

Corporate Governance Statement

Introduction

Chartered Accountants Australia and New Zealand (**Chartered Accountants ANZ**) was established under Royal Charter in 1928 as a body politic and corporate for the purpose of advancing the profession and practice of accountancy in all its aspects. Chartered Accountants ANZ has more than 128,000 members around the world and its vision is to be one of the leading professional associations of leaders in business and finance in Australia and New Zealand.

Chartered Accountants ANZ is not a company but is a registered body under Part 5B.2 of the *Corporations Act 2001* (Cth) (**Corporations Act**) that carries on business in Australian states and territories, New Zealand and other overseas locations. As a registered body, Chartered Accountants ANZ is required to comply with only a limited number of sections of the Corporations Act. In New Zealand, the New Zealand Institute of Chartered Accountants (**NZICA**) retains its non-delegable regulatory functions pursuant to the *New Zealand Institute of Chartered Accountants Act 1996* (**NZICA Act**). NZICA's other functions have been delegated to Chartered Accountants ANZ and under the Corporations Act, NZICA is a controlled entity of Chartered Accountants ANZ.

Chartered Accountants ANZ is a member of the ASX Corporate Governance Council that develops the Corporate Governance Principles and Recommendations, 3rd edition (**ASX Principles**) that apply to entities listed on the Australian Securities Exchange. Chartered Accountants ANZ has voluntarily adopted the ASX Principles and has applied them to its own governance arrangements where it is relevant and appropriate to do so. Chartered Accountants ANZ is preparing for the voluntary adoption of the ASX Principles 4th edition, which take effect for financial years commencing on or after 1 January 2020. This Corporate Governance Statement was approved by the Board on 21 September 2020.

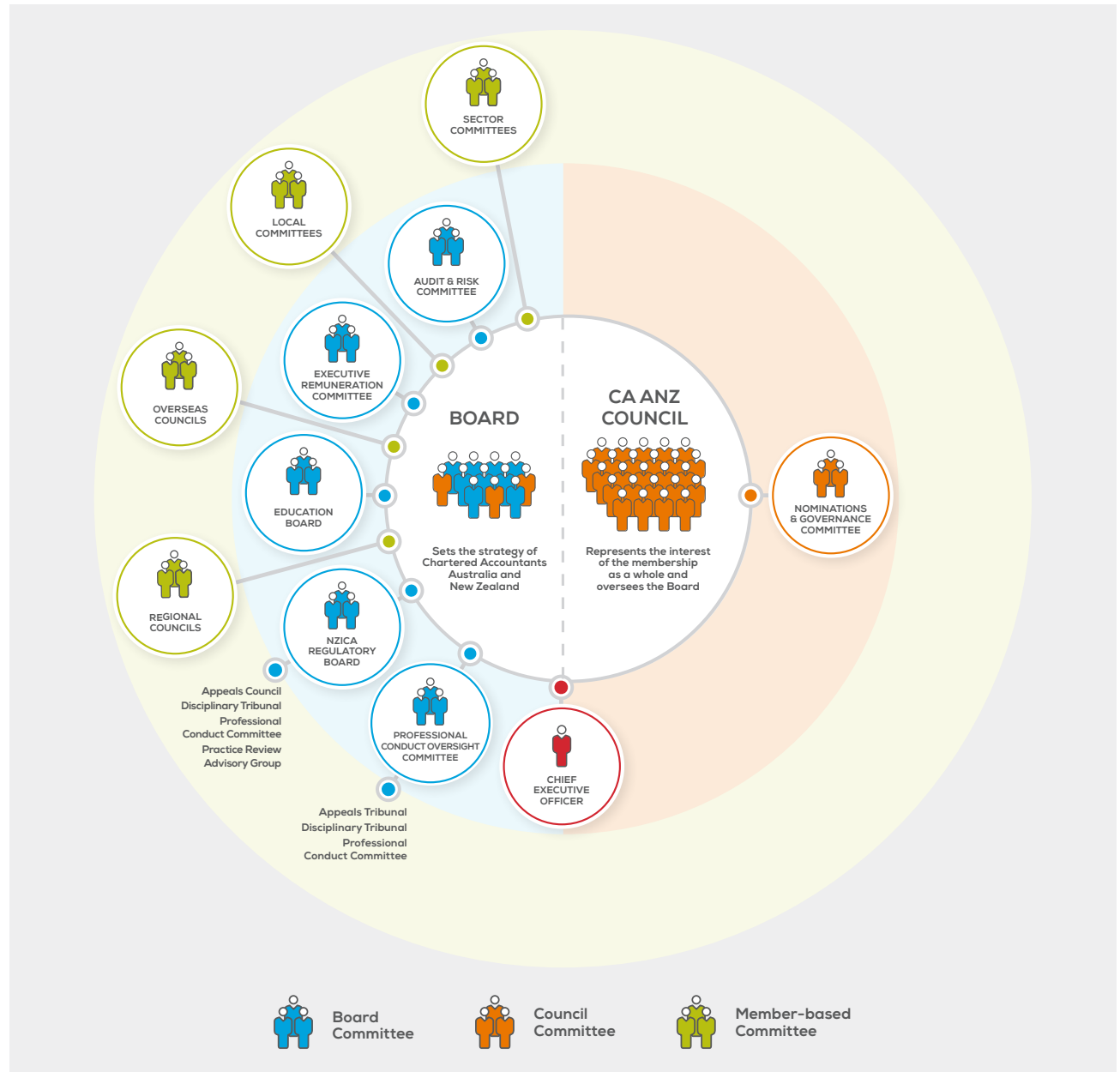
Chartered Accountants ANZ has four principle functions and operational areas:

- it is a membership body that represents and advances the interests of more than 128,000 members globally and advocates for members in the legislative, regulatory and public policy arena;
- it is a conduct regulator that maintains the professional standing of the organisation and the Chartered Accountant (**CA**) designation by setting a code of ethics and regulations for the standard of behaviour expected of members and holding them accountable to that standard. In New Zealand, NZICA remains the regulator of the profession;
- it is a registered higher education provider that sets rigorous entry requirements to the profession through its CA Program. This program combines the rigour of postgraduate education through Chartered Accountants ANZ's delivered and awarded Graduate Diploma of Chartered Accounting (GradDipCA) qualification with the application of learned skills in the workplace through the completion of 3 years' mentored practical experience. Chartered Accountants ANZ's GradDipCA is accredited with the Australian Government's Tertiary Education Quality and Standards Agency (**TEQSA**). As a regulated qualification it is recognised under the Australian Qualifications Framework (AQF) and as a comparable qualification under the New Zealand Qualifications Framework (NZQF) and the qualification frameworks of many other countries; and
- it provides members with ongoing continuing professional development opportunities, including events and conferences, resources and tools to assist its members to develop their practices and their skills.

The corporate governance framework that Chartered Accountants ANZ has designed to enable and facilitate the performance of its functions comprises:

- a Council of members (**Council**), which is responsible for approving awards to members, approving life members or honorary members, providing input to the Board on key policies that will significantly impact members and representing the members as a whole. The Council has a President and two Vice-Presidents who serve as non-executive directors on the Board for the length of their tenure. The Council also has a standing committee, the Nominations and Governance Committee (NGC) which has a number of functions including undertaking and overseeing evaluation performances of the Board and recommending candidates for appointment to the Board;
- a board of non-executive directors (**Board**), who are responsible for managing and directing the affairs of Chartered Accountants ANZ and who are legally responsible for its operations. The Board is supported in this role by a number of standing committees of the Board and member-based regional and overseas councils and sector committees; and
- a senior executive management team (**Executive Team**), which is led by a Chief Executive Officer (**CEO**). The CEO and Executive Team are responsible for the day-to-day operations of Chartered Accountants ANZ and for implementing Chartered Accountants ANZ's strategy. The CEO is not a director of the Board but reports to the Chair, attends Board meetings and has his or her performance evaluated by the Board.

The corporate governance framework described above can be visually represented as follows:



The legal and constitutional framework that governs Chartered Accountants ANZ consists of a Supplemental Royal Charter and By-laws, which can only be amended by a resolution of members and by subsequently being passed into law through the assent of the Governor-General of the Commonwealth of Australia. Any changes to the NZICA Act must be legislated through the New Zealand Parliament. Changes to the NZICA Rules must be approved by a resolution of members (for amendments to the body of the NZICA Rules), approved by the Chartered Accountants ANZ Board (for Appendix II amendments) or approved by the NZICA Regulatory Board (for amendments to Appendices I, III-VI), in line with the requirements in the NZICA Rules.

Principle 1: Lay solid foundations for management and oversight

Roles and Responsibilities

The Board is the legal decision-making body of Chartered Accountants ANZ and has responsibility for the development and approval of strategy, monitoring the implementation of strategy by the CEO and Executive Team and oversight of Chartered Accountants ANZ's financial position and financial reporting.

The Board's main functions are:

- to ensure that strategic objectives are set and achieved;
- to establish a policy framework within which the organisation must operate;
- to ensure that the Board's committees discharge their functions;
- to appoint and oversee the performance of the CEO;
- to ensure that Chartered Accountants ANZ maintains a robust process for identifying and managing risk; and
- ensure that Chartered Accountants ANZ adheres to high standards of ethics and corporate behaviour.

