

BOARD OF DIRECTORS CHARTER

CPA Australia Ltd
ACN 008 392 452

1 Introduction

- 1.1 This Board Charter has been approved by the Board of CPA Australia Ltd (**CPA Australia**) and outlines the manner in which the Board discharges its responsibilities. However, this Charter does not purport to be exhaustive of all the functions and responsibilities of the Board or individual Directors.
- 1.2 The powers and duties of individual Directors are set out in the Constitution of CPA Australia (**Constitution**) and at law. Nothing in this Charter limits any powers or responsibilities of the Board.

2 Role and Responsibilities of the Board

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, the guidance and monitoring of management and the operation of CPA Australia. Without limiting the general role or powers of the Board, the Board is responsible for, and has the power and authority, to:

2.1 Strategy

- (a) set, approve and appraise the organisation's direction, strategies and financial objectives;
- (b) oversee management's implementation of the organisation's strategic objectives and its performance;
- (c) approve the organisation's long-term Strategy;
- (d) approve key performance indicators (KPIs) and monitor the operation, financial position and performance of CPA Australia, of the Board itself, management and major projects;
- (e) monitor senior management's performance and implementation of the Strategy and ensure appropriate resources are available;

2.2 Governance

- (a) provide oversight of the organisation, including its control and accountability systems;
- (b) generally, safeguard the reputation of CPA Australia and its members;
- (c) oversee the organisation's relationships with its stakeholders;
- (d) monitor developments in the financial, accounting and business advisory professions and the operating environment in which the organisation is active;
- (e) approve and monitor the integrity of and the verifying processes relating to financial,

non-financial and other reporting and disclosure, including the organisation's budget and the external audit;

- (f) set appropriate levels of delegated authority to management;
- (g) make and amend CPA Australia's By-Laws and Applicable Regulations (as defined in Article 1 of the Constitution);
- (h) monitor the organisation's compliance with its responsibilities under the Corporations Act 2001 (Cth), the Constitution and other relevant laws;
- (i) instil a corporate culture of acting lawfully, ethically and responsibly;
- (j) monitor the effectiveness of the organisation's Inclusion and Diversity Policy in conjunction with the Member Engagement and Culture Committee;
- (k) provide oversight and monitoring of Workplace Health & Safety (WHS) issues in CPA Australia and consider appropriate WHS reports and information; and
- (l) oversee the sustainability practices of the organisation as they relate to the work of the Board;

2.3 Risk Management

- (a) establish written policies on compliance, risk oversight and management;
- (b) identify business risks facing the organisation and use reasonable endeavours to ascertain that appropriate monitoring and reporting of internal controls are in place to manage such risks including, but not limited to, any major disruption or other external material risk impacting CPA Australia and the organisation's ability to effectively and appropriately respond;
- (c) approve, review, ratify and monitor systems of risk management and internal compliance and controls, in conjunction with the Board's Audit, Risk and Compliance Committee, and ensure they are implemented and operating effectively;

2.4 Appointment and review

- (a) appoint the President and two Deputy Presidents of the organisation;
- (b) review the expertise of Board members on a regular basis with a view to the Board having diverse skills, values, backgrounds and experience to the benefit of CPA Australia;
- (c) appoint the Chief Executive Officer (**CEO**) and determine the CEO's powers, duties, succession, performance, assessment, remuneration and dismissal;

- (d) appoint and, where appropriate, remove the Company Secretary and the Chief Financial Officer (or equivalent) (**CFO**);

2.5 **Matters that must be approved by the Board**

The following matters must be approved by the Board (the list is not exhaustive of the matters which the Board may reserve for its approval):

- (a) the financial statements and accounting policies used in their compilation;
- (b) the organisation's Strategy and any KPIs;
- (c) the selection and appointment of the external auditor;
- (d) the selection and appointment of the internal auditor;
- (e) the making of major expenditure, the incurring of any liabilities or entering into any contracts over limits delegated to any Board Committee, Divisional Council, Branch, the CEO or other officers;
- (f) the selection, appointment and removal of the CEO;
- (g) the evaluation of the performance of the CEO;
- (h) the determination of the duration, remuneration and other terms of appointment of the CEO, any variation to those terms and conditions and discretionary bonus payments to the CEO;
- (i) the development and maintenance of a succession plan for the role of CEO;
- (j) membership admission criteria;
- (k) all matters relating to the establishment and regulation of Divisions and Branches;
- (l) any donations by CPA Australia;
- (m) selection, appointment and removal of the Company Secretary and the CFO;
- (n) the organisation's risk management framework, risk and compliance policies, risk appetite statement, and their implementation and operation;
- (o) compliance with statutory and regulatory bodies; and
- (p) CPA Australia's Directors' and Officers' insurance program. All other insurances will be approved by the Board's Audit, Risk and Compliance Committee within the parameters determined by the Board from time to time.

3 **Conflict of Interest**

- 3.1 If any Director has a material personal interest in or an interest by way of a personal or other

relationship to any matter being considered by the Board, then that Director must give the Board notice of that interest as soon as that member becomes aware of the interest.

3.2 A notice required under 3.1 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.

3.3 A Director who has a material interest in a matter that is being considered at a Board 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.

4 Independent Advice and Information for the Board

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

4.2 The Board should be provided with the information it needs to discharge its responsibilities effectively. The Senior Executives and Key Management Personnel should supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

5 Reimbursement of Costs

Directors are entitled to reimbursement for the reasonable costs of any independent advice obtained in respect of their office. If a Director wishes to obtain independent, external advice then the Director must notify the Board before seeking that advice and obtain the prior approval of the 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.

6 Reliance

Each member of the Board 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.

