

NOTICE OF ANNUAL GENERAL MEETING

AND EXPLANATORY MEMORANDUM

22 MAY 2018



INDEX

PRESIDENT'S MESSAGE – page 3

INFORMATION FOR MEMBERS – page 5

RESOLUTIONS – page 6

INFORMATION ABOUT PROXY VOTING – page 10

EXPLANATORY MEMORANDUM – page 12

GLOSSARY – page 63

ANNEXURES – page 64

PRESIDENT'S MESSAGE

Dear Member

This year you are being asked to vote on 14 resolutions that will determine the Company's future direction.

Your new Board is supporting four resolutions that will implement the recommendations of the Independent Review Panel.

The Independent Review was conducted over five months and considered more than 1700 submissions from Members and other stakeholders. It was chaired by former Commonwealth Auditor-General, Ian McPhee AO PSM.

Since receiving these recommendations, your new Board has consulted extensively with thousands of Members through individual meetings, Member consultation forums, webinars and at Company events across Australia and internationally.

What we have heard is that Members want the governance arrangements of our professional body to be fixed and for the Board to focus on delivering improved service and value to Members.

Five different Members have also submitted their own resolutions for Members to consider at the AGM. Your new Board respects the views put forward by these Members but for the reasons noted in the Explanatory Memorandum we do not support these resolutions.

We believe the recommendations from the Independent Review Panel as discussed at Member consultation forums, will deliver more effective governance changes that will ensure the Company's operations are transparent, accountable and best serve the interests of all Members.

We are committed to ensuring that the views of all Members are considered as decisions are made about the Company's future direction.

Since your new Board was appointed we have been working with Divisional Councils and Members to deliver positive change for the Company. We have:

- New business and Member engagement strategies under development that put Member interests at the centre of everything we do.
- Introduced 28.5 hours free CPD to support Members throughout their careers.
- Introduced a new media campaign to promote the range of services offered by public practitioners.
- Secured a new Professional Standards Council Scheme that is now in place in every Australian State and Territory.
- Cut Director remuneration by 24%, cut Deputy President remuneration by 13% and cut President and Chair remuneration by 28%.
- Removed the two Chief Operating Officer roles from the Company's structure.
- Set the new Chief Executive Officer's remuneration at market rates and disclosed details of the package and contractual notice period.
- Released an Annual Report with disclosures in excess of anything ever published previously including Director and key management personnel remuneration.

If you support the direction your new Board is taking, we ask that you support the Board-endorsed resolutions either by attending and voting at the AGM or by submitting the enclosed Proxy Form.

Full details regarding the proposed resolutions are included in the Explanatory Memorandum to this Notice of Meeting.

Please ensure your voice is heard by having your say at the AGM.

Peter Wilson AM FCPA
President and Chair, CPA Australia Ltd
On behalf of the Board of Directors of CPA Australia Ltd

INFORMATION FOR MEMBERS

By order of the Board



Andrew Kaynes
Company Secretary

NOTICE is hereby given that the AGM of the Company will be held at Plenary 3, Melbourne Exhibition and Convention Centre, 1 Convention Centre Place, South Wharf Victoria 3006 on Tuesday 22 May 2018 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.

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 of Meeting.

Your questions are important to us and although we will not be able to reply to each question individually, we will respond to as many of the frequently asked questions as possible at the AGM 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 2018 AGM, please refer to www.cpaaustralia.com.au/agm or contact the Company AGM information line on 1300 306 230 (within Australia) or +61 1300 306 230 (outside Australia).

For further information relating to the lodgement of Proxy Forms please contact the Company AGM information line on 1300 306 230 (within Australia) or +61 1300 306 230 (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 2017.

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.

Ordinary Resolution: For an ordinary resolution to pass, more than 50% of the votes cast (by Members entitled to vote on that resolution) must be in favour.

BOARD-ENDORSED SPECIAL RESOLUTIONS

The Board unanimously recommends that Members vote **in favour** of resolutions 1 – 4.

1. SPECIAL RESOLUTION – Abolish the Representative Council. Establish the Appointments Council comprised of Divisional Councillors and Branch Councillors (who have been directly elected by Members). CEO may attend Board meetings by invitation only.

THAT, with immediate effect, the proposed amendments to Articles 44, 48, 61, 62, 63 and 64 of the Constitution, and all Ancillary Amendments, be approved and adopted in accordance with subsection 136(2) of the Corporations Act.

Amended versions of Articles 44, 48, 61, 62, 63 and 64 are set out at pages 16 – 20. The background to, and the reasons for, this resolution are set out at pages 14 – 16.

2. SPECIAL RESOLUTION – Establish the Council of Presidents to improve the ability of Members to engage meaningfully with the Board on the Company's strategy.

THAT, with immediate effect, the proposed amendments to Articles 68, 69 and 70 of the Constitution, and all Ancillary Amendments, be approved and adopted in accordance with subsection 136(2) of the Corporations Act.

Amended versions of Articles 68, 69 and 70 are set out at pages 21 – 23. The background to, and the reasons for, this resolution are set out at page 21.

3. SPECIAL RESOLUTION – Board to have a maximum of 10 Directors including a minimum of 2 non-Member Directors. A Director can serve as President for a maximum of 3 consecutive years.

THAT, with immediate effect, the proposed amendments to Articles 44, 57 and 67 of the Constitution, and all Ancillary Amendments, be approved and adopted in accordance with subsection 136(2) of the Corporations Act.

Amended versions of Articles 44, 57 and 67 are set out at pages 25 – 26. The background to, and the reasons for, this resolution are set out at pages 24 – 25.

4. SPECIAL RESOLUTION – Remove reference to Auditor General’s salary for Director remuneration. Director remuneration to be capped at a pooled amount. Directors not eligible to receive any additional remuneration if they also sit on a Board of a Related Body Corporate or a Board committee.

THAT, with immediate effect, the proposed amendments to Articles 1 and 45 of the Constitution, and all Ancillary Amendments, be approved and adopted in accordance with subsection 136(2) of the Corporations Act.

Amended versions of Articles 1 and 45 are set out at pages 28 – 30. The background to, and the reasons for, this resolution are set out at pages 27 – 28.

RESOLUTIONS REQUISITIONED PURSUANT TO SECTION 249N OF THE CORPORATIONS ACT

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 Part B of the Explanatory Memorandum, the Board recommends that Members vote **against** resolutions 5 – 14.

5. ORDINARY RESOLUTION PROPOSED BY DAVID DAHM – Within 6 months after the AGM, publish a discussion paper via INTHEBLACK and electronically, regarding the 16 proposed resolutions detailed in Mr Dahm’s explanatory statement and hold an international online webinar to address any matters in addition to any other appropriate feedback mechanism that is open and transparent to the membership.

Motion to ensure the Board can demonstrate meaningful consultation with Members for Member resolutions in accordance with clause 5. Objects of the Company. A discussion paper on proposed resolutions should be published in INTHEBLACK and electronically for all Members for discussion within an AGM. This is to be followed up with an international online webinar to address any matters in addition to any other appropriate feedback mechanism that is open and transparent to the membership.

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 31 – 32.

6. SPECIAL RESOLUTION PROPOSED BY BEN COHEN – If requested by 100 Members, require the Company to distribute within 14 days of the request, a Member statement relating to the governance, strategy or other membership matters. The statement is only to be distributed to those Members with email addresses who have not opted out of email communications. The 100 requesting members have a right to arbitration in the event that the request is not circulated by the Company within 14 days from receipt of the statement.

THAT, with immediate effect, the proposed insertion of Article 77 into the Constitution, be approved and adopted.

The proposed new Article 77 is set out at page 33. 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 33 – 34.

7. SPECIAL RESOLUTION PROPOSED BY GLEN HASSELMAN – If requested by 100 Members, require the Company to distribute within 14 days of the request, a Member statement relating to the governance, strategy or other membership matters. The statement is only to be distributed to those Members with email addresses other than Members who have elected to not receive

these email communications. The Company is required to publish the statement in **INTHEBLACK** or any successor magazine.

THAT, with immediate effect, the proposed amendments to Article 74 of the Constitution be approved and adopted.

An amended version of Article 74 is set out at page 35. The background to, and the Member's reasons for, this resolution are set out at Annexure C. The Board's response to this resolution is set out at pages 35 – 36.

8. SPECIAL RESOLUTION PROPOSED BY GLEN HASSELMAN – Provide for direct election of a maximum of 12 Directors (each of whom must be a CPA, FCPA or Life Member) who have been nominated by 100 Members. Voting to open on 1 August and to close on 31 August. A preferential voting system is to be used.

THAT, with immediate effect, the proposed amendments to Articles 44, 51(d), 61, 62, 63 and 64 of the Constitution be approved and adopted.

Amended versions of Articles 44, 51(d), 61, 62, 63 and 64 are set out at pages 37 – 39. The background to, and the Member's reasons for, this resolution are set out at Annexure D. The Board's response to this resolution is set out at pages 39 – 41.

9. SPECIAL RESOLUTION PROPOSED BY BRETT STEVENSON – Appoint a maximum of 9 Directors comprising 8 Members and 1 Director who is neither a Member nor an employee of the Company from a short list of candidates determined by the Nominations Committee having regard to certain criteria. A maximum of 6 and a minimum of 3 candidates for each Director position will be put to Members for a direct vote.

THAT, with immediate effect, the proposed amendments to Articles 44, 51, 61, 62, 63, 64, 67, 68, 69 and 70 of the Constitution be approved and adopted.

Amended versions of Articles 44, 51, 61, 62, 63, 64, 67, 68, 69 and 70 are set out at pages 42 – 50. The background to, and the Member's reasons for, this resolution are set out at Annexure E. The Board's response to this resolution is set out at pages 50 – 51.

10. SPECIAL RESOLUTION PROPOSED BY BRETT STEVENSON – Remove reference to Auditor General's salary for Director remuneration. The maximum amount that Directors can be paid commences at \$55,000 for Directors, \$80,000 for a Deputy President and \$130,000 for a President indexed annually to the CPI.

THAT, with immediate effect, the proposed amendments to Article 45 of the Constitution be approved and adopted.

An amended version of Article 45 is set out at page 52. The background to, and the Member's reasons for, this resolution are set out at Annexure F. The Board's response to this resolution is set out at page 53.

11. SPECIAL RESOLUTION PROPOSED BY BRETT STEVENSON – Limit Directors' tenure to two terms of three years. The maximum consecutive period that a Director can serve is 6 years (excluding the serving of a casual vacancy). Allow the Nominations Committee to fill a casual vacancy on the Board.

THAT, with immediate effect, the proposed amendments to Articles 44 and 67 of the Constitution be approved and adopted.

Amended versions of Articles 44 and 67 are set out at pages 54 – 55. The background to, and the Member's reasons for, this resolution are set out at Annexure G. The Board's response to this resolution is set out at page 56.

12. SPECIAL RESOLUTION PROPOSED BY BRETT STEVENSON – Impose the same director reporting requirements as if the Company were a publicly listed company in addition to meeting existing AGM requirements.

THAT, with immediate effect, the proposed amendments to Article 21 of the Constitution be approved and adopted.

An amended version of Article 21 is set out at page 57. The background to, and the Member's reasons for, this resolution are set out at Annexure H. The Board's response to this resolution is set out at pages 57 – 58.

13. SPECIAL RESOLUTION PROPOSED BY JEN DALITZ – Allow 200 Members to convene a meeting of Members.

THAT, with immediate effect, the proposed amendments to Article 21 of the Constitution be approved and adopted.

An amended version of Article 21 is set out at page 59. The background to, and the Member's reasons for, this resolution are set out at Annexure I. The Board's response to this resolution is set out at pages 59 – 60.

14. ORDINARY RESOLUTION PROPOSED BY GLEN HASSELMAN – Remove the President, Peter Wilson as a Director so that the Board is better positioned to take a fresh approach.

THAT, with immediate effect, Peter Wilson is removed as Director and that an appropriately qualified person is appointed as a replacement.

The background to, and the Member's reasons for, this resolution are set out at Annexure J. Peter Wilson's response is set out at pages 61 – 62 and the Board's response to this resolution is set out at page 62.

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 using the reply envelope or 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: 1A Homebush Bay Drive
Rhodes NSW 2138 Australia

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 20 May 2018**, 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 (subject to any applicable voting exclusions);
- 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 (subject to any applicable voting exclusions); and
- if the proxy is the Chair, the proxy must vote on a poll and must vote as directed.

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

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

Members should consider directing their proxy as to how to vote on each resolution by crossing either the “For”, “Against”, or “Abstain” box when completing their Proxy Form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.

A Member who is entitled to cast 2 or more votes may appoint 2 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 **in favour** of resolutions 1 – 4.

The Chair intends to vote any undirected proxies **against** resolutions 5 – 14.

ENQUIRIES

For further information relating to the lodgement of Proxy Forms, please contact the Company AGM information line on 1300 306 230 (within Australia) or +61 1300 306 230 (outside Australia).

EXPLANATORY MEMORANDUM

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

The information in this Explanatory Memorandum provides an explanation of the proposed changes to the Constitution. Amendments to the Constitution will be considered for adoption at the AGM.

In 2017, a range of concerns were raised by Members with regard to the Company's corporate governance. In response to these concerns, the Company appointed the Independent Review Panel, including an expert governance adviser, to:

- conduct a review of the concerns raised;
- assess whether the governance framework of the Company aligned with best practice and Member expectations; and
- make recommendations to improve the governance structure of the Company, including recommendations to amend the Constitution.

After significant consultation with Members and key stakeholders, the Independent Review Panel delivered its findings on 30 November 2017. Its key findings were that there was a need to align the powers of the Board with Members' expectations and to increase accountability to Members. The key recommendations made by the Independent Review Panel included:

- improving the Board's skill set matrix;
- changing the nomination and appointment practices of the Representative Council through a proposed "Appointments Council";
- giving the Appointments Council greater engagement with respect to the appointment of Directors;

- reducing potential Board influence on the appointments process; and
- establishing a "Council of Presidents" (made up of Divisional and Branch Presidents) to provide advice to the Board on strategic issues.

The Board is supportive of the Independent Review Panel's recommendations listed above. The Independent Review Panel made 29 Recommendations in total, and 7 of these would require changes to the Constitution. In February 2018, the Board released an "Issues Paper", which formally responded to the Independent Review Panel's findings, for Members to consider. Since then, the Board has conducted over 30 Member forums (including 3 webinars) and 40 Member focus groups to seek the Members' views on the proposed changes and the future corporate strategy of the Company.

After detailed consideration of the Independent Review Panel's recommendations and Member feedback at the forums and focus groups, the Board has proposed changes to the Constitution (see Part A of this Explanatory Memorandum). The proposed changes, if passed, would implement the changes recommended by the Independent Review Panel that impact the Constitution, with some variations made in accordance with feedback from the Member consultation processes. This includes for example, reducing the Board size from 12 to 10 Directors, rather than the 9 Directors recommended by the Independent Review Panel.

The Board believes its proposed changes:

- will address the concerns that have been raised by Members;
- will enhance the Company's corporate governance; and
- are, on balance, in the best interests of Members as a whole.

The current Board has improved governance practices including introducing measures to remove potential Board influence with respect to Director appointments. The Board is of the view that the improved governance practices should be enshrined in the Constitution as recommended by the Independent Review Panel.

The Constitutional changes will be supported by changes to the By-Laws and Board Charters where relevant. For example, the process to appoint the independent members of the Nominations Committee will be set out in the relevant documents and will include the requirement for the Board and the Appointments Council to confer prior to the appointment of the independent members.

It is for these reasons that the Board unanimously recommends its proposed changes to the Constitution.

In addition to the Board's resolutions to implement the Independent Review Panel's recommendations, some Members have proposed their own resolutions (see Part B of this Explanatory Memorandum). These proposed Member resolutions are also included in this Notice, together with the relevant Member's explanatory statement in support of their proposed resolution. The Board's response to each Member resolution is also set out in Part B of this Explanatory Memorandum. The Board does not support any Member resolution for the reasons set out in the Board's responses.

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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.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 2017 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 and on the business, operations and management of the Company.

The Company's Financial Report, Directors' Report and Auditor's Report form part of the Company's Annual Report.

PART A: BOARD-ENDORSED SPECIAL RESOLUTIONS

1. BOARD-ENDORSED SPECIAL RESOLUTION

This Board-endorsed resolution will implement the key changes recommended by the Independent Review Panel. In particular, this resolution will change the way in which the Directors are appointed, in order to empower Members by addressing key concerns raised by Members and considered by the Independent Review Panel, as well as at Member forums.

Specifically, this resolution will:

- address the Independent Review Panel's concern that the Board and the Representative Council are too closely aligned, by abolishing the Representative Council and establishing an Appointments Council; and
- address the Independent Review Panel's concerns regarding the relationship between the Board and executive management, by providing for the CEO to attend Board meetings by invitation only.

In accordance with the proposed amendments, the Appointments Council will be responsible for appointing Directors. Director appointments will therefore be in the hands of Members who have been elected from the Divisions and Branches, through the Divisional Councils and Branch Councils. The Company's current Branch Councils are the Northern Territory, New Zealand and Europe.

ABOLISH THE REPRESENTATIVE COUNCIL AND ESTABLISH THE APPOINTMENTS COUNCIL

Under the current Constitution, the powers of the Representative Council include:

- appointing Directors to the Board;
- providing guidance to the Board; and

- at the request of more than 50% of the Representative Councillors, considering issues and conveying the view of the Representative Council to the Board.

The Representative Council is currently comprised of a Divisional Councillor from each Division and 2 Divisional Councillors where the Division accounts for more than 20% of the total number of Members. There is currently only one rotational appointment from the collective Branch Councils and the Board can also appoint a recommended body, group or committee member to the Representative Council.

The Independent Review Panel expressed concerns that the current structure potentially enables the Board to have significant influence over the Representative Council which has the potential to lead to circular governance arrangements between the Board and the Representative Council. In short, the Board itself, and the mechanisms to appoint the Board, are too closely aligned.

The Board believes that this resolution addresses these governance issues by making the following amendments to the Constitution, these amendments are also consistent with the Independent Review Panel's recommendations:

- abolishing the Representative Council and replacing it with the Appointments Council;
- focussing the powers of the Appointments Council solely on the appointment of Directors;
- expanding the representation on the Appointments Council to include one representative from each geographical location that has a Divisional or Branch Council;
- removing additional representatives from larger Divisions, on the basis that the Appointments Council exists to give all Members an equal role in determining the composition of the Board;
- removing Board appointees from the Appointments Council, with the exception of the President, who would remain on the Appointments Council but

be a non-voting member of the Appointments Council;

- appointing a deputy chair of the Appointments Council to assist the chair of the Appointments Council;
- improving the ability for the Appointments Council to convene in-camera sessions without the chair of the Appointments Council present;
- restricting the tenure of Appointments Councillors to 4 consecutive years (excluding time served filling a casual vacancy);
- prohibiting Appointments Councillors from simultaneously acting as Divisional Presidents or Branch Presidents;
- requiring, at the beginning of each year, the Appointments Council to appoint an Appointments Councillor to have a casting vote in the event of a tied vote; and
- prescribing an election procedure that does not allow the use of proxies when voting for Directors.

The Board considers that it is desirable that the chair of the Appointments Council continues to be the President, provided that, as noted above, the President should be a non-voting member of the Appointments Council. As recognised by the Independent Review Panel, the President is able to inform Appointments Councillors of current progress against the corporate strategy and upcoming priorities of the Board, maintain equity between Appointments Councillors, prevent any division over selection of the chair of the Appointments Council and ensure that Appointments Councillors are focused on selecting the best Director candidates, rather than representing a constituency.

As further recognised by the Independent Review Panel, the President would bring first hand knowledge of how the Board is functioning and inform the Appointments Council of requirements to fill any skills or diversity gaps. The separation of the role of chair of the Appointments Council and President is achieved by the chair of the Appointments Council being a non-voting member.

The Board believes that these amendments will remove the risk of any circular Board appointments by:

- curbing any potential Board influence on the Appointments Council;
- ensuring appropriate Divisional Council and Branch Council representation on the Appointments Council;
- building greater continuity on the Appointments Council by allowing the Appointments Council to solely focus on Director appointments; and
- ensuring that the Divisional and Branch Presidents have appropriate workloads.

The Board proposes to amend the By-Laws subsequent to the AGM to provide the supporting provisions for election of the Appointments Council.

CEO MAY ATTEND BOARD MEETINGS BY INVITATION ONLY

Under the existing Constitution, the CEO is entitled to attend all Board Meetings as an observer (without the right to vote). The proposed amendments to the Constitution clarify that the CEO may only attend Board Meetings by standing invitation of the Board.

This resolution will enable Directors to consider issues at Board Meetings without the CEO or any executive management present. This was a recommendation of the Independent Review Panel, and is consistent with guidance published by the AICD.

While the same outcome could be achieved by amending the By-Laws (and the requirement is currently in the By-Laws), the Board considers that the requirement should be formally incorporated into Article 48(d) of the Constitution.

The Board notes that separate resolutions, which also propose to amend the Constitution to change the way that Directors are elected, have been proposed by Members, Glen Hasselman (Special Resolution 8) and Brett Stevenson (Special Resolution 9). The Board does not support these resolutions.

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

The Chair intends to vote undirected proxies **in favour** of Special Resolution 1.

