

ADDITIONAL GRI INFORMATION

GRI MATERIALITY

This document contains information required by the GRI Standards that for reasons of conciseness we have not included in the 2017 Annual Integrated Report.

It includes information on material issues that have been defined using a process that meets the definition of materiality in the GRI Standards. This differs from that contained in the <IR> framework in that it looks at the issues that have the most significant economic, environmental, and social impacts rather than a focus on value creation. Material issues identified through this process are closely aligned to those using the <IR> definition with a stable, capable and skilled workforce and member professional development being the only two additional issues identified, as such information on those two issues is included in the 2017 Annual Integrated Report. Information is also included on our supply chain in order to meet the requirements of the GRI Standards.

MATERIAL ISSUES IN ORDER OF PRIORITY

Material issue	Boundary and stakeholders impacted
Member trust in CPA Australia	Outside (members)
Member engagement and service	Outside (members)
Reputation of the brand and designation	Inside (Board, employees), outside (members, regulators, broader public)
Certification and the CPA Program	Outside (members, employers, higher education sector, potential members)
Digital service	Outside (members, potential members)
Communicating to members	Outside (members)
Access to knowledge	Outside (members, potential members)
Customer privacy	Outside (members)
Representation and advocacy	Outside (members, broader public, regulators)
Employee trust and engagement	Inside (employees)
Member professional development	Outside (members, potential members)
Professional standards	Outside (members, broader public)
Independent board and active membership	Inside (Board, employees), outside (members)
Stable, capable and skilled workforce	Inside (employees)
Protecting the public interest	Outside (members, broader public)



GRI MATERIAL ISSUES

Stakeholder concern



Economic, social and environmental impact

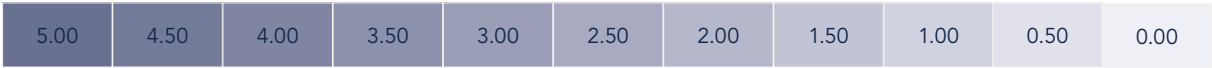
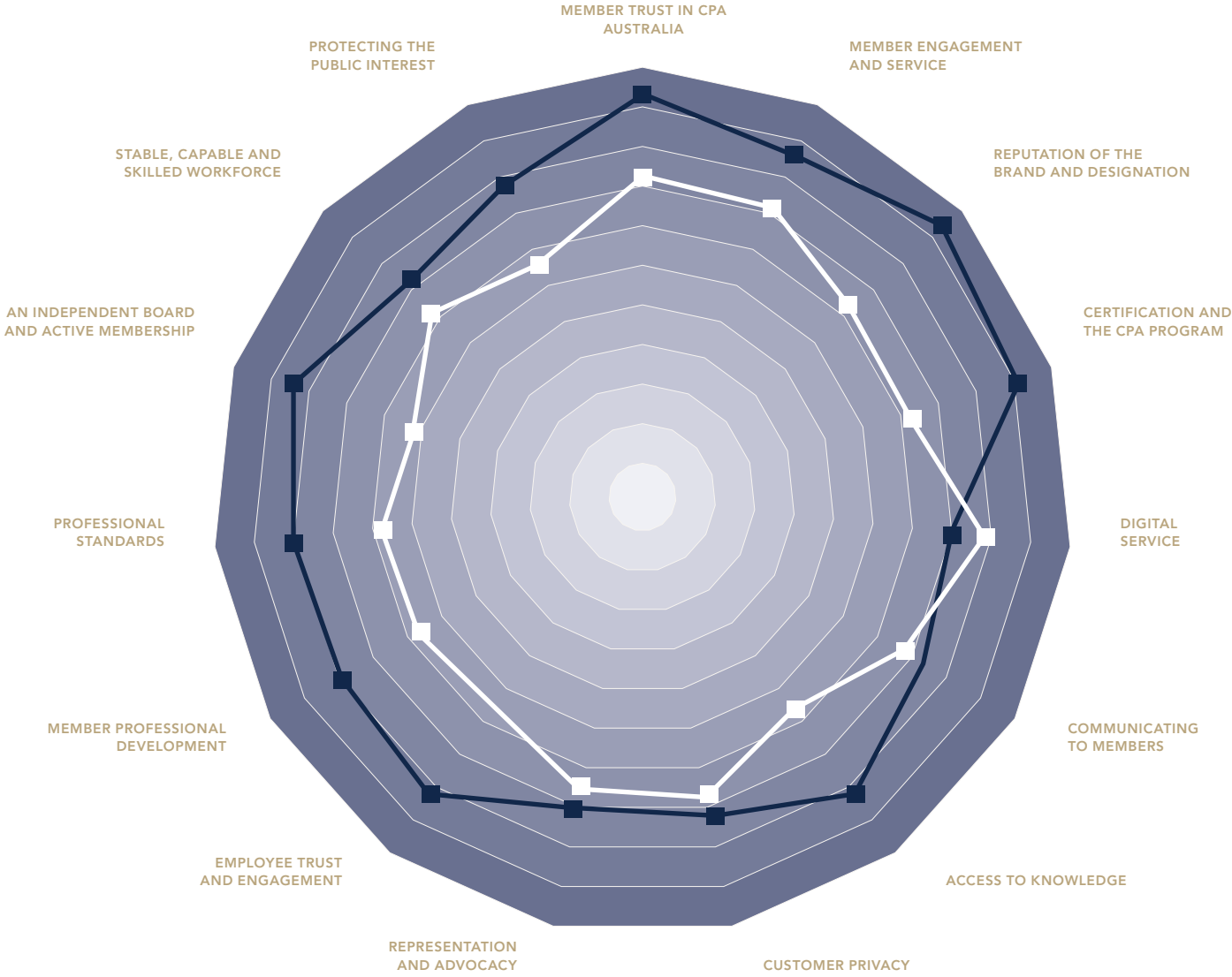


