

# Board of Directors Charter

CPA Australia Ltd

ACN 008 392 452

## 1. INTERPRETATION

References to the constitution in this charter are references to the Constitution of CPA Australia Ltd (**Company**) as amended from time to time.

References to the Chair are references to the Chair of the Board of Directors (**Board**) unless stated otherwise.

References to external directors (**External Directors**) are references to directors who are not members or employees of CPA Australia.

## 2. STRUCTURE

This Charter sets out in high level terms the main functions and responsibilities of the Board. This Charter also sets out some administrative and procedural matters applicable to the Board and the governance of the Company. However, this Charter does not purport to be exhaustive of all the functions and responsibilities of the Board or individual directors.

Nothing in this Charter limits any powers or responsibilities of the Board.

## 3. PURPOSE, POWER AND RESPONSIBILITIES

The Board has overall responsibility for effectively guiding and monitoring the management of the Company. This general law position is also confirmed by Article 51(a) of the Constitution which provides that, subject to the law and the Constitution, the management of the business is vested in the Board. Whilst the Representative Council may from time to time express its views or recommendations on member or other issues, the Board is not required to act in accordance with any such views or recommendations.

The Board is also the main repository of the Company's powers. As stated by Article 51 of the Constitution, the Board may exercise such powers and do all such acts and things not expressly directed or required to be exercised or done by the Representative Council (i.e. the power to make Board appointments) or the Company in general meeting (e.g. the power to amend the Constitution). Article 52 of the Constitution lists some of the specific powers of the Board. All of the Board's powers must be exercised for proper purposes and in the best interests of the Company.

Without limiting the general role or powers of the Board, the Board is responsible for, and has the power and authority, to:

- (a) set and approve and appraise the Company's direction, strategies and financial objectives;
- (b) provide strategic leadership of the Company within a framework of prudent and effective controls which enable risks to be identified, assessed and managed;
- (c) appoint the President and two Deputy Presidents of the Company;
- (d) review the expertise of Board members on a regular basis and with a view to ensuring that the Board has operational and technical expertise relevant to the operation of the Company;

- (e) establish the Company's vision, mission, values and standards of conduct and to ensure that these are adhered to, in the interests of members, legitimate stakeholders and the communities in which it operates and, generally, safeguard the reputation of the Company and its members;
- (f) monitor developments in the financial, accounting and business advisory profession and the operating environment in which the Company is active;
- (g) appoint the Chief Executive Officer (**CEO**) and determine the CEO's powers, duties, succession, performance, assessment, remuneration and dismissal;
- (h) appoint and, where appropriate, remove the Company Secretary and Chief Financial Officer (or equivalent);
- (i) monitor senior management's performance and implementation of strategy, and ensure appropriate resources are available;
- (j) agree on key performance indicators and monitor performance of the Company, the Board itself, management and major projects;
- (k) approve the business plan, performance based contract and budget annually;
- (l) approve the long term corporate plan;
- (m) approve corporate policies including codes of conduct, and regularly evaluate compliance;
- (n) make and amend By-Laws, pronouncements and regulations;
- (o) review and ratify systems of risk management and internal compliance and control; and
- (p) monitor legal and regulatory compliance including compliance with accounting standards, trade practices legislation, occupational health and safety and similar laws and regulations.

#### **4. MATTERS SPECIFICALLY RESERVED FOR THE BOARD**

The following matters must be approved by the Board:

- (a) approval of the financial statements and accounting policies used in their compilation;
- (b) approval of the Company's corporate plan and any performance based contract;
- (c) selection and appointment of the external auditor;
- (d) the making of major expenditure or the incurring of any liabilities or the entry into of any contracts over limits delegated to any Board committee, Divisional Council, Branch, the CEO or other officers;
- (e) selection, appointment and removal of the CEO;
- (f) evaluate the performance of the CEO;
- (g) determine the duration, remuneration and other terms of appointment of the CEO;
- (h) develop and maintain a succession plan for the role of CEO;
- (i) approval of the Company's Directors' and Officers' insurance programme. All other insurances will be approved by the Board's Audit and Risk Committee within parameters determined by the Board from time to time;
- (j) approval of Company policies;
- (k) membership admission criteria;
- (l) all matters relating to the establishment and regulation of Divisions and Branches;
- (m) any donations by the Company; and
- (n) selection, appointment and removal of the Company Secretary and Chief Financial Officer.

For the avoidance of doubt, the foregoing list is not exhaustive of the matters which the Board has or may reserve to itself. Nor does the foregoing list of specific matters imply that matters not specifically referred to have been delegated to or can be determined by persons or bodies other than the Board.

#### **5. INDEPENDENT AND INFORMED**

Except as otherwise required by law, all directors are entitled to be heard at all meetings of the Board. Directors should bring an independent and informed judgment to bear in decision-making. If a Director requires additional information or advice in relation to a matter being considered by the Board, then the Director should raise that with the Board.

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 shall not be unreasonably

withheld. Travel, accommodation and out of pocket expenses incurred by directors shall be met in accordance with Article 45(f) of the Constitution.