7 Appointment and Composition of the Board

7.1 Size

The Board shall consist of a maximum of ten Directors appointed by the Appointments Council in accordance with the Constitution, with at least two of the Directors being neither a Member nor employee of the organisation.

7.2 Chair and President

- (a) The Chair of the Board shall be the President, or in the Chair's absence, such other person provided for in Articles 58 and 67 of the Constitution.
- (b) The President shall be elected to office for a term of up to two years for their initial appointment with effect from October 1 in that year. This may be extended by further one-year terms as provided in the Constitution.
- (c) The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all the Directors in relation to issues arising at Board meetings including:
 - (i) overseeing the Board in the effective discharge of its supervisory role;
 - (ii) the efficient organisation and conduct of the Board's function and meetings;
 - (iii) facilitating the effective contribution of all Directors; and
 - (iv) the promotion of constructive and respectful relations between Board members and between the Board and management.

7.3 Tenure

- (a) Except for a casual vacancy where the new appointee serves for the balance of the term of the Director they replace, each Director is elected for a term of three years commencing on October 1 in the year of appointment which shall expire on September 30 in the third year of that term.
- (b) At the end of their respective terms, Directors shall be eligible for re-election provided that, subject to certain exceptions set out in the Constitution, they do not hold office for more than nine consecutive years.

7.4 Independence and Review of Director Performance

- (a) The Board shall:
 - (i) assess the independence of individual Directors on an annual basis;
 - (ii) monitor declarations of interest made by Directors; and
 - (iii) monitor compliance with the Directors' Code of Conduct.
- (b) The Board will regularly assess and review its performance and that of the Chair, Committees and individual Directors at least annually.
- (c) The Board will consider periodically using external facilitators to conduct its performance reviews.
- (d) The Board must implement an appropriate induction and education process for new Board appointees.
- (e) From time to time, the Board should consider what training or development could be undertaken to keep Directors' expertise, skills and knowledge relevant to the operation of CPA Australia as required to fulfil their role on the Board and Board Committees.

7.5 Secretary

The Company Secretary will act as Secretary of the Board.

8 Committees

- 8.1 To assist with focusing on specific Board responsibilities in order to properly execute the Board's duties, the Board has the authority to establish and determine the powers and functions of the Committees of the Board. Each Board Committee is to document a Charter, approved by the Board, setting out its responsibilities.
- 8.2 The Committees of the Board are:
 - (a) Audit, Risk and Compliance Committee;
 - (b) Finance and Investment Committee;
 - (c) Member Engagement and Culture Committee;
 - (d) Nomination Committee;
 - (e) Education, Policy and Innovation Committee; and
 - (f) any other committees as the Board determines from time to time.

9 Internal Governance

- 9.1 The Board delegates to the CEO responsibility for implementing the strategic and operating plans of the organisation as approved by the Board.
- 9.2 The Board shall:
- (a) determine the scope of authority (and any limits on that authority) which is delegated to the CEO or any other officer; and
 - (b) monitor that appropriate resources are available to senior executives.
- 9.3 The Board shall review each delegation at least annually.
- 9.4 It is the responsibility of both the CEO and the CFO to provide to the Board, before it approves the entity's financial statements for a financial period, a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

10 Meetings

10.1 Holding of Meetings

- (a) The Board shall meet, adjourn and otherwise regulate its meetings as it thinks fit, but shall meet no less than six times each calendar year.
- (b) The Board will determine the specific time, place, duration and agendas of Board meetings.
- (c) Meetings of the Board shall be conducted in accordance with the Constitution and best practice meeting procedures.
- (d) Meetings may be face-to-face, via teleconference or videoconference as considered appropriate by the Chair.
- (e) The Board 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 five Directors in accordance with Article 57 (j) of the Constitution. The quorum must be present at all times during the meeting.

10.3 **Voting**

In accordance with Article 59 of the Constitution, and unless provided otherwise in the Constitution or by law, decisions at any meeting of the Board shall be decided by a majority of votes recorded. In the case of an equality of votes, the Chair shall have a casting vote.

10.4 **Attendance at Meetings**

- (a) The CEO may attend Board meetings by standing invitation of the Board only and may be requested to leave by any Director 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 (Article 48(d) of the Constitution).
- (b) The Company Secretary may attend Board meetings by standing invitation of the Board only and may be requested to leave by any Director 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) In addition, the Chair may invite any of the following to attend a meeting or an Item of a meeting of the Board:
 - (i) the Chief Financial Officer;
 - (ii) members of the Company Secretariat;
 - (iii) any other employee or officer of the organisation; and
 - (iv) any other third-party consultant.

10.5 **Board papers**

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

10.6 **Minutes of Meetings**

Minutes of the Board and Board Committees shall accurately reflect their decisions and shall be made available to the Directors in accordance with the provisions of the Constitution, the Deed of Indemnity, Insurance and Access and the Corporations Act. Minutes signed by the Chairs shall be conclusive evidence of the matters recorded in the minutes.

10.7 **Written Resolutions**

Apart from passing resolutions at actual Board meetings, the Board may also pass written resolutions in accordance with Article 56 of the Constitution.

11 Review of Charters

The Board will at least once each year review this Charter and those of its Committees to ensure they remain consistent with the Board's objectives and responsibilities, applicable law, the Constitution, the By-Laws and relevant standards of corporate governance.

12 Communication

The Chair and the CEO will act as primary spokespersons for CPA Australia in accordance with the relevant policies and procedures as amended from time to time. The Board may delegate authority to designated staff and members to comment on particular matters.

13 Confidentiality

Unless Directors resolve to the contrary, Directors are required to keep Board discussions, Board papers and deliberations confidential. Outside the boardroom, Directors should support the letter and spirit of Board decisions.

14 Code of Conduct

Each Director 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.

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 Board and each of the Directors.

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 on 9 December 2019

Amended on 14 December 2020