Figure 1: Materiality Matrix

OUR SUPPLY CHAIN

As part of our commitment to integrated reporting and broader sustainability issues, we are committed to developing and maintaining effective and mutually beneficial relationships with our supply chain partners.

Whilst not identified as a material issue, we report on our supply chain to provide a greater level of transparency of our expenditure to members and to meet GRI reporting requirements.

Sustainability considerations that are factored into our tender evaluation process include: sustainable supply risk, ethical sourcing risk, reputational risk, labour standards within our suppliers' networks, local supply, diversity, waste management and carbon footprint impact.

Our major suppliers have significant local operations in Australia with whom we deal on a day-to-day basis to ensure consistency of service and delivery. There were no significant changes in our supply chain in 2017.

In 2017, the majority of our direct supply chain expenditure was in Australia at an approximate cost of \$79 million across a supply base of about 1550 suppliers. Our top 10 suppliers were responsible for approximately 50 per cent of total supply chain expenditure, primarily for the delivery of services associated with the CPA Program and marketing.

Overall, expenditure per supplier is relatively low with approximately 1000 suppliers having an annual expenditure of less than \$1,000. The majority of CPA Australia's suppliers were engaged to support professional development events across Australia.

We utilised the supply chain analysis performed in early 2017 for the 2016 annual report to also feed into this report as we have not experienced significant changes in our supply chain partners. That analysis included CPA Australia's top 12 suppliers in terms of expenditure. Conducted by an independent consultant, analysis includes a review of publicly available information, supplier surveys and one-on-one interviews with five top suppliers representing branding and advertising, educational services, media planning and buying, property management and publishing. Through this analysis the following information was collated:

- Nature of products and services supplied, spend and location
- Contractual terms and tender evaluation results
- Economic, environmental, social and governance issues

There is considered to be no material risk to CPA Australia from doing business with the suppliers analysed.

We will continue with this analysis in 2018 although the nature and size of our business means that we will not be able to fully estimate impacts across our entire supply chain as the cost of collecting this information does not represent an appropriate use of member funds given the low level of risk in our supply chain.

The chart below shows total supply chain expenditure across the strategic themes that were in place in 2017. This remains relatively consistent year-on-year, however in 2017 there was a decrease in marketing spend and an increase on spend in member engagement and service and a stable, capable and skilled organisation.

Our major spend was in the following areas:

- Certification and the CPA Program where a large proportion of the services necessary for the design, development and delivery of the CPA Program are provided by our strategic supply partners
- Member engagement and service including our member facilities and offices and member events
- Brand, broadening the audience and securing the next generation of talent which covers media buying, brand development, marketing communications and advertising
- A stable, capable and skilled organisation which covers corporate support such as audit, IT, consulting and research services among others

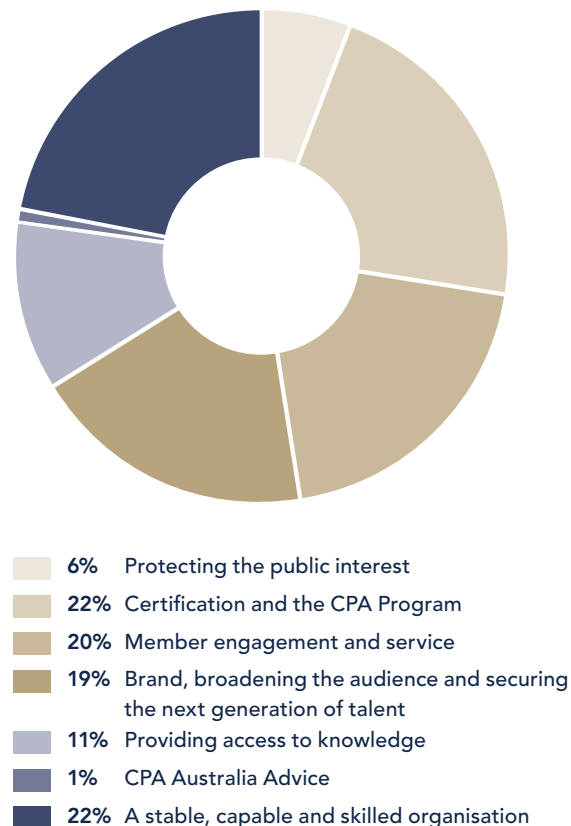


Figure 2: Direct supply chain spend by strategic theme*

*All figures are rounded so totals may not equal 100 per cent