## **6. BOARD COMMITTEES AND DELEGATIONS**

In accordance with Article 54 of the Constitution, the Board may appoint Board Committees with such powers (not exceeding its own) as it may determine.

The Board shall determine the charters, membership and composition of standing Board Committees, ad hoc Board Committees and any other committees of the Board (including all advisory and sector committees).

With the exception of certain limited delegations contained in their charters, recommendations by Board committees must be approved by the Board.

## **7. INTERNAL GOVERNANCE**

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

The Board shall:

- (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.

The Board shall review each delegation at least annually.

## **8. THE CHAIR**

The Chair is responsible for:

- (a) leadership of the Board;
- (b) overseeing the Board in the effective discharge of its supervisory role;
- (c) the efficient organisation and conduct of the Board's function and meetings;
- (d) facilitating the effective contribution of all directors;
- (e) the promotion of constructive and respectful relations between Board members and between the Board and management; and
- (f) to receive (on behalf of the Board) the views of the Representative Council and to generally be the point of contact for communications between the Board and the Representative Council.

## **9. COMPOSITION OF THE BOARD**

### **9.1 Membership**

The Board shall consist of directors appointed by the Representative Council in accordance with the Constitution.

### **9.2 Chair and President**

The Chair of the Board shall be the President or such other person provided for in Articles 58 and 67 of the Constitution.

The President shall be elected to office for a term of one year with effect from October 1 in that year until September 30 in the following year. This may be extended by a maximum of one further one year term as provided in the Constitution.

### **9.3 Tenure**

Subject to the transitional provisions in Article 44(h) of the Constitution, each director is elected for a term of three years commencing on October 1 in the year of appointment which shall expire on September 30 in the third year of that term.

At the end of their respective terms directors shall be 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.

### **9.4 Secretary**

The Company Secretary will act as Secretary of the Board.

### **9.5 Code of Conduct**

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

### **9.6 Confidentiality**

Unless directors resolve to the contrary, directors are required to keep Board discussions, Board papers and deliberations confidential. Decisions of the Board shall be binding in accordance with their terms. Outside the boardroom, directors should support the letter and spirit of Board decisions.

## **10. MEETINGS**

### **10.1 Holding of Meetings**

The Board shall meet, adjourn and otherwise regulate its meetings as it thinks fit, but shall meet at no less than six times each calendar year.

The Board will determine the specific time, place, duration and agendas of Board meetings. Meetings of the Board shall be conducted in accordance with the Constitution, best practice meeting procedures and the Board of Directors Handbook as amended from time to time.

Meetings may be face-to-face, via teleconference or videoconference as considered appropriate by the Chair.

### **10.2 Quorum**

A quorum shall consist of 6 directors (excluding any External Directors) (Article 57(j) of the Constitution). The quorum must be present at all times during the meeting.

### **10.3 Voting**

In accordance with Article 59 of the Constitution, and unless provided otherwise in the Constitution or by law, decisions at any meeting of the Board shall be decided by a majority of votes recorded. In the case of an equality of votes, the Chair shall have a casting vote.

### **10.4 Attendance at Meetings**

The CEO is entitled to attend all Board meetings but shall not have a right to vote at such meetings (Article 48 of the Constitution). The Company Secretary shall be entitled to attend (but not vote at) all open sessions of the Board and such closed sessions as the Chair may determine from time to time.

In addition, the Chair may invite any of the following to attend a meeting of the Board:

- (a) the Chief Financial Officer;
- (b) members of the Company Secretariat; and
- (c) any other employee or officer of the Company.

### **10.5 Board papers**

Subject to any further rights granted under a Deed of 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.

### **10.6 Board minutes**

Minutes of the Board shall be made available to the directors in accordance with the provisions of the Constitution, the Deed of Access and the Corporations Act. Minutes signed by the Chair shall be conclusive evidence of the transactions recorded in such minutes.

### **10.7 Written Resolutions**

Apart from passing resolutions at actual Board meetings, the Board may also pass written resolutions in accordance with Article 56 of the Constitution.

## **11. BOARD INDEPENDENCE AND PERFORMANCE**

The Board shall:

- (a) assess the independence of individual directors on an annual basis;
- (b) monitor declarations of interest made by directors; and
- (c) monitor compliance with the Directors' Code of Conduct.

The Board will conduct a comprehensive annual review of the performance of the Board, the Board committees and of each director, in the manner in which it determines including by:

- (a) external facilitator(s);
- (b) assessment questionnaires;
- (c) confidential (non-attribution) interviews;
- (d) a workshop to discuss findings; or
- (e) otherwise as it thinks fit.

The Board will regularly review this Charter and those of its committees to ensure they remain consistent with the Board's objectives and responsibilities, applicable law and relevant standards of corporate governance.

## **12. COMMUNICATION**

The Chair and the CEO will act as primary spokespersons for the Board in accordance with the Media Spokespersons Policy and Procedures. The Board may delegate authority to designated staff and members to comment on particular matters.

## **13. INCONSISTENCY WITH CONSTITUTION**

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.

To the extent there is any inconsistency between this Charter and the Company's Constitution, the Constitution will prevail.

Approved by the Board: **3 December 2007**

Approved by the board: **27 July 2010**