

NOTICE OF ANNUAL GENERAL MEETING

AND EXPLANATORY MEMORANDUM

14 MAY 2019



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PRESIDENT'S MESSAGE

Dear Member,

Please find enclosed the Notice of Annual General Meeting and Explanatory Memorandum for the 2019 Annual General Meeting.

You will recall that at the 2018 Annual General Meeting, the Board put forward four resolutions that would implement the outcomes of the Independent Review and deliver important governance changes for the organisation.

Last year a record number of members participated in the AGM and voted to pass each of the four resolutions.

In the subsequent 12 months, the Board has been working to cement those changes and to oversee the delivery of CPA Australia's 2018 – 2021 Strategy that was launched in August 2018.

Resolutions at the 2019 AGM

There are five resolutions in the Notice that have been submitted by three members in accordance with section 249N of the Corporations Act and details of each of the resolutions are contained in the attached Notice of Meeting.

The Board has not put forward any resolutions to the 2019 AGM.

The Board has carefully considered each of the five resolutions submitted by members in light of the Board's responsibility to act in the best interests of CPA Australia and members overall.

The Board recommends members vote for resolution 1, a resolution proposed by Carl McCarthy. The Board believes this resolution will provide additional protection in the Constitution to ensure accountability to members. Full details of the resolution and the Board's response are contained on pages 12 to 13 of the Notice of Meeting.

The Board recommends members do not vote for the other four resolutions being put to the meeting. The Board supports the spirit of each of these resolutions, however, it is not able to support the proposed changes to the Constitution for the practical reasons set out in the Notice of Meeting. Full details of these resolutions and the Board's response are contained on pages 14 to 22 of the Notice of Meeting.

The Board encourages all members to read the details of the resolutions you are being asked to consider and to take the time to exercise your right to vote at the 2019 AGM by attending and voting in person or by submitting your proxy.

Full details including the ability to lodge your proxy online can be accessed at www.cpaaustralia.com.au/agm.

Peter Wilson AM FCPA
President and Chair
On behalf of CPA Australia's Board of Directors

INFORMATION FOR MEMBERS

By order of the Board



Kerrell Ma
Company Secretary

NOTICE is hereby given that the AGM will be held at the Langham Hotel, 1 Southgate Avenue, Southbank, in Melbourne on Tuesday, 14 May 2019 at 5:30pm (Melbourne time).

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 have not validly appointed a proxy to vote on their behalf will not be able to vote on the resolutions considered at the AGM.

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 Tuesday, 7 May 2019 at 5:30pm (Melbourne time) or in text format via the online portal during the AGM at www.cpaaustralia.com.au/agm.

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 and those answers 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.

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).

RESOLUTIONS

ORDINARY BUSINESS

ITEM 1: RECEIPT OF ANNUAL FINANCIAL REPORT

To receive and consider the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 December 2018.

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.

RESOLUTIONS REQUISITIONED PURSUANT TO SECTION 249N OF THE CORPORATIONS ACT

The following resolution requisitioned by at least 100 Members is supported by the Board. For the reasons set out in the Board's response in the Explanatory Memorandum, the Board recommends that Members vote **for** resolution 1.

1. **SPECIAL RESOLUTION PROPOSED BY CARL MCCARTHY – require the Board to call a meeting of Members within 3 months of exercising its emergency powers to appoint Directors under Article 60(b) of the Constitution.**

THAT, with immediate effect, the proposed insertion of Article 60(c) of the Constitution be approved and adopted.

The proposed insertion of Article 60(c) is set out at page 12. The Board's response to this resolution is set out at pages 12 – 13.

The following resolutions, requisitioned by at least 100 Members, are not supported by the Board. For the reasons set out in the Board's responses in the Explanatory Memorandum, the Board recommends that Members vote **against** resolutions 2 – 5.

2. **FIRST SPECIAL RESOLUTION PROPOSED BY DAVID DAHM – require that the Objects of the Company are to act in the Public interest and the Members' interest consistent with the ethics and professional standards applied by the APESB.**

THAT, with immediate effect, the proposed amendments to Article 5 of the Constitution be approved and adopted.

The proposed amendment to Article 5 is set out at page 14. 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 14 – 15.

3. SECOND SPECIAL RESOLUTION PROPOSED BY DAVID DAHM – *mandate that the standards of behaviour for Members and the regulation of the conduct of Members are consistent with the ethics and professional standards applied by the APESB.*

THAT, with immediate effect, the proposed amendments to Article 52(e) of the Constitution be approved and adopted.

The proposed amendment to Article 52(e) is set out at page 16. 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 16 – 17.

4. THIRD SPECIAL RESOLUTION PROPOSED BY DAVID DAHM – *require Directors at all times to act consistent with the APESB standards and to make a failure to comply with these standards a ground for termination of office.*

THAT, with immediate effect, the proposed insertion of Articles 52A and 46(n) of the Constitution be approved and adopted.

The proposed insertion of Articles 52A and 46(n) are set out at page 18. 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 page 18.

5. 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. Ensure the functionality of technology for all Members during Member meetings. Mandate an adjournment of the Meeting if the technology or a component fails and that failure influences the outcome of the meeting.*

THAT, with immediate effect, the proposed amendments to Articles 1 and 27 of the Constitution be approved and adopted.

