



AUDIT, RISK and COMPLIANCE COMMITTEE CHARTER

CPA Australia Ltd
ACN 008 392 452

1 Introduction

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

2 Objectives of the Committee

- 2.1 The Committee is a committee of the Board. The Committee assists the Board with the effective discharge of its responsibilities in the:
 - (a) overall development and maintenance of a financial management culture within CPA Australia that fosters integrity, credibility and diligence;
 - (b) continuous qualitative improvement of internal financial and non-financial reporting and external financial statements, external reporting (including non-financial reporting), and in the effectiveness of internal financial and non-financial controls;
 - (c) oversight of risk management and compliance policies and practices and the independence, objectivity and performance of the external and internal audit functions for CPA Australia; and
 - (d) the critical review of major projects planned or proposed by the organisation (within the Committee's delegation) and their alignment with the organisation's Strategy.
- 2.2 The Committee's work is supported by the Chief Executive Officer (**CEO**) and their nominees, principally the Chief Financial Officer (**CFO**) and the internal audit function.
- 2.3 Ultimate responsibility for audit, risk and compliance oversight rests with the full Board notwithstanding the establishment of the Committee.
- 2.4 The Committee plays an advisory role and is authorised to exercise those Board powers expressly delegated to it in this Charter.
- 2.5 Other than to the Board, the Committee has no direct obligation to or from any management group or Division.

3 Committee Responsibilities

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

- 3.1 **External Reporting**
 - (a) reviewing and making recommendations to the Board on the approval of the annual accounts and Integrated Report;

- (b) reviewing and making recommendations to the Board for approval of changes to accounting policies and treatments having an impact on external reporting;
- (c) reviewing and making recommendations to the Board on the adoption of a suitable ESG reporting framework that covers environmental (climatic and ecological), social and governance related risks and opportunities over the short, medium and longer terms (“reporting framework and related risks”), conducting regular reviews of the reporting framework and related risks;
- (d) monitoring implementation of the reporting framework and related risks;
- (e) assessment of whether financial or non-financial external reporting is consistent with Committee members' information and knowledge and is adequate for the needs of the organisation's members;
- (f) assessment of the management processes supporting external reporting;
- (g) reviewing compliance-related documents (including, for example, the Directors' report); and
- (h) requiring the CEO and the CFO to make signed and written declarations that, in their opinion (formed on the basis of a sound system of risk management and internal control which is operating effectively):
 - (i) the financial records for the financial year have been properly maintained;
 - (ii) the financial statements and notes for the financial year comply with the relevant accounting standards;
 - (iii) that the financial statements and notes for the financial year give a true and fair view of the financial position and performance of the organisation; and
 - (iv) any other matters in relation to the financial statements that are materially relevant.

3.2 Internal Control and Risk Management and Compliance

- (a) overseeing the implementation and review of systems of internal control;
- (b) overseeing risk management and compliance and related internal compliance controls and systems including to verify that:
 - (i) CPA Australia has in place an appropriate risk management framework (for both financial and non-financial risks) and that management operates within the Board's risk appetite settings including with respect to significant projects;
 - (ii) non-financial, including environmental (climatic and ecological), social, and governance considerations are also integrated into enterprise risk and strategic decision-making to drive efficient allocation of resources and inform more meaningful reporting;

- (iii) the organisation has in place an Incident Management and Response Planning Framework for ensuring the consistent and systematic management of incidents across CPA Australia by way of incident assessment, escalation and management processes and procedures; and
 - (iv) compliance and related internal controls' frameworks including delegations are functioning effectively;
- (c) overseeing and monitoring (including the annual reviews as applicable) of the corporate governance statement, the modern slavery statement, the procurement policy, the whistleblowing policy, the human rights policy, the fraud and corruption policy, the travel and entertainment policy, the transfer pricing policy, the auditor rotation policies, any policies on emerging matters or issues (prior to submission to the Board for approval) and the organisation's tax policy. In addition to the tax policy review, the Committee will annually ascertain that tax compliance obligations have been effectively discharged;
 - (d) ascertaining the financial implications of certain business cases and material commercial contracts (subject to existing delegations and monetary limits);
 - (e) overseeing the insurance portfolio (including approval of the general insurance program and recommendations to the Board for Directors' and Officers' insurance);
 - (f) reviewing of regular reports on all litigation and claims and advising the Board in respect of any material legal risks; and
 - (g) reviewing regular reports on progress, risks and expenditure in major projects.