The Board has a charter which sets out its role and its responsibilities in more detail and provides guidance on the functions which it has reserved to itself. A copy of the Board Charter can be found at <https://www.charteredaccountantsanz.com/about-us/governance/meet-our-board>

The Board has delegated certain responsibilities to its six Board committees being:

- the Audit and Risk Committee (**ARC**), which is responsible for oversight of financial reporting, risk management and compliance systems, internal control systems, internal and external audit functions;
- the People and Remuneration Committee (**PARC**), which is responsible for oversight of remuneration policy and strategy, the performance of the CEO and senior executive management and CEO succession planning;
- the CA X Committee, which is responsible for oversight of the CA X project, being the re-design of the content, delivery and structure of the CA Program of the future to ensure its relevance;
- the Education Board, which is the delegated academic governing body of Chartered Accountants ANZ and responsible for ensuring that Chartered Accountants ANZ meets its obligations as a registered higher education provider;
- the NZICA Regulatory Board, which is responsible for maintaining and enforcing compliance of NZ members with the NZICA regulatory and disciplinary framework and ensuring that NZICA fulfils its obligations as an accredited body under the Auditor Regulation Act and other enactments; and
- the Professional Conduct Oversight Committee, which has oversight of the integrity, timeliness and effectiveness of the disciplinary functions for which Chartered Accountants ANZ has responsibility.

Each committee has its own charter which sets out its role and responsibilities in more detail. The committees meet at least quarterly or more frequently if required. Regular reporting on the activities of each committee is provided to the Board.

Under Chartered Accountants ANZ's By-laws, the Board may delegate any of its powers or authorities to any employee of Chartered Accountants ANZ. The Board has delegated authority for the day-to-day operations of Chartered Accountants ANZ and the implementation of strategy to the CEO and the Executive Team but remains responsible for overseeing management's performance. The Board has put in place a delegation of authority matrix that describes the extent of powers that it has delegated to Board Committees, the CEO and the Executive Team (**Board Delegations**). The CEO and Executive Team may make further sub-delegations within specified parameters but remain accountable for the exercise of delegated powers. The Board has delegated authority to approve amendments to the Board Delegations to the Chair of ARC.

Chartered Accountants ANZ has five wholly owned subsidiaries in Australia, Singapore, Malaysia, Hong Kong and the United Kingdom, which are consolidated into Chartered Accountants ANZ's annual financial statements with the exception of Chartered Accountants Benevolent Foundation Limited. The boards of Chartered Accountants ANZ's

subsidiaries are comprised of a mix of executive and non-executive directors depending on the function and operational requirements of the subsidiary. Chartered Accountants ANZ's corporate governance framework, including its risk management and compliance framework, applies to its subsidiaries.

During the reporting period, the Board met 14 times with attendance as follows:

	Attended	Eligible
Murray Jack FCA (former Chair) – resigned 31 July 2019	1	1
Cheryl Hayman, Non-Member	14	14
Ming Long AM FCA	13	14
Dianne Williams, Non-Member	14	14
Robert McDonald FCA	13	14
John Palermo FCA (Interim Chair as at 13 December 2019 and appointed permanent Chair as at 22 April 2020)	14	14
Christopher (Chris) Townend FCA	11	14
Peter Rupp FCA (President) – appointed as a director 30 July 2019	13	14
Stephen Walker FCA (President) – resigned 31 December 2019	6	7
Nives Botica Redmayne FCA (NZ Vice President) – appointed as a director 30 July 2019	13	14
Tony Harrington AM FCA (former Chair) – resigned 28 February 2020	10	11
Penny Stragalinos FCA	14	14
Sarah Petersen CA – appointed 1 January 2020	6	7
Peter O'Regan FCA (Australian Vice President) – appointed 1 January 2020	7	7

Appointment of directors

Chartered Accountants ANZ's By-laws provide that directors are appointed by the Council to the Board on recommendation from the NGC. A director serves a term of 3 years from appointment and is then eligible to stand for re-appointment for two further terms of 3 years.

If a Board vacancy arises, the NGC will conduct a search for a new director, having regard to the Board skills matrix and those skills that most directly align with Chartered Accountants ANZ's strategic direction. The NGC will also have regard to the requirement under the By-laws that all but 2 directors must also be members of Chartered Accountants ANZ, as well as the metrics and targets contained with Chartered Accountants ANZ's policy on diversity and inclusion. External consultants may be engaged to assist with the recruitment of appropriate candidates.

On re-appointment, the NGC reviews a director's performance using various external and internal data points and interviews the director before making a recommendation to the Council. Appropriate reference checks are conducted when a director is first appointed to the Board.

Service Agreements

During FY20, the Board approved a new written agreement for all directors which will be progressively provided to existing directors and to all new directors. The written agreement sets out the terms of their appointment, including the required time commitment, remuneration arrangements including superannuation, the requirement to disclose material interests and any matter which may affect their independence, the requirement to comply with key policies including Chartered Accountants ANZ's code of conduct, Chartered

Accountants ANZ's policy on seeking independent professional advice, indemnity and insurance arrangements, access to corporate records and ongoing confidentiality arrangements.

All senior executives, including the CEO and Executive Team, have contracts of employment that set out the terms and conditions of their employment, including rights and obligations in respect of the termination of their employment and the circumstances in which summary termination may occur.