The proposed amendments to Articles 1 and 27 are set out at page 19. The background to, and the Member's reasons for, this resolution are set out at Annexure B. The Board's response to this resolution is set out at pages 19 – 22.

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 South 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 (Melbourne time) on Sunday, 12 May 2019**, 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.

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 a 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 the Company, as a company limited by guarantee.

UNDIRECTED PROXIES

The Chair intends to vote any undirected proxies **for** resolution 1 and **against** resolutions 2 – 5.

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 23 have the same meanings when used elsewhere in this Notice.

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

In addition, two of the Members have provided an explanatory statement to their proposed special resolutions under section 249P of the Corporations Act. Each of the Member proposed special resolutions and accompanying explanatory statements are set out in Annexures A – B, which form part of this Notice. The Board's response to each Member resolution is also set out in this Explanatory Memorandum.

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

The Board acknowledges each Member's right to propose the resolutions set out in this Notice and is committed to ensuring that the views of all Members are considered when the Board is making decisions about the Company's future.

The Board carefully considered each of the five Member proposed special resolutions. All of the proposed special resolutions seek to modify certain rules in the Constitution. The Board wants to acknowledge the Members who put forward and supported each of the proposed special resolutions. The issues raised have led to valuable discussion among Board Directors about corporate governance.

The Board has unanimously agreed to support special resolution 1, which requires the Company to hold an EGM following the appointment of a Director under Article 60(b) of the Constitution.

The Board understands why Members want the opportunity to meet within three months if the Board has to use emergency powers to appoint a Director.

The Board agrees there should be a new protection in the Constitution to ensure accountability to Members in this extraordinary situation. It is hoped this resolution will promote transparency and ensure Members have the opportunity to meet and be heard.

Additionally, the Board has amended the By-Laws to limit the tenure of any Director appointed using emergency powers.

The Board unanimously recommends that Members vote **for** special resolution 1 for the reasons set out below and in this Explanatory Memorandum.

After careful consideration, the Board is unable to support the remaining four resolutions for a range of practical reasons. In some cases, the Board believes the Constitution and By-Laws already address the matters raised. In others, the Board believes the changes are not in the best interests of the Members as a whole. The Board unanimously recommends that Members vote **against** special resolutions 2 – 5 for the reasons set out below and in this Explanatory Memorandum.

The Board's responses to each Member proposed special resolution are set out in the following pages.

A summary of the Board's responses is as follows:

SPECIAL RESOLUTION PROPOSED BY CARL MCCARTHY

The Board supports the proposed special resolution to require the Company to hold an EGM within three months following the appointment of a Director under Article 60(b) of the Constitution.

Article 60(b) of the Constitution vests in the Board an emergency power to appoint a new Director where the number of Directors falls below 6 Directors. It ensures that the Board can constitute a quorum of Directors at all times and can discharge its duties and responsibilities in times of emergency. The Board acknowledges that the power granted under Article 60(b) of the Constitution is an exception to the standard rule

that all Directors must otherwise be appointed by the Appointments Council under Article 44 of the Constitution.

The Board agrees Members should have access to a meeting within three months if the Board has to use emergency powers to appoint a Director. The Board believes there should be a new protection in the Constitution to ensure accountability to Members in this extraordinary situation.

The Board also understands the importance of strict controls on the emergency power under Article 60(b) of the Constitution. After careful consideration, the Board has also passed an amendment to the By-Laws in accordance with Article 52(d) of the Constitution to limit the tenure of any Director appointed using emergency powers.

FIRST SPECIAL RESOLUTION PROPOSED BY DAVID DAHM

The Board believes the key object of the Company is, and must continue to be, the interests of Members. For this reason, the Board does not support the special resolution, which seeks to prescribe a new key object of the Company to act in the “Public interest”. This is inconsistent with the core object and primary purpose of the Company at law, which is to act in the best interests of the Members as a whole.

With respect to ethical standards for Members, the Company and the Board are already required to prescribe the “highest standards of ethics and professional conduct” for Members under the Constitution (an action from the objects of the Company), which is inclusive of, but not exclusively capturing, those standards set by the APESB.

SECOND SPECIAL RESOLUTION PROPOSED BY DAVID DAHM

The Board acknowledges the importance of prescribing the highest ethics and professional standards for its Members, however, it does not support the resolution to reference solely the APESB standards by name in the Constitution.

APESB standards are already captured in the Constitution by the words “highest standards of ethics and professional conduct” and are adopted by the Board as Applicable Regulations. They form part of the regulation of

Members under Article 39(a) of the Constitution. Members can be penalised if they do not act consistently with the APESB standards as well as a range of statutory, regulatory, technical and professional standards.

The Board is also concerned that naming the APESB standards in the Constitution limits the Board to applying only APESB standards, providing an inappropriate fetter on the adoption of other, potentially higher, standards in the future and not taking into account other existing laws, regulations and standards. In this respect, APES 110 provides that the APESB standards are not intended to detract from any responsibilities which may be imposed by law or regulation.

THIRD SPECIAL RESOLUTION PROPOSED BY DAVID DAHM

The Board is unable to support this special resolution because of the nature of the duties imposed on Directors by the Corporations Act and the Constitution, and the fact the APESB standards are not designed as default rules for company directors.

