

Materiality further information

Material issues are those that can substantively affect the organisation's ability to create value over the short, medium and long-term.

CPA Australia's materiality process is facilitated by an independent third party and its objectives are to:

- Identify priorities for the Integrated Report in terms of our value creation story
- Demonstrate an independent, robust process for determining material issues
- Understand what the issues mean to members and other stakeholders
- Demonstrate respect for stakeholder views
- Identify where internal and external priorities differ and why
- Ensure risk has been taken into account.

Our materiality process was presented to the Board via the Audit, Risk and Compliance Committee at its June meeting.

The development of the initial 2021 material issues list used the following information and data points:

- CPA Australia's strategy and business model
- Strategic risks
- Member feedback
- Peer and best practice reports
- Member research
- UN Sustainable Development Goals
- <IR> framework
- Employee feedback
- Environmental scan/global mega trends
- Impacts of COVID-19.

An initial list of 16 material issues and definitions was provided to stakeholders and one-on-one 30-minute telephone interviews with 21 members, eight Board members and all members of the executive management team. Member stakeholders include a mix of members across geographies and industries. Interviews focused on:

- Top three priorities for value creation and why
- Any missing issues
- Thoughts on the biggest risks and opportunities into the future.

In looking at our material issues, consideration is given to the order of priority of the issue, its definition, the horizon over which it will impact value creation, and the level of control CPA Australia has over the issue.

In November, a workshop was held with our executive management team to agree and finalise our list of material issues. The workshop considered:

- Impact on CPA Australia's ability to create value for members over the short, medium and long-term
- Recognition as a current/future key topic or challenge by peers
- Links to legislation or agreements of strategic significance to CPA Australia
- Connection to CPA Australia's values, policies, strategies, operational management systems, goals or targets
- Influence on CPA Australia's reputation.

The final 14 material issues that appear in our report were approved by the Board via the Audit, Risk and Compliance Committee at its November meeting.

Value created

- Our materiality process is based on the <IR> Framework and ensures we appropriately consider the six capitals in our thinking and reporting.

Moving forward

In our materiality interviews we also looked to the future with key themes being:

- The rapid development of new technologies, such as artificial intelligence (AI) and automation provides opportunities for the future of the profession. Accountants will be freed up to take on more strategic roles, with these new developments also presenting opportunities to attract the next generation into the profession. There are risks, however, such as the loss of more traditional accounting roles and challenges relating to ethics, data security and privacy
- Soft skills will be more relevant in a future of automated accounting
- Ongoing perception and relevance of the profession and attracting the next generation of CPAs.

The results of our materiality process are included in our Integrated Report and inform the report's contents.