Secretary

The Company Secretary attends Board and Council meetings, as well as meetings of the PARC, ARC and NGC, and is responsible for providing the Board with advice on corporate governance issues. The Company Secretary is accountable to the Board and the Chair on all matters to do with the proper functioning of the Board.

Diversity and Inclusion

Chartered Accountants ANZ has a Diversity and Inclusion Policy which is approved by the CEO and which sets out Chartered Accountants ANZ's commitment to an inclusive culture that celebrates diversity, provides equitable employment outcomes, and empowers all of its people to realise their collective and individual potential.

During the reporting period, Chartered Accountants ANZ undertook a diversity audit which led to the formation of an Executive Team D&I Committee, the governance structure for which was approved by the Board in March 2020. Key performance indicators for addressing gender equality were also included in the Executive Team's shared dashboard.

As at 30 June 2020, the respective proportions of men and women on the Board, the CEO and in senior executive positions (defined as the Executive Team, excluding the CEO) were as follows:

	Board		CEO		Executive Team	
	Number	Percentage	Number	Percentage	Number	Percentage
Men	5	45%			7	70%
Women	6	55%	1*	100%	3	30%

* On 14 May 2020, Chartered Accountants ANZ appointed a female CEO, Ainslie van Onselen

Chartered Accountants ANZ is a relevant employer under the Australian Workplace Gender Equality Act 2012 (Cth) and remains compliant with its reporting obligations under this legislation. Further information in respect of female representation with the Chartered Accountants ANZ workforce as at 30 June 2020 can be found at page 33 of this annual report.

Performance of the Board

Chartered Accountants ANZ undertakes an annual performance review of the Board which is conducted and overseen by the NGC. This usually involves a questionnaire that seeks feedback from various stakeholders and is periodically conducted by an external provider. During the reporting period, the NGC engaged an external facilitator to conduct a performance evaluation of the Board as a collective and each director as an individual. A report was provided to the Board and to Council.

Performance of senior executives

Each year, the CEO reviews the Executive Team's performance and reports to the PARC and Board.

Each executive is assessed based on:

- role modelling our preferred culture;
- compliance against our enterprise risk framework;
- leadership of specific business and strategic objectives; and
- achievement of the organisation's key performance indicators.

Members of the Executive Team are eligible to participate in the Executive Performance Incentive Plan (**EPIP**) which provides for an incentive payment of up to 20% of their fixed remuneration. Payment of any Executive Performance Incentive (**EPI**) is triggered by achievement of the budgeted position and performance against Chartered Accountants ANZ values as determined by the CEO. Executive performance is measured on a 60:40 split of shared enterprise-wide shared goals and individual KPIs which include a combination of financial and non-financial outcomes.

The CEO's KPIs are set directly by the Board and agreed with the CEO and the CEO's remuneration includes an "at risk" component. The CEO's performance is reviewed by the Chair of the Board.

Principle 2: Structure the board to add value

Nominations and Governance Committee

The NGC is a standing committee of the Council. The composition of the NGC was changed as a result of the member vote on the 2019 governance review that took legal effect on 31 July 2019, with the Vice Presidents no longer sitting on the NGC and the Chair of the Board becoming a member.

During the reporting period, the composition of the NGC was a combination of both membership structures as follows:

- Tim Gullifer FCA, the Chair of the NGC;
- Michele Embling FCA, who is an individual member;
- Peter Rupp FCA, the President of Council;
- John Palermo FCA, the Chair of the Board;
- Tony Harrington AM FCA (Chair of the Board, resigned effective 28 February 2020);
- Stephen Walker FCA (President of Council, resigned effective 31 December 2019);
- Nives Botica Redmayne FCA (Vice President, New Zealand, no longer a member following composition change); and
- Jane Stanton FCA (former President, Australia).

The CEO is also eligible to attend and speak at NGC meetings but is not entitled to vote.

In relation to the NGC, of its three individual members:

- the Chair is required by the By-laws not to have held an official position with Chartered Accountants ANZ or to have sat as a member of a governance body, for the 5 years prior to their appointment. Tim Gullifer, the current Chair, meets these criteria; and
- the other two individual members are required by the By-laws never to have held an official position with Chartered Accountants ANZ or sat as a member of a governance body. As an individual member, Michele Embling meets this requirement. The other individual member position is currently vacant.

Since Chartered Accountants ANZ is a membership organisation, the requirement to be a member is a selection criterion for many of its governance bodies, including the NGC. This can impact Chartered Accountants ANZ's ability to meet the factors relevant to assessing independence as set out in Box 2.3 of the ASX Principles. In the case of the NGC, only John Palermo is considered to be independent within the definition of Box 2.3. This is because each of Tim Gullifer, Michele Embling and Peter Rupp are either current or retired partners of Deloitte and PwC. Deloitte and PwC provide services to Chartered Accountants ANZ from time to time and a significant number of their employees are also subscription paying members and/or candidates enrolled in Chartered Accountants ANZ's various education programs. Given the function, role and decision-making power of the NGC, Chartered Accountants ANZ does not consider that this presents any conflict of interest which compromises the ability of Tim Gullifer, Michele Embling or Peter Rupp to exercise independent judgement.