SPECIAL RESOLUTION PROPOSED BY VITTORIA ANDERSON

The Board recognises that technology is an important tool to facilitate greater Member participation in meetings of Members and is committed to adopting proven and reliable technologies to encourage and enable Member participation.

However, the Board does not believe it is in the Members’ best interests to mandate the utilisation of technology for remote meeting attendance and voting. The Board has also considered the technology and cyber-security issues associated with a meeting of Members in 150 countries and regions.

At the same time, the Board supports the spirit of this resolution and the Constitution already contains provisions to facilitate the incremental adoption of appropriate technology in meetings with Members, including webcasting the meeting and providing a facility to lodge proxy forms online. For the AGM, the Board will introduce new functionality that allows for Members to pose questions online in text format

during the meeting. Although the Company may not be able to reply to each question individually, the Company will respond to as many of the frequently asked questions as possible.

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 resolutions, 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 Company's Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2018 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.

The Company's Financial Report, Directors' Report and Auditor's Report form part of the Company's Annual 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 the Company 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 the Company at the conclusion of consideration and voting on the special resolutions set out in this Notice.

RESOLUTIONS REQUISITIONED PURSUANT TO SECTION 249N OF THE CORPORATIONS ACT

This Explanatory Memorandum sets out the resolutions requisitioned by Members and the Board's response to those resolutions. Member's explanatory statements have been reproduced by the Company in accordance with section 249P of the Corporations Act. For ease of reference, the Member's explanatory statements are set out in Annexures A – B.

SPECIAL RESOLUTION SUPPORTED BY THE BOARD

1. SPECIAL RESOLUTION PROPOSED BY CARL MCCARTHY

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will, if approved by Members, amend Article 60 of the Constitution by inserting in the Constitution Article 60(c) as follows:

(c) Where the Board exercises its powers of appointment in an emergency, a meeting of Members must be called and held within 3 months from that time unless a meeting of Members is already scheduled within that period.

BOARD'S RESPONSE

Summary of the Board's response and recommendation

The Board supports the Member's proposed special resolution.

The Board acknowledges the need for tight controls on the use of emergency powers and the need to be accountable to Members in relation to the exercise of those powers.

Article 60(b) of the Constitution vests in the Board an emergency power to appoint a new

Director where the number of Directors falls below 6 Directors. It ensures that the Board can constitute a quorum of Directors at all times and can discharge its duties and responsibilities in times of emergency. The Board acknowledges that the power granted under Article 60(b) of the Constitution is an exception to the standard rule that all Directors must otherwise be appointed by the Appointments Council under Article 44 of the Constitution.

The Board agrees Members should have access to a meeting within three months if the Board has used its emergency powers to appoint a Director.

The Board believes that the proposed resolution provides additional protection in the Constitution to ensure accountability to Members in this extraordinary situation.

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

In addition, and after careful consideration, the Board has passed an amendment to the By-Laws in accordance with Article 52(d) of the Constitution. The scope of the new By-Law is described below.

The Board believes that the proposed resolution to require the Company to hold an EGM following the appointment of Directors under Article 60(b) of the Constitution, together with the additional By-Law and the statutory requirement for the Company to hold an annual general meeting each calendar year provide accountability to members in this extraordinary situation.

The Board has passed additional controls on Article 60(b) under a new By-Law

As described above, Article 60(b) of the Constitution authorises the Board to appoint a new Director where the number of Directors falls below 6 Directors. The primary purpose of this provision is to ensure that the Board has at all times more than the number of Directors required to constitute a quorum which, under Article 57(j) of the Constitution, is 5 Directors.

The Board has, after careful consideration, passed a new By-Law which applies limits on the emergency power to appoint new Directors under Article 60(b) of the Constitution.

The Board has passed the following amendment to the By-Laws in accordance with Article 52(d) of the Constitution:

6.10 [Director appointed under Article 60\(b\) of the Constitution](#)

- (a) [Any Director appointed by the Board to fill a vacancy under Article 60\(b\) of the Constitution \(Board Appointed Director\) shall remain a Director until the earlier of:](#)
 - (i) [the date on which the Director who vacated office would have retired in accordance with the Constitution and these By-Laws; and](#)
 - (ii) [the date by which the Appointments Council appoints a new Director to replace the Board Appointed Director under Article 44 of the Constitution.](#)
- (b) [The Board shall as soon as practicable following any appointment of a Board Appointed Director notify Members of the appointment of the Board Appointed Director and the term during which the Board Appointed Director will retain office.](#)

The new By-Law puts two key controls on the exercise of the emergency power under Article 60(b) of the Constitution.

- First, it limits the term of office of any Director who is appointed by the Board under Article 60(b) of the Constitution. The term of office of the incoming emergency Director is the shorter of the term of office of the outgoing vacating Director and the date by which the Appointments Council appoints a new Director through the standard processes in Article 44 of the Constitution. In this way, the Company and Members have certainty that the appointment of an emergency Director under Article 60(b) of the Constitution is a temporary measure.
- Second, the new By-Law requires the Board to notify Members of the appointment of any emergency Director and the term of that Director, ensuring Members have visibility over the appointment and the duration of it.

