



BOARD OF DIRECTORS CHARTER

CPA Australia Ltd
ACN 008 392 452

1 Introduction

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

2 Role and Responsibilities of the Board

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

2.1 Strategy

- (a) set, approve and appraise the organisation's direction, strategies and financial objectives;
- (b) oversee management's implementation of the organisation's strategic objectives and its performance, including consistently with its values;
- (c) approve the organisation's long-term Strategy;
- (d) oversee that the financial, economic, investment/divestment, taxation, procurement and property strategies and programs, practices and plans of CPA Australia deliver its business strategies and organisational objectives efficiently and effectively;
- (e) review, score and approve key performance indicators (KPIs) and monitor the operation, financial position (as applicable) and performance of CPA Australia, of the Board itself, management and major projects;
- (f) in consultation with the Member Engagement Committee, be satisfied that the strategy of the organisation is focused on member interests;
- (g) in consultation with the Audit, Risk and Compliance Committee, determine that the financial and investment strategy of the organisation is aligned to the approved Risk Appetite Statement and within the parameters of the Risk Management Framework; and
- (h) oversee and monitor people and culture strategies, policies and practices which are aligned to the Strategy and CPA Australia's values.

2.2 **Financial (and Non-Financial)**

- (a) oversee the budgetary processes and strategic financial management of CPA Australia;
- (b) determine that there is a rigorous correlation between the organisation's KPIs and related financial and non-financial information;
- (c) provide consideration and oversight of CPA Australia's longer-term financial sustainability including its ability to viably meet and service the future needs of its members and to also fiscally accommodate and be responsive to the non-financial challenges and opportunities posed by economic, social or environmental considerations (including the organisation's net zero emissions commitment) or occurrences and any regulatory responses to them;
- (d) review and assess the economics of CPA Australia's major projects, products and services and any restructuring options as appropriate;
- (e) oversee the operational and capital budgets as prepared by management including but not limited to, preparation of pricing policy across major business units and financial modelling;
- (f) review forecasts periodically;
- (g) monitor foreign exchange guidelines and associated risks;
- (h) review the financial delegations annually;
- (i) review membership and CPA Program pricing; and
- (j) consider the annual operating requirements of the organisation.

2.3 **Investment**

- (a) review the investment guidelines and the Investment Policy Statement (IPS), monitor the financial performance of funds invested (the Funds) by the organisation and the reporting processes;
- (b) monitor the organisation's investment goals and how the IPS will support its purpose and strategic focus;
- (c) appoint or remove the investment adviser (**Investment Adviser**);
- (d) review the established internal controls and processes so as to meet the objectives for the Funds and their protection from loss, theft or inappropriate use;
- (e) appoint an independent party from time to time to conduct an audit of the Funds which audit is to verify compliance with the IPS and relevant legislation;
- (f) resolve all questions of interpretation of the IPS relating to the Funds;

- (g) select, monitor and replace third party advisers, such as consultants and the providers of investment services; and
- (h) review and evaluate annually the performance of the Investment Adviser.

2.4 **Governance**

- (a) provide oversight of the organisation, including its control and accountability systems;
- (b) generally, safeguard the reputation of CPA Australia and its members;
- (c) oversee the organisation's relationships with its stakeholders;
- (d) monitor developments in the financial, accounting and business advisory professions and the operating environment in which the organisation is active;
- (e) approve and monitor the integrity of and the verifying processes relating to financial, non-financial and other reporting and disclosure, including the organisation's budget and the external audit;
- (f) set appropriate levels of delegated authority to management;
- (g) make and amend CPA Australia's By-Laws and Applicable Regulations (as defined in Article 76 of the Constitution);
- (h) monitor the organisation's compliance with its responsibilities under the *Corporations Act 2001 (Cth)* (**Corporations Act**), the Constitution and other relevant laws; and
- (i) oversee the sustainability practices of the organisation as they relate to the work of the Board.

2.5 **People and Culture**

- (a) monitor the effectiveness of the organisation's people and culture strategy, policies and practices;
- (b) instill a corporate culture of acting lawfully, ethically and responsibly and consistently with its values;
- (c) monitor the effectiveness of the organisation's Inclusion and Diversity Policy; and
- (d) provide oversight and monitoring of the organisation's compliance with all people and culture regulatory requirements.