During the reporting period, the NGC met five times with attendance as follows:

	Attended	Eligible
Tim Gullifer FCA (Chair)	5	5
Jane Stanton FCA	2	2
Stephen Walker FCA (President)	2	2
Michele Embling FCA	4	5
Nives Botica Redmayne FCA (Vice President)	2	2
Peter Rupp FCA (President)	5	5
Tony Harrington AM FCA (Board Chair)	1	2
John Palermo FCA (Board Chair)	2	3

As set out in the By-laws, the function of the NGC is to:

- identify and recommend candidates to the Council for appointment to the Board and Council;
- vet and endorse any individual member nominated to serve as a representative on Council under By-law 106AA;
- develop skills matrices, selection criteria, succession plans, codes of conduct, training and any other requirements for the Board;
- recommend to the Council remuneration levels for Board members (excluding the Chair);
- undertake and oversee evaluations of the Board and report the results to the Council and the Board; and
- monitor and evaluate governance processes between the Council, Board, management, and the NGC.

The Charter of the NGC expands on its functions and can be found at Appendix 5 of the Chartered Accountants ANZ Governance Manual. A copy of the Governance Manual is available on Chartered Accountants ANZ's website at <https://www.charteredaccountantsanz.com/about-us/governance/annual-reports>

Board skills matrix

The Board skills matrix is developed and maintained by the NGC. The skills matrix is reviewed annually by the NGC in order to ensure that the Board is constituted to best align with Chartered Accountants ANZ's strategic objectives. The Board skills matrix provides an evaluation of the technical and soft skills, knowledge and experience of directors and also helps to ensure diversity of gender, age, geography and other different perspectives.

During the reporting period, a review of the Board skill matrix was carried out, the results of which can be summarised as follows:

Skill	Strong	Satisfactory	Developing
Leadership: leadership accomplishments in business, practice, government, or the non-profit sector	✓		
Financial acumen: in financial accounting and reporting corporate and internal financial controls, including an ability to probe the adequacies of financial and risk controls	✓		
Governance: commitment to the highest standards of governance and an ability to assess the effectiveness of senior management	✓		
Remuneration: setting a remuneration frame-work		✓	
Strategy: ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives	✓		
Risk and Compliance: ability to identify key risks to the organisation in a wide range of areas and to utilise compliance management frameworks and systems	✓		
Change management: overseeing transformational change for example from rapid growth, process re-engineering, ownership transition etc..		✓	
Legal: qualified lawyer with involvement in corporate and commercial law			✓
Learning & Education (1)*: Academic back-ground in learning and education or working in a TEQSA regulated environment			✓
Learning & Education (2)*: Operational experience in a learning, education or TEQSA regulated environment, experience of transformational change within the education industry, operating on digital platforms		✓	
Work Health and Safety: understanding of WHS to prevent / minimise risk in the workplace		✓	
Privacy & Cyber Security: ability to under-stand data management and implications to the wider organisation		✓	
Membership Organisation: experience with membership-based bodies at a senior level; member advocacy.	✓		

* The members of the Education Board, which is a delegated committee of the Board, are highly experienced and skilled in this area.

Independence of directors

During the reporting period, the Board was comprised of between 11 and 12 non-executive directors, including the President and two Vice Presidents of Council. The Chair of the Board is John Palermo, who is considered to be independent within the meaning of Box 2.3 of the ASX Principles. The Chair does not also hold the position of CEO.

The President and the two Vice Presidents are members of the Board for the term of their appointment as President and Vice Presidents' respectively. The term of appointment for all

other directors of Chartered Accountants ANZ is three years. Directors are then eligible to stand for re-appointment by Council for two additional terms of three years each.

It is a requirement under Chartered Accountants ANZ's By-laws that at least 10 out of the 12 Board members also be members of Chartered Accountants ANZ. This constitutional requirement impacts Chartered Accountants ANZ's ability to meet the definition of independence as described in Box 2.3 of the ASX Principles.