The Board recommends voting for this resolution

For the reasons set out above, the Board believes this resolution is in the best interests of the Company and its Members as a whole, and unanimously recommends that Members vote **for** special resolution 1.

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

SPECIAL RESOLUTIONS NOT SUPPORTED BY THE BOARD

2. FIRST SPECIAL RESOLUTION PROPOSED BY DAVID DAHM

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will, if approved by Members, amend Article 5 of the Constitution as shown in underlined font:

The objects of the Company are to act in the Public interest and the Members' interest, consistent with the ethics and professional standards applied by the APESB and to promote excellence, enterprise and integrity amongst Members and the financial, accounting and business advisory professions generally, to educate Members with respect to their duties and responsibilities as members of the financial, accounting and business advisory professions, and to prescribe the highest standards of ethics and professional conduct for Members. In fulfilling these objects, the Company will:

- (a) take an interest in legislative, economic and social matters affecting the Company's objects;
- (b) affiliate with organisations with similar objects; and
- (c) do all such other things incidental or conducive to the attainment of the Company's objects.

BOARD'S RESPONSE

Summary of the Board's response and recommendation

The Board recognises the importance of the public interest, and believes it is appropriate for the highest professional and ethical standards to be mandated in the Constitution.

However, the Board does not support this resolution for the reasons outlined below:

- The Board believes that the key object of the Company must continue to be, primarily, the interest of its Members. It does not support a

resolution that seeks to prescribe the "Public interest" as a key object of the Company as it is inconsistent with the core object and purpose of the Company at law, which is to act in the best interests of Members as a whole.

- The Board believes that the Company and Board are already committed under the Constitution to prescribing the highest ethical standards for Members, which already include those set by the APESB.

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

Proposed requirement for the Company to act in the Public interest is not in Members' best interests

The Board believes the proposed resolution is inappropriate because it seeks to prescribe that a key object of the Company is to act in the "Public interest".

The term "Public interest" is not defined in the proposed resolution and is therefore open to different interpretation by different stakeholders. The Board believes requiring the Company to act in the "Public interest" is inconsistent with the core object and purpose of the Company at law, which is to act in the best interests of Members as a whole.

The Board also believes that the proposed change is not required in light of the more precise objects which are already prescribed in Article 5 of the Constitution. In particular, Article 5 of the Constitution already commits the Company to:

- (a) take an interest in legislative, economic and social matters affecting the Company's objects;
- (b) affiliate with organisations with similar objects; and
- (c) do all such other things incidental or conducive to the attainment of the Company's objects.

In the Board's view, the fulfilment of these objectives will naturally result in a broad public benefit which need not be further prescribed under the Constitution.

The Company and Board already prescribe the highest ethical standards including those set by the APESB

The Company is committed to the highest ethical standards and takes the setting of its ethical obligations very seriously. It endeavours to achieve best practice both in the management of the Company and the conduct of its Members.

As set out above, Article 5 of the Constitution already requires the Company to promote excellence, enterprise and integrity amongst Members, to educate Members with respect to their duties and responsibilities as Members and to prescribe the “highest standards of ethics and professional conduct” for its Members having regard to the legislative, economic and social matters that impact the Company. This is inclusive of APESB standards, and also of other standards including those relevant in international jurisdictions.

The Company and the Board strongly endorse and promote compliance with all ethical obligations including the APESB standards and require that all Members agree to be bound by them when becoming Members.

Further the Board has already adopted, as some of the Applicable Regulations, all APESB standards for Members including the code of ethics, being APES 110.

For these reasons, the Board believes the APESB standards are already appropriately captured in the Constitution.

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 the Company and its Members as a whole, and unanimously recommends that Members vote **against** special resolution 2.

The Chair intends to vote undirected proxies **against** special resolution 2.

3. SECOND SPECIAL RESOLUTION PROPOSED BY DAVID DAHM

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will amend Article 52(e) of the Constitution as shown in underlined font:

- (e) to prescribe standards of behaviour required of Members and to regulate the conduct of Members, consistent with the ethics and professional standards applied by the APESB, including the investigation of the conduct of Members and the imposition of penalties on Members;

BOARD'S RESPONSE

Summary of the Board's response and recommendation

The Board recognises the importance of prescribing the highest ethics and professional standards for its Members, however, it does not support the resolution to exclusively reference the APESB standards by name in the Constitution.

The Board does not support this resolution for the practical reasons outlined below:

- APESB standards are already captured in the Constitution by the words "highest standard of ethics and professional conduct" and the Board has already determined to adopt the APESB standards as part of its Applicable Regulations. By-Law 4.7 also requires all Members to meet the requirements of applicable statutory, regulatory, technical and professional standards and ensure they are acting with sufficient competence. This requirement includes when Members are undertaking Public Accounting Services within or outside Australia. The resolution would therefore not strengthen the ethical standards required of Members.
- The resolution is not appropriate for Members in all 150 countries and regions covered by the Company. In Australia and other jurisdictions, Members must also meet legislative and regulatory requirements. As

set out in APES 110, the APESB standards are not intended to detract from any responsibilities which may be imposed by law or regulation.