2.6 **Risk Management**

- (a) establish written policies on compliance, risk oversight and management;
- (b) identify business risks facing the organisation and use reasonable endeavours to ascertain that appropriate monitoring and reporting of internal controls are in place to manage such risks including, but not limited to, any major disruption or other external

material risk impacting CPA Australia and the organisation's ability to effectively and appropriately respond; and

- (c) approve, review, ratify and monitor systems of risk management and internal compliance and controls, in conjunction with the Board's Audit, Risk and Compliance Committee, and ensure they are implemented and operating effectively.

2.7 **Appointment and review**

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

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

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

- (a) the financial statements and accounting policies used in their compilation;
- (b) the organisation's Strategy and any KPIs;
- (c) the selection and appointment of the external auditor;
- (d) the selection and appointment of the internal auditor;
- (e) the making of major expenditure, the incurring of any liabilities or entering into any contracts over limits delegated to any Board Committee, Divisional Council, the CEO or other officers;
- (f) the selection, appointment and removal of the CEO, CFO, and Company Secretary;
- (g) the evaluation of the performance of the CEO and the development and maintenance of a succession plan for the role of the CEO;
- (h) the determination of the duration, remuneration and other terms of appointment of the CEO, any variation to those terms and conditions and discretionary incentive payments to the CEO;
- (i) the approval of the employee remuneration framework and associated policies (including the incentive methodology and annual movements in salary scales);
- (j) membership admission criteria;

- (k) all matters relating to the establishment and regulation of Divisions and branches;
- (l) any donations by CPA Australia;
- (m) the selection, appointment and removal of the Company Secretary and the CFO;
- (n) the organisation's risk management framework, risk and compliance policies, risk appetite statement, and their implementation and operation;
- (o) compliance with the requirements of statutory and regulatory bodies; and
- (p) CPA Australia's Directors' and Officers' insurance program. All other insurances will be approved by the Board's Audit, Risk and Compliance Committee within the parameters determined by the Board from time to time.

3 Conflict of Interest

- 3.1 If any Director has a material personal interest in or an interest by way of a personal or other relationship to any matter being considered by the Board, then that Director must give the Board notice of that interest as soon as they become aware of the interest.
- 3.2 A notice required under clause 3.1 above must:
- (a) give details of the nature and extent of the interest (also having regard to any obligations of confidentiality to another party or other parties if applicable); and
 - (b) the relation of the interest to the affairs of the organisation.
- 3.3 A Director who has a material interest in a matter that is being considered at a Board meeting must otherwise act in accordance with APES 110 Code of Ethics for Professional Accountants (including the Independence Standards) (**Code**) to the extent relevant to the requirements ('Requirements') set out in the Code.

4 Independent Advice and Information for the Board

- 4.1 The Board may obtain reasonable, independent, professional advice to assist it in the proper exercise of its powers and responsibilities.
- 4.2 The Board should be provided with the information it needs to discharge its responsibilities effectively. The senior executives and the executive leadership team (**ELT**) should supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

5 Reimbursement of Costs

Directors are entitled to reimbursement for the reasonable costs of any independent advice obtained in respect of their office. If a Director wishes to obtain independent, external advice

then the Director must notify the Board before seeking that advice and obtain the prior approval of the Chair, which approval must not be unreasonably withheld. 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.

6 Reliance

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

- (a) an employee of the organisation or of 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 of any of its subsidiaries in relation to matters within the Director's or officer's authority.

7 Appointment and Composition of the Board

7.1 Size

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

7.2 Chair and President

- (a) The Chair of the Board must be the President, or in the Chair's absence, such other person provided for in Articles 52 and 55 of the Constitution.
- (b) The President must be elected to office for an initial term of either one year or two years commencing on 1 October in the year of election. The term of the President may be extended for further one-year terms as provided in the Constitution. The President can only hold office for a maximum of three consecutive years.
- (c) The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all the Directors in relation to issues arising at Board meetings including:
 - (i) overseeing the Board in the effective discharge of its supervisory role;
 - (ii) the efficient organisation and conduct of the Board's function and meetings;
 - (iii) facilitating the effective contribution of all Directors; and

- (iv) the promotion of constructive and respectful relations between Board members and between the Board and management.

The role and responsibilities of each of the President and Deputy Presidents is set out in **Attachment A** of this Charter.

7.3 **Tenure**

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

7.4 **Independence and Review of Director Performance**

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

7.5 **Secretary**

The Company Secretary will act as Secretary of the Board.

8 Committees

- 8.1 To assist with focusing on specific Board responsibilities in order to properly execute the Board's duties, the Board has the authority to establish and determine the powers and functions of the Committees of the Board. Each Board Committee is to document a Charter,

approved by the Board, setting out its responsibilities.