PROPOSED CHANGES TO THE CONSTITUTION

This component of the resolution will **amend** Article 61 of the Constitution as follows:

- (a) The **RepresentativeAppointments** Council shall have the ~~following powers:~~
- ~~i. to appoint the Board applying the election procedure (if any) from time to time prescribed by the Board to the extent the same is not inconsistent with this Constitution.;~~
 - ~~ii. at the request of the Board, to consider and provide guidance to the Board (through the chair of the Representative Committee) on Member issues; and~~
 - ~~iii. at the request of more than 50 percent of the Representative Councillors, to consider any issue concerning the affairs of the Company and, as the Representative Council considers appropriate, convey (through the chair of the Representative Council) the view of the Representative Council to the Board. If requested by the Representative Council, the chair of the Representative Council must convey any such view to the Board.~~
- (b) Other than as set out in Article 61(a), the **RepresentativeAppointments** Council will have no other powers.
- (c) The **RepresentativeAppointments** Council will have no power or authority to bind, instruct or direct the Board on any matter ~~(including in relation to Member issues or any issue considered by the Representative Council under Article 61(a)(iii))~~ and does not have the power to dismiss the Board or any Director.

- (d) **RepresentativeAppointments** Councillors are not directors of the Company for any purpose (including the Corporations Act) unless they have separately been appointed as Directors by the **RepresentativeAppointments** Council (in which case they must retire from the Appointments Council). An Appointments Councillor cannot, while serving as an Appointments Councillor, hold a position as a Branch President or a Divisional President.

This component of the resolution will **amend** Article 62 of the Constitution as follows:

- (a) Subject to the remainder of this Article 62, there shall be the following **RepresentativeAppointments** Councillors:
- (i) one Divisional Councillor from each Divisional Council and one Branch Councillor from each Branch Council appointed by the respective Divisional Councils and Branch Councils; and
 - ~~(ii) in respect of any Division to which are attached more than 20 percent of the total number of Members, one Divisional Councillor from the Division appointed by the relevant Divisional Council (in addition to the Divisional Councillor appointed by that Divisional Council under Article 62(a)(i));~~
 - ~~(iii) subject to Article 62(b), one representative of any group, body or committee established or recognised by the Board to reflect the diversity of membership which the Board from time to time determines should have a Representative Councillor representing that group, body or committee; and~~
 - ~~(iv)(ii) if not appointed to the **RepresentativeAppointments** Council under Articles 62(a)(i)–62(a)(iii), the President (as an ex officio member).~~
- ~~The Representative Councillor representing a body, group or committee of the Board in accordance with Article 62(a)(iii) will be selected or elected by that body, group or committee or, in the case of a group, if the Board so determines, by a representative body of that group or such other group or committee as the Board may appoint for that purpose.~~
- ~~(b) The power of the Board to determine that a body, group or committee should have a~~

~~Representative Councillor representing that body, group or committee pursuant to Article 62(a)(iii) is limited insofar as such determination must not be made by the Board if it would result in the proportion (expressed as a percentage) of Representative Councillors appointed by the Divisional Councils pursuant to Articles 62(a)(i) or 62(a)(ii) being less than or equal to 50 percent of all Representative Councillors.~~

~~(e)(b)~~ Each Representative Appointments Councillor shall hold office as such for a term of 2 years, commencing on 1 February in the year of appointment which shall expire on 31 January in the second year of that term, unless such person has been appointed President for a term which extends past this date, in which case until the end of that person's term as President.

~~(d)(c)~~ Subject to the Corporations Act and this Constitution, each Representative Appointments Councillor shall be eligible for reappointment, but an Representative Appointments Councillor is ineligible for reappointment if the serving of a further 2 year term would result in that person being an Representative Appointments Councillor for more than ~~64~~ consecutive years (for this purpose, excluding any time served as an Representative Appointments Councillor while filling a casual vacancy if so appointed in accordance with Article 64(b)).

~~(d)~~ Divisional Councils and Branch Councils which do not have a Divisional Councillor or a Branch Councillor (as the case may be) serving on the Appointments Council, as at the Amending Date, may appoint a Divisional Councillor or a Branch Councillor respectively to serve on the Appointments Council at the next meeting of the Divisional Council or Branch Council (as the case may be) after the Amending Date. Subject to Articles 62(b) and (c) Appointments Councillors will be eligible for reappointment to the Appointments Council.

~~(e)~~ In accordance with Article 62(f), from the Amending Date, each Divisional Council and Branch Council may not have more than one Divisional Councillor and one Branch Councillor respectively serving on the Appointments Council.

~~(f)~~ Divisional Councils and Branch Councils which have more than one Divisional Councillor or Branch Councillor serving on the Appointments Council, as at the Amending Date, must at the next meeting of that Divisional Council or Branch Council (as the case may be) after the Amending Date, determine which Divisional Councillor or

Branch Councillor (as the case may be) is to retire from their position as an Appointments Councillor, with immediate effect.

~~(e)(g)~~ If an Representative Appointments Councillor is ineligible for reappointment pursuant to Article 62(d), he or she shall not be eligible to be appointed as an Representative Appointments Councillor for a period of 2 years following the expiry of his or her term.

~~(f)(h)~~ All Representative Appointments Councillors must be Members.

~~(g)(i)~~ All appointments to the office of Representative Appointments Councillor shall (save in the case of the President appointed under Article ~~62(a)(iv)~~62(a)(ii)) be conducted in the manner set out in the By-Laws.

~~(j)~~ Prior to 1 February of each calendar year, the Appointments Council shall elect from amongst those Appointments Councillors whose terms do not expire before 31 January of the following calendar year, effective immediately, an Appointments Councillor to act as deputy chair of the Appointments Council (**Deputy Chair**). Each person elected as a Deputy Chair pursuant to this Article 62(j) shall hold office for a term of 1 year commencing on 1 February of that calendar year and ending on 31 January in the next calendar year. The term of the Deputy Chair can be extended for a further 1 year by election of the Appointments Council provided that the Deputy Chair is not required to retire under Article 62(c). The Deputy Chair can only hold office for a maximum of 2 consecutive years.

~~(k)~~ If a casual vacancy occurs for the position of Deputy Chair the Appointments Council may appoint an Appointments Councillor to fill the casual vacancy for as long as the Deputy Chair would have retained office if no vacancy had occurred. The election to fill a casual vacancy shall be conducted in the manner set out in the By-Laws.

~~(l)~~ Notwithstanding anything to the contrary in this Constitution or the constitution of the Company in force immediately before the Amending Date, the Appointments Council at the first available meeting after the Amending Date will appoint a Deputy Chair to hold the position until 31 January 2019. That Deputy Chair's term can be extended for a maximum of a further 1 year term.

The resolution will amend Article 63 of the Constitution as follows:

- (a) The President or, in the President's absence, ~~a Representative Councillor chosen by those present~~ the Deputy Chair, shall act as the chair ~~of any meeting~~ of the ~~Representative~~ Appointments Council. In the absence of the President or the Deputy Chair at a meeting of the Appointments Council, the Appointments Councillors present at the meeting may elect an Appointments Councillor to chair that meeting. The President shall have no right to vote at meetings of the Appointments Council.
- (b) A meeting of the ~~Representative~~ Appointments Council shall be convened at any time upon the request of the President or more than 50 percent of the ~~Representative~~ Appointments Councillors.
- (c) The quorum for meetings of the ~~Representative~~ Appointments Council shall be determined by the ~~Representative~~ Appointments Council from time to time, provided that such quorum shall not be less than the number which is equal to half of the total number of appointed ~~Representative~~ Appointments Councillors at the time of the meeting plus one (if this number is not a whole number, then it shall be rounded down).
- (d) The President shall cause a notice of a meeting of the ~~Representative~~ Appointments Council and a proposed agenda to be given to ~~Representative~~ Appointments Councillors at least 14 days prior to the meeting although matters of which no or insufficient notice has been given may be dealt with so long as the meeting is of the opinion that the matter is of sufficient importance.
- (e) An ~~Representative~~ Appointments Councillor unable to attend or vote at any meeting of the ~~Representative~~ Appointments Council may ~~not authorise by signed notice to~~ the Secretary ~~authorise~~ or any other ~~Representative~~ Appointments Councillor to vote on their behalf on ~~all~~ any questions arising at such meeting or upon any particular question arising at such meeting.
- (f) Prior to 1 February of each calendar year, the Appointments Council shall elect from amongst those Appointments Councillors whose terms do not expire before 31 January of the following calendar year, effective immediately, an Appointments Councillor to act as Appointor. Each person elected as Appointor pursuant to this Article 63(f) shall act as Appointor for a term of 1 year commencing on 1 February of that calendar year and ending on 31 January in the next calendar year. If the

Appointor retires before the end of the calendar year, the Appointments Councillors will elect another Appointments Councillor to act as Appointor until 31 January in the next calendar year.

- (g) In the case of an equality of votes on a resolution at a meeting of the Appointments Council, the Deputy Chair, or in their absence the Appointor, will have a casting vote on that resolution, in addition to any vote the Deputy Chair, or the Appointor (as the case may be), has in his or her capacity as an Appointments Councillor in respect of that resolution, provided that:

(i) the Deputy Chair or Appointor (as the case may be) is entitled to vote on the resolution; and

(ii) that a quorum of Appointments Councillors is present.

If the Deputy Chair and the Appointor are both absent from the meeting, the resolution in question must be deferred until the next meeting of the Appointments Council.

- (f)(h) ~~Representative~~ Appointments Councillors attending any meeting of the ~~Representative~~ Appointments Council shall be entitled to such reasonable travel, accommodation, or other expenses approved from time to time by the Board.

- (g)(i) The ~~Representative~~ Appointments Council may meet either in person or by telephone or by other means of communication by which all persons participating in the meeting are able to hear and be heard by all other participants. A meeting conducted by telephone or other means of communication is deemed to be held at the place agreed upon by the persons attending the meeting, provided that at least one of the persons present at the meeting was at the place for the duration of the meeting.

- (h)(i) The ~~Representative~~ Appointments Council shall cause to be regularly entered, in books provided for the purpose, minutes of the proceedings of its meetings. The minutes of any meeting of the ~~Representative~~ Appointments Council signed by the chairman of the succeeding meeting of the ~~Representative~~ Appointments Council shall, unless the contrary is proved, be conclusive evidence of the proceedings recorded in those minutes.

- (i)(k) The ~~Representative~~ Appointments Council may pass a resolution without holding a meeting if notice in writing of the resolution

is given to all Representative Appointments Councillors and a majority of the Representative Appointments Councillors entitled to vote on the resolution sign a statement that they are in favour of the resolution set out in the document. A resolution pursuant to this Article 63 ~~(j)~~(k) may consist of several documents in the same form each signed by one or more Representative Appointments Councillors and is effective when signed by the last of the Representative Appointments Councillors constituting the majority of the Representative Appointments Councillors. A facsimile transmission or other document produced by electronic means under the name of an Representative Appointments Councillor with the Representative Appointments Councillor's authority is taken to be a document signed by the Representative Appointments Councillor for the purposes of this Article 63 ~~(j)~~(k) and is taken to be signed when received by the Company in legible form.

~~(j)~~(l) All acts done at any meeting of the Representative Appointments Council or an act of any person acting as a Representative Appointments Councillor is not invalidated by:

- (i) a defect in the appointment or continuance in office of a person as an Representative Appointments Councillor, or of the person so acting; or
- (ii) a person so appointed being disqualified or not being entitled to vote,

if that circumstance was not known by the Appointments Council or person (as the case may be) when the act was done.

(m) The President is to be the Chair of the Appointments Council. The President is to attend meetings of the Appointments Council as Chair of the Appointments Council but may be requested to leave by any Appointments Councillor present at the meeting. If requested to leave, the President must immediately comply with the request.

~~(k)~~(n) Subject to Articles 63(a) to ~~(j)~~(m) and the requirement for the Appointments Council to time in each meeting in camera without the President, all procedural requirements for meetings and conduct of the Representative Appointments Council will be as determined by the Board from time to time.

The resolution will amend Article 64 of the Constitution as follows:

- (a) The office of an Representative Appointments Councillor shall ipso facto be vacated if:
 - i. the Representative Appointments Councillor ceases to be a Member;
 - ii. the Representative Appointments Councillor resigns by notice in writing to the Company;
 - iii. the Representative Appointments Councillor becomes Insolvent;
 - iv. the Representative Appointments Councillor becomes of unsound mind or a person whose person or estate is dealt with in any way under the laws relating to mental health;
 - v. the Representative Appointments Councillor's membership is suspended; or
 - vi. the Representative Appointments Councillor's membership subscription is overdue for 60 days or more.
- (b) Any casual vacancy occurring on the Representative Appointments Council may be filled by the ~~body~~ Branch Council or Divisional Council which appointed that Representative Appointments Councillor who shall retain office, and be subject to, and have the benefit of, all the rights, duties and privileges attaching to that office, for as long as the vacating Representative Appointments Councillor would have retained office if no vacancy occurred.

The resolution will amend Article 44 of the Constitution as follows:

- (a) The Board shall be appointed by the Representative Appointments Council ...
- (b) Subject to Article 44(g), each Director appointed by the Representative Appointments Council must retire on 30 September of the third calendar year following the calendar year during which the Director is appointed.

(c) Once appointed to the Board, a Director cannot be removed by the ~~Representative~~Appointments Council.

(d) On or before 30 September in the year in which a Director is to retire under this Article 44, the ~~Representative~~Appointments Council shall meet and may appoint a replacement Director to the Board in accordance with this Article 44.

...

(f) A Director appointed by the ~~Representative~~Appointments Council under Article 44(g) to fill a casual vacancy in the Board, and who is reappointed, is eligible for two subsequent re-appointments if he or she was not a Director filling a casual vacancy on the Board for more than 1 year before being reappointed. If he or she was a Director filling a casual vacancy in the Board for more than 1 year the Director who is reappointed is eligible for one subsequent re- appointment only.

(g) Any casual vacancy occurring in the Board may be filled by the ~~Representative~~Appointments Council appointing a new Director who shall retain office, and be subject to, and have the benefit of, all the rights, duties and privileges attaching to that office, for so long as the vacating Director would have retained the office if no vacancy had occurred. A Director appointed under this Article 44(g) must retire on the same date on which the vacating Director would have retired in accordance with Article 44(b) or Article 44(h) as applicable.

...

All other references to “Representative Council” in the Constitution will be replaced with “Appointments Council”.

This component of the resolution will amend Article 48(d) of the Constitution as follows:

The Chief Executive Officer of the Company may attend Board meetings by standing invitation only but may be requested to leave by any Director present at the meeting. If requested to leave, the Chief Executive Officer must immediately comply with the request. The Chief Executive Officer shall have no

right to vote at Board meetings~~shall be entitled to attend at Board meetings, but shall have no right to vote at Board meetings.~~

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

2. BOARD-ENDORSED SPECIAL RESOLUTION

This resolution will amend the Constitution to increase the ability of Members to engage in meaningful discussion with the Board by establishing a Council of Presidents that will advise the Board on strategic issues and opportunities, drawing on the views of the Members.

Establishing a Council of Presidents was recommended by the Independent Review Panel as a means of improving Members' ability to engage more directly and meaningfully with the Board and to share the views and preferences of Members with the Board. The Board is supportive of this recommendation.

This resolution will establish a Council of Presidents (comprising the presidents of each of the Divisional and Branch Councils) to advise the Board on strategic issues and opportunities, drawing on the views of the Members. Divisional and Branch Presidents cannot simultaneously be members of the Appointments Council.

The responsibility of the Council of Presidents will include two-way engagement with Divisional and Branch Councils and the Board. Having a Council of Presidents with two-way engagement will improve the ability of Members to engage meaningfully with the Board.

The mechanical provisions for meeting processes and procedures, election of office bearers, terms and termination for office are also set out in the proposed Constitutional amendments in Articles 69 and 70. Supporting and ancillary provisions will be incorporated into the By-Laws.

For the reasons set out above, the Board believes this resolution is in the interests of the Company as a whole, and unanimously recommends that Members vote **in favour** of Special Resolution 2.

The Chair intends to vote undirected proxies **in favour** of Special Resolution 2.

PROPOSED CHANGES TO THE CONSTITUTION

This component of the resolution will amend Article 68 of the Constitution as follows:

~~Each person elected in accordance with Article 67 shall hold office until that person's successor is appointed and any vacancy occurring before such a successor is appointed may be filled at a meeting of the Board, to be held as soon as practicable after the occurrence of the vacancy of which business notice shall be given to the Directors.~~

- (a) The Council of Presidents shall have the power to provide advice to the Board on strategic issues and opportunities (with an emphasis on sharing the views and preferences of Members) as the Council of Presidents, from time-to-time, best sees fit.
- (b) In providing advice to the Board under Article 68(a), the Council of Presidents must engage in two-way discussions with Divisional Councils, Branch Councils and the Board.
- (c) The Council of Presidents will have no power or authority to bind, instruct, direct or compel the Board on any matter, and does not have the power to dismiss the Board or any Director. Other than as set out in Article 68(a), the Council of Presidents will have no other powers. For the avoidance of doubt, the Board is not required to disclose any information to the Council of Presidents.
- (d) The Council of Presidents shall meet at least 4 times per calendar year.
- (e) Branch Presidents and Divisional Presidents will comprise the Council of Presidents. A member of the Council of Presidents:
 - (i) is not a Director for any purpose, unless they have been separately appointed as a Director under Article 44, in which case they must retire as Branch President or Divisional President (as the case may be); and
 - (ii) may only serve on the Council of Presidents while they are a Branch President or Divisional President.
- (f) Notwithstanding anything else to the contrary in this Constitution, or the constitution of the Company in force immediately before the Amending Date, the persons holding the positions of President of each of the Branch Councils and Divisional Councils shall continue to hold those offices for the term of their appointment. The first meeting of the Council of Presidents will be held no later than 30 September 2018.

This component of the resolution will insert new Article 69 of the Constitution as follows:

- (a) The Chair of the Council of Presidents or in their absence, the Deputy Chair, shall act as the chair of the Council of Presidents. In the absence of the Chair and the Deputy Chair at a meeting of the Council of Presidents, the Council of Presidents may elect a member of the Council of Presidents as Chair of that meeting.
- (b) Subject to Article 69(d), a meeting of the Council of Presidents shall be convened at any time upon the request of the Chair or more than 50 percent of the members of the Council of Presidents.
- (c) The quorum for meetings of the Council of Presidents shall be determined by the Council of Presidents from time to time, provided that such quorum shall not be less than the number which is equal to half of the total number of members of the Council of Presidents at the time of the meeting plus one (if this number is not a whole number, then it shall be rounded down).
- (d) The Chair shall cause a notice of a meeting of the Council of Presidents and a proposed agenda to be given to the members of the Council of Presidents at least 14 days prior to the meeting although matters of which no or insufficient notice has been given may be dealt with so long as the meeting is of the opinion that the matter is of sufficient importance.
- (e) If a member of the Council of Presidents is unable to attend or vote at any meeting of the Council of Presidents, they may not authorise the Secretary or any other member of the Council of Presidents to vote on their behalf on any questions arising at such meeting or upon any particular question arising at such meeting. In the case of an equality of votes on a resolution at a meeting of the Council of Presidents, the Chair or if the Chair is absent, the Deputy Chair, will have a casting vote on that resolution provided that:
- (i) the Chair or the Deputy Chair (as the case may be) is entitled to vote on the resolution; and
- (ii) the quorum requirements under Article 69(c) are satisfied.
- If the Chair or the person appointed by the Deputy Chair (as the case may be) is absent from the meeting, the resolution in question must be deferred until the next meeting of the Council of Presidents.
- (f) A member of the Council of Presidents attending any meeting of the Council of Presidents shall be entitled to such reasonable travel, accommodation, or other expenses approved from time to time by the Board.
- (g) The Council of Presidents may meet either in person or by telephone or by other means of communication by which all persons participating in the meeting are able to hear and be heard by all other participants. A meeting conducted by telephone or other means of communication is deemed to be held at the place agreed upon by the persons attending the meeting, provided that at least one of the persons present at the meeting was at the place for the duration of the meeting.
- (h) The Council of Presidents shall cause to be regularly entered, in books provided for the purpose, minutes of the proceedings of its meetings. The minutes of any meeting of the Council of Presidents signed by the chair of the succeeding meeting of the Council of Presidents shall, unless the contrary is proved, be conclusive evidence of the proceedings recorded in those minutes.
- (i) The Council of Presidents may pass a resolution without holding a meeting if notice in writing of the resolution is given to all members of the Council of Presidents and a majority of the members of the Council of Presidents entitled to vote on the resolution sign a statement that they are in favour of the resolution set out in the document. A resolution pursuant to this Article 69(i) may consist of several documents in the same form each signed by one or more of the members of the Council of Presidents and is effective when signed by the last of the Council of Presidents members constituting the majority of the Council of Presidents members. A facsimile transmission or other document produced by electronic means under the name of a Council of Presidents members with their authority is taken to be a document signed by them for the purposes of this Article 69(i) and is taken to be signed when received by the Council of Presidents in legible form.
- (j) All acts done at any meeting of the Council of Presidents or an act of any person acting as a member of the Council of Presidents is not invalidated by:
- (i) a defect in the appointment or continuance in office of a person as a member of the Council of Presidents, or of the person so acting; or

(ii) a person so appointed being disqualified or not being entitled to vote,

if that circumstance was not known by the Council of Presidents or the member of the Council of Presidents (as the case may be) when the act was done.