- The Board is concerned that naming APESB standards in the Constitution limits the Board to applying only APESB standards, providing an inappropriate fetter on the adoption of other, potentially higher, standards in the future.
- Article 39(a) of the Constitution already authorises the Board to impose penalties on Members who do not act consistently with the APESB standards, including to revoke their membership, which means the APESB standards are not only recognised but are already able to be enforced.

While the Board understands and supports the intention to enshrine ethical standards in the Constitution, it believes the resolution as it stands, exclusively naming the APESB standards, is not in the best interests of Members.

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

The special resolution would not strengthen the current standard

As set out above, the Board is already required to prescribe the "highest standard of ethics and professional conduct" for Members under Article 5 of the Constitution, including when exercising its powers under Articles 52(d) and 52(e) of the Constitution, and the Board has already adopted the APESB standards as Applicable Regulations.

The Constitution therefore holds Members to the highest ethical standards, which may in the future be a higher standard.

As such, the proposed resolution is not needed because it requires the Board to prescribe the APESB standards which the Board has already implemented, and it is unduly restrictive because it limits the Board to applying APESB standards when future developments may require the Company and the Board to adopt a different standard.

The special resolution does not consider other standards applied including those to overseas Members

The nature and scale of the Company's services mean that it has a very wide membership base, with more than 164,000 Members located in 150 countries and regions around the world (as at 31 December 2018).

Many Members based overseas are subject to ethical and professional standards in addition to the APESB standards. In Australia and other jurisdictions, Members must also meet legislative and regulatory requirements. As set out in APES 110, the APESB standards are not intended to detract from any responsibilities which may be imposed by law or regulation.

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 the Company and its Members as a whole, and unanimously recommends that Members vote **against** special resolution 3.

The Chair intends to vote undirected proxies **against** special resolution 3.

4. THIRD SPECIAL RESOLUTION PROPOSED BY DAVID DAHM

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will insert Article 52A into the Constitution:

[52A Standards of Behaviours of the Board](#)

[The Directors of the Company shall at all times act consistent with the ethical and professional standards of behaviour applied by the APESB.](#)

This resolution will insert Article 46(n) into the Constitution:

[\(n\) fails to comply with the standards of behaviour of Directors as specified in Article 52A.](#)

BOARD'S RESPONSE

Summary of the Board's response and recommendation

The Company and the Board are committed to achieving the highest standards of corporate governance, including by ensuring all Directors act in the best interests of Members in undertaking their duties to the Company.

The Board understands the intention of the proposed resolution but is unable to support it for the following reasons:

- Each Director is subject to statutory duties under the Corporations Act, which are in place to ensure that Directors act in the best interests of the Company and its Members as a whole. These statutory duties are strict and cannot be modified by the Constitution or by other means.
- APESB standards are not designed as a standard of conduct for company directors.

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

APESB standards are not designed as a standard of conduct for company directors

Directors owe a range of statutory duties under Part 2D.1 of the Corporations Act. These duties cannot be contracted out of or modified by the Constitution or otherwise.

In addition, each Director is subject to statutory duties under other legislation (such as occupational health and safety laws) as well as at general law (such as the duty of skill, care and diligence).

All Directors acknowledge that they must comply with these statutory and general law duties, and they are committed to doing so. The Board has implemented a framework to facilitate compliance with these duties, including by adopting a formal charter outlining the Board's functions and responsibilities, which it reviews annually.

As an additional governance measure, the Board reports against the ASX Corporate Governance Principles and Recommendations, even though the Company is not listed on the ASX.

The APESB standards are not intended to prescribe standards of conduct for persons who are appointed as company directors. They are not designed to be broader corporate governance standards.

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 the Company and its Members as a whole, and unanimously recommends that Members vote **against** special resolution 4.

The Chair intends to vote undirected proxies **against** special resolution 4.

5. SPECIAL RESOLUTION PROPOSED BY VITTORIA ANDERSON

PROPOSED CHANGES TO THE CONSTITUTION

The 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) ensure that the technology is functional during the meeting, and
 - (iii) provide instructions for use of that technology.
- (c) Systemic Failure of technology specified in 27 (b) in a manner that impacts Member voting, virtual attendance or ability to speak as outlined in article 27 (a), for a Material number of attendees is grounds for postponing the meeting. A meeting that is postponed for more than 60 minutes in total due to Systemic Failure shall be cancelled and rescheduled subject to this Constitution.
- (d) ~~(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.

- (e) ~~(e)~~ 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.
- (f) ~~(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.

The resolution will also amend Article 1 of the Constitution as follows:

Definitions

Systemic Failure. A Systemic Failure of technology refers either to the failure of the whole technology or the failure of a component of the technology that could have a Material impact on the outcome of the meeting.

Material. An item or event is Material if it influences the outcome of a situation to which the materiality is applied.

BOARD'S RESPONSE

Summary of the Board's response and recommendation

The Board agrees that it is appropriate to use technology to facilitate greater Member participation in meetings of Members. This approach aligns with the 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 and providing a facility to lodge proxy forms online. For the AGM, the Board will introduce a new functionality that allows Members to pose questions in text format online during the meeting and the Board will endeavour to respond to as many of the frequently asked questions as possible. However, the Board believes the special resolution in its current form is not in the best interests of Members for the reasons outlined below.