During the reporting period, the members of the Board were as follows:

Director	Date of appointment	Independence assessment – Box 2.3
John Palermo FCA (Chair)	1 October 2015 (casual vacancy)	Independent; Chartered Accountants ANZ member
Chris Townend FCA (Chair of ARC)	1 January 2018	Independent; Chartered Accountants ANZ member
Rob McDonald FCA (Chair of PARC)	1 January 2018	Independent; Chartered Accountants ANZ member
Dianne Williams	1 August 2016 (casual vacancy)	Independent; non-member director
Ming Long AM FCA (Chair of CA X Committee)	1 January 2017 (casual vacancy)	Independent; Chartered Accountants ANZ member
Penny Stragalinos FCA	1 January 2017	Not independent – partner of KPMG which provides services to Chartered Accountants ANZ and some of whose employees are members and candidates enrolled in Chartered Accountants ANZ’s education programs. The Board does not believe that this compromises Ms Stragalinos’ position as a director as conflicts of interests’ measures are in place to ensure that Ms Stragalinos does not participate in, or vote on, any decisions that involve or impact KPMG. Chartered Accountants ANZ member.
Cheryl Hayman	1 January 2018	Independent; non-member director
Sarah Petersen CA	1 January 2020	Independent; Chartered Accountants ANZ member
Peter Rupp FCA (President)	30 July 2019	Not independent – partner of Deloitte which provides services to Chartered Accountants ANZ and some of whose employees are members and candidates enrolled in Chartered Accountants ANZ’s education programs. The Board does not believe that this compromises Mr Rupp’s position as a director as conflicts of interests’ measures are in place to ensure that Mr Rupp does not participate in, or vote on, any decisions that involve or impact Deloitte. Chartered Accountants ANZ member.
Nives Botica Redmayne FCA (Vice President, New Zealand)	30 July 2019	Independent; Chartered Accountants ANZ member
Peter O’Regan FCA (Vice President, Australia)	1 January 2020	Independent; Chartered Accountants ANZ member
Tony Harrington AM FCA*	1 March 2019	Independent; Chartered Accountants ANZ member
Murray Jack FCA**	14 December 2014	Not independent – former partner of Deloitte which provides services to Chartered Accountants ANZ and some of whose employees are members and candidates enrolled in Chartered Accountants ANZ’s education programs. The Board does not believe that this compromised Mr Jack’s position as a director as conflicts of interests’ measures were in place to ensure that Mr Jack did not participate in, or vote on, any decisions that involved or impacted Deloitte. Chartered Accountants ANZ member
Stephen Walker FCA***	1 January 2019	Independent; Chartered Accountants ANZ member

* Resigned on 28 February 2020

** Resigned on 31 July 2019

*** Resigned on 31 December 2019

Board induction and education

As part of the appointment process, all new directors receive detailed information outlining their duties and responsibilities. They are also invited to attend an orientation day which includes presentations from a number of the Executive Team and the governance team, to ensure that they are familiar with Chartered Accountants ANZ's governance structure and key business and strategic issues.

The Board receives continuing education through internal and external presentations and strategic sessions with the Executive Team.

Principle 3: Act ethically and responsibly

Code of Conduct

Chartered Accountants ANZ has a formal Code of Conduct for directors and members of its governance bodies. The Code of Conduct sets out expectations that apply to each director and member of the governance bodies regarding ethics and behaviour. A copy of the Code of Conduct can be found at Appendix 12 of the Governance Manual which can be found at <https://www.charteredaccountantsanz.com/about-us/governance/annual-reports>

During the reporting period, Chartered Accountants ANZ did not have a code of conduct for its senior executives and employees. Instead, Chartered Accountants ANZ has a number of separate policies that apply to its employees and cover topics such as misconduct, complaints and grievances, conflicts of interest, discrimination, harassment and bullying and whistleblowing. The Chartered Accountants ANZ values and their associated behaviours have also been embedded in to Chartered Accountants ANZ's performance management and development framework.

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Committee

The ARC is a standing committee of the Board. During the reporting period, its members were:

- John Palermo FCA;
- Chris Townend FCA;
- Penny Stragalinos FCA; and
- Ming Long AM FCA (resigned to chair the CA X Committee).

John Palermo and Chris Townend are both considered to be independent directors within the meaning of Box 2.3 of the ASX Principles. For the reasons set out above, Penny Stragalinos is not considered to be independent. John Palermo was the Chair of ARC until December 2019 when he became interim Chair of the Board. Chris Townend became interim Chair of ARC in December 2019 and this appointment was confirmed in April 2020.

All members of ARC are FCAs with significant experience in financial reporting and risk. Chris Townend worked as a Chief Financial Officer in his executive career in organisations in Australia and New Zealand. Chris is a volunteer member of the Uniting Church's Synod Audit and Risk Committee, and the finance committee of the Presentation Sisters in Queensland. John Palermo has 20 years' experience in public practice, with expertise in corporate transaction execution, strategic business management and business structuring. Penny Stragalinos is an audit partner at KPMG, with 25 years' experience as an external auditor, accounting and risk advisor. Penny was previously the COO of KPMG's Audit, Assurance and Risk Consulting Practice, a director and Chair of the Audit, Risk and Compliance Committee of Victorian Opera, and a member of the Audit Committee for The Committee for Economic Development of Australia.

Under the terms of its charter, the key objective of the ARC is to support the Board in fulfilling its corporate governance and oversight responsibilities regarding Chartered Accountants ANZ and any trusts and/or legal entities established or managed by Chartered Accountants ANZ. This responsibility includes:

- financial reporting;
- risk management systems;
- internal control systems;
- compliance; and
- internal and external audit arrangements.