8.2 The Committees of the Board are:

- (a) Audit, Risk and Compliance Committee;
- (b) Member Engagement Committee;
- (c) Nomination Committee;
- (d) Education, Policy and Innovation Committee; and
- (e) any other committees as the Board determines from time to time.

9 Internal Governance

9.1 The Board delegates to the CEO responsibility for implementing the strategic and operating plans of the organisation as approved by the Board.

9.2 The Board must:

- (a) determine the scope of authority (and any limits on that authority) which is delegated to the CEO or any other officer; and
- (b) monitor that appropriate resources are available to senior executives and the ELT.

9.3 The Board must review each delegation at least annually.

9.4 It is the responsibility of both the CEO and the CFO to provide to the Board, before it approves CPA Australia's financial statements for a financial period, a declaration that, in their opinion:

- (a) the financial records of CPA Australia have been properly maintained;
- (b) the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity; and
- (c) the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

10 Meetings

10.1 Holding of Meetings

- (a) The Board will meet, adjourn and otherwise regulate its meetings as it thinks fit, but must meet no less than six times each calendar year.
- (b) The Board will determine the specific time, place, duration and agendas of Board meetings.
- (c) Meetings of the Board must be conducted in accordance with the Constitution and best practice meeting procedures.

- (d) Meetings may be held face-to-face, or by use of any technology (or a combination of technologies) as considered appropriate by the Chair.
- (e) The Board may confer without management or any other person present and at each scheduled meeting may have a private session.

10.2 Values

- (a) Meetings of the Board 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>
- (b) At the commencement of each Board meeting, the Board 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.

10.3 Quorum

A quorum consists of five Directors in accordance with Article 54 (l) of the Constitution. The quorum must be present at all times during the meeting.

10.4 Voting

In accordance with Article 53 of the Constitution, and unless provided otherwise in the Constitution or by law, decisions at any Board meeting must be decided by a majority of votes recorded. In the case of an equal number of votes, the Chair has a casting vote.

10.5 Attendance at Meetings

- (a) The CEO may attend Board meetings by standing invitation of the Board only and may be requested to leave by any Director present at the meeting. If requested to leave, the CEO must leave immediately.
- (b) The Company Secretary may attend Board meetings by standing invitation of the Board only and may be requested to leave by any Director present at the meeting. If requested to leave, the Company Secretary must leave immediately.
- (c) In addition, the Chair may invite any of the following to attend a meeting or an agenda item of a meeting of the Board:
 - (i) the CFO;

- (ii) members of the Company Secretariat;
- (iii) any other employee or officer of the organisation; and
- (iv) any other third-party consultant.

10.6 **Board papers**

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

10.7 **Minutes of Meetings**

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

10.8 **Written Resolutions**

Apart from passing resolutions at actual Board meetings, the Board may also pass written resolutions in accordance with Article 53 of the Constitution.

11 Review of Charters

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

12 Communication

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

13 Confidentiality

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

14 Code of Conduct

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

15 Consistency with Constitution

- 15.1 This Charter may be amended by the Board from time to time subject to the requirements of the Constitution and the law. Whilst this Charter does not form part of the Constitution, this Charter (as in force from time to time) is, nevertheless, binding on the Board and each of the Directors.
- 15.2 To the extent that there is any inconsistency between this Charter and the Constitution 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 on 9 December 2019

Amended on 14 December 2020. Effective date: 1 January 2021

Amended on 6 December 2021. Effective date: 1 January 2022

Amended on 18 July 2022

Amended on 8 December 2022. Effective: 1 January 2023

Amended on 4 December 2023. Effective: 1 January 2024

ROLE DESCRIPTION

PRESIDENT AND CHAIR & DEPUTY PRESIDENTS

Introduction

The role and responsibilities of Chair arise from the Chair's position as the duly elected senior non-executive officer of the Company who has the responsibility for presiding over the official business of the Company and the Board.

The Chair acts as an important link between the Board and the organisation's management via the Chief Executive Officer (CEO). The role of Chair is not defined in the *Corporations Act 2001, (C'th)* thus many functions of the Chair are customary rather than formalised by law.

It should be recognised that the role of the Chair is demanding, requiring a significant time commitment.

The Chair is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting professional, constructive and respectful relations between Directors and between the Board and management consistently with CPA Australia's values. The Chair is also responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.