- The proposed resolution makes it mandatory for the Board to make the necessary technology available for all

Members to attend the meeting and vote remotely, and to ensure the functionality of the technology during the meeting, without having regard to the current technological and cyber-security issues involved in connecting Members from 150 countries and regions. It further mandates that a “Systemic Failure” of the technology or a component that impacts Member voting, virtual attendance or the ability to speak is a ground for postponing the meeting, and a meeting that is postponed for more than 60 minutes in total due to a “Systemic Failure” will be cancelled and rescheduled.

- The Company would be exposed to significant costs in the case of technology failure outside the Company’s control that impacts Member voting (e.g. an internet outage in any of the 150 countries or regions could trigger adjournment and rescheduling of the meeting). The power to adjourn traditionally rests with the Chair who can make a decision having regard to all the circumstances and information available.
- The Constitution already contains provisions to facilitate the incremental adoption of appropriate technology in meetings with Members.

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

Constitution already allows for use of technology

The proposed special resolution seeks to amend the Constitution to make mandatory the use of technology at the Company’s general meetings to allow Members to attend and vote online. 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 not addressed in the proposed resolution or accompanying explanatory statement.

The Board believes the Constitution already allows it to use technology to support Members from 150 countries and regions in their participation in general meetings. In particular:

- 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 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.
- Articles 21(a) and 26 of the Constitution empower the Board to call a meeting at 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.

Steps already taken by the Company and the Board to use technology at annual general meetings

The Company and the Board have taken incremental steps to implement technology at its annual general meetings.

Recent examples of the adoption of technology include:

- The 2017 annual general meeting was webcast for the first time, allowing Members worldwide to stream the annual general meeting in real time.
- In 2018, the Board provided a facility for proxy forms to be lodged online for the annual general meeting.
- In 2019, the Board is providing a facility for Members to pose questions in text format online during the AGM.

The Board’s understanding is that its approach is in line with other Australian public companies who are also adopting an incremental approach either with technology or meeting procedures. 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.

Proposed special resolution has a number of procedural limitations

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

- **Adjournment procedures:** The proposed resolution requires a mandatory postponement of any meeting if there is a “Systemic Failure of technology” for a “Material number” of attendees. Although the proposed resolution aims to define “Systemic Failure” and “Material number” of attendees, it does not specify quantitative thresholds. This, in the Board’s view, creates uncertainty in the event there is a failure of technology.

The proposed resolution further requires that any postponement of a meeting due to such a “Systemic Failure” of more than 60 minutes requires the meeting to be automatically cancelled and rescheduled “subject to this Constitution”. The resolution and accompanying explanatory statement do not adequately explain why an adjournment should automatically follow from a technology failure, what constitutes a failure, nor why the adjournment is a fair outcome. There is a risk that technology failures beyond the control of the Company and the Board (e.g. internet failure in Australia or the region of any participating Member) could trigger automatic postponement and adjournment, despite a clear majority of Meeting Members being present in person or having cast their votes by proxy.

The requirement to automatically postpone or adjourn a meeting of Members is also inconsistent with the Chair’s powers under Article 36 of the Constitution and the Board’s powers under Article 37(a) of the Constitution, as well as the quorum requirements set out below.

The Board believes the Constitution’s existing provisions for dealing with adjourning and cancelling meetings are adequate and allow the Company and the Board to respond to technological issues in

a manner that respects the best interests of Members as a whole.

- **Quorum:** The proposed resolution appears to contemplate online attendees to be included in the quorum (or it at least assumes that a meeting shall not proceed unless a “Material number” of Members are present online). 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.

The Board believes it is paramount for meetings of Members to be conducted under procedures which are transparent and clear 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 adjournment and quorum issues described above.

Proposed resolution has a number of practical limitations

The proposed resolution requires the Company and the Board to recognise and give effect to a Member’s right to vote and attend a meeting using “remote technology”. The resolution thus mandates technology without regard to whether that technology is reliable and tested, and whether it has been adopted by comparable companies. 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 not been widely adopted, and its reliability and cyber-security robustness remains to be demonstrated. With this in mind, the Board’s view is that incremental adoption of technology is the best approach to ensuring the Company’s security and that technology is used in the best interests of the Company and its Members as a whole.

The requirement to mandate the use of remote technology places a “Duty of Care” on the Company and the Board to ensure that technology is “available to all Members” and is functional during each meeting. The proposed special resolution does not take into account practical considerations. The Company’s Members reside in over 150 different countries and regions, where access to potential technology may not be possible, may be

expensive, may be unreliable and/or may expose the Company and its Members to cybersecurity risk. While the Board accepts that it is the Company and the Board's duty to assess the risks involved in using technology at any point in time, it should not be the Company 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 Members as a whole.

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 the Company and its Members as a whole, and unanimously recommends that Members vote **against** special resolution 5.

The Chair intends to vote undirected proxies **against** special resolution 5.

GLOSSARY

AGM means the 2019 Annual General Meeting of the Company to be held on 14 May 2019.

APES 110 means the Code of Ethics for Professional Accountants published by the APESB.

APESB means the Accounting Professional and Ethical Standards Board.