A full copy of the charter can be found at Appendix 4 of the Governance Manual at <https://www.charteredaccountantsanz.com/about-us/governance/annual-reports>

During the reporting period, ARC met 6 times with attendance as follows:

	Attended	Eligible
John Palermo FCA (Chair until 13 December 2019)	6	6
Ming Long AM FCA	3	3
Chris Townsend FCA (Interim Chair as at 13 December 2019 and permanent Chair as at 22 April 2020)	6	6
Penny Stragalinos FCA	3	3

CEO and CFO declaration

Before the Board approves financial statements for a financial period, it receives a declaration from the CEO and Chief Financial Officer stating that, in their opinion:

- the financial records of the entity have been properly maintained;
- the financial statements comply with appropriate accounting standards and interpretations and give a true and fair view of the financial position and performance of the entity; and
- this opinion was formed based on sound risk management systems and internal controls, which operate effectively.

External auditor

Grant Thornton were appointed as the external auditor of Chartered Accountants ANZ following a vote of members at the 2019 Annual General Meeting and have provided an audit opinion in respect of the financial statements for the year ended 30 June 2020.

The external auditor's performance is reviewed annually. The external auditor provides an annual declaration of independence to the ARC.

While Chartered Accountants ANZ is not subject to the mandatory rotation of audit partners, it voluntarily adopts this practice.

Grant Thornton will attend the 2020 AGM and will be available to answer questions from members about:

- the conduct of their audit, and preparation and content of their Independent Auditor's Report;
- the policies and controls Chartered Accountants ANZ adopts regarding the preparation of the financial statements; and
- their independence regarding the conduct of the audit.

Principle 5: Make timely and balanced disclosure

As Chartered Accountants ANZ is not a listed company and does not have shareholders, it is not subject to the ASX Listing Rules nor to the obligation to make continuous disclosure to the market and to investors. As such, this principle is not appropriate or applicable to Chartered Accountants ANZ.

Principle 6: Respect the rights of members

Governance information

Chartered Accountants ANZ's website contains multiple sections that address the governance of the organisation, as well as copies of its annual reports, Supplemental Royal Charter, By-laws, Regulations, the NZICA Act, the NZICA Rules, Governance Manual and details of its directors, councillors and Executive Team. The website also includes information on Chartered Accountants ANZ's AGM, voting and election processes.

Communication with members

Chartered Accountants ANZ has a dedicated Public Affairs team and Member Engagement team whose function is to ensure that there is two-way communication with members and that members are kept informed in a timely manner of key issues that impact members.

Chartered Accountants ANZ has implemented the My CA member portal which provide members with access to recommended content, course events, LinkedIn Learning and many other tools and resources. A space within this portal is My CA Groups which facilitates members connecting on various topics of interest.

Chartered Accountants ANZ maintains several communication channels with its members which include:

- The Acuity magazine which is published bi-monthly and 88,000-plus copies are sent to members in more than 100 countries who receive the hard copy. The digital site, acuitymag.com, contains material from the magazine plus 11 original, digital-only stories per month. Some of these stories contain additional video content, and an Acuity podcast began in August;
- Our website: www.charteredaccountantsanz.com; and
- Social media platforms, including LinkedIn, Facebook and Twitter.

Members are given the option to receive communications to and from Chartered Accountants ANZ electronically, with the significant majority of Chartered Accountants ANZ members receiving communications electronically.

Participation at AGMs

Chartered Accountants ANZ has historically encouraged members to participate at its AGM by holding the AGM in different geographical locations. The 2019 AGM was held in Wellington, New Zealand and the 2020 AGM was intended to be held in Perth, Western Australia. Due to the impact of Covid-19, the 2020 AGM has now been relocated to Sydney and will be held at Chartered Accountants ANZ's corporate head office at 33 Erskine Street as a hybrid meeting, with members able to participate virtually for the first time. The Board believes that this innovation will further facilitate the participation of members and is potentially a preferable and more cost effective format for the future.

In addition, Chartered Accountants ANZ holds AGMs for each of its regional areas in Australia, New Zealand and overseas as detailed on: <https://www.charteredaccountantsanz.com/about-us/governance/agm-notice/regional-agm-notices>

Principle 7: Recognise and manage risk

Audit and Risk Committee

The ARC is tasked with overseeing Chartered Accountants ANZ's enterprise risk management framework. Information in relation to the composition of the ARC and the number of meetings held during the reporting period is set out above.

Enterprise Risk Management Framework

On recommendation from the ARC, the Board reviews and approves the Enterprise Risk Management Framework including the Enterprise Risk Management Policy and Risk Appetite Statement on an annual basis for the purpose of satisfying itself that the framework is sound and that there an ongoing continuous improvement action plans in place. This review took place during the reporting period.