3.3 External Audit

- (a) reviewing and assessing key areas relating to the external audit of the organisation including the relationship with the external auditor (including advice to the Board on the appointment, performance and rotation (and if necessary, the removal) of the external auditor);
- (b) monitoring the quality, performance and independence of the external auditor and where the external auditor provides non-audit services, the Committee's approval is to be first obtained and the organisation's Integrated Annual Report states whether the Committee is satisfied that provision of those services has not compromised the auditor's independence;
- (c) meeting with the external auditor without management; and
- (d) reviewing the performance and approving remuneration for the external auditor.

3.4 Internal Audit

- (a) reviewing and assessing key areas relating to the internal audit function of the organisation including the relationship with the internal auditor (including advice to the Board on the appointment, performance and rotation (and if necessary, the removal) of the internal auditor);
- (b) monitoring the quality, performance and independence of the internal audit function and where the internal auditor provides non-audit services, the Committee's approval is to be first obtained so that the independence of the internal audit function is maintained;
- (c) meeting with the internal auditor without management; and
- (d) reviewing performance and approving remuneration for the internal audit function.

4 Conflict of Interest

- 4.1 If any Committee member has a material personal interest in or an interest by way of a personal or other relationship to any matter being considered by the Committee, then that Committee member must give the Committee and the Board notice of that interest as soon as that member becomes aware of the interest.
- 4.2 A notice required under clause 4.1 above must:
 - (a) give details of the nature and extent of the interest (also having regard to any obligations of confidentiality to another party or other parties if applicable); and
 - (b) the relation of the interest to the affairs of the organisation.
- 4.3 A Committee member who has a material interest in a matter that is being considered at a Committee meeting must otherwise act in accordance with APES 110 Code of Ethics for Professional Accountants (including the Independence Standards) (**Code**) to the extent relevant to the requirements ('Requirements') set out in the Code.

5 Independent Advice and Information for the Committee

- 5.1 The Committee has the power to interview management and, with management present, to:
 - (a) conduct any investigations;
 - (b) seek explanations and additional information;
 - (c) engage any independent experts; and
 - (d) interview any external or internal auditors.
- 5.2 The Committee may obtain reasonable, independent, professional advice to assist it in the proper exercise of its powers and responsibilities.
- 5.3 The Committee members should be provided with the information the Committee needs to discharge its responsibilities effectively. The executive leadership team and key management

personnel should supply the Committee with information in a form and timeframe, and of a quality that enables the Committee to discharge its duties effectively. Committee members are entitled to request additional information where they consider such information necessary to make informed decisions.

6 Reimbursement of Costs

Committee members are entitled to reimbursement for the reasonable costs of any independent advice obtained in respect of their office. If a Committee member wishes to obtain independent external advice then the Committee member must notify the Committee before seeking that advice and obtain the prior approval of the Committee Chair, which approval must not be unreasonably withheld. Reimbursement of travel, accommodation and out-of-pocket expenses properly incurred by Directors must be met on the basis set out in Article 42(h) of the Constitution.

7 Reliance

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

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

8 Appointment and Composition of the Committee

8.1 Size

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

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

8.2 **Committee Chair**

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

8.3 **Tenure**

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

8.4 **Review of Committee Performance and Skills Development**

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

8.5 **Secretary**

The Company Secretary will act as Secretary of the Committee.