Applicable Regulations means collectively any pronouncement, regulation, code, professional schedule, risk management statement and joint statement made, adopted or issued by the Board or its delegate by authority of:

- (a) Article 52(d) of the Constitution; or
- (b) clause 26 or clause 81(a) of the constitution of the Company in force immediately before 22 May 2018,

whether acting alone or in conjunction with any body approved by the Board.

Appointments Council means the council composed of persons appointed under, or referred to in Article 62 of the Constitution, who continue to hold office for the time being.

ASX means the Australian Securities Exchange.

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

By-Laws means the Company's By-Laws approved by the Board under Articles 51(c) and 52(d) of the Constitution.

Chair means the chair of the Company.

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

Constitution means the constitution of the Company, dated 22 May 2018.

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

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

EGM means an extraordinary general meeting of the Members.

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 of which this Glossary forms a part.

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.

Public Accounting Services has the same meaning given to it in the By-Laws.

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

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ANNEXURES

Note: The following Members' explanatory statements have been reproduced by the Company in accordance with section 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.

ANNEXURE A: DAVID DAHM MEMBER PROPOSED SPECIAL RESOLUTIONS 2, 3 AND 4 EXPLANATORY STATEMENT

Explanatory Memorandum

CPA Member and Public Interest Resolution – AGM Explanatory Memorandum

Special Resolution Member and Public Interest Special Resolution

Why do we need to change?

Doing nothing we may lose statutory privilege and benefits for being a professional member. Invite greater political, legal and community scrutiny, increasingly complex laws and higher professional indemnity insurance premiums. This will reduce the brand value and the roles of global professional bodies.

The key findings of the Royal Commission.

In the aftermath of the [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#) will have a profound impact on the global accounting profession. By changing our Constitution and relevant bylaws that codify the public interest using our existing national professional ethical and accounting standards should close any existing loopholes.

Quotes from the Final Report

Commissioner Haynes stated

'Duty (to client) and (self) interest pull in opposite directions'

- *To what extent can the law be simplified so that its intent is met, rather than merely its terms being complied with, and how can this be done?*
- *Should the approach to addressing conflicts of interest change from managing conflicts to removing them, either by banning all or some forms of conflicted remuneration and sales or profit-based remuneration and/or changing industry structures?*
- *What can be done to improve compliance with the law (and industry codes), and the effectiveness of the regulators, to deter misconduct and ensure that grave misconduct meets with proportionate consequences?*
- *What more can be done to achieve effective leadership, good governance and appropriate culture within financial services firms so that firms 'obey the law, do not mislead or deceive, are fair, provide fit for purpose service with care and skill, and act in the best interests of their clients'?*

Treasury submitted that answers to these four questions 'would form the pillars of any comprehensive policy response to what the Commission has publicly exposed'.

Source: [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#)

Implications on the accounting profession

The above findings go beyond the Royal Commission. They represent a unique global opportunity for the accounting profession to lead proactively in the, not for profit, financial and accounting and all other industry sectors on how to sustainably embrace the public interest narrative into their Charter.

Maintaining public trust and confidence is the lifeblood of the professions. This is the main role of a professional body. Otherwise it has no member or public/political relevance.

Failure to do so will invite increasingly expensive, complex and intrusive government regulation on its members. To avoid this we must demonstrate as a responsible profession we can self regulate our own. As a public practitioner, I fear the need to employ a QC to sign off on our financial statements while our malpractice insurance skyrockets. **Ultimately this cost would have to be borne by consumers. This is not sustainable nor in the public interest. It must be acknowledged that no Government is capable of regulating a profession.** It takes a thief to catch a thief. It is not possible to legislate ethical behaviour. It must happen amongst like-minded peers. Relying solely on a legal solution will do more harm than good.

Legal critics would argue inserting a public interest requirement into the Constitution is too broad, vague or onerous. It extends a Director's duty of care beyond the shareholder to creditors, customers and any or organisation or person who has an interest in the Company. It will be difficult to recruit Directors or secure affordable insurance. This is not an unreasonable assertion, however, the accounting profession is uniquely placed to solve immediately this at little or no cost.

How we can easily respond - The APESB is the way forward!

By restricting the public interest terms of reference to the **Accounting Professional & Ethical Standards Board** (APESB) this creates a practical way forward. This secures a balanced and measured response that would meet member and community expectations overnight. Furthermore, it is a mandatory education component for holders of public practice certificates. **Ideally, the Public practice program should be mandatory for all members and Directors.**

What is the APESB? Why is it important?

The Accounting Professional & Ethical Standards Board (APESB) is an independent, national body that sets out the code of ethics and professional standards with which accounting professionals who are members of CPA Australia, Institute of Chartered Accountants or Institute of Public Accountants must comply.[1]

The APESB was established by CPA Australia and the Institute of Chartered Accountants in Australia in February 2006, and later that year the National Institute of Accountants (now called the Institute of Public Accountants) became the third member of the APESB. The three organizations jointly fund the APESB. Members of these three major Australian accounting bodies have a responsibility to act in the public interest. They are expected to act with objectivity and integrity in their dealings with investors, governments, clients, employers and employees.[2]

Source: Wikipedia

The bylaws should be amended to require all of the published Accountants Professional and Ethical Standards Board see <http://www.apesb.org.au/> be complied with at all times by the Board. The Board must provide an annual compliance statement declaration in the Annual Report.