This component of the resolution will insert new Article 70 of the Constitution as follows:

(a) Subject to Article 70(e), prior to 31 December in each calendar year, the Council of Presidents shall elect from amongst their members a Chair and a Deputy Chair (all of whom must be Members).

(b) Each person so elected pursuant to Article 70(a) shall hold office for a term of 1 year commencing on 1 January in the year of election. The term of each Chair or Deputy Chair may be extended for further 1 year terms by election of the members of the Council of Presidents, provided that the Chair or the relevant Deputy Chair (as the case may be) is either:

(i) not required to retire from office as a Branch or Divisional President in that next calendar year prior to 31 December; or

(ii) required to retire from office prior to 31 December in that next calendar year but has been reappointed as a President by their Branch Council or Divisional Council respectively,

but the Chair and Deputy Chair can only hold office for a maximum of 2 consecutive years.

(c) If a casual vacancy occurs for the position of Chair or Deputy Chair during the term of their appointment, the members of the Council of Presidents may appoint a member of the Council of Presidents to fill the casual vacancy for as long as the vacating Chair or Deputy Chair would have retained office if no vacancy had occurred.

(d) All such elections shall be conducted in the manner set out in the By-Laws.

(e) Each person elected in accordance with Article 70 shall hold office until that person's successor is appointed and any vacancy occurring before such a successor is appointed may be filled at a meeting of the Council of Presidents, to be held as soon as practicable after the occurrence of the

vacancy of which business notice shall be given to the Council of Presidents.

(f) Notwithstanding anything else to the contrary in this Constitution, or the constitution of the Company in force immediately before the Amending Date, the Council of Presidents at the first available meeting after the Amending Date will appoint a Deputy Chair to hold the position until 31 December 2018 and that Deputy Chair's term can be extended for 1 year but cannot be extended for a further 1 year term.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

3. BOARD-ENDORSED SPECIAL RESOLUTION

The changes implemented by this resolution form part of a series of amendments which are based on the Independent Review Panel's recommendations and aim to address Members' concerns about the governance of the Company.

In particular, this resolution will amend the Constitution to:

- change the current Board composition to allow for a maximum number of 10 Directors;
- change the current Board composition so that there are a minimum of 2 non-Member Directors to contribute to greater independence of Directors on the Board; and
- increase the President's maximum term from 2 years to 3 years.

MAXIMUM NUMBER OF 10 DIRECTORS

The Constitution currently provides for a maximum of 12 Directors. The AICD recommends that the size of the board should reflect the complexity of the organisation. The Independent Review Panel recommended that the Company should have 9 Directors to bring the size of the Board in line with best practice. Member feedback supports a reduction in the Board size down from the current maximum of 12. Members have also expressed the view that there should be flexibility to appoint more than 9 Directors. Having a maximum number of 10 Directors would allow for a greater diversity and a balanced skill set.

This part of the resolution will amend Article 44(a) of the Constitution to provide for a maximum number of 10 Directors.

This resolution also proposes amending other ancillary provisions to reflect the fact that the maximum number of Directors will be reduced. Under this resolution, 5 Directors (instead of 6) will make up a quorum.

The Board does not support a competing resolution proposed by Brett Stevenson, a

Member, whose proposed resolution would also change the size of the Board (see Special Resolution 9).

CHANGING THE BOARD COMPOSITION

Under the current Constitution, the Company may have "up to" 2 non-Member Directors. This resolution will require the Company to have "at least" 2 non-Member Directors at all times. The Company would not be restricted from having more than this number.

The Independent Review Panel, referencing the ASX Corporate Governance Principles, recognised that having independent directors on a board is an important governance requirement. The ASX Corporate Governance Principles provide a number of indicia for independence of directors, each of which is to be assessed having regard to the materiality of the interest, position, association or relationship to determine whether they together interfere with a director's capacity to bring an independent judgement to bear on the issues before the board. There is also an element of subjectivity in this assessment. Given this, the ASX Corporate Governance Principles relating to independence of directors operate as non-binding guiding principles.

This resolution seeks to give effect to the Independent Review Panel's findings in a practical way. The requirement to have a minimum number of non-Member Directors will ensure the Company has Directors whose judgment is not influenced by membership of or employment by the Company, which the Board considers contributes significantly to the independence of those Directors. It also enables the Company to bring in important skills or experience that may not be present in a Member otherwise willing and able to serve on the Board.

INCREASING THE PRESIDENT'S MAXIMUM TERM

Under the current Constitution, a President may serve for up to 2 years as President, and a Director may serve a maximum term of 9 years, excluding any casual vacancy.

This resolution will amend Article 67 to increase a President's initial term from 1 year to 2 years, with the possibility of a further year. With the additional (optional) year, a President may serve up to 3 years as President (provided that any

further appointment as President would not result in the Director serving for more than 9 years on the Board, excluding any casual vacancy). The term of the Deputy President has not changed.

Whilst the Independent Review Panel noted that a single year term as chair of a board is not unusual in member-based organisations, it also considered that in large member-based organisations, like the Company, that have complex geographies and operate in highly regulated environments, longer standard terms of office may assist presidents and chairs to increase their "in-role" effectiveness. Having a longer term in office may also better enable the President to develop a robust and healthy working relationship with, and stronger, more consistent supervision of, a CEO. Accordingly, the Board believes, on balance, that a term of up to 2 years, with the possibility of an additional 1 year term, will lead to a more effective President without the disadvantage of a very short term of appointment.

Making provision for a President to serve an additional 1 year term does not mean that the President will automatically serve an additional year. This provision does however allow an effective Chair to continue to serve the Company, particularly where that Chair has strong leadership, effectiveness, and knowledge that will be beneficial to the Company going forward.

For the reasons set out above, the Board believes this resolution is in the interests of the Company as a whole, and unanimously recommends that Members vote **in favour** of Special Resolution 3.

The Chair intends to vote undirected proxies **in favour** of Special Resolution 3.

PROPOSED CHANGES TO THE CONSTITUTION

This component of the resolution will amend Article 44(a) of the Constitution as follows:

- (a) The Board shall be appointed by the **RepresentativeAppointments** Council and shall consist of a maximum of ~~42~~10 Directors, such Directors being:

- i. up to ~~40~~8 persons who are Members; and
- ii. ~~up to~~at least 2 persons who are neither a Member nor an employee of the Company. ...

This resolution will amend Article 57(j) of the Constitution as follows:

Until otherwise determined by the Board, a quorum for a Board meeting is ~~65~~Member Directors entitled to vote on a resolution that may be proposed at that meeting. A quorum for a Board meeting must be present at all times during the meeting.

This part of the resolution will amend Article 67 as follows:

- (a) Subject to Articles 67(e) and 76(a), prior to 30 September in each calendar year ~~from 2010 and onwards~~, the Board shall elect from amongst:

~~i. those Directors whose terms do not expire before 1 October of that calendar year; and~~

ii. those persons who the **RepresentativeAppointments** Council has resolved to appoint to the Board for terms commencing on 1 October during that calendar year,

a President and 2 Deputy Presidents (all of whom must be Members).

- (b) Each person so elected as President ~~or Deputy President~~ pursuant to Article 67(a) shall hold office for a term of up to 42 years commencing on 1 October in the year of election ~~of that calendar year and ending on 30 September in the next calendar year. Each person so elected as a Deputy President pursuant to Article 67(a) shall hold office for a term of 1 year commencing on 1 October in the year of election. Prior to 30 September in the next calendar year following the election of each such President or Deputy President,~~ ~~‡~~The term of each ~~such~~ President or Deputy President may be extended for ~~a~~ further 1 year terms by election of the Board, provided that the President or the relevant Deputy President (as the case may be) is either:

- i. not required to retire from office as a Director pursuant to Article 44(b), 44(g) or 44(h) on 30 September in that next calendar year; or
- ii. required to retire from office as a Director pursuant to Article 44(b), 44(g) or 44(h) on 30 September in that next calendar year but has been reappointed as a Director by the Representative Appointments Council pursuant to Article 44(d),

but the President can only hold office for a maximum of ~~3~~² consecutive years and each Deputy President can only hold office for a maximum of 4 consecutive years.

- (c) If a casual vacancy occurs for the position of President or a Deputy President during the term of their office, the Board may appoint a Member Director to fill the casual vacancy for as long as the vacating President or Deputy President would have retained office if no vacancy had occurred.
- (d) All such elections shall be conducted in the manner set out in the By-Laws.
- (e) Notwithstanding anything else to the contrary in this Constitution, or the constitution of the Company in force immediately before the Amending Date, the persons holding the offices of President and Deputy President immediately before the Amending Date shall continue to hold those offices until 30 September ~~2010~~²⁰¹⁸. On the expiry of those ~~extended~~ terms, the terms of each may be extended pursuant to Article 67(b). ~~such:~~
 - ~~i. — President, may not be extended for a further 1 year term pursuant to Article 67(b); and~~
 - ~~ii. — Deputy President:

 - ~~A. — whose term was extended for a further term commencing on 1 April 2009, may not be extended for a further 1 year term pursuant to Article 67(b); and~~
 - ~~B. — who was appointed to that office for the first time on 1 April 2009, may be extended for a further 1 year term pursuant to Article 67(b).~~~~

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

4. BOARD-ENDORSED SPECIAL RESOLUTION

This resolution will amend the Constitution to:

- change Director remuneration so that the total remuneration all Directors receive does not exceed a pooled amount; and
- provide that Director remuneration includes any remuneration received for duties performed as a Director, including sitting on the board of a Related Body Corporate of the Company and Board committees.

The changes implemented by this resolution are based on the recommendations of the Independent Review Panel and aim to address Members' concerns about the governance of the Company and give increased power to Members.

This resolution will amend the Constitution to change the way that Directors are remunerated in order to address Member concerns regarding Director remuneration. In particular, the Constitution will be amended to make Director remuneration inclusive of any remuneration related to sitting on the board of a Related Body Corporate and Board committees, and will remove the current requirement that Director remuneration be benchmarked by reference to the Auditor-General's salary package, as recommended by the Independent Review Panel.

CHANGING DIRECTOR REMUNERATION

The Board understands that there is a need to align Director remuneration to Members' expectations, as recommended by the Independent Review Panel.

This resolution amends Article 45 of the Constitution so that total Director remuneration cannot exceed a "pooled amount". Where the number of Directors is 9 or less, the pooled amount will be set at A\$900,000, as at 1 October 2018, and will be indexed to CPI annually. If the number of Directors validly appointed under the Constitution is 10, then the pooled amount will be set at A\$975,000, as at 1 October 2018, and will be indexed to CPI annually. The pooled

amount can only otherwise be increased by Members passing an ordinary resolution at a general meeting of the Company.

Within this pooled amount, Directors will collectively determine the remuneration to be paid to each individual Director, having regard to their duties and responsibilities. The amount of remuneration paid to, and divided amongst, the Directors may be less than or equal to the Pooled Amount. If the Directors do not reach an agreement, the pooled amount will be divided equally amongst all of the Directors.

The Independent Review Panel noted that while the Constitution had historically capped Directors' remuneration by reference to the Auditor-General's salary package, actual remuneration had steeply increased leading to the Board being remunerated above market rates.

The Independent Review Panel recommended that Director remuneration should no longer be benchmarked to the Auditor-General's salary.

In addition to the Independent Review Panel's report and findings, the Company also commissioned the Godfrey Group to independently review the Company's Director and senior executive remuneration practices and to provide an independent opinion on the Company's 2017-2018 Director remuneration. In February 2018, the Godfrey Group reviewed the Company's Director remuneration practices with reference to 12 Australian membership-based organisations (the Mutual Survey Group) and 20 ASX listed Australian Companies (the ASX Group). The Company asked that the Mutual Survey Group be used solely as the benchmark. The Godfrey Group considered that the amounts paid to Directors, the President and Deputy President were appropriate having regard to the Mutual Survey Group as a comparator. PwC provided a peer review of the Godfrey Group's findings and also found them to be reasonable.

Based on the findings of the Godfrey Group, the Board proposes the pooled amount of A\$900,000 as the Board's aggregate remuneration, where there are 9 or fewer Directors. Where there are 10 Directors, the Board proposes the pooled amount of A\$975,000 as the Board's aggregate remuneration.

DIRECTOR REMUNERATION ALL INCLUSIVE

The existing Constitution does not state whether a Director may receive additional remuneration for any work undertaken in a separate capacity as a director of the Company's Related Bodies Corporate.

This resolution will clarify that Directors' remuneration is inclusive of any duties performed as a member of a Board committee as well as those as a director of a Related Body Corporate of the Company. In other words, this resolution makes clear that Directors may not receive additional remuneration for their services to subsidiaries.

This resolution is consistent with the Independent Review Panel's recommendation that Article 45 of the Constitution should be changed to refer to the Company and its Related Bodies Corporate (which includes subsidiaries). The simplest approach is to have an inclusive fee.

The Board does not support a competing resolution from Brett Stevenson, a Member, whose proposed resolution would also change Director remuneration (see Special Resolution 10).

For the reasons set out above, the Board believes this resolution is in the interests of the Company as a whole, and unanimously recommends that Members vote **in favour** of Special Resolution 4.

The Chair intends to vote undirected proxies **in favour** of Special Resolution 4.

PROPOSED CHANGES TO THE CONSTITUTION

Article 45 of the Constitution will be amended as follows:

~~(a) Subject to Articles 45(b) to (d) and Article 45(g), the Company may:~~

~~i. prior to 31 March 2010, pay or provide to:~~

~~A. an External Director;~~

~~B. Member Director, provided that the Member Director is self-employed;~~

~~C. the employer of a Member Director; or~~

~~D. a Practice Entity with which a Member Director is Closely Associated;~~

~~fees in an amount or value determined by the Board;~~

~~ii. from 1 April 2010 onwards:~~

~~A. pay or provide to a Director fees in an amount or value determined by the Board; or~~

~~B. if, as a condition of a Director's employment with his or her employer, that Director is not permitted to receive fees from the Company personally, pay or provide amounts to the Director's employer by way of an honorarium to compensate the Director's employer for the release of the Director's time from his or her employment and making the Director available to serve as a director of the Company.~~

~~(b) Subject to Article 45(i), the amount paid to a Director (other than the President or the Deputy Presidents), the employer of such a Director or a Practice Entity with which such a Director is Closely Associated (as applicable, and when and where permissible) pursuant to Article 45(a) (for the avoidance of doubt, excluding any amounts paid pursuant to Articles 45(e) or (f)), in any calendar year will be determined by the Board for the relevant calendar year but must not exceed 15% of the total annual salary package of the Auditor-General of Australia, as prevailing at the date of the Board determination. The amount paid to a Director (other than the President or Deputy Presidents) will be prorated for any period where the Director is not entitled to be paid fees by reason of Article 45(g) or serves as a Director for a period of less than 12 months in a calendar year.~~

~~Save for any pro-rata reduction to reflect a non-entitlement to be paid fees by reason of Article 45(g) or service of less than 12 months, the same amount of fees shall be paid under this Article 45(b) in respect of each Director for each calendar year, however the Board may vary the amount of~~

~~fees payable in respect of a Director to take into account such additional responsibilities within the Company that a Director may have.~~

~~(c) Subject to Article 45(i), the amount paid to the President, the employer of the President or a Practice Entity with which the President is Closely Associated (as applicable, and when and where permissible) pursuant to Article 45(a) (for the avoidance of doubt, excluding any amounts paid pursuant to Articles 45(e) or (f)), in any calendar year will be determined by the Board for the relevant calendar year but must not exceed 60% of the total annual salary package of the Auditor-General of Australia, as prevailing at the date of the Board determination. The amount paid to the President will be prorated for any period where the President serves as the President for a period for less than 12 months in a calendar year.~~

~~(d) Subject to Article 45(i), the amount paid to each Deputy President, the employer of a Deputy President or a Practice Entity with which a Deputy President is Closely Associated (as applicable, and when and where permissible) pursuant to Article 45(a) (for the avoidance of doubt, excluding any amounts paid pursuant to Articles 45(e) or (f)), in any calendar year will be determined by the Board for the relevant calendar year but must not exceed 25% of the total annual salary package of the Auditor-General of Australia, as prevailing at the date of the Board determination. The amount paid to a Deputy President will be prorated for any period where a Deputy President serves as the Deputy President for a period for less than 12 months in a calendar year.~~

(a) Directors may be remunerated for their service as Directors of the Company (Director Remuneration). The Company will pay the Director Remuneration to the Director.

(b) Director Remuneration must be cash only.

(c) Director Remuneration must be inclusive of all fees relating to:

(i) work undertaken by the Director in their capacity as a Director of the Company, and as a director of any of the Company's related bodies corporate, as defined in section 50 of the Corporations Act; and

(ii) serving on a committee of the Board or a committee of the Company.

(d) From 1 October 2018, the aggregate amount of Director Remuneration provided under Article 45(a) to all Directors during each 12-month period, from 1 October until 30 September in the next calendar year, (Board Remuneration) must not exceed the Pooled Amount. For the avoidance of doubt, Article 45(d) does not impact a Director's remuneration arrangements in effect as at the Amending Date until 1 October 2018.

(e) Board Remuneration is to be divided among the Directors in the proportion and manner they agree or, in default of agreement, among them equally. For the avoidance of doubt the amount of the Board Remuneration paid to, and divided amongst, the Directors may be lesser than or equal to, but must not exceed, the Pooled Amount.

(f) Any increase, above the CPI Rate, to the Pooled Amount (for either 9 Directors or less, and/or 10 Directors), must be approved by an ordinary resolution passed at a meeting of Members.

(e)(g) Where a Director resident outside Australia for tax purposes receives any fees under this Article 45 that are taxable in a country other than Australia but is required to pay such fees to an unrelated third party and is unable to claim a tax deduction or other offset, and is therefore subject to an amount of personal taxation on such fees (the **Residual Tax Amount**), the Company may pay to the Director or to a taxation authority in respect of any calendar year, the Residual Tax Amount or such other amount as is considered appropriate (as determined by the Board) to compensate that Director.

(f)(h) The Company must pay all reasonable travelling, accommodation and other expenses that a Director properly incurs in attending meetings of the Board, committees of the Board, meetings of Members, or otherwise in connection with the business of the Company.

~~(g) No amounts may be paid to any Director (except for the President, the Deputy Presidents and External Directors), the employer of any such Director, or a Practice Entity with which any such Director is Closely Associated pursuant to~~

~~Article 45(a), or Article 45(e) prior to 1 April 2010.~~

~~(h)(i) Articles 45(a)–(d) does not apply to any payments made pursuant to Article 50.~~

~~(i) Notwithstanding anything else to the contrary in Articles 45(b) to (d), in relation to any amounts paid as an honorarium to the employer of a Director pursuant to Article 45(a)(ii)B:~~

~~i. if the amount so paid as an honorarium is to the employer of a Director (who is not the President or a Deputy President), then such amount may be different from the amount of fees paid to other Directors (who are not the President or a Deputy President) in the relevant calendar year; and~~

~~ii. no amounts may be paid (either to a Director or the employer of a Director) pursuant to Article 45(e) in connection with the amount so paid as an honorarium.~~

The following definitions will also be inserted into Article 1 of the Constitution:

CPI means the All Groups Consumer Price Index for the weighted average of eight capital cities published by the Australian Bureau of Statistics. If that index no longer exists it means the index officially substituted for it.

CPI Rate means the increase in the CPI measured from the CPI for the quarter ending immediately

before 1 October each calendar year (commencing from 1 October 2018) reviewed to the CPI for the quarter ending immediately before the relevant review date, expressed as a percentage.

Pooled Amount means:

(a) For 9 Directors or less: If the number of Directors is 9 or less, A\$900,000 as at 1 October 2018, increased by the CPI Rate on each 1 October thereafter, or as otherwise increased in accordance with Article 45(f).

(b) For 10 Directors: If the number of Directors is increased to 10 at any time after 1 October 2018, A\$975,000 as at 1 October 2018, increased by the CPI Rate on each 1 October thereafter, or otherwise increased in accordance with Article 45(f). The Pooled Amount for 10 Directors will be pro-rated for any period where the tenth Director served for less than 12 months of the relevant year commencing 1 October and ending 30 September.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

PART B: RESOLUTIONS REQUISITIONED PURSUANT TO SECTION 249N OF THE CORPORATIONS ACT – NOT SUPPORTED BY THE BOARD

Part B of 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 249P of the Corporations Act. For ease of reference, the Member's explanatory statements are set out in Annexures A – J.

5. ORDINARY RESOLUTION PROPOSED BY DAVID DAHM

This resolution has been proposed by David Debabrata Dahm, a Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, David Debabrata Dahm has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out in Annexure A, which forms part of this Notice.

The Board's response to this resolution is set out below.

BOARD RESPONSE

This resolution seeks to put forward a motion at the AGM that the Company:

- within 6 months after the AGM, publish a discussion paper, via *INTHEBLACK* and electronically, regarding the 16 proposed resolutions detailed in the explanatory statement (see Annexure A); and
- hold an international online webinar "to address any matters in addition to any other appropriate feedback mechanism that is open and transparent to the membership."

The Board believes that there are more appropriate mechanisms to facilitate Member engagement. For example:

- Under sections 249N and 249P of the Corporations Act, 100 voting Members may already propose a resolution and explanatory statement for consideration at the Company's next general meeting.
- Members have the ability to raise questions and concerns during the course of an AGM.
- Members had the ability to engage with, and have their concerns heard by, the Company during the Member consultation forums and webinars held throughout March and April 2018.
- Member engagement through the (new) Council of Presidents and Appointments Council, as proposed by the Board-endorsed Special Resolutions 1 and 2.