9 **Internal Governance**

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

10 **Meetings**

10.1 **Holding of Meetings**

- (a) Subject to paragraph (b) the Committee will meet, adjourn and otherwise regulate its meetings as it thinks fit, but must meet no less than four times each calendar year.
- (b) The Committee Chair should consider calling an unscheduled meeting if requested to do so by a Committee member, the CEO, the CFO, or the internal or external auditors.
- (c) Meetings may be held face-to-face, or by use of any technology (or any combination of technologies) as considered appropriate by the Chair.
- (d) The Committee may confer without management or any other person present and at each scheduled meeting may have a private session.
- (e) Meetings of the Committee should be conducted professionally and respectfully in

accordance with the organisation's agreed behaviours and values as set out in The CPA Australia Way: <https://www.cpaaustralia.com.au/about-cpa-australia/work-with-us/careers/our-values>

- (f) At the commencement of each Committee meeting, the Committee Chair will:
- (i) open with an *Acknowledgment of Country* relevant to the place or places from where the meeting is being held; and
 - (ii) appoint a meeting reviewer from the Directors in attendance to provide a review of the meeting at the end of the meeting incorporating a reflection on how the meeting met CPA Australia's values.

10.2 Quorum

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

10.3 Voting

Decisions at any meeting of the Committee must be decided by a majority of votes recorded. In the case of an equal number of votes, the Committee Chair has a casting vote.

10.4 Attendance at Meetings

- (a) The CEO may attend Committee meetings by standing invitation of the Committee only and may be requested to leave by any Committee member present at the meeting. If requested to leave, the CEO must immediately leave.
- (b) The Company Secretary may attend Committee meetings by standing invitation of the Committee only and may be requested to leave by any Committee member present at the meeting. If requested to leave, the Company Secretary must immediately leave.
- (c) Any Director of CPA Australia may attend Committee meetings by standing invitation of the Committee.
- (d) In addition, the Committee Chair may invite any of the following to attend a meeting or an item of a meeting of the Committee:
 - (i) the Chief Financial Officer;
 - (ii) members of the Board Secretariat;
 - (iii) any other employee or officer of CPA Australia; and
 - (iv) any other third-party consultant and/or their relevant employees including without limitation the external and internal auditor.
- (e) Each invitee must undertake to keep the relevant communications of the proceedings of the Committee meeting confidential, including in accordance with clause 12 below.

10.5 Committee papers

- (a) Unless otherwise directed by the Committee Chair, the Committee Secretary must

distribute in advance of a meeting of the Committee, an agenda and any related papers to:

- (i) each member of the Committee;
 - (ii) the CEO, the CFO, the internal auditor and other members of the management team as deemed appropriate; and
 - (iii) all Directors of the Board via the Board repository.
- (b) Subject to any further rights granted under a Deed of Indemnity, Insurance and Access, Committee members who are Directors may access Committee papers on request, for the period when they were a Committee member even if they have ceased to be a member of the Committee in accordance with section 198F of the *Corporations Act 2001 (C'th)* (**Corporations Act**).

10.6 **Minutes of Committee Meetings**

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

10.7 **Written Resolutions**

Apart from passing resolutions at actual Committee meetings, the Committee may also pass written resolutions in the manner set out in Article 53 of the Constitution.

11 **Review of Charter**

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

12 **Confidentiality**

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

13 **Code of Conduct**

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

14 Reporting to the Board

- 14.1 Minutes of each meeting must be submitted to the Board for noting.
- 14.2 The Committee Chair, or delegate, must report to the Board after each Committee concerning:
 - (a) the proceedings of the Committee; and
 - (b) all matters relevant to the Committee's role and responsibilities.

15 Consistency with Constitution

- 15.1 This Charter may be amended by the Board from time to time subject to the requirements of the Constitution and the law. Whilst this Charter does not form part of the Constitution, this Charter (as in force from time to time) is, nevertheless, binding on the Committee and each of the Committee members.
- 15.2 To the extent that there is any inconsistency between this Charter and the Constitution or the By-Laws, the Constitution will prevail over both and the By-Laws will prevail over this Charter.

Adopted by the Board of Directors on 10 December 2018

Amended by the Board of Directors on 9 December 2019

Amended by the Board of Directors on 14 December 2020. Effective date: 1 January 2021

Amended by the Board of Directors on 6 December 2021. Effective date: 1 January 2022

Amended by the Board of Directors on 8 December 2022. Effective date: 1 January 2023