ABC unfair media criticism of the APESB

The ABC on the 18th February 2019 unfairly criticised the role of the APESB in an article called [Accounting profession faces another moment of truth on financial planning conflicts](#) as being a self-interested and ineffective organisation and not preventing the payment of Commissions for financial products.

The ABC criticised the APESB on the 13th April 2017 called [Financial planner accountants have one last chance to redeem reputation with AP ES 230](#) the APESB did publish opposition to such arrangements, however, it was defeated

by the CPA Australia and the Institute of Chartered Accountants in Australia in February 2013, and later that year the National Institute of Accountants.

The proposed amended Special Resolution would address this issue by ensuring the **Accounting Professional & Ethical Standards Board** (APESB) standards were binding on a professional body and their Board members.

The APESB structure and its standards serve as a unique world-class leading example and penultimate response to Haynes, the Treasury's and public's concerns if we can pass the special resolution below.

This is critical in maintaining public confidence in the global accounting profession.

Your AGM vote can make this change simple - change the Constitution and relevant by-laws at the AGM

Given the above, I propose the following change to our Constitution and By-Laws.

I have proposed two special resolutions below:

- 1. CPA Resolution 1 Special Resolution Member and Public Interest Special Resolution** and;
- 2. CPA Resolution 2 Special Resolution the Accounting Professional and Ethical Standards Board (APESB) standards apply to all Members and Board of Directors** and;
- 3. CPA Resolution 3 Special Resolution the Accounting Professional and Ethical Standards Board (APESB) standards apply to the Board of Directors**

1. CPA Resolution 1 Special Resolution Member and Public Interest Special Resolution

The Constitution be amended to acknowledge a duty of care to members and the public interest and not solely to the Corporation.

The Constitution - Objects 5 Objects of the Company (italic is the proposed change)

'The objects of the Company *are to act in the Public interest and the Members' interest, consistent with the ethics and professional standards applied by the APESB* and to promote excellence, enterprise and integrity amongst Members and the financial, accounting and business advisory professions generally, to educate Members with respect to their duties and responsibilities as members of the financial, accounting and business advisory professions, and to prescribe the highest standards of ethics and professional conduct for Members. In fulfilling these objects, the Company will:

- (a) take an interest in legislative, economic and social matters affecting the Company's objects;
- (b) affiliate with organisations with similar objects; and
- (c) do all such other things incidental or conducive to the attainment of the Company's objects;'

THAT with immediate effect, the proposed amendments to the section Object 5 of the Constitution, and all Ancillary Amendments, be approved and adopted in accordance with subsections of 136(2) of the Corporations Act. Amended versions of the Constitution are set in the Explanatory Memorandum titled CPA Member and Public Interest Resolution - AGM Explanatory Memorandum.

And

2. CPA Resolution 2 Special Resolution the Accounting Professional and Ethical Standards Board (APESB) standards apply to all Members and Board of Directors

The Constitution - S 52(e) Apply the APESB standards to all Members and Directors (*italic is the proposed change*)

The Constitution - S 52(e) "*To prescribe standards of behaviour required of Members and to regulate the conduct of Members, consistent with the ethics and professional standards applied by the APESB, including the investigation of the conduct of Members and the imposition of penalties on Members.*";

What is the point of funding the APESB if we do not codify their standards into our Constitution and By-Laws?

THAT with immediate affect, the proposed amendments to Articles S 52(e) of the Constitution, and all Ancillary Amendments, be approved and adopted in accordance with subsections of 136(2) of the Corporations Act. Amended versions of Articles Articles S 52(e) are set in the Explanatory Memorandum titled CPA Member and Public Interest Resolution - AGM Explanatory Memorandum.

And

3. CPA Resolution 3 Special Resolution the Accounting Professional and Ethical Standards Board (APESB) standards apply to the Board of Directors (*italic is the proposed change*)

I would propose an additional section of the Constitution by inserting a new clause 52A as follows:

"52A Standards of Behaviour of the Board

The Directors of the Company shall at all times act consistent with the ethical and professional standards of behaviour applied by the APESB."

Clause 46 concerning termination of office be amended so that a director will cease office if they fail to comply with the APESB standards of behaviour.

Inserting a new sub paragraph (n) as follows:

"(n) fails to comply with the standards of behaviour of Directors as specified in Clause 52A."

THAT with immediate affect, the proposed amendments to Articles S 46 of the Constitution, and all Ancillary Amendments, be approved and adopted in accordance with subsections of 136(2) of the Corporations Act. Amended versions of Articles Articles S 46 are set in the Explanatory Memorandum titled CPA Member and Public Interest Resolution - AGM Explanatory Memorandum.

I encourage members to support this resolution and vote in favour of this at the 2019 AGM. We must receive your support **by no later by no later Sunday 10 March 2019. Please share.**

David Debabrata Dahm Member No: 1751242 Mobile: +61407620120 Email: pa@healthandlife.com.au

ANNEXURE B: VITTORIA ANDERSON MEMBER PROPOSED SPECIAL RESOLUTION 5 MEMBERS' STATEMENT

Optional 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.