In addition to requiring a significant time commitment, the Chair needs to be an inclusive leader and one who can respond to developments both within and external to the organisation in an agile and responsive manner.

Periodically, the Chair will review the performance of the Board, its Committees and individual Directors and address any issues that may emerge from that review.

Appointment of the President and Chair and Deputy Presidents

- The Chair of the Board shall be the President, or in the Chair's absence, such other person provided for in Articles 52 and 55 of the Constitution.
- The President is elected to office for an initial term of either one year or two years commencing on 1 October in the year of election. This may be extended by further one-year terms as provided in the Constitution. The President can only hold office for a maximum of three consecutive years.

Responsibilities of the Chair

The President as Chair (Chair) is responsible for leadership of the Board including:

- leading the Board in performing its roles and functions consistently with the values of CPA Australia;
- managing the relationship between the CEO and the Board including liaising and interacting with the CEO as the primary contact between the Board and management;
- facilitating the effective functioning of the Board including managing the efficient conduct, frequency and length of Board meetings;
- communicating the views of the Board, in conjunction with the CEO, to the organisation's members and other stakeholders;
- promoting the interests of the organisation as a whole in relation to the organisation's members, governments, other public organisations and the public generally;
- holding the primary relationship with the Chair of the Council of Presidents and being the contact between the Board and the Council of Presidents;
- overseeing that all relevant issues are on the agenda and that management provides all Directors with accurate, timely, relevant and sufficient information to enable them to make effective decisions as responsible Board members and to be appropriately informed of the performance of the organisation and of any developments that may have a material impact on the organisation or its performance;
- overseeing that the Board as a whole has the opportunity to maintain adequate understanding of the organisation's financial position, strategic performance, operations and affairs generally and the opportunities and challenges facing the organisation;
- facilitating professional, transparent and constructive communications amongst Board members and encouraging their contribution to Board deliberations;
- liaising with and counselling, as appropriate, Board members;
- recommending to the Board for consideration the membership and functions of committees of the Board; and
- working with Deputy Presidents to assist the development necessary for future succession to the Chair's role.

Whilst the Chair's responsibilities are as set out above, each director has the responsibility to comply with their general directors' duties at law and to inform themselves about the subject matter of the decisions they are making to the extent they believe to be appropriate.

Chair's role inside the Boardroom

- Acting as the central link between the Board and management and keeping informed about direct access of fellow Directors in accordance with Board protocols.
- Establishing and maintaining an effective working relationship with the CEO.
- Setting the tone for the Board, including the establishment of a common purpose and ensuring that all deliberations of the Board are conducted consistently with CPA Australia's values.

- Chairing the Board meetings efficiently and shaping the agenda to align with the goals, strategy, budget and executive performance of the organization.
- Obtaining appropriate and timely information to present to the Board.
- Encouraging contributions by all Board members and seeking consensus when making decisions.
- Motivating/mentoring Board members and where appropriate dealing with underperformance.
- Overseeing the process for appraising Board members individually and the Board as a whole.
- Consulting with the Board and deciding on the selection of Board Committee members.

Chair's role outside the Boardroom

- Being the central and primary contact for communicating with members on behalf of the Board and on matters of corporate governance.
- Communicating with the Chair of the Council of Presidents.
- Chairing member meetings - annual and extraordinary general meetings (AGMs and EGMs).

Important personal attributes of a Chair

A balance of desirable personal traits for a Chair include:

- tact, diplomacy and sensitivity;
- a good listener;
- ability to reconcile opposing views;
- power to influence;
- agility, resilience and clarity of purpose;
- ability to lead, including by example; and
- ability to encourage and get the best from all team members.

Deputy Presidents

The Deputy Presidents have the following responsibilities:

- to perform the role and functions of the Chair in the absence of the Chair for any reason;
- to be available to facilitate the following matters when and as appropriate and where and when required:
 - Chair succession planning (it is expected and anticipated in the normal course of events that one of the Deputy Presidents would succeed the Chair to ensure an orderly succession plan for Board leadership and governance); and
 - approvals and actions required to be performed by the Chair under the Board Charter, or its policies, where the Chair may be compromised due to personal or other conflict of interest
- at the request of the Chair, to support the Chair in the performance of the role and function of Chair;
- subject to appointment by the Board, acting as Officiating Director in cases where the Chair is unable to act as Officiating Director;

- Deputy Presidents are expected to develop and demonstrate the skills and attributes expected of the Chair in preparation for possible succession to that role; and
- to work collaboratively with the President, other Deputy President and other Board members as well as the executive leadership team.