The Enterprise Risk Management Framework establishes a foundation for the management of strategic and operational risk during periods of organisational uncertainty or increased stress, whilst also supporting the organisation's efforts in achieving its strategic objectives. Chartered Accountants ANZ has adopted a "Three Lines of Defence" risk framework and all staff, led by the Executive Team, are responsible for the identification, assessment, management, reporting, and monitoring of all risks across the operating spectrum, including emerging risks and strategic risks. Risks are expected to be escalated to the Executive Team and are discussed at the Executive Team Risk Committee, together with the tracking of any improvement plans required for potential remediation and monitoring. Regular updates are provided at ARC or on an as-required basis.

Internal audit

Crowe Horwath provides internal audit services to Chartered Accountants ANZ. An annual review program is agreed in advance with the ARC and periodic reporting on progress is provided to ARC by Crowe Horwath.

Economic, environmental and social sustainability risks

Chartered Accountants ANZ is comprised of three distinct revenue businesses being member events and conferences (including continuing education), tertiary education services and member subscriptions. Each segment has distinct but related markets to consider to ensure they are and remain economically, environmentally and socially sustainable.

Chartered Accountants ANZ also acts as a professional conduct regulator and a quality and practice reviewer for its members globally, except for NZ resident members which is the remit of NZICA. This oversight is critical to ensuring the integrity and sustainability of the CA designation. Chartered Accountants ANZ is also committed to positive action in respect of climate change and assisting its members to play an important part in facilitating organisations to adapt to, and mitigate against, climate change.

Further detail is set out below.

Member value – events and conferences

Chartered Accountants ANZ is committed to delivering events, conferences, workshops and eLearning courses to provide both members and non-members with an opportunity to future proof their skill set, expand their knowledge and maintain their difference. Chartered Accountants ANZ believes that ongoing education and development is key to the sustainability of the accounting profession, ensuring that it is agile in its response to changing economic and social environments. During the reporting period, the onset of Covid-19 required Chartered Accountants ANZ to demonstrate this agility, which it achieved by rapidly moving events and conferences into a digital environment. This allowed members to continue to access these services uninterrupted and saw an uplift in participation, with virtual attendance proving especially popular with regional members. Chartered Accountants ANZ also launched a Business Continuity Playbook and Covid-19 hub to assist members to navigate the Covid-19 pandemic. The pivot from a face-to-face format to virtual events has also assisted Chartered Accountants ANZ to reduce its carbon footprint for this business segment.

In response to Covid-19 and ongoing economic uncertainty, Chartered Accountants ANZ provided members with the ability for the first time to opt-in to quarterly payments for their membership subscriptions. Subscriptions provide members with access to an array of benefits and support, including access to LinkedIn Learning and Chartered Accountants ANZ's extensive library and research services.

Quality and Practice Review Program

The quality and practice review program helps ensure members in practice maintain a consistently high standard of quality and service to their clients. It is a key pillar in Chartered Accountants ANZ's commitment to upholding the integrity of the CA designation.

Education – CA Program

Chartered Accountants ANZ is committed to ensuring that the CA Program remains the pre-eminent accounting qualification and that its members form part of a network of trusted business and finance leaders. The Board has delegated responsibility for safeguarding the academic integrity and high standards of the CA Program, and therefore its sustainability, to the Education Board.

During the reporting period, the Education Board was comprised of 6 members as follows:

- Professor Gregor Kennedy, Pro Vice-Chancellor (Teaching and Learning) and Professor of Higher Education, Melbourne Centre for the Study of Higher Education (CSHE), University of Melbourne (Chair);
- Professor Philomena Leung, Associate Dean, International and Professor of Accounting and Governance, Macquarie University; and Director, International Engagement, Optus Macquarie University Cyber Security Hub, Macquarie University;
- Associate Professor John Medlin, Associate Dean Online Education, University of South Australia;
- Dr Felicity Reid, Senior Academic, Associate Dean Academic, Faculty of Business, Auckland University of Technology;
- Dr Amanda White, Senior Accounting Lecturer, University of Technology Sydney; and
- Professor Norman Wong, Professor of Accounting, Head of Department of Accounting and Finance, University of Auckland.

All members are considered independent within the definition of Box 2.3 of the ASX Principles.

Under the terms of its charter, the Education Board's primary responsibilities are to:

- function as the delegated academic governing body of Chartered Accountants ANZ;
- ensure the academic functions, authorities and responsibilities of a registered Higher Education Provider are upheld on behalf of the Chartered Accountants ANZ Board;
- assure academic oversight and leadership to Chartered Accountants ANZ's higher education programs in all its normal and reasonable capacity as expected of a registered Higher Education Provider;
- approve changes to academic policies consistent with the Education Board's delegated authority and recommend to the Chartered Accountants ANZ Board changes required to other Chartered Accountants ANZ policies;
- recommend to the Chartered Accountants ANZ Board changes to the Chartered Accountants ANZ By-laