's independence; and

- (c) meeting with the external auditor without management.

3.4 Internal Audit

- (a) reviewing and assessing key areas relating to the internal audit function of the organisation including the relationship with the internal auditor (including advice to the Board on the appointment, performance and rotation (and if necessary, the removal) of the internal auditor);
- (b) meeting with the internal auditor without management;
- (c) monitoring the performance and independence of the internal audit function; and
- (d) reviewing performance and approving remuneration for the internal audit function.

4 Conflict of Interest

4.1 If any Committee member has a material personal interest in or an interest by way of a personal or other relationship to any matter being considered by the Committee, then that Committee member must give the Committee and the Board notice of that interest as soon as that member becomes aware of the interest.

4.2 A notice required under 4.1 above must:

- (a) give details of the nature and extent of the interest (also having regard to any obligations of confidentiality to another party or other parties if applicable); and
- (b) the relation of the interest to the affairs of the organisation.

4.3 A Committee member who has a material interest in a matter that is being considered at a Committee meeting must otherwise act in accordance with APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (**Code**) to the extent relevant to the requirements ('Requirements') of the Code.

5 Independent Advice and Information for the Committee

5.1 The Committee has the power to interview management and, with management present, to:

- (a) conduct any investigations;
- (b) seek explanations and additional information;
- (c) engage any independent experts; and
- (d) interview any external or internal auditors.

5.2 The Committee may obtain reasonable, independent, professional advice to assist it in the proper exercise of its powers and responsibilities.

5.3 The Committee members should be provided with the information the Committee needs to

discharge its responsibilities effectively. The executive general management and Key Management Personnel should supply the Committee with information in a form and timeframe, and of a quality that enables the Committee to discharge its duties effectively. Committee members are entitled to request additional information where they consider such information necessary to make informed decisions.

6 Reimbursement of Costs

Committee members are entitled to reimbursement for the reasonable costs of any independent advice obtained in respect of their office. If a Committee member wishes to obtain independent external advice then the Committee member must notify the Committee before seeking that advice and obtain the prior approval of the Committee Chair, which approval shall not be unreasonably withheld. Travel, accommodation and out-of-pocket expenses incurred by Directors shall be met on the basis set out in Article 45(h) of the Constitution.

7 Reliance

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the organisation or any of its subsidiaries whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or officer of CPA Australia or any of its subsidiaries in relation to matters within the Director's or officer's authority.

8 Appointment and Composition of the Committee

8.1 Size

- (a) The Committee will consist of at least 3 members with a maximum of 5 members, all of whom shall be Directors of CPA Australia.
- (b) The Committee should include:
 - (i) a member who has audit expertise and is a qualified accountant;
 - (ii) some members who understand the industry in which the organisation operates; and
 - (iii) if possible, one member who has had previous experience in the area of risk and/or is legally qualified.
- (c) Each member of the Committee should have the skills and experience necessary to carry out the duties and obligations as determined under this Charter.
- (d) In addition to the Committee members, the Committee may co-opt non-Directors or other Directors to provide specific skills or expertise as required.

- (e) All Committee members shall be non-executive and independent as previously determined by the Board. No Committee members shall be (or shall have been in the past 3 years) a professional adviser or from senior management of CPA Australia.

8.2 Committee Chair

The Board (or its delegated Committee) shall nominate an appropriate individual as Committee Chair or, in their absence, such other person that the Committee may determine for that meeting, provided that the Chair of the Board shall not be the Committee Chair.

8.3 Tenure

The terms of the Committee members will coincide with their terms on the Board, unless the Board determines otherwise. Subject to annual confirmation by the Board, the terms of any members of the Committee who are co-opted under the terms of this Charter, will be 2 years or such earlier period as the Board may determine from time to time.

8.4 Review of Committee Performance and Skills Development

- (a) The Committee will assess and review its performance and that of the Committee Chair at least annually.
- (b) From time to time, the Committee should consider what training or development could be undertaken (with the approval of the Board and at CPA Australia's expense) to keep their expertise, skills and knowledge relevant to the operation of CPA Australia as required to fulfil their role on the Committee.

8.5 Secretary

The Company Secretary will act as Secretary of the Committee.

9 Internal Governance

The Committee has delegated authority and power as approved by the Board from time to time.

10 Meetings

10.1 Holding of Meetings

- (a) Subject to paragraphs (b) and (c), the Committee shall meet, adjourn and otherwise regulate its meetings as it thinks fit, but shall meet no less than four times each calendar year.
- (b) A member of the Committee may request that a meeting of the Committee be convened.
- (c) The Committee Chair should consider calling an unscheduled meeting if requested to do so by a Committee member, the CEO, the CFO, the internal or external auditors.
- (d) Meetings may be face-to-face, via teleconference or videoconference as considered appropriate by the Chair.
- (e) The Committee may confer without management or any other person present and at each

scheduled meeting may have a private session.

10.2 **Quorum**

A quorum shall consist of no less than a majority of Committee members. The quorum must be present at all times during the meeting.

10.3 **Voting**

Decisions at any meeting of the Committee shall be decided by a majority of votes recorded. In the case of an equality of votes, the Committee Chair shall have a casting vote.

10.4 **Attendance at Meetings**

- (a) The CEO may attend Committee meetings by standing invitation of the Committee only and may be requested to leave by any Committee member present at the meeting. If requested to leave, the CEO must immediately comply with the request. The CEO shall not have a right to vote at such meetings.
- (b) The Company Secretary may attend Committee meetings by standing invitation of the Committee only and may be requested to leave by any Committee member present at the meeting. If requested to leave, the Company Secretary must immediately comply with the request. The Company Secretary shall not have a right to vote at such meetings.
- (c) Any Director of CPA Australia may attend Committee meetings by standing invitation of the Committee.
- (d) In addition, the Committee Chair may invite any of the following to attend a meeting or an Item of a meeting of the Committee:
 - (i) the Chief Financial Officer;
 - (ii) members of the Company Secretariat;
 - (iii) the Chair of the Finance & Policy Committee;
 - (iv) any other employee or officer of CPA Australia; and
 - (v) any other third-party consultant and/or their relevant employees including without limitation the external and internal auditor.
- (e) Each invitee must undertake to keep the relevant communications of the proceedings of the Committee meeting confidential, including in accordance with clause 12 below.

10.5 **Committee papers**

- (a) Unless otherwise directed by the Committee Chair, the Committee Secretary shall distribute in advance of a meeting of the Committee, an agenda and any related papers to:
 - (i) each member of the Committee;
 - (ii) the CEO, the CFO, the internal auditor and other members of the management

team as deemed appropriate; and

(iii) all Directors of the Board via the Board repository.

(b) Subject to any further rights granted under a Deed of Indemnity, Insurance and Access, Committee members who are Directors may access Committee papers on request, for the period when they were a Committee member even if they have ceased to be on the Committee in accordance with section 198F of the Corporations Act.

10.6 **Minutes of Committee Meetings**

Minutes of the Committee shall accurately reflect its decisions and shall be made available to the Committee members in accordance with the provisions of the Constitution, the Deed of Indemnity, Insurance and Access and the Corporations Act. Minutes signed by the Committee Chair shall be conclusive evidence of the matters recorded in the minutes.

10.7 **Written Resolutions**

Apart from passing resolutions at actual Committee meetings, the Committee may also pass written resolutions in the manner set out in Article 56 of the Constitution.

11 **Review of Charters**

The Committee will at least once each year review this Charter to ensure it remains consistent with the Committee's objectives and responsibilities, applicable law, the Constitution, the By-Laws and relevant standards of corporate governance and recommend any changes to the Board.

12 **Confidentiality**

Unless Directors resolve to the contrary, Committee members are required to keep Committee discussions, Committee papers and deliberations confidential.

13 **Code of Conduct**

Each Committee member has an obligation to comply with the spirit, as well as the letter of the law, the Constitution, the By-Laws and the principles set out in the Directors' Code of Conduct.

14 **Reporting to the Board**

14.1 Minutes of each meeting shall be submitted to the Board for noting.

14.2 The Committee Chair, or delegate, must report to the Board after each Committee concerning:

- (a) the proceedings of the Committee; and
- (b) all matters relevant to the Committee's role and responsibilities.

15 **Consistency with Constitution**

15.1 This Charter may be amended by the Board from time to time subject to the requirements of the Constitution and the law. Whilst this Charter does not form part of the Constitution, this Charter (as in force from time to time) is, nevertheless, binding on the Committee and each of the

Committee members.

- 15.2 To the extent that there is any inconsistency between this Charter and the Constitution, the Constitution will prevail.

Adopted by the Board of Directors on 10 December 2018

Amended by the Board of Directors on 9 December 2019

Amended by the Board of Directors on 14 December 2020