The Board also considers the resolution to be inappropriate for the following reasons.

- The proposed resolutions as described in the explanatory statement inappropriately fetter the powers of the Board and will cause the Company to incur material costs and expenses.
- The preliminary and final reports issued by the Independent Review Panel gave thorough consideration to, and made recommendations in respect of, a number of the issues raised in the explanatory statement (e.g. benchmarking Director remuneration). Through the Member forums and focus groups, the Board has engaged with and sought feedback from, Members on the governance changes being considered at this AGM and is now seeking to move forward and implement a number of recommendations made by the Independent Review Panel through Board-endorsed proposed resolutions.
- In addition, a number of the proposed resolutions in the explanatory statement have already been put forward by other Members as proposed resolutions at the AGM. This includes resolutions that propose to implement direct voting for Directors (see Special Resolution 8 and Special Resolution 9), limit Director tenure to 6 years (see Special Resolution 11) and

to remove Peter Wilson as a Director (see Ordinary Resolution 14).

- This resolution requires the Company and Board to duplicate the use of resources, incur additional costs and spend further time on matters that are already being addressed.

For the reasons set out above, the Board believes this resolution is not in the interests of the Company as a whole, and unanimously recommends that Members vote **against** Ordinary Resolution 5.

The Chair intends to vote undirected proxies **against** Ordinary Resolution 5.

6. SPECIAL RESOLUTION PROPOSED BY BEN COHEN

This resolution has been proposed by Ben Cohen, Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Ben Cohen has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out in Annexure B, which forms part of this Notice.

The Board's response to the resolution is set out below the proposed changes to the Constitution.

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will insert Article 77 into the Constitution:

- (a) One hundred Members (the Requesting Members) may request the Company to distribute to all its Members a copy of a statement related to:
- (i) the governance of the Company; or
 - (ii) the strategy of the Company; or
 - (iii) any other matter that is a membership matter.
- (b) The Company need not comply with the request:
- (i) if the statement is promoting a commercial product or service or soliciting donations; or
 - (ii) if the statement is more than 1,000 words long or deemed to be "conduct unbecoming a Member" as defined from time to time in the By-Laws.
- (c) Except that the Company is only required to distribute the statement to Members where their electronic address (Email) is known to the Company and the Member has not elected to opt out of future Email communications.
- (d) The Company must distribute the statement within 14 days of receiving the request.
- (e) The request must be made by 100

Requesting Members:

- (i) who are entitled to vote;
 - (ii) in writing;
 - (iii) signed by the Members making the request; and
 - (iv) given to the Company.
- (f) Members may sign separate copies of the statement setting out the request if the wording of the request is identical in each copy.
- (g) The Requesting Members have a right to independent arbitration:
- (i) where a request prepared in accordance with the above is not circulated by the Company to Members within 14 days of the receipt of the request;
 - (ii) the arbitrators are to determine if the failure to distribute was in the best interests of the Company's Members and their findings are to be binding on the Company and the Requesting Members.
 - (iii) the arbitration will be by a group of past National Presidents selected by the Board with a quorum of three and at no cost to the Requesting Members.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

BOARD RESPONSE

This resolution requires the Company, on the request of 100 Members, to distribute a

statement relating to the governance, strategy of other membership matters to Members (via email) where a Member's email address is known to the Company and the Member has not opted out of email communications. It also provides for Members to have a right to "independent arbitration" where the Company decides not to distribute a statement.

The Board considers the resolution to be inappropriate, for the following reasons:

- Under sections 249N and 249P of the Corporations Act, 100 voting Members may already propose a resolution and explanatory statement for consideration at the Company's next general meeting.
- The resolution only requires the Company to distribute the statement to a class of, and not all, Members. The statement only needs to be sent to those Members who have supplied email addresses to the Company. The Board believes this is unsatisfactory as it would result in only some, but not all, Members receiving communications. Such information asymmetry is inconsistent with good governance practice.
- If communications are channelled through email only, it will disenfranchise members who prefer hard copy or postal communication.
- The resolution does not limit the number of requests that can be made of the Company. There is a real risk that the Company may incur significant costs in dealing with repeated requests by a certain group of Members to distribute information. This may result in significant costs to the Company which may, in turn, result in a need to increase membership fees without resulting in a benefit to Members.
- There would be significant administrative expense in considering each request that is received, especially given the timeframe for consideration and distribution is 14 days.
- The Company's current technology system would need to be changed to carry out the

communications considered by the resolution.

- Finally, the ability to arbitrate where the Board chooses not to distribute a statement is both costly and cumbersome. This is because the resolution fails to set out the framework for the arbitration described in paragraph (g). This resolution neither states what principles are to be applied, nor the required skill set of those tasked with the arbitration.

For the reasons set out above, the Board believes this resolution is not in the interests of the Company as a whole, and unanimously recommends that Members vote **against** Special Resolution 6.

The Chair intends to vote undirected proxies **against** Special Resolution 6.

7. SPECIAL RESOLUTION PROPOSED BY GLEN HASSELMAN

This resolution has been proposed by Glen Hasselman, Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Glen Hasselman has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out in Annexure C, which forms part of this Notice.

The Board's response to this resolution is set out below the proposed changes to the Constitution.

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will insert Article 74 into the Constitution:

- (a) Members may request the Company to give to all its Members a statement provided by the Members making the request relating to:
 - (i) the governance of the Company; or
 - (ii) the strategy of the Company; or
 - (iii) any other matter that is of interest to the Members as a whole.
- (b) The request must be made by 100 Members who are entitled to vote.
- (c) The request must be:
 - (i) in writing; and
 - (ii) signed by the Members making the request; and
 - (iii) given to the Company.
- (d) Separate copies of a document setting out the request may be used for signing by Members if the wording of the request is identical in each copy.
- (e) Within 14 days of receiving the request, the Company must distribute to all its Members a copy of the statement, except that the Company is not required to distribute the

statement to Members that:

- (i) are unable to receive notices of General Meetings to an electronic address (email); or
 - (ii) have elected to not receive email communications described in this Article.
- (f) The Company must publish the statement in full in the next issue of In The Black or any successor magazine.
- (g) The Company need not comply with the request:
- (i) if the statement is more than 1,000 words long or defamatory; or
 - (ii) if the statement is promoting a commercial product or service or soliciting donations.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

BOARD RESPONSE

This resolution requires the Company, on the request of 100 Members, to distribute a statement relating to the governance, strategy of other membership matters to Members (via email) unless Members are unable to receive notices of general meetings to an email address or have elected not to receive email communications. The statement must also be published in full in *INTHEBLACK* or any successor magazine.

The Board considers the resolution to be inappropriate, for the following reasons:

- Under sections 249N and 249P of the Corporations Act, 100 voting Members may already propose a resolution and explanatory statement for consideration at the Company's next general meeting.
- The resolution does not limit the number of requests that can be made of the Company. There is a real risk that the Company may incur significant costs in dealing with repeated requests by a certain group of Members to distribute information.
- There would be significant administrative expense in considering each request that is received, especially given the timeframe for consideration and distribution is 14 days.
- The Company's current technology system would need to be changed to carry out the communications considered by the resolution. In particular, the Company would incur expenses to establish a system to allow Members to elect not to receive email communications contemplated by the resolution.
- The proposal to publish the statement in *INTHEBLACK* is inappropriate as a form of Member-based communication because *INTHEBLACK* is published to a wider audience than just Members. It should not be the Company's responsibility to publicise in *INTHEBLACK* the views of a relatively small number of Members on internal corporate governance issues.

For the reasons set out above, the Board believes this resolution is not in the interests of the Company as a whole, and unanimously recommends that Members vote **against** Special Resolution 7.

The Chair intends to vote undirected proxies **against** Special Resolution 7.

8. SPECIAL RESOLUTION PROPOSED BY GLEN HASSELMAN

This resolution has been proposed by Glen Hasselman, Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Glen Hasselman has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out in Annexure D, which forms part of this Notice.

The Board's response to this resolution is set out below the proposed changes to the Constitution.

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will amend Article 44 of the Constitution as follows:

~~(a) The Board shall be appointed by the Representative Council and shall consist of a maximum of 12 Directors, such Directors being:~~

~~i. up to 10 persons who are Members; and~~

~~ii. up to 2 persons who are neither a Member nor an employee of the Company.~~

(a) The Board shall be elected by the Members and shall consist of a maximum of 12 Directors. Each Director must hold an Allocated Membership Status of "Fellow Certified Practising Accountant", "Certified Practising Accountant" or "Life". Members who hold an Allocated Membership Status of "Associate" or "Honorary" are ineligible to be Directors of the Company.

~~(b) Subject to Article 44(g), each Director appointed by the Representative Council must retire on 30 September of the third calendar year following the calendar year during which the Director is appointed.~~

~~(c) Once appointed to the Board, a Director cannot be removed by the Representative Council.~~

~~(d) On or before 30 September in the year in which a Director is to retire under this Article 44, the Representative Council shall meet and may appoint a replacement Director to the Board in accordance with this Article 44.~~

~~(e) Subject to the requirements of the Corporations Act, on the retirement of a Director, the retiring Director shall be eligible for reappointment for two (2) subsequent reappointments but the Director shall, subject to Article 44(f), be ineligible for any subsequent re-appointment.~~

~~(f) A Director appointed by the Representative Council under Article 44(g) to fill a casual vacancy in the Board, and who is reappointed, is eligible for two subsequent reappointments if he or she was not a Director filling a casual vacancy on the Board for more than 1 year before being reappointed. If he or she was a Director filling a casual vacancy in the Board for more than 1 year the Director who is reappointed is eligible for one subsequent re-appointment only.~~

~~(g) Any casual vacancy occurring in the Board may be filled by the Representative Council appointing a new Director who shall retain office, and be subject to, and have the benefit of, all the rights, duties and privileges attaching to that office, for so long as the vacating Director would have retained the office if no vacancy had occurred. A Director appointed under this Article 44(g) must retire on the same date on which the vacating Director would have retired in accordance with Article 44(b) or Article 44(h), as applicable.~~

~~(h) Notwithstanding any provisions of this Constitution, or any provisions contained in the constitution of the Company prior to the Amending Date, the following transitional provisions regarding the Directors and the composition of the Board shall apply:~~

~~i. those Directors appointed by the Representative Council for a term of 2 years commencing on 1 April 2009 and expiring on 31 March 2011 (or any person appointed by the Representative Council to fill a casual vacancy caused by any such Director vacating their office) shall continue in office until 30 September 2011, and on the expiry of that extended term shall retire and shall~~

~~either be reappointed or replaced by new appointees, as determined by the Representative Council in accordance with Article 44(a), each such appointment to be:~~

~~A. in respect of 2 Directors, for a term of 3 years commencing on 1 October 2011 and expiring on 30 September 2014. On expiry of these terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. A Director appointed on 1 October 2007 and reappointed on 1 October 2011 shall be eligible for a final consecutive reappointment on 1 October 2014; and~~

~~B. in respect of 4 Directors, for a term of 4 years commencing on 1 October 2011 and expiring on 30 September 2015. On expiry of these terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2015 and a final consecutive reappointment on 1 October 2018, except that a Director is ineligible for a final consecutive reappointment on 1 October 2018 if that Director was first appointed on 1 October 2007.~~

~~Subject to Article 44(h)(iii), the Director appointments contemplated by this Article 44(h)(i) that may be made by the Representative Council shall be made subject to and in accordance with Articles 44(a) to (d), (f) and (g).~~

~~The Board shall determine whether a Director is appointed on the basis of Article 44(h)(i)A or 44(h)(i)B.~~

~~ii. those Directors appointed by the Representative Council for a term of 30 months commencing on 1 October 2007 and expiring on 31 March 2010 (or any person appointed by the Representative Council to fill a casual vacancy caused by any such Director vacating their office) shall continue in office until 30~~

~~September 2010, and on expiry of that extended term shall retire and shall either be reappointed or replaced by new appointees, as determined by the Representative Council in accordance with Article 44(a), each such appointment to be:~~

~~A. in respect of 4 Directors for a term of 3 years commencing on 1 October 2010 and expiring on 30 September 2013. On expiry of these terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2013, except that a Director is ineligible for a further consecutive reappointment on 1 October 2013 if the Director has been reappointed on 1 October 2010; and~~

~~B. in respect of 2 Directors, for a term of 4 years commencing on 1 October 2010 and expiring on 30 September 2014. On expiry of these terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2014 but shall be ineligible for a further consecutive reappointment on 1 October 2017 if the Director was appointed on 1 October 2007.~~

~~Subject to Article 44(h)(iii), the Director appointments contemplated by this Article 44(h)(ii) that may be made by the Representative Council on 1 October 2013 or 1 October 2014 (as the case may be) shall be made subject to and in accordance with Articles 44(a) to (d), (f) and (g). The Board shall determine whether a Director is appointed on the basis of Article 44(h)(ii)A or 44(h)(ii)B.~~

~~iii. in any event, a Director shall not be eligible for reappointment under this Article 44(h) or otherwise if being reappointed would result in that person being a Director for more than 11 consecutive years (for this~~

~~purpose, excluding any time served by a Director prior to 1 October 2007).~~

(b) The election of Directors shall take place in the following manner:

- i. Except as in (ii) any member with the Allocated Membership Status of “Fellow Certified Practising Accountant”, “Certified Practising Accountant” or “Life” can nominate themselves to serve as Director.
- ii. Any Director appointed as Director before 31 December 2017 cannot nominate for election.
- iii. The Board will call for nominations for open positions on the organisation’s website, by email, and by advertisement in the magazine In the Black (or any successor publication).
- iv. The nomination shall be in writing, signed by the member, and signed by at least 100 voting members and shall be lodged with the Secretary before the 30th of June.
- v. Voting opens on 1 August and closes on 31 August.
- vi. The election of Directors must be by an optional preferential voting system. Voting is optional. Electronic voting must be available. The counting of votes is as described in Article 44(c).

(c) In relation to the election of Directors, Members votes of members are counted as follows:

- i. Members votes are allocated to their preferred candidates to the extent of the number of available positions. For example if there are 3 vacancies the highest 3 preferences receive one vote each or if the member’s ballot paper specifies less than 3 preferences those preferences get one vote each.
- ii. A Surplus Candidate is a candidate that can be eliminated without leaving a vacancy on the board of Directors or an

additional vacancy in the case of insufficient candidates.

iii. The Surplus Candidate with the lowest number of votes is eliminated and their votes reallocated to the candidate with the voter’s next highest preference that is yet to be eliminated. This process is repeated until there are no more Surplus Candidates.

(d) Each Director must retire on 30 September of the third calendar year following the calendar year during which the Director is appointed.

(e) Subject to the requirements of the Corporations Act, on the retirement of a Director, the retiring Director shall be eligible to stand for re-election for one (1) subsequent re-election but the Director shall be ineligible for any subsequent re-election.

(f) A Director appointed to fill a casual vacancy (without election or re-election) ceases to be a Director on 30 September.

This resolution will delete Articles 51(d), 61, 62, 63 and 64 in their entirety.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

BOARD RESPONSE

Unlike other member-based organisations, the Company does more than only represent Members – it is a professional occupational body. The Company sets membership standards and criteria for Members, has an

accreditation function, an educational function, a monitoring function and a licensing function. The Company also plays an advocacy role on behalf of Members. The Company's advocacy role extends to policy makers and regulators across the jurisdictions in which it operates. Therefore, the Board requires a diverse skill set to manage the framework under which Members maintain their accreditation, skills and practice.

The Board believes that the most appropriate way to ensure that the Company can discharge its functions is to adopt a robust governance and Board appointment model which is consistent with the Independent Review Panel. That is, among other amendments:

- to change the function of the proposed Appointments Council to focus on Director appointments;
- ensure that there are representatives from each Divisional and Branch Council on the Appointments Council, those Divisional and Branch Councillors being directly elected as Divisional and Branch Councillors by the Members in their respective Divisions and Branches; and
- to limit Appointments Councillors' tenure to a maximum of 4 years.

Board-endorsed Special Resolution 1 adopts the recommendations of the Independent Review Panel. This resolution is inconsistent with the recommendations of the Independent Review Panel.

First, the resolution proposes that only certain categories of Members can be Directors and, as a result, no non-Member Directors can hold office. As outlined by the Independent Review Panel, setting a minimum number of non-Member Directors aims to ensure that these non-Member directors are included on the Board and that there is a diverse and appropriate skill mix. Having a diverse mix of Directors, both Members and non-Members, allows robust mindsets to be brought to Board Meetings. The Board believes its Board-endorsed resolution, set out in Special Resolution 3, addresses the points raised by the Independent Review Panel by ensuring that there are a minimum of 2 non-Member Directors on the Board. Having 2 non-Member Directors

on the Board will contribute to the independence identified by the Independent Review Panel.

Second, the Independent Review Panel noted the following points against implementing a 'direct election' model (as would be required under this resolution):

- At a general level, direct election is incompatible with a skills-based approach to electing Directors. The Appointments Council is in the position to ensure that the Board is comprised of Directors with the necessary skill sets. This is especially important in elections to replace Directors with a particular skill set.
- There is a risk that some Members may place pressure on an elected Director to be a constituent representative.
- There is a historically low voter turnout in member-based organisations' direct election processes, which may result in a very small number of Members determining who is appointed to the Board. The Board's proposed model of an Appointments Council, as set out in Special Resolution 1, enables those Divisional and Branch Councillors who are directly elected by the Members in their respective Divisions and Branches and who form the Appointments Council, to focus on electing a diverse, balanced and skills based Board, having regard to a range of candidates in the evaluation process.
- The tenure of directors under direct election models is generally lower, which diminishes the experience and continuity of the relevant board.

More specifically, this resolution:

- will result in significant time and cost impacts in running a direct election process when compared to the recommended Appointments Council process;
- does not specify the requisite skill set for Directors standing for election;
- does not provide safeguards against elected candidates coming from Divisions with large numbers of members. This may result in the Board not having representatives from small

regions. This is particularly important as the Company is a global brand and organisation, with Members in many regional locations;

- does not provide an option to expedite an election process – each election must remain open for 30 days, and must only be held during August of each year;
- does not allow any Directors, appointed before 31 December 2017, to nominate for election. This means that existing knowledge and experience will be lost. Not only may the Board have to be appointed again in 3 years' time but there is also no staggering of appointments. The proposal would also see the Company continue in a disruptive holding pattern as the entire Board has to be replaced (again);
- does not specify who has the power to appoint a Director to fill a casual vacancy; and
- does not take into account the relatively low number of Members that have attended AGMs in the last 4 years. Member attendance at AGMs in the last 4 years has been in the range of 30 – 58 Members eligible to vote attending, with 238 Members attending one AGM in that period. However, over the last 5 years approximately 30,000 Member votes have been cast in Divisional Council elections. This demonstrates that there is greater Member participation in the Divisional Council election process than the AGM process. Enabling Director appointment to occur through the Divisional Councils and Branch Councils, as Board-endorsed Special Resolution 1 does through representation on the Appointments Council, is therefore, in the Board's view, a preferable Director election model.

If the Board-endorsed Special Resolution 1 is passed, then this Special Resolution 8, if passed, will prevail to the extent of any inconsistency.

For the reasons outlined above, the Board considers that this resolution is not in the best interests of the Company, and unanimously recommends that Members vote **against** Special Resolution 8.

The Chair intends to vote undirected proxies **against** Special Resolution 8.

9. SPECIAL RESOLUTION PROPOSED BY BRETT STEVENSON

This resolution has been proposed by Brett Stevenson, Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Brett Stevenson has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out Annexure E, which forms part of this Notice.

The Board's response to this resolution is set out below the proposed changes to the Constitution.

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will amend Article 44 of the Constitution as follows:

- (a) The Board shall be appointed by the ~~Representative Council~~Members and shall consist of a maximum of ~~129~~ Directors, such Directors being:
 - i. up to ~~408~~ persons who are Members; and
 - ii. up to ~~21~~ persons who ~~are~~is neither a Member nor an employee of the Company.
- (b) Subject to Article 44~~(f)~~(g), each Director appointed by the ~~Representative Council~~Members must retire on 30 September of the third calendar year following the calendar year during which the Director is appointed.
- ~~(c) Once appointed to the Board, a Director cannot be removed by the Representative Council.~~
- ~~(d)~~(c) On or before 30 September in the year in which a Director is to retire under this Article 44, the ~~Representative Council~~Nominations Committee shall meet and compile a list of candidates for appointment as Directors for consideration by the Members and the

Members may appoint a replacement Director to the Board in accordance with this Article 44.

- ~~(e)~~(d) Subject to the requirements of the Corporations Act, on the retirement of a Director, the retiring Director shall be eligible for reappointment for ~~two~~—(2)one (1) subsequent re-appointments but the Director shall, subject to Article 44~~(e)~~(f), be ineligible for any subsequent re-appointment.
- ~~(f)~~(e) A Director appointed by the ~~Representative Council~~Nominations Committee under Article 44~~(f)~~(g) to fill a casual vacancy in the Board, and who is reappointed, is eligible for ~~one~~ (1) ~~two~~ subsequent re-appointments if he or she was not a Director filling a casual vacancy on the Board for more than 1 year before being reappointed. If he or she was a Director filling a casual vacancy in the Board for more than 1 year the Director who is reappointed is eligible for one subsequent re- appointment only.
- ~~(g)~~(f) Any casual vacancy occurring in the Board may be filled by the ~~Representative Council~~Nominations Committee appointing a new Director who shall retain office, and be subject to, and have the benefit of, all the rights, duties and privileges attaching to that office, for so long as the vacating Director would have retained the office if no vacancy had occurred. A Director appointed under this Article 44~~(f)~~(g) must retire on the same date on which the vacating Director would have retired in accordance with Article 44(b)—~~or Article 44(h), as applicable.~~
- ~~(h) Notwithstanding any provisions of this Constitution, or any provisions contained in the constitution of the Company prior to the Amending Date, the following transitional provisions regarding the Directors and the composition of the Board shall apply:~~
 - ~~i. those Directors appointed by the Representative Council for a term of 2 years commencing on 1 April 2009 and expiring on 31 March 2011 (or any person appointed by the Representative Council to fill a casual vacancy caused by any such Director vacating their office) shall continue in office until 30 September 2011, and on the expiry of that extended term shall retire and shall either be reappointed or replaced by new appointees, as determined by the~~

~~Representative Council in accordance with Article 44(a), each such appointment to be:~~

~~A. in respect of 2 Directors, for a term of 3 years commencing on 1 October 2011 and expiring on 30 September 2014. On expiry of those terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. A Director appointed on 1 October 2007 and reappointed on 1 October 2011 shall be eligible for a final consecutive reappointment on 1 October 2014; and~~

~~B. in respect of 4 Directors, for a term of 4 years commencing on 1 October 2011 and expiring on 30 September 2015. On expiry of those terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2015 and a final consecutive reappointment on 1 October 2018, except that a Director is ineligible for a final consecutive reappointment on 1 October 2018 if that Director was first appointed on 1 October 2007.~~

~~Subject to Article 44(h)(iii), the Director appointments contemplated by this Article 44(h)(i) that may be made by the Representative Council shall be made subject to and in accordance with Articles 44(a) to (d), (f) and (g).~~

~~The Board shall determine whether a Director is appointed on the basis of Article 44(h)(i)A or 44(h)(i)B.~~

~~ii. those Directors appointed by the Representative Council for a term of 30 months commencing on 1 October 2007 and expiring on 31 March 2010 (or any person appointed by the Representative Council to fill a casual vacancy caused by any such Director vacating their office) shall continue in office until 30 September 2010, and on expiry of that extended term shall retire and shall~~

~~either be reappointed or replaced by new appointees, as determined by the Representative Council in accordance with Article 44(a), each such appointment to be:~~

~~A. in respect of 4 Directors for a term of 3 years commencing on 1 October 2010 and expiring on 30 September 2013. On expiry of those terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2013, except that a Director is ineligible for a further consecutive reappointment on 1 October 2013 if the Director has been reappointed on 1 October 2010; and~~

~~B. in respect of 2 Directors, for a term of 4 years commencing on 1 October 2010 and expiring on 30 September 2014. On expiry of those terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2014 but shall be ineligible for a further consecutive reappointment on 1 October 2017 if the Director was appointed on 1 October 2007.~~

~~Subject to Article 44(h)(iii), the Director appointments contemplated by this Article 44(h)(ii) that may be made by the Representative Council on 1 October 2013 or 1 October 2014 (as the case may be) shall be made subject to and in accordance with Articles 44(a) to (d), (f) and (g). The Board shall determine whether a Director is appointed on the basis of Article 44(h)(ii)A or 44(h)(ii)B.~~

~~iii. in any event, a Director shall not be eligible for reappointment under this Article 44(h) or otherwise if being reappointed would result in that person being a Director for more than 11 consecutive years (for this~~

~~purpose, excluding any time served by a Director prior to 1 October 2007).~~

This resolution will amend Article 51 as follows:

- (a) The Board has the power to manage the business of the Company and may exercise to the exclusion of the Company in general meeting all powers of the Company which are not, by the law or this Constitution, required to be exercised by the Company in general meeting or the ~~Representative Council~~Members.

...

- (d) Except for the appointment of the Board in accordance with Articles 44 and 61(a)(i), the Board is not required to act in accordance with any view, guidance, wish, advice, direction or recommendation of or from the ~~Representative Council~~Members.

This resolution will amend Article 67 as follows:

- (a) Subject to Articles 67(e) and 76(a), prior to 30 September in each calendar year from 2010 and onwards, the Board shall elect from amongst:

- i. those Directors whose terms do not expire before 1 October of that calendar year; and
- ii. those persons who the ~~Representative Council~~Members ~~has~~have resolved to appoint to the Board for terms commencing on 1 October during that calendar year,

a President and 2 Deputy Presidents (all of whom must be Members).

- (b) Each person so elected as President or Deputy President pursuant to Article 67(a) shall hold office for a term of 1 year commencing on 1 October of that calendar year and ending on 30 September in the next calendar year. Prior to 30 September in the next calendar year following the election of each such President or Deputy President, the term of each such President or Deputy President may be extended for a further 1 year term by election of the Board, provided that the President or the relevant Deputy President (as the case may be) is either:

- i. not required to retire from office as a Director pursuant to Article 44(b) ~~or~~ 44(g) ~~or 44(h)~~ on 30 September in that next calendar year; or
- ii. required to retire from office as a Director pursuant to Article 44(b) ~~or~~ 44(g) ~~or 44(h)~~ on 30 September in that next calendar year but has been reappointed as a Director by the ~~Representative Council~~Members pursuant to Article 44(d),

but the President can only hold office for a maximum of 2 consecutive years and each Deputy President can only hold office for a maximum of 4 consecutive years.

...

This resolution will amend Article 61 of the Constitution as follows:

- (a) The ~~Nominations Committee~~Representative Council shall have the following powers:

(i) to provide the Members with a shortlist of six nominees (maximum) and three nominees (minimum) for each Director position in accordance with Article 44(c) for the Members to elect Directors apply the election procedure (if any) from time to time prescribed by the Board to the extent the same is not inconsistent with this Constitution;

~~(i)ii~~ to appoint a Director in accordance with Article 44(f) to fill a casual vacancy in the Board, the Board applying the election procedure (if any) from time to time prescribed by the Board to the extent the same is not inconsistent with this Constitution;

~~(ii) at the request of the Board, to consider and provide guidance to the Board (through the chair of the Representative Committee) on Member issues; and~~

~~(iii) at the request of more than 50 percent of the Representative Councillors, to consider any issue concerning the affairs of the Company and, as the Representative Council considers appropriate, convey (through the chair of the Representative Council) the view of the Representative Council to the Board. If requested by the Representative Council, the chair~~

~~of the Representative Council must convey any such view to the Board.~~

(b) Other than as set out in Article 61(a), the Nominations Committee ~~Representative Council~~ will have no other powers.

(c) The Nominations Committee ~~Representative Council~~ will have no power or authority to bind, instruct or direct the Board on any matter ~~(including in relation to Member issues or any issue considered by the Representative Council under Article 61(a)(iii))~~ and does not have the power to dismiss the Board or any Director.

(d) Nominations Committee Representatives ~~Representative Councillors~~ are not directors of the Company for any purpose (including the Corporations Act) unless they have separately been appointed as Directors by the Members ~~Representative Council~~.

(e) The Nominations Committee must have regard to the following criteria when selecting nominees under Article 61(a):

- (i) unquestioned honesty and integrity;
- (ii) a proven track record in the accounting profession;
- (iii) time available to undertake those responsibilities;
- (iv) an ability to apply strategic thought to matters in issue;
- (v) a preparedness to question, challenge and critique; and
- (vi) a willingness to understand and commit to the highest standards of governance of the Company.

This resolution will amend Article 62 of the Constitution as follows:

(a) Subject to the remainder of this Article 62, there shall be the following Nominations Committee Representatives ~~Representative Councillors~~:

- (i) four representatives, appointed by the Council of Presidents, chosen from the Divisional Councillors; and
- ~~i) one Divisional Councillor from each Division appointed by the respective Divisional Council;~~
- (ii) two Directors, chosen by the Council of Presidents. One of these Directors must be the President.
- ~~ii) in respect of any Division to which are attached more than 20 percent of the total number of Members, one~~

~~Divisional Councillor from the Division appointed by the relevant Divisional Council (in addition to the Divisional Councillor appointed by that Divisional Council under Article 62(a)(i));~~

- ~~iii) subject to Article 62(b), one representative of any group, body or committee established or recognised by the Board to reflect the diversity of membership which the Board from time to time determines should have a Representative Councillor representing that group, body or committee; and~~
- ~~(iv) if not appointed to the Representative Council under Articles 62(a)(i) — 62(a)(iii), the President (as an ex officio member).~~

~~The Representative Councillor representing a body, group or committee of the Board in accordance with Article 62(a)(iii) will be selected or elected by that body, group or committee or, in the case of a group, if the Board so determines, by a representative body of that group or such other group or committee as the Board may appoint for that purpose.~~

~~(b) The power of the Board to determine that a body, group or committee should have a Representative Councillor representing that body, group or committee pursuant to Article 62(a)(iii) is limited insofar as such determination must not be made by the Board if it would result in the proportion (expressed as a percentage) of Representative Councillors appointed by the Divisional Councils pursuant to Articles 62(a)(i) or 62(a)(ii) being less than or equal to 50 percent of all Representative Councillors.~~

~~(e)(b) Each Nominations Committee Representative ~~Representative Councillor~~ shall hold office as such for a term of 2 years, commencing on 1 February in the year of appointment which shall expire on 31 January in the second year of that term, unless such person has been appointed President for a term which extends past this date, in which case until the end of that person's term as President.~~

~~(d)(c) Subject to the Corporations Act and this Constitution, each Nominations Committee Representative ~~Representative Councillor~~ shall be eligible for reappointment, but a Nominations Committee Representative ~~Representative Councillor~~ is ineligible for~~

reappointment if the serving of a further 2 year term would result in that person being a Nominations Committee Representative ~~Representative Councillor~~ for more than 6 consecutive years (for this purpose, excluding any time served as a Nominations Committee Representative ~~Representative Councillor~~ while filling a casual vacancy if so appointed in accordance with Article 64(b)).

~~(e)~~(d) If a Nominations Committee Representative ~~Representative Councillor~~ is ineligible for reappointment pursuant to Article ~~62(d)~~62(c), he or she shall not be eligible to be appointed as a Nominations Committee Representative ~~Representative Councillor~~ for a period of 2 years following the expiry of his or her term.

~~(f)~~ ~~All Representative Councillors must be Members.~~

~~(g)~~(e) All appointments to the office of Nominations Committee Representative Councillor shall (save in the case of the President appointed under Article ~~62(a)(ii)~~ ~~62(a)(iv)~~) be conducted in the manner set out in the By-Laws.

This resolution will amend Article 63 of the Constitution as follows:

~~(a)~~ ~~The President or, in the President's absence, a Representative Councillor chosen by those present, shall act as the chair of any meeting of the Representative Council.~~

~~(b)~~(a) A meeting of the ~~Representative Councillors~~ Nominations Committee shall be convened at any time upon the request of the President or more than 50 percent of the ~~Representative Councillors~~ Nominations Committee Representatives.

~~(c)~~(b) The quorum for meetings of the ~~Representative Councillors~~ Nominations Committee shall be determined by the ~~Representative Council~~ Nominations Committee from time to time, provided that such quorum shall not be less than the number which is equal to half of the total number of appointed Nominations Committee Representatives ~~Representative Councillors~~ at the time of the meeting plus one (if this number is not a whole number, then it shall be rounded down).

~~(d)~~(c) The President shall cause a notice of a meeting of the Nominations Committee Representative Council and a proposed agenda to be given to Nominations Committee Representatives ~~Representative Councillors~~ at least -14 days prior to the meeting although matters -of -which no or insufficient notice has been given may be dealt with so long as the meeting is of the opinion that the matter is of sufficient importance.

~~(e)~~(d) A Nominations Committee Representative ~~Representative Councillor~~ unable to attend or vote at any meeting of the Nominations Committee Representative Council may, by signed notice to the Secretary, authorise any other Nominations Committee Representative ~~Representative Councillor~~ to vote on their behalf -on all questions arising at such meeting or upon any particular question arising at such meeting.

~~(f)~~(e) Nominations Committee Representatives ~~Representative Councillors~~ attending any meeting of the Nominations Committee Representative Council shall be entitled to such reasonable travel, accommodation, or other expenses approved from time to time by the Board.

~~(g)~~(f) The Nominations Committee Representative Council may meet either in person or by telephone or by other means of communication by which all persons participating in the meeting are able to hear and be heard by all other participants. A meeting conducted by telephone or other means of communication is deemed to be held at the place agreed upon by the persons attending the meeting, provided that at least one of the persons present at the meeting was at the place for the duration of the meeting.

~~(h)~~(g) The Nominations Committee Representative Council shall cause to be regularly entered, in books provided for the purpose, minutes of the proceedings of its meetings. The minutes of any meeting of the Nominations Committee Representative Council signed by the chairman of the succeeding meeting of the Nominations Committee Representative Council shall, unless the contrary is proved, be conclusive evidence of the proceedings recorded in those minutes.

~~(h)~~ The Nominations Committee Representative Council may pass a resolution without holding a meeting if notice in writing of the resolution is given to all Nominations Committee Representatives Representative Councillors and a majority of the Nominations Committee Representatives Representative Councillors entitled to vote on the resolution sign a statement that they are in favour of the resolution set out in the document. A resolution pursuant to this Article ~~63(h)~~~~63(i)~~ may consist of several documents in the same form each signed by one or more Nominations Committee Representatives Representative Councillors and is effective when signed by the last of the Nominations Committee Representatives Representative Councillors constituting the majority of the Nominations Committee Representatives Representative Councillors. A facsimile transmission or other document produced by electronic means under the name of a Nominations Committee Representative Representative Councillor with the Nominations Committee Representative's Representative Councillor's authority is taken to be a document signed by the Nominations Committee Representative Representative Councillor for the purposes of this Article ~~63(h)~~~~63(i)~~ and is taken to be signed when received by the Company in legible form.

~~(i)~~ All acts done at any meeting of the Nominations Committee Representative Council or an act of any person acting as a Nominations Committee Representative Representative Councillor is not invalidated by:

- i. a defect in the appointment or continuance in office of a person as a Nominations Committee Representative Representative Councillor, or of the person so acting; or
- ii. a person so appointed being disqualified or not being entitled to vote,

if that circumstance was not known by the Nominations Committee Representative Council or person (as the case may be) when the act was done.

~~(k)~~~~(j)~~ Subject to Articles 63(a) to ~~(i)~~~~(j)~~, all procedural requirements for meetings and conduct

of the Nominations Committee Representative Council will be as determined by the Board from time to time.

This resolution will amend Article 64 of the Constitution as follows:

(a) The office of a Nominations Committee Representative Representative Councillor shall ipso facto be vacated if:

- i. the Nominations Committee Representative Representative Councillor ceases to be a Member;
- ii. the Nominations Committee Representative Representative Councillor resigns by notice in writing to the Company;
- iii. the Nominations Committee Representative Representative Councillor becomes Insolvent;
- iv. the Nominations Committee Representative Representative Councillor becomes of unsound mind or a person whose person or estate is dealt with in any way under the laws relating to mental health;
- v. the Nominations Committee Representative's Representative Councillor's membership is suspended; or
- vi. the Nominations Committee Representative's Representative Councillor's membership subscription is overdue for 60 days or more.

(b) Any casual vacancy occurring on the Nominations Committee Representative Council may be filled by the body which appointed that Nominations Committee Representative Representative Councillor who shall retain office, and be subject to, and have the benefit of, all the rights, duties and privileges attaching to that office, for as long as the vacating Nominations Committee Representative Representative Councillor would have retained office if no vacancy occurred.

This component of the resolution will replace Article 68 of the Constitution with the following:

~~Each person elected in accordance with Article 67 shall hold office until that person's successor is appointed and any vacancy occurring before such a successor is appointed may be filled at a meeting of the Board, to be held as soon as practicable after the occurrence of the vacancy of which business notice shall be given to the Directors.~~

- (a) The Council of Presidents shall have the power to provide advice to the Board on strategic issues and opportunities (with an emphasis on sharing the views and preferences of Members) as the Council of Presidents, from time-to-time, best sees fit.
- (b) In providing advice to the Board under Article 68(a), the Council of Presidents must engage in two-way discussions with Divisional Councils, Branch Councils and the Board.
- (c) The Council of Presidents will have no power or authority to bind, instruct, direct or compel the Board on any matter, and does not have the power to dismiss the Board or any Director. Other than as set out in Article 68(a), the Council of Presidents will have no other powers. For the avoidance of doubt, the Board is not required to disclose any information to the Council of Presidents.
- (d) The Council of Presidents shall meet at least 4 times per calendar year.
- (e) Branch Presidents and Divisional Presidents will comprise the Council of Presidents. A member of the Council of Presidents:
 - (i) is not a Director for any purpose, unless they have been separately appointed as a Director under Article 44, in which case they must retire as Branch President or Divisional President (as the case may be); and
 - (ii) may only serve on the Council of Presidents while they are a Branch President or Divisional President.
- (f) Notwithstanding anything else to the contrary in this Constitution, or the constitution of the Company in force immediately before the Amending Date, the persons holding the positions of President of each of the Branch Councils and Divisional Councils shall continue to hold those offices for the term of their appointment. The first meeting of the Council of Presidents will be held no later than 30 September 2018.

This component of the resolution will insert new Article 69 of the Constitution as follows:

- (a) The Chair of the Council of Presidents or in their absence, the Deputy Chair, shall act as the chair of the Council of Presidents. In the absence of the President and the Deputy Chair at a meeting of the Council of Presidents, the Council of Presidents may elect a member of the Council of Presidents as Chair of that meeting.
- (b) Subject to Article 69(d), a meeting of the Council of Presidents shall be convened at any time upon the request of the Chair or more than 50 percent of the members of the Council of Presidents.
- (c) The quorum for meetings of the Council of Presidents shall be determined by the Council of Presidents from time to time, provided that such quorum shall not be less than the number which is equal to half of the total number of members of the Council of Presidents at the time of the meeting plus one (if this number is not a whole number, then it shall be rounded down).
- (d) The Chair shall cause a notice of a meeting of the Council of Presidents and a proposed agenda to be given to the members of the Council of Presidents at least 14 days prior to the meeting although matters of which no or insufficient notice has been given may be dealt with so long as the meeting is of the opinion that the matter is of sufficient importance.
- (e) If a member of the Council of Presidents is unable to attend or vote at any meeting of the Council of Presidents, they may not authorise the Secretary or any other member of the Council of Presidents to vote on their behalf on any questions arising at such meeting or upon any particular question arising at such meeting. In the case of an equality of votes on a resolution at a meeting of the Council of Presidents, the Chair or if the Chair is absent, the Deputy Chair, will have a casting vote on that resolution provided that:
 - (i) the Chair or the Deputy Chair (as the case may be) is entitled to vote on the resolution; and
 - (ii) the quorum requirements under Article 69(c) are satisfied.

If the Chair or the person appointed by the Deputy Chair (as the case may be) is absent from the meeting, the resolution in question

must be deferred until the next meeting of the Council of Presidents.

(f) A member of the Council of Presidents attending any meeting of the Council of Presidents shall be entitled to such reasonable travel, accommodation, or other expenses approved from time to time by the Board.

(g) The Council of Presidents may meet either in person or by telephone or by other means of communication by which all persons participating in the meeting are able to hear and be heard by all other participants. A meeting conducted by telephone or other means of communication is deemed to be held at the place agreed upon by the persons attending the meeting, provided that at least one of the persons present at the meeting was at the place for the duration of the meeting.

(h) The Council of Presidents shall cause to be regularly entered, in books provided for the purpose, minutes of the proceedings of its meetings. The minutes of any meeting of the Council of Presidents signed by the chair of the succeeding meeting of the Council of Presidents shall, unless the contrary is proved, be conclusive evidence of the proceedings recorded in those minutes.

(i) The Council of Presidents may pass a resolution without holding a meeting if notice in writing of the resolution is given to all members of the Council of Presidents and a majority of the members of the Council of Presidents entitled to vote on the resolution sign a statement that they are in favour of the resolution set out in the document. A resolution pursuant to this Article 69(i) may consist of several documents in the same form each signed by one or more of the members of the Council of Presidents and is effective when signed by the last of the Council of Presidents members constituting the majority of the Council of Presidents members. A facsimile transmission or other document produced by electronic means under the name of a Council of Presidents members with their authority is taken to be a document signed by them for the purposes of this Article 69(i) and is taken to be signed when received by the Council of Presidents in legible form.

(j) All acts done at any meeting of the Council of Presidents or an act of any person acting as a member of the Council of Presidents is not invalidated by:

(i) a defect in the appointment or continuance in office of a person as a

member of the Council of Presidents, or of the person so acting; or

(ii) a person so appointed being disqualified or not being entitled to vote,

if that circumstance was not known by the Council of Presidents or the member of the Council of Presidents (as the case may be) when the act was done.

This component of the resolution will insert new Article 70 of the Constitution as follows:

(a) Subject to Article 70(e), prior to 31 December in each calendar year, the Council of Presidents shall elect from amongst their members a Chair and a Deputy Chair (all of whom must be Members).

(b) Each person so elected pursuant to Article 70(a) shall hold office for a term of 1 year commencing on 1 January in the year of election. The term of each Chair or Deputy Chair may be extended for further 1 year terms by election of the members of the Council of Presidents, provided that the Chair or the relevant Deputy Chair (as the case may be) is either:

(i) not required to retire from office as a Branch or Divisional President in that next calendar year prior to 31 December; or

(ii) required to retire from office prior to 31 December in that next calendar year but has been reappointed as a President by their Branch Council or Divisional Council respectively.

but the Chair and Deputy Chair can only hold office for a maximum of 2 consecutive years.

(c) If a casual vacancy occurs for the position of Chair or Deputy Chair during the term of their appointment, the members of the Council of Presidents may appoint a member of the Council of Presidents to fill the casual vacancy for as long as the vacating Chair or Deputy Chair would have retained office if no vacancy had occurred.

(d) All such elections shall be conducted in the manner set out in the By-Laws.

(e) Each person elected in accordance with Article 70 shall hold office until that person's successor is appointed and any vacancy occurring before such a successor is appointed may be filled at a meeting of the

Council of Presidents, to be held as soon as practicable after the occurrence of the vacancy of which business notice shall be given to the Council of Presidents.

(f) Notwithstanding anything else to the contrary in this Constitution, or the constitution of the Company in force immediately before the Amending Date, the Council of Presidents at the first available meeting after the Amending Date will appoint a Deputy Chair to hold the position until 31 December 2018 and that Deputy Chair's term can be extended for 1 year but cannot be extended for a further 1 year term.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

BOARD RESPONSE

Unlike other member-based organisations, the Company does more than only represent Members – it is a professional occupational body. The Company sets membership standards and criteria for Members, has an accreditation function, an educational function, a monitoring function and a licensing function. The Company also plays an advocacy role on behalf of Members. The Company's advocacy role extends to policy makers and regulators across the jurisdictions in which it operates. Therefore, the Board requires a diverse skill set to manage the framework under which Members maintain their accreditation, skills and practice.

The Board believes that the most appropriate way to ensure that the Company can discharge its functions is to adopt a governance and election model which is consistent with the recommendations of the Independent Review Panel. That is, among other amendments:

- change the function of the proposed Appointments Council to focus on Director appointments;
- ensure that there are representatives from each Divisional and Branch Council on the Appointments Council, those Divisional and Branch Councillors being directly elected as Divisional and Branch Councillors by the Members in their respective Divisions and Branches; and
- limit Appointments Councillors' tenure to a maximum of 4 years.

The Board has proposed Board-endorsed Special Resolution 1, which adopts the recommendations of the Independent Review Panel.

This proposed special resolution is inconsistent with the recommendations of the Independent Review Panel.

In addition, this resolution does not clarify the voting procedure that will be applied when Members are voting on Director candidates. This resolution provides that the Nominations Committee will propose a shortlist of Board nominees and that Members will vote on this shortlist. However, this resolution does not specify the procedures that would apply to the conduct of the vote, including the ordering of the shortlist and whether Members can propose candidates for consideration. In the Board's view, this resolution leaves uncertainty as to how elections for Directors may be conducted and the timing and mechanism by which Members will vote.

Further, this resolution exposes a risk that the Board will be determined by historically low Member turnouts at general meetings, as described in the Board's response to the previous Special Resolution 8 proposed by Glen Hasselman.

Separately, the Board notes the inconsistency between this resolution and the corresponding explanatory statement: this resolution enables the Board to have "up to" 1 non-Member director, while the explanatory statement says that "all directors need to be members."

As outlined by the Independent Review Panel, setting a minimum number of non-Member Directors recognises the importance of independence in order to ensure appropriate oversight of the Board. Having a diverse mix of Directors, both Members and the inclusion of non-Member Directors, allows robust mindsets to be brought to Board Meetings. The Board believes its Board-endorsed resolution, set out in Special Resolution 3, addresses the points raised by the Independent Review Panel by ensuring that there are a minimum of 2 non-Member Directors on the Board. Having 2 non-Member Directors on the Board will contribute to the independence identified by the Independent Review Panel.

This resolution also proposes the establishment of a Council of Presidents, which will provide a strategic advisory role to the Board. The Board agrees with this view and has also proposed its own resolution that will establish a Council of Presidents (see Special Resolution 2).

If the Board-endorsed Special Resolution 1 (above) is passed, then this Special Resolution 9, if passed, will prevail to the extent of any inconsistency.

For the reasons set out above, the Board considers that this resolution is not in the best interests of the Company as a whole, and unanimously recommends that Members vote **against** Special Resolution 9.

The Chair intends to vote undirected proxies **against** Special Resolution 9.

10. SPECIAL RESOLUTION PROPOSED BY BRETT STEVENSON

This resolution has been proposed by Brett Stevenson, Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Brett Stevenson has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out in Annexure F, which forms part of this Notice.

The Board's response to this resolution is set out below the proposed changes to the Constitution.

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will amend Articles 45(b), 45(c) and 45(d) of the Constitution as follows:

- (b) Subject to Article 45(i), the amount paid to a Director (other than the President or the Deputy Presidents), the employer of such a Director or a Practice Entity with which such a Director is Closely Associated (as applicable, and when and where permissible) pursuant to Article 45(a) (for the avoidance of doubt, excluding any amounts paid pursuant to Articles 45(e) or (f)), in any calendar year will be determined by the Board for the ~~relevant~~2018 calendar year but must not exceed ~~15%\$55,000 indexed cumulatively for the following calendar years by the CPI Rate of the total annual salary package of the Auditor-General of Australia, as prevailing at the date of the Board determination.~~ The amount paid to a Director (other than the President or Deputy Presidents) will be prorated for any period where the Director is not entitled to be paid fees by reason of Article 45(g) or serves as a Director for a period of less than 12 months in a calendar year.

Save for any pro rata reduction to reflect a non-entitlement to be paid fees by reason of Article 45(g) or service of less than 12 months, the same amount of fees shall be paid under this Article 45(b) in respect of each Director for each calendar year, however the Board may

vary the amount of fees payable in respect of a Director to take into account such additional responsibilities within the Company that a Director may have.

- (c) Subject to Article 45(i), the amount paid to the President, the employer of the President or a Practice Entity with which the President is Closely Associated (as applicable, and when and where permissible) pursuant to Article 45(a) (for the avoidance of doubt, excluding any amounts paid pursuant to Articles 45(e) or (f)), in any calendar year will be determined by the Board for the relevant calendar year but must not exceed ~~60%\$130,000 of the total annual salary package of the Auditor-General of Australia, as prevailing at the date of the Board determination.~~indexed cumulatively for the following calendar years by the CPI Rate. The amount paid to the President will be prorated for any period where the President serves as the President for a period for less than 12 months in a calendar year.
- (d) Subject to Article 45(i), the amount paid to each Deputy President, the employer of a Deputy President or a Practice Entity with which a Deputy President is Closely Associated (as applicable, and when and where permissible) pursuant to Article 45(a) (for the avoidance of doubt, excluding any amounts paid pursuant to Articles 45(e) or (f)), in any calendar year will be determined by the Board for the relevant calendar year but must not exceed ~~25%\$80,000 indexed cumulatively for the following calendar years by the CPI Rate of the total annual salary package of the Auditor-General of Australia, as prevailing at the date of the Board determination.~~ The amount paid to a Deputy President will be prorated for any period where a Deputy President serves as the Deputy President for a period for less than 12 months in a calendar year.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;

- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

BOARD RESPONSE

Consistent with the recommendation of the Independent Review Panel, the Board acknowledges the need to align Director remuneration to Members' expectations and comparable organisations. While the Board supports changing Director remuneration, there are significant issues with this resolution.

First, the Independent Review Panel recommended that Director remuneration be appropriately benchmarked. In 2017, the Company engaged an independent third party, the Godfrey Group, to determine an appropriate benchmark for Director remuneration. The Godfrey Group had regard to comparable organisations. The Godfrey Group noted that in membership based organisations the advocacy and stakeholder engagement workload outside of Board meeting work is material. The Director remuneration proposed in this resolution is well below the benchmarks determined by the Godfrey Group. Further, PwC provided its own peer review of the Godfrey Group's recommendations and also found them to be reasonable.

Second, the proposed threshold on Director remuneration may result in the Company being unable to attract and retain suitably experienced and skilled candidates. Capping Director remuneration to the amount proposed in this resolution fails to take into account the large size of the Company and the requirements and expectations of the roles of Director, Deputy President and President.

Third, this resolution does not propose benchmarking of remuneration or any other similar concept. In addition, this resolution does not provide for any means of setting appropriate benchmarks for Director remuneration in the future. As such, there is a risk that the proposed fixed remuneration limits would fall behind comparable organisations, thereby restricting the Company's ability to attract suitable candidates.

The Board believes its Board-endorsed resolution, set out in Special Resolution 4, addresses the points raised by the Independent Review Panel by ensuring that Director remuneration is capped in accordance with the recommendation of the Independent Review Panel. The Board believes the Board-endorsed resolution strikes the balance between restricting remuneration, without compromising the Company's ability to attract and retain high quality Directors.

If the Board-endorsed Special Resolution 4 (above) is passed, then this Special Resolution 10, if passed, will prevail to the extent of any inconsistency.

For the reasons set out above, the Board believes this resolution is not in the interests of the Company as a whole, and unanimously recommends that Members vote **against** Special Resolution 10.

The Chair intends to vote undirected proxies **against** Special Resolution 10.

11. SPECIAL RESOLUTION PROPOSED BY BRETT STEVENSON

This resolution has been proposed by Brett Stevenson, a Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Brett Stevenson has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out Annexure G, which forms part of this Notice.

The Board's response to this resolution is set out below the proposed changes to the Constitution.

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will amend Article 44 of the Constitution as follows:

...

~~(f)~~(e) A Director appointed by the ~~Representative Council Nominations Committee~~ under Article 44~~(f)~~(g) to fill a casual vacancy in the Board, and who is reappointed, is eligible for ~~one~~ two subsequent re-appointments if he or she was not a Director filling a casual vacancy on the Board for more than 1 year before being reappointed. If he or she was a Director filling a casual vacancy in the Board for more than 1 year the Director who is reappointed is eligible for one subsequent re-appointment only.

~~(g)~~(f) Any casual vacancy occurring in the Board may be filled by the ~~Representative Council Nominations Committee~~ appointing a new Director who shall retain office, and be subject to, and have the benefit of, all the rights, duties and privileges attaching to that office, for so long as the vacating Director would have retained the office if no vacancy had occurred. A Director appointed under this Article 44~~(f)~~(g) must retire on the same date on which the vacating Director would have retired in accordance with Article 44(b) ~~or Article 44(h), as applicable.~~

~~(h) Notwithstanding any provisions of this Constitution, or any provisions contained in~~

~~the constitution of the Company prior to the Amending Date, the following transitional provisions regarding the Directors and the composition of the Board shall apply:~~

~~(i) those Directors appointed by the Representative Council for a term of 2 years commencing on 1 April 2009 and expiring on 31 March 2011 (or any person appointed by the Representative Council to fill a casual vacancy caused by any such Director vacating their office) shall continue in office until 30 September 2011, and on the expiry of that extended term shall retire and shall either be reappointed or replaced by new appointees, as determined by the Representative Council in accordance with Article 44(a), each such appointment to be:~~

~~C. in respect of 2 Directors, for a term of 3 years commencing on 1 October 2011 and expiring on 30 September 2014. On expiry of those terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. A Director appointed on 1 October 2007 and reappointed on 1 October 2011 shall be eligible for a final consecutive reappointment on 1 October 2014; and~~

~~D. in respect of 4 Directors, for a term of 4 years commencing on 1 October 2011 and expiring on 30 September 2015. On expiry of those terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2015 and a final consecutive reappointment on 1 October 2018, except that a Director is ineligible for a final consecutive reappointment on 1 October 2018 if that Director was first appointed on 1 October 2007.~~

~~Subject to Article 44(h)(iii), the Director appointments contemplated by this~~

~~Article 44(h)(i) that may be made by the Representative Council shall be made subject to and in accordance with Articles 44(a) to (d), (f) and (g).~~

~~The Board shall determine whether a Director is appointed on the basis of Article 44(h)(i)A or 44(h)(i)B.~~

~~(ii) those Directors appointed by the Representative Council for a term of 30 months commencing on 1 October 2007 and expiring on 31 March 2010 (or any person appointed by the Representative Council to fill a casual vacancy caused by any such Director vacating their office) shall continue in office until 30 September 2010, and on expiry of that extended term shall retire and shall either be reappointed or replaced by new appointees, as determined by the Representative Council in accordance with Article 44(a), each such appointment to be:~~

~~C. in respect of 4 Directors for a term of 3 years commencing on 1 October 2010 and expiring on 30 September 2013. On expiry of those terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2013, except that a Director is ineligible for a further consecutive reappointment on 1 October 2013 if the Director has been reappointed on 1 October 2010; and~~

~~D. in respect of 2 Directors, for a term of 4 years commencing on 1 October 2010 and expiring on 30 September 2014. On expiry of those terms, these Directors shall retire and may either be replaced by new appointees or, subject to this Article, be reappointed. These Directors shall be eligible for reappointment on 1 October 2014 but shall be ineligible for a further consecutive reappointment on 1 October~~

~~2017 if the Director was appointed on 1 October 2007.~~

~~Subject to Article 44(h)(iii), the Director appointments contemplated by this Article 44(h)(ii) that may be made by the Representative Council on 1 October 2013 or 1 October 2014 (as the case may be) shall be made subject to and in accordance with Articles 44(a) to (d), (f) and (g). The Board shall determine whether a Director is appointed on the basis of Article 44(h)(ii)A or 44(h)(ii)B.~~

~~(iii) in any event, a Director shall not be eligible for reappointment under this Article 44(h) or otherwise if being reappointed would result in that person being a Director for more than 11 consecutive years (for this purpose, excluding any time served by a Director prior to 1 October 2007).~~

This resolution will amend Article 67(b) of the Constitution as follows:

Each person so elected as President or Deputy President pursuant to Article 67(a) shall hold office for a term of 1 year commencing on 1 October of that calendar year and ending on 30 September in the next calendar year. Prior to 30 September in the next calendar year following the election of each such President or Deputy President, the term of each such President or Deputy President may be extended for a further 1 year term by election of the Board, provided that the President or the relevant Deputy President (as the case may be) is either:

- (i) not required to retire from office as a Director pursuant to Article 44(b) or 44(g) ~~or 44(h)~~ on 30 September in that next calendar year; or
- (ii) required to retire from office as a Director pursuant to Article 44(b) or, 44(g) or 44(h) on 30 September in that next calendar year but has been reappointed as a Director by the Members by the Representative Council pursuant to Article 44(d),

but the President can only hold office for a maximum of 2 consecutive years and each Deputy President can only hold office for a maximum of 4 consecutive years.

Members can view a copy of the amended Constitution showing the above changes 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 CPA 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.

BOARD RESPONSE

This resolution would reduce the maximum term that a Director can serve from 9 years to 6 years. It would allow the Nominations Committee to fill any casual vacancy arising on the Board.

The Board accepts the Independent Review Panel's recommendation that the opportunity for a Director to serve a third term should be retained in the Constitution. The Board also supports the Independent Review Panel's view that reappointment for a third term should be a rigorous process. In particular, a third term should only be granted where the candidate has strongly performed and weight should be given to the overall composition of the Board, with emphasis on balancing the need for continuity with the need for continual refreshment of talent and thinking. The Board will amend the By-Laws to prescribe robust criteria for candidates seeking to serve a third term.

The ASX Corporate Governance Council has expressed the view that member interests are likely to be best served by having a mixture of directors who have served on the same board for varying periods of time. Longer tenure brings experience and a deep understanding of an organisation, while shorter tenure can bring fresh ideas to an organisation. As not all Directors will serve their full term, and as Directors are appointed at different times, the 9 year term enables the Board to have a mixture of experienced and new Directors.

In addition, this resolution does not explain how it will impact the Board's existing power to

appoint a new Director in the event that the Board could not obtain a quorum.

For the reasons set out above, the Board believes this resolution is not in the best interests of the Company as a whole, and unanimously recommends that Members vote **against** Special Resolution 11.

The Chair intends to vote undirected proxies **against** Special Resolution 11.

12. SPECIAL RESOLUTION PROPOSED BY BRETT STEVENSON

This resolution has been proposed by Brett Stevenson, a Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Brett Stevenson has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out Annexure H, which forms part of this Notice.

The Board's response to this resolution is set out below the proposed changes to the Constitution.

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will amend Article 21 of the Constitution as follows:

- (a) The Company may by resolution of the Board call a meeting of Members to be held at a time and place (including 2 or more venues using technology which gives Meeting Members as a whole a reasonable opportunity to participate) and in such manner that the Board resolves.
- (b) No Member may call or arrange to hold a meeting of Members except where permitted by the Corporations Act.
- (c) The Company must, if required by the Corporations Act, hold an annual general meeting.
- (d) The business of an annual general meeting may include any of the following, even if not referred to in the notice of meeting:
 - (i) the consideration of the annual financial report, directors' report and auditor's report;
 - (ii) the election of Directors;
 - (iii) the appointment of the auditor;
 - (iv) the fixing of the auditor's remuneration
- (e) Subject to the Members passing a resolution otherwise, the directors' report will be prepared by the Company as if it is a publicly listed company for the purposes of the Corporations Act.
- (f) The chair of an annual general meeting

must allow a reasonable opportunity for Members as a whole at the meeting to ask questions about or make comments on the management of the Company.

- (g) If the Company's auditor or their representative is at the meeting, the chair of the annual general meeting must:
 - (i) allow a reasonable opportunity for the Members as a whole at the meeting to ask the auditor or their representative questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit; and
 - (ii) allow a reasonable opportunity for the auditor or their representative to answer written questions submitted to the auditor as provided by the Corporations Act.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au; and
- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au.

BOARD RESPONSE

This resolution requires the Company to meet certain disclosure and reporting requirements which apply to publicly listed companies under the Corporations Act. The Board considers the resolution to be inappropriate, for the following reasons:

- It unnecessarily replicates the wording in sections 250N, 250R, 250S and 250T of the Corporations Act as the Company must already comply with these provisions.
- New Article 21(c) in the resolution states that "*The Company must, if required by the*

Corporations Act, hold an annual general meeting". Section 250N of the Corporations Act already requires public companies to hold annual general meetings.

The Chair intends to vote undirected proxies **against** Special Resolution 12.

- New Article 21(d) sets out 4 items which go to what the business of an AGM may include. These exact 4 items are already provided for in section 250R of the Corporations Act.
- New Article 21(f) and Article 21(g) concern Members having a reasonable opportunity to ask questions and make comments regarding the management of the Company and having a reasonable opportunity to ask questions about the auditor's report. These exact rights are already provided for in sections 250S and 250T of the Corporations Act.
- By including the wording of these provisions in the Constitution, there is a risk that if these provisions are amended in the future, the Constitution may be in conflict with the legal requirements of the Corporations Act.
- The resolution requires the Company to comply with sections 299A, 300 and 300A of the Corporations Act. It is inappropriate that listed company reporting requirements apply to the Company, being a professional occupational body, as those reporting requirements are premised on the basis that the publicly listed company concerned is a for-profit commercial enterprise with share capital and that pays dividends. Further, those reporting requirements place emphasis on share-based Director remuneration, which is not appropriate for the Company, as it can only offer its Directors and executives cash-based remuneration.
- The Company has committed to voluntarily disclosing the annual remuneration of Directors and executive management, consistent with section 202B of the Corporations Act, for the year ended 31 December 2017 and in the future.

For the reasons set out above, the Board believes this resolution is not in the best interests of the Company as a whole, and unanimously recommends that Members vote **against** Special Resolution 12.

13. SPECIAL RESOLUTION PROPOSED BY JEN DALITZ

This resolution has been proposed by Jen Dalitz, a Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Jen Dalitz has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out Annexure I, which forms part of this Notice.

The Board's response to this resolution is set out below the proposed changes to the Constitution.

PROPOSED CHANGES TO THE CONSTITUTION

This resolution will amend Article 21 of the Constitution as follows:

- (a) The Company may by resolution of the Board call a meeting of Members to be held at a time and place (including 2 or more venues using technology which gives Meeting Members as a whole a reasonable opportunity to participate) and in such manner that the Board resolves.
- (b) ~~No Member may call or arrange to hold a meeting of Members except where permitted by the Corporations Act.~~
The Board shall, upon a requisition made by at least 200 Members entitled to vote, convene a meeting of Members, provided that the requisition:
- (i) is made in writing
 - (ii) states any resolution to be proposed at the meeting;
 - (iii) is signed by the Members making the request; and
 - (iv) is given to the Company.

Members can view a copy of the amended Constitution showing the above changes 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 CPA offices by emailing AGM@cpaaustralia.com.au;

- a hard copy will be mailed out on request by emailing AGM@cpaaustralia.com.au; and
- hard copies will also be made available at the AGM.

BOARD RESPONSE

The Board respects the right of Members to propose resolutions which seek to amend the Constitution. However, the Board considers that this resolution gives rise to a number of difficulties, as set out below.

Members' current rights

Under Article 21 of the Constitution, Members have the right to call or arrange to hold a general meeting as permitted by the Corporations Act.

If Members wish to requisition a general meeting under the Corporations Act, they must lodge a written request that is signed by 5% of voting Members.

This is a universal rule which applies to all public companies (whether or not listed), including the Company.

Member consultation

As part of the Member consultation process this issue was raised at various Member consultation forums. It was commonly expressed that the number of Members required to call for a meeting of Members should be a representative figure. There was not a consensus amongst Members consulted as to what figure would be most appropriate. Therefore, the Board is not proposing an alternative number and recommends retaining the threshold as set out in the Corporations Act.

Difficulties with resolution

This resolution lowers the threshold required for Members to call a general meeting of the Company from 5% of the Company's voting Members (being approximately 8,000 Members) to 200 voting Members.

The concerns the Board has with this resolution include:

- 200 Members represents a very small percentage of voting Members (being approximately 0.12%) and it is not desirable to allow such a small percentage of Members to require the Company to hold a general meeting;
- the group of 200 Members may be given inappropriate and disproportionate influence over the Company's affairs at the expense of the interests of the Company and Members as a whole;
- there is a risk that special interest groups may threaten the imposition of unnecessary and costly meetings on the Company, for publicity purposes or to influence negotiations with the Company, to the detriment of the Company and Members as a whole;
- there will be no restriction on this relatively small number of Members repeatedly requesting general meetings to be held; and
- the Company will incur material costs and expenses in holding general meetings that are requisitioned by the relatively small number of Members.

During its extensive program of Member consultation forums and focus groups during the months preceding the AGM, the Board heard from Members on this issue. There has been a lack of consensus on Member views which has not enabled the Board to have a clear view as to the position of a majority of the membership on this issue. The Board has concluded that there is not significant or material support for instituting the threshold of 200 Members to call an extraordinary general meeting. As such, the Board does not support change which is not reflective of the interests of the membership as a whole. Further, many Members recognised and expressed concerns about the risks of this resolution, as summarised above.

The Board believes that a threshold of 5% of voting Members (as set out in the Corporations Act) creates a more appropriate balance between the rights of Members to raise issues with the Company and the cost of calling and holding a general meeting.

The Board understands the need to ensure effective Member participation and to manage

costs associated with general meetings. The Board believes the current law, as reflected in the Corporations Act rule allowing 5% of the Company's voting Members to call a general meeting, is an appropriate threshold and that no change should be made to lower that threshold.

Members also have the ability to raise questions and concerns during the course of an AGM. In addition, in accordance with the Corporations Act, prior to an AGM 100 Members can give notice of resolutions they propose to move and request that the Company give all Members a statement about a resolution that is proposed to be moved at an AGM or any other matter that may be properly considered at an AGM.

The Board notes that Special Resolution 2 under which the Board proposes the establishment of a Council of Presidents, which will advise the Board on strategic issues and opportunities, will draw on the view of the Members.

For the reasons set out above, the Board believes the resolution is not in the interests of the Company as a whole, and unanimously recommends that Members vote **against** Special Resolution 13.

The Chair intends to vote undirected proxies **against** Special Resolution 13.

14. RESOLUTION PROPOSED BY GLEN HASSELMAN

This ordinary resolution to remove Peter Wilson as a Director and to appoint an appropriate replacement has been proposed by Glen Hasselman, a Member, under sections 203D and 249N of the Corporations Act and is supported by at least 100 Members.

In addition, Glen Hasselman has provided an explanatory statement under section 203D of the Corporations Act. This explanatory statement is set out in Annexure J, which forms part of this Notice.

Mr Wilson is entitled under subsection 203D(4) of the Corporations Act to put his case to Members by giving a written statement to the Company. Mr Wilson's statement is set out below.

STATEMENT BY PETER WILSON

In response to the resolution by Glen Stephen Hasselman and others to remove me as a Director, I make the following statement.

As a CPA Australia member for over forty years, and a FCPA for thirty years, I applied for a Board role at CPA in July 2017 during a major period of crisis for this organization. My application was made only after clarification that the appointment process was to be determined solely by Divisional Councillors of CPA Australia who were themselves directly elected by CPA Australia members. I was appointed to take office with eight other new Directors at CPA Australia in the knowledge that ten of the twelve Directors from 2017 had already stepped aside, and the other two would resign by the end of 2017.

Following my appointment to the Board, I was elected as its President and Chair.

In the last decade I have pursued a career as a Non Executive Director and Chair in member based organizations with membership numbers ranging from 20,000 persons (AHRI) through 100,000 (Bank First; Vision Super) to 700,000 members (World Federation of People Management Associations based in Washington DC). In all instances I have

believed in, and pursued the basic duties of a director, which are to act honestly and in good faith in the overall best interests of all members.

At the time of the new Board's appointment in October, CPA Australia was still in crisis mode and the new Directors set about to realign governance arrangements to reflect more modern principles and practice. That meant, for example:

- a comprehensive review of business, membership and brand strategies, given the new Board's immediate termination of arrangements used by the former Board and CEO;
- an overhaul of all governance arrangements at CPA Australia including Board & Committee responsibilities, work programs, and a new Board committee to improve member engagement;
- creating new Finance and Audit & Risk Committees to ensure basic business and financial processes were robust and contemporary;
- Receiving approval for a new Professional Standards Scheme in Australia in December;
- significant reductions to director and executive remuneration to align with relevant market levels;
- commissioning a successful executive search for a new CEO;
- dealing with a range of legacy issues in governance and administration of CPA;
- removing activities and expenditures that weren't aligned to the best overall interests of members;
- introducing positive member service initiatives like 28.5 hours of CPD, and a major media program to support public practitioners;
- establishing greater transparency and accountability which culminated with the recent release of the 2017 Integrated and Annual Financial Reports; and
- actioning real and direct member engagement by having the new Board undertake over 120 member meetings

early in its life. My own participation extended to 53 of these meetings.

A major task for the new Board was to receive and action the Report of the Independent Review Panel, chaired by Ian McPhee and comprising eminent Australian business professionals like Mary-Jane Crabtree and Su McCluskey, as well as the late Professor Bob Baxt whom many, including this writer, regard as the father of modern corporate governance in this country. The IRP delivered an excellent final report to members, for the new Board to consider and implement. The Board issued a statement within two weeks of that Report supporting it in principle, and an Issues Paper for members early in February. Since then we have set up 33 Member Consultative Forums, and three webinars to hear and discuss members' views on the IRP report so the Board could inform itself as to the final shape and structure of resolutions it would put to members at the 2018 AGM in May. I led and participated in over 20 of these forums and all three webinars.

At the time Mr Hasselman's resolution was lodged to remove me as a Director, those consultations with members were still a work-in-progress and the Board had not determined its final set of resolutions. So I do not understand the stated rationale for Mr Hasselman's resolution for two reasons –

- the Board had not formed its recommended set of resolutions for the AGM at that time, and
- they would be Board resolutions developed on a consensus basis, and not my own.

It is our job as a board of directors to allow all members to be heard, and to form our views on governance matters and future strategy through the application of our collective skills and experience, along with high quality professional advice as appropriate. Further our role is to address as many of the key concerns of our diverse membership group as we can, whilst taking decisions in the best interests of the organisation and all our members.

The 2018 AGM is a critical time for members to have their say. I look forward to further hearing

their views and of course will abide by their decisions in all respects. As I always have.

STATEMENT BY THE BOARD

The Board (other than Mr Wilson) recommends voting against the resolution proposed by Glen Hasselman to remove the President, Mr Peter Wilson, AO FCPA, as a Director of the Company.

All of the existing members of the Board, including Mr Wilson, were elected as new Board members on 1 October 2017.

This new Board, led by Mr Wilson as President and Chair, has embraced the findings of the Independent Review Panel published on 30 November 2017. In addition to introducing numerous measures to improve the transparency and governance of the organisation, the new Board has embarked on an extensive Member engagement program attending over 30 Member forums in the past 2 months.

Given the significant progress made to date, the Board (other than Mr Wilson) does not believe that it is in the best interests of the Company to remove the President, a President who has been a clear catalyst for change.

The new Board (other than Mr Wilson) believes it is important to support the ongoing leadership of Mr Wilson as the Company's President and Chair, and a Director, to ensure that the momentum is maintained in respect of the significant reform agenda already instigated.

The Board's deliberations and recommendation in respect of this resolution were made without Mr Wilson due to Mr Wilson's personal interest in the resolution.

For the reasons outlined above the Board considers that this resolution is not in the best interests of the Company, and recommends (with Mr Wilson abstaining) that Members vote **against** Ordinary Resolution 14.

The Chair intends to vote undirected proxies **against** Ordinary Resolution 14.

GLOSSARY

AGM means the 2018 Annual General Meeting of the Company held to be on 22 May 2018.

AICD means the Australian Institute of Company Directors.

Ancillary Amendments means all ancillary and definitional changes necessary to give effect to the substantive amendments to the Constitution.

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

Board Meeting means a meeting of the Board.

Branch Councillor means a member of a Branch Council.

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

CEO means the Chief Executive Officer appointed to that role pursuant to Article 48 of the Constitution.

Chair means the chair of the AGM.

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

Constitution means the constitution, dated 28 April 2014, of the Company.

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

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

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

Divisional Councillor means a member of a Divisional Council.

Godfrey Group means the Godfrey Remuneration Group Pty Limited.

Independent Review Panel means the independent review panel appointed to conduct the CPA Australia Independent Review.

INTHEBLACK means the publication from the Company, published from time-to-time.

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

Notice means the notice of the AGM.

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

Proxy Form means the proxy form enclosed.

PwC means PwC Australia.

Related Body Corporate has the same meaning as set out in section 50 of the Corporations Act.

INDEX TO ANNEXURES

ANNEXURE A: 5. DAVID DAHM MEMBER ORDINARY RESOLUTION – page 65

ANNEXURE B: 6. BEN COHEN MEMBER SPECIAL RESOLUTION – page 68

ANNEXURE C: 7. GLEN HASSELMAN MEMBER ORDINARY RESOLUTION – page 69

ANNEXURE D: 8. GLEN HASSELMAN MEMBER SPECIAL RESOLUTION – page 70

ANNEXURE E: 9. BRETT STEVENSON MEMBER SPECIAL RESOLUTION – page 71

ANNEXURE F: 10. BRETT STEVENSON MEMBER SPECIAL RESOLUTION – page 74

ANNEXURE G: 11. BRETT STEVENSON MEMBER SPECIAL RESOLUTION – page 76

ANNEXURE H: 12. BRETT STEVENSON MEMBER SPECIAL RESOLUTION – page 78

ANNEXURE I: 13. JEN DALITZ MEMBER SPECIAL RESOLUTION – page 81

ANNEXURE J: 14. GLEN HASSELMAN MEMBER ORDINARY RESOLUTION – page 83

ANNEXURES

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

ANNEXURE A: 5. DAVID DAHM MEMBER ORDINARY RESOLUTION EXPLANATORY STATEMENT

CPA Resolution - Open and Transparent Debate of Resolutions prior to the AGM

Explanatory Memorandum

This will ensure a timely, meaningful open and a transparent debate where all members may have an equal opportunity to have a say with the support of legal and administrative resources provided by CPAA. Currently very little support exists. It is too expensive to engage lawyers to draft and circulate resolutions to the members at large. Members do not have access to all other members. Legally only CPAA can facilitate this through their media channels.

This approach will protect the democratic process. It will avoid publicly embarrassing scrutiny that resulted in the 2017 Board being demanded to attend a Federal Senate enquiry into their conduct see <http://www.abc.net.au/news/2017-08-03/cpa-senate-board-to-face-senate-economics-committee/8772428>. Furthermore this will avoid exposing the professional body to a Corporations Law s. 461(1)(k) oppression claim. This did occur last year by a group of members called the Transition Strategy Team ('TST') chaired by David Dahm see **CPA Australia board dragged before senate inquiry over ongoing scandal** <https://www.accountantsdaily.com.au/professional-development/11085-cpa-lobby-group-keeps-no-confidence-motion-on-the-table>.

We seek to discuss the following proposed ideas with the membership before preparing a formal resolution. This was not afforded to us despite many attempts to arrange a webinar accessible to all members. Board Directors Caroline Spencer and Merran Kelsall confirmed on 17th and then again the 18th March 2018 that they were 'too tired' and did not have the resources to co-ordinate an on-line webinar despite CPAA being notified of this request to Craig Laughton General Counsel in charge of consultation mid February 2018.

In the interest of rebuilding trust, I express concern over the Chairs statement Disciplinary action against rebels <http://www.afr.com/business/accounting/cpa-australia-board-to-crack-down-on-dissent-20171215-h055ej>

Below are proposed ideas for discussion (note these will need to be properly drafted by a lawyer for broader consultation):

1. Proposed Resolution: Consolidated financial reporting used pursuant to AASB 10 Consolidated Financial Statements <https://www.legislation.gov.au/Details/F2016C00206>

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

2. Proposed Resolution: All related party transactions disclosed as per AASB 124 Related Party Disclosures <http://www.aasb.gov.au>

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

3. The confirmation of the removal of the auditors, legal and recruitment advisers used by the 2017 Board

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

4. Proposed Resolution: Proof of review of the constitutional amendments to ensure timely openness and transparency where members confirm they have been consulted. The members request the Board report back to members by 1st September 2019.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

5. Proposed Resolution: Established an international online members Constitution and by-laws review of any proposed changes made by members to the Board for deliberation. A Board of Director must be present at all meetings.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

6. Proposed Resolution: Disclosure of any senior management involved with suppliers to CPAA as per AASB 124 Related Party Disclosures <http://www.aasb.gov.au>

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

7. Proposed Resolution: Director tenure to limit to a maximum 6 years

This prevents Directors dominating new Board members.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

8. Proposed Resolution: All Board of Directors and Divisional Councillors complete the public practice 2 days course to be eligible for a Divisional Councillor or Board member position.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

9. The bylaws are amended to require all Accountants Professional and Ethical Standards Board published ethics and standards. <http://www.apesb.org.au/> be complied with at all times by the Directors and an annual statement of a declaration is made in the Annual Report.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

10. Proposed Resolution: The Board reviews the 2017 Board members and Senior Management compliance with the Accounting Professional and Ethical Standards Board published ethics and standards. <http://www.apesb.org.au/> for disciplinary action or expulsion.

This helps aggrieved members and stakeholders seek closure and confidence in the Board.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

11. Proposed Resolution: A no-confidence motion and removal placed against Peter Wilson due to his failure to consult on a timely basis with proposed member resolutions and facilitate a membership discussion on all proposed member resolutions so they are technically correct and ready for approval.

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

12. Proposed Resolution: We propose the current Deputy Chair Merran H Kelsall for National Chair
<http://www.merrankelsall.com.au/biography.php>

Explanatory Memorandum: Deputy Chair Merran H Kelsall is an accessible Director. She has the appropriate international experience and is viewed as a professional peer internationally recognised for her work in the technical and complex areas in setting auditing and accounting standards.

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

13. Proposed Resolution: Remove CPA Advice financial planning subsidiary

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

14. Proposed Resolution: Director remuneration to be based on not for profit well-respected remuneration survey firm e.g. <https://www.sriww.com.au/not-profit-remuneration-survey/>

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

15. Proposed Resolution: All Board of Directors are appointed by an open nomination and direct member vote. All nominated directors are given an opportunity to promote why they wish to become a director and their skills, qualifications, and experience. Board members who have completed the public practice program in accordance with the Accounting Professional and Ethical Standards Board published ethics and standards. <http://www.apesb.org.au/>. Recruitment firms should not be used at any time in the selection process.

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

16. Proposed Resolution: The External Auditor must qualify their audit report if all of the resolutions numbered from 1 to 15 have not been disclosed or met by the Board.

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

I encourage members to support this resolution and vote in favour of this at the AGM on 22nd May 2018.

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

ANNEXURE B: 6. BEN COHEN MEMBER SPECIAL RESOLUTION EXPLANATORY STATEMENT

Explanatory memorandum – Facilitation of member communications

Membership organisations are unique in that members are entitled to a greater opportunity to address one another and have a greater involvement in its direction.

This resolution is to ensure that recent events never happen again in our professional body.

It seeks to establish a process for member to member emails on membership matters using the CPAA as a conduit and importantly incorporates elements to ensure this right is not abused by members or by the Board.

No one wants a full email in-box. The proposal gives CPAA the right to stop commercial soliciting etc but importantly the proposal gives CPAA the right to stop 'conduct unbecoming' which gives them a very wide discretionary ambit with the intent of empowering them to stop time-wasting, trivial and inappropriate unprofessional behaviour. In the final analysis, if the 100 threshold proves too low then as a body we will simply vote to change the rules.

This is a proposal supported by several past Presidents who are very well informed of the privacy, legal, CPAA cost and membership trade-offs that it entails.

The resolution works in tandem with the separate resolution that allows a group of 200 members to call a special (Extraordinary) meeting of members. An Extraordinary meeting is a legalistic and expensive process whereas allowing member to member communication via email, is not, and provides an opportunity for members to test out fellow members views on contentious matters and diffuse issues.

Why 100 or for that matter 200 members? Any number, be it 100 or 200, that our members find to be a bar too high, effectively ensures that incumbent management remains protected. To ensure that we do not repeat the past we do need to lower these barriers.

Anyone who has tried to organise a PD event knows full well how difficult it is to gather 100 members. We can muster large numbers but only with massive mail outs, advertising and promotion. The 100-member number has been selected by people who have decades of experience in generating member support for discussion groups and professional development events and are well placed to judge the trade off against the legal, cost and privacy trade-offs for a professional membership organisation.

It is understandable that staff and members aligned with the past regime will be against these proposals. Arguments that allude to the recent Senate hearing on this topic forget that its focus was on Corporations and not membership organisations. By having the CPAA distribute our emails we are not proposing to make email addresses publicly available with the possible breach of privacy that might entail.

This proposal is to ensure that an entrenched CPAA Board and management can never again barricade our members from communicating either with one another or be faced with unreasonable barriers for members to give directions to our Board.

Members will recall the actions of the past regime which closed the 'Find a CPA' facility, moved the AGM to Singapore and their non-release of member's email addresses. This later action left those wishing to raise issue with the impossible task of self-funding some \$120,000 in mail out costs to reach members.

ANNEXURE C: 7. GLEN HASSELMAN MEMBER SPECIAL RESOLUTION EXPLANATORY STATEMENT

Explanatory memorandum – Facilitation of member communications

Some actions of members such as the current requirement to have 5% of voting members to call an EGM, require members to act collectively and in large numbers. The Corporations Act facilitates member to member communication in section 173 by allowing a member to request the members register. However, the Corporations Act does not require the email address to be on the members register.

Postage costs to 160,000 members is prohibitive.

These issues were raised at a Senate committee to consider a proposal to add email addresses to the members register under the Corporations Act.

The CPA Australia board was requested to attend the Senate committee and stated that whilst supporting the change had a number of concerns in particular relating to the privacy of information. The proposed change to the Corporations Act was unsuccessful.

Whilst concerns about privacy could be overcome by the email being facilitated by CPA Australia, therefore not requiring the disclosure of any personal information, CPA Australia has so far refused all such requests.

This proposed change to the constitution seeks to overcome these problems by requiring the Company to send an all member email on behalf of the requesting members. Therefore addressing the privacy concerns about handing over member information at the same time as achieving the desired outcome of members being able to raise issues with the other members.

Some protections are in place along the lines of other sections of the Corporations Act:

* 100 signatures are required. This is the same as the number that is required for an explanatory memorandum to be sent out with the AGM notice.

* A 14 day time limit applies. There is a 7 day time limit for the provision of the members register under section 173 however, it is considered that this is unnecessarily onerous.

ANNEXURE D: 8. GLEN HASSELMAN MEMBER SPECIAL RESOLUTION EXPLANATORY STATEMENT

Explanatory memorandum - Proposed resolution: Open nominations and direct election of Directors

I this resolution I am proposing that Directors are appointed by direct election by members. Any CPA, FCPA or Life member can stand for election and their nomination must be supported by 100 voting members. More information about this resolution is available at <http://www.cpagas.org/blog/2018/03/02/proposed-resolution-for-direct-vote-with-open-nominations/>

The use of the Representative Council model for the appointment of Directors has failed us spectacularly. Other models being proposed are complex and similar in a number of ways to the existing process.

The complexity and number of stages in the these process has results in members having less influence and Directors being less accountable to members than a Direct election model with open nominations.

I am therefore proposing that Directors be appointed by a direct election, with members eligible to nominate.

Key features of the my proposed model:

- I am proposing a board of 12 Directors. With the focus on member representation rather than professional Directors I believe a 12 member board would be preferable over 9.
- All CPA, FCPA and Life members can nominate to vote with the support of 100 voting members.
- All the Directors must be members. In a membership of 160,000 we should be able to find enough diversity without looking to non-member independents.
- Any Director appointed prior to 31 December 2017 is ineligible. We need a fresh start not a set of Directors appointed by the old process or who have the benefit of incumbency during the election process.
- I have specified the vote counting process. The existing process described in the By-Laws actually leads to the following undesirable result:

If there are 3 candidates, A, B, C and 2 positions. If 100 people vote and 99 vote for A as preference 1 and B as preference 2. Just 1 person votes for candidate C. Candidate A and C get in. B is eliminated as B has the least first preferences in the first round of elimination. So even though 99% of people wanted A and B, candidate B does not get in.

Comment on the IRP's concerns with direct voting:

IRP's concern	Comment
Incompatibility with a skills-based approach to Directorship.	My focus is on accountability to the members.
There is a risk that some members may place pressure on an elected Director to be a constituent representative.	Directors should be accountable to the members. This is a good thing. It's what has been lacking.
Disruption of the nature of the direct election process when a skills-based matrix or diversity criteria are applied to filter potential candidates to try and achieve a balanced and skills-based board. Such disruption brings it closer in style to an appointments process by an electoral body such as the Appointments Council.	For the reasons outlined above I am proposing a simple approach. I think we have to trust members to vote responsibly, we are qualified CPAs!
Historical low voter turnout in member-based organisations' direct election process.	The current voting process is only the first stage in a complex process and has no direct influence on the outcome so of course there is a low member participation.
The time and cost impost of running direct elections alongside the current Representative Council model.	How much do we pay the recruitment agency currently? The Representative Council will be disbanded under this resolution. We'll likely save money.
Few safeguards against elected candidates coming from Divisions with large numbers of members risks not having representation from some important regions.	The board is currently proposing that each Division and Branch have 1 representative so about 38% of the representation is going overseas, whereas 29% of the membership is overseas. CPA Australia has refused to release the number of ASA members located overseas although it has been requested. Perhaps the risk is that under the board proposed model the region that is not appropriately represented is Australia!
Models referred to in the consultation process, by those who support direct elections, did not address the relative merits and detriments of different voting models.	The Independent Review Panel report does not address the relative merits of direct elections either, which I find strange considering the terms of reference includes "Governance, including the election of directors".
Director tenure under direct election models is generally lower and diminishes the experience and continuity of the Board.	Under this resolution a Director can serve a maximum of 6 years being 2 x 3 year terms. Directors need to be re-elected at the end of the first term.

ANNEXURE E: 9. BRETT STEVENSON MEMBER SPECIAL RESOLUTION EXPLANATORY STATEMENT

Explanatory Memorandum

This proposed resolution amends the Constitution of CPA Australia to enable the members to directly elect the directors of the Board.

With our current model, and the one proposed by the new board, the only people members ever elect are our divisional councillors. After that we have no say in the whole process through to the selection and appointment of the board. This I believe is a fundamental weakness and it is imperative that the members are the ones who have the final say in electing our board.

This weakness has been shown at CPA Australia over the last decade, and a new better governance model is required. This resolution provides that with the following key features:

Members elect the directors from a shortlist of nominees (maximum six and minimum three for each position) determined by a Nomination Committee comprising six members (two board directors and four divisional councillors selected by the Council of Presidents).

The criteria for shortlisting directors is based on the following (used by BHP to select their board) combining skills and character

1. unquestioned honesty and integrity;
2. a proven track record in the accounting profession;
3. time available to undertake the responsibilities;
4. an ability to apply strategic thought to matters in issue;
5. a preparedness to question, challenge and critique;
6. and a willingness to understand and commit to the highest standards of governance of CPA Australia

We need skilled directors but we also require directors with strong character traits which the above criteria embrace. It is important to set these criteria in the constitution as the bedrock for the standards we require of any director, yet providing plenty of scope for skills based selection as required.

All directors need to be members. We want directors committed to the profession and CPA Australia. We have had two non-member directors for the last ten years and I suggest we are better served with just member directors.

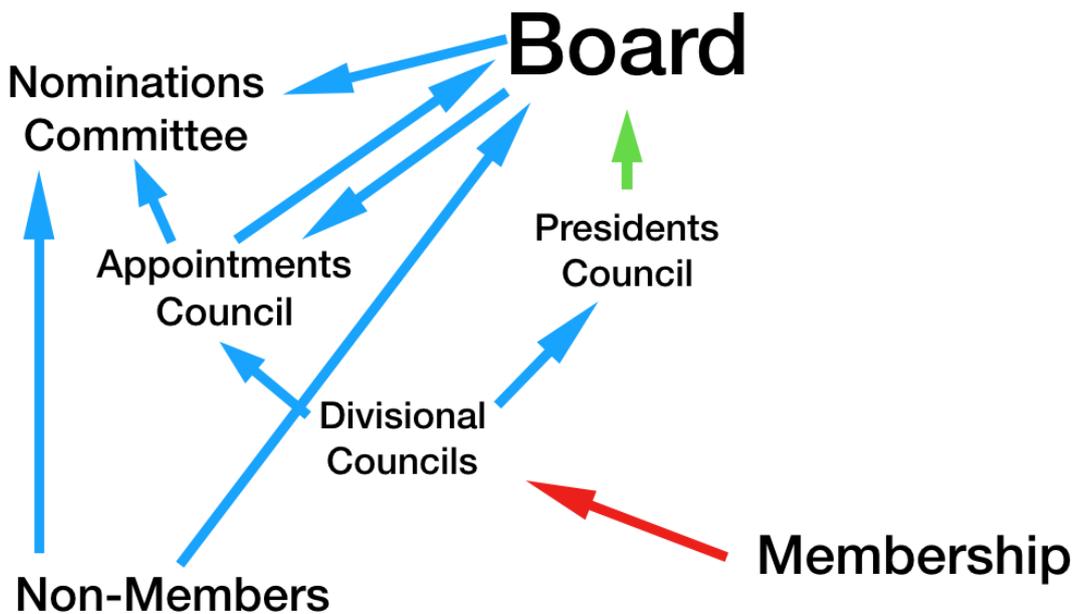
The Board be reduced from twelve to nine directors as per the Independent Reviews recommendation with at least one having to come from the Asia.

The Representative Council is no longer required.

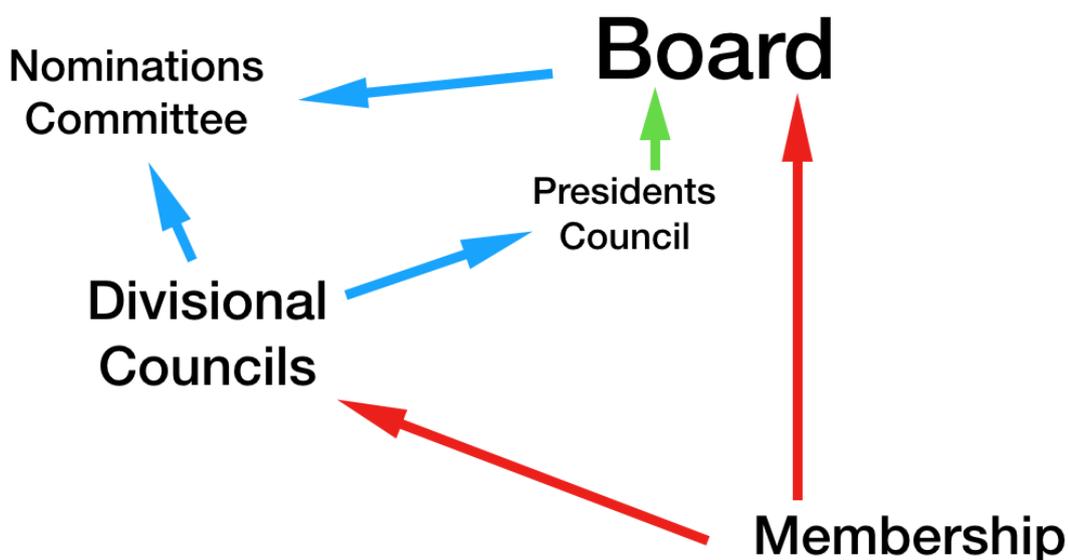
The Council of Presidents as proposed by the new Board as a 'strategic advisory' group to the Board to be established.

This a much simpler model more in line with listed public companies and other organisations where the members elect the Board and the Board is answerable directly to the Members. The below diagrams visually show the board proposed model with the model proposed with this resolution.

IRP & Boards Proposed Model



Alternative Proposed Model



The governance model being proposed by the Independent Review Panel and the new Board do not give the Members enough say in the leadership of our organisation, and I believe they

are only tinkering with our current model which has been shown to be deficient. Below is a chart comparing the three models (current, Board proposed, this resolution proposed).

CPA Australia			
Governance Models - Key Features Compared			
	Current Model	Board/IRP Model	This Resolution Model
Who appoints Board?	Representative Council	Appointments Council	Members
Members	Vote for Divisional Councillors	Vote for Divisional Councilors	Vote for Divisional Councillors
	Don't vote for Directors	Don't vote for Directors	Vote for Directors
Board	12 directors	9 directors	9 directors
	2 non-members (max)	2 non-members (min)	no non-members
	skills based selection	skills based selection	skills and character with 6 criteria specified
	9 year tenure (max)	9 year tenure (max)	6 year tenure (max)
Nominations Committee	Shortlist of board nominees to Representative Council	Shortlist of board nominees to Appointments Council	Shortlist of board nominees to Members
	No min or max no. of nominees specified	No min or max no. of nominees specified	Minimum of three and maximum of six nominees shortlisted per position
	Three board directors, one being a non-member	Six members comprising two board directors, two non-members, and two appointments council appointees	Six members comprising two board directors and four divisional council appointees
Council of Presidents	Didn't exist	Division & Branch Presidents	Division & Branch Presidents
	n/a	Strategic advisory role to board	Strategic advisory role to board
Representative/Appointments Council	One rep from each division/branch plus up to 11 other groups plus Chairman of the Board	One rep from each division/branch plus Chairman of the Board	n/a
	approx 23 (max)	approx 14 (max)	n/a

I encourage members to support this resolution in favour of this constitutional amendment at the AGM on 22nd May 2018.

Brett Stevenson
 Member No: 554227
 Mobile: 0425 230 497
 Email: brett@excellere.com.au OR bstevenson100@gmail.com

ANNEXURE F: 10. BRETT STEVENSON MEMBER SPECIAL RESOLUTION EXPLANATORY STATEMENT

Explanatory Memorandum

The proposed amendment changes the remuneration provisions for Directors in setting the maximum amount the Directors can be paid.

Currently the maximum amounts paid are set as a percentage of the total annual salary package of the Auditor-General of Australia being 60% for the President, 25% for the Deputy President, and 15% for other directors. For the 2016 year these amounted to \$311,979 for the President, \$129,991 for the Deputy President, and \$98,604 for the Directors.

The recent Independent Panel's Review of CPA Australia found in its final report that the current "*Board remuneration is above the expectations of many members and those of benchmarked member-based organisations*". It recommended ¹ the removal of "*benchmarks to the Auditor-General's salary with either a more appropriate benchmark or an indexed maximum for director remuneration*".²

This amendment removes the benchmark to the Auditor-General's salary and establishes an indexed maximum for director remuneration based on a 2017 Australian Board Remuneration Survey³ based on data from 1021 Boards.

These remuneration amounts better reflect the maximum that directors of CPA Australia are to receive given that CPA Australia is a member based professional organisation which carries much less risk than a commercial company.

It also better reflects the role and duties of the directors, and the remuneration levels that the members believe are appropriate for a professional member organisation.

To provide some perspective on what this change means I have shown in the chart below a comparison of the remuneration paid to CPA Australia directors in 2016⁴ with the amounts here proposed for 2018.

	2016	2018
Directors	\$98,604	\$55,000
Deputy President	\$129,991	\$80,000
President	\$311,979	\$130,000

I believe that setting an indexed maximum based on benchmarks (as done here) provides a fair and firmly established remuneration for our Board.

I do not believe a using a total board remuneration pool provides the full disclosure we require, and the important issue regarding directors remuneration at CPA Australia is not the total quantum but the individual remunerations that make up that quantum. Nor do I believe the continued use of benchmarks provides the surety that providing an indexed dollar amount does.

Prior to the lodging of a s.202B request forcing the CPA leadership to provide full disclosure of the individual directors remuneration (which they did on 31st May 2017 and then corrected on 1st June 2017) we have been unable to determine how much the individual directors (and senior management) have been receiving. We had been told that *“neither Directors nor staff are remunerated excessively..”* and that *“the annual costs...is clearly disclosed in each year’s annual report”* such that *“there simply are no secrets in relation to the total quantum of cost associated with the organisation’s board and executive management..”*⁶

Contrary to these assertions when the full remuneration of directors was disclosed to the members there was an outcry from the members forcing an Independent Review which also found them to be excessive.

This resolution is aiming to restore the directors remuneration to a fairer and more reasonable level.

I encourage members to support this resolution and vote in favour of this constitutional amendment at the AGM on 22nd May 2018.

Brett Stevenson

Member No: 554227

Mobile: 0425 230 497

Email: brett@excellere.com.au OR bstevenson100@gmail.com

1 CPA Australia Independent Review Final Report 30 November 2017 p.50

2 CPA Australia Independent Review Final Report 30 November 2017 p.62

3 2017 Australian Board Remuneration Survey. McGuirk Management Consultants in collaboration with Governance Institute of Australia.

4 CPA Australia Board memo sent to members 31st May 2017 titled Information for CPA Australia Members May 2017. pages 15 & 26.

5 CPA Australia Memo to Members 16th March p.6 Copies available from me upon request.

6 Email from Jeff Hughes 2nd March 2017 distributed to members by CPA leadership as they deemed appropriate. Copies available from me upon request.

ANNEXURE G: 11. BRETT STEVENSON MEMBER SPECIAL RESOLUTION EXPLANATORY STATEMENT

Explanatory Memorandum

The proposed amendment changes the relevant sections in the Constitution to set the maximum period that a director can serve is six years. That means two terms of three years.

Currently directors may be able to serve for nine years.

One of the major difficulties encountered over the last ten years at CPA Australia has been the extension of the tenure of directors from originally six years to now nine years and by constitutional transitional arrangements some to serve even longer (Graeme Wade, Richard Petty and Kerry Ryan).

This has resulted in fewer directors serving for longer tenures and poor strategic and other decisions going unchallenged as the Independent Review of CPA Australia recently corroborated.

Three of the remaining six directors on the CPA Board prior to the new board being appointed on 1st October 2017 were there for longer than six years (Graeme Wade, Richard Petty and Jim Dickson) with the first two greater than ten years.

It is important that the board is constantly refreshed with new blood, and we do not believe that the reason provided for directors to serve longer than the maximum six years are legitimate.

If we have good directors they will have six years to impact change for good at CPA Australia. With a membership of 160,000 it is not legitimate to say that a suitable replacement cannot be found for any director no matter how good they are or have been.

To provide some perspective on directors tenures over the last ten years from 2007 through to 2016 (have excluded 2017 when major changes occurred) over 33% of them served for greater than six years. They are as follows

Richard Petty	10 years
Graeme Wade	10 years
Kerry Ryan	10 years
Penny Egan	8 years
Jim Dickson	7 years
Bruce Trebilcock	7 years
Mark Grey	7 years
Christine Foo	7 years

I think it is fair to say that given the significant issues that have arisen at CPA Australia over the last decade such that in 2017 over half of the board (seven out of twelve) resigned including the President/Chairman, the CEO (Alex Malley) was terminated, and an Independent Review looked closely at those issues, we need to ensure that directors cannot serve tenures of longer than six years.

I encourage members to support this resolution and vote in favour of this constitutional amendment at the AGM on 22nd May 2018.

Brett Stevenson
Member No: 554227
Mobile: 0425 230 497

Email: brett@excellere.com.au OR bstevenson100@gmail.com

ANNEXURE H: 12. BRETT STEVENSON MEMBER SPECIAL RESOLUTION EXPLANATORY STATEMENT

Explanatory Memorandum

The proposed amendment requires CPA Australia as an unlisted public company limited by guarantee to provide the same disclosure in the Directors Report as for a listed public company. What is especially relevant for this amendment is that this will require CPA Australia to fully disclose the remuneration of key management personnel.

Prior to our forcing CPA Australia to fully disclose (with a s.202B request in May 2017) the remuneration of the directors, we have only been provided with minimal disclosure of the remuneration of Key Management Personnel. It was legally compliant with the Corporations Act. The leadership of CPA Australia regarded this as adequate, and when challenged by members on its adequacy they responded by saying *“there simply are no secrets in relation to the total quantum of cost associated with the organisation’s board and executive management and CPA Australia’s disclosures”* and that *“the annual cost is clearly disclosed in each year’s annual report in accordance with applicable standards”* (2nd March 2017).

When full disclosure was made, it was shown to hide quite a few secrets, and the resulting furore over the very high remuneration levels of the key management personnel was partly to be the cause for an Independent Review being conducted into CPA Australia and for the Board to be completely replaced.

Here is a chart of the key difference between what we are currently legally required to disclose on remuneration and what we will be required to disclose if this amendment is passed (using 2016 data). More disclosure will be required than this simple chart illustrates (such as on incentives and bonuses etc) however it does give us a glimpse of the difference.

CPA Australia				
Key Management Personnel				
Remuneration Disclosure Comparison				
Currently				
				Total
Short Term Employee Benefits				\$5,280,000
Post-Employment Benefits				\$228,000
				\$5,508,000
After this amendment				
		Directors	Management	Total
Graeme Wade		\$358,635		
Tyrone Carlin		\$254,166		
Michelle Dolin		\$168,604		
Richard Petty		\$176,762		
Richard Alston		\$98,604		
James Dickson		\$133,630		
Peter Dowling		\$73,953		
Tim Ebbeck		\$73,953		
Martin Hourigan		\$24,651		
Jenny Lang		\$24,651		
Deborah Ong		\$111,465		
Sharon Portelli		\$104,015		
Kerry Ryan		\$98,604		
David Spong		\$98,604		
Suzanne Hadden		\$70,000		
Alex Malley	CEO		\$1,786,331	
Adam Awty	COO		\$949,395	
Jeff Hughes	COO		\$902,259	
		\$1,870,297	\$3,637,985	\$5,508,282

As a professional accounting body we need to be setting a high standard in our reporting which I believe this amendment will require us to do. We should be setting the example of openness and transparency in all our reporting for both similar type organisations and for those who prepare and use financial reports.

By including this requirement in our constitution it requires the leadership of CPA Australia to be open and transparent with the membership in a way that minimum disclosure did not require.

I encourage members to support this resolution in favour of this constitutional amendment at the AGM on 22nd May 2018

Brett Stevenson
Member No: 554227
Mobile: 0425 230 497
Email: brett@excellere.com.au OR bstevenson100@gmail.com

ANNEXURE I: 13. JEN DALITZ MEMBER SPECIAL RESOLUTION EXPLANATORY STATEMENT

EXPLANATORY MEMORANDUM to MEMBER RESOLUTION to AMEND the CONSTITUTION of CPA AUSTRALIA LTD to allow 200 members to call a member meeting

During the governance crisis at CPA Australia in 2017, members were frustrated firstly by the refusal of the Board and Management to respond appropriately to our requests for information; and then by our inability to coordinate a member meeting to professionally and legitimately voice our concerns and move resolutions aimed at restoring governance and member trust in the leadership of our association.

Member meetings are an important mechanism for Members to engage with the company on issues of concern; yet convening the 2017 AGM in Singapore denied concerned members the opportunity to actively participate in this meeting. Further efforts to coordinate a subsequent special general meeting were frustrated by the leadership of CPA Australia and existing Constitutional limitations.

To avoid this happening again in the future, and to restore Member trust in the new leadership of CPA Australia, this special resolution seeks to amend Article 21(b) of our Constitution to allow a member meeting to be called at the request of 200 voting members.

The rationale for this change is as follows:

- (1) Both CAANZ and IPA allow for a special meeting of Members to be called at any time when requested by 200 members.
- (2) Until March 2015, members of CPA Australia could convene a special meeting by resolution of 100 members, under the powers of s249D of the Corporations Act. This power under s249D was politically amended in March 2015 to prevent small shareholders seeking information and outcomes primarily from publicly listed companies with large shareholdings; but has had the unintended consequence of making Members of organisations like ours subject to what amounts to unreasonable barriers to due process.
- (3) The wording of our Constitution currently specifies that Members must rely on the now amended Corporations Act provisions of s249D, which means that 5% of members are required to call a meeting. Yet CPA Australia does not publish the number of voting members in annual reports, and repeatedly refused to disclose this information. Until ASIC intervened at the request of Members at the end of June 2017, we had no idea of the actual number of members needed to coordinate a resolution to call a special meeting .
- (4) When CPA Australia finally did disclose that the number of voting members as at 29 June 2017 was 119,646, the new 5% requirement under s249D meant that 5,983 Members would need to sign the resolution to request a special meeting. This is an unnecessarily large number for a membership association designed to serve the professional interests of its members; and an unworkable number of members to reach without the assistance of CPA Australia.

- (5) Despite repeated requests to do so, CPA Australia refused to facilitate a member-to-member email communication to promote the resolution to call a Member meeting. As a postal mailout would have cost **over \$120,000 in postage alone**, the only feasible option available to concerned members seeking to call a member meeting was to mount a public awareness campaign via the media. This put CPA Australia in the news for all the wrong reasons. Introducing a manageable number of 200 members to call a member meeting would negate the need to “air our dirty laundry” in the future, and instead deal with the matter internally. This is an important factor in restoring the trust of members, and the reputation and brand of CPA Australia as a standard setting body and one of Australia’s largest membership organisations.

As we continue to rebuild the reputation and standing of CPA Australia amongst our membership, clients, stakeholders and the general public, it is crucial that we move forward with the most transparent and workable practices possible.

This constitutional amendment will give Members the confidence to entrust our new Board with the repair task ahead of them; while providing members with an important mechanism to short circuit any abuse of power in the future.

I encourage Members to support this resolution and vote in favour of this Constitutional amendment at the 2018 AGM.

Jen Dalitz

Jennifer Dalitz CPA
Member #1537319
Phone: 0414 647 382
Email: jen@jendalitz.com

ANNEXURE J: 14. GLEN HASSELMAN MEMBER ORDINARY RESOLUTION EXPLANATORY STATEMENT

**Optional members'
statement**

Text of members' statement

I don't feel that the proposed changes to the constitution put forward by the board are what members want, particularly in relation to the Director appointment processes.

I am therefore proposing the removal of the President, Peter Wilson, so that the board is better positioned to take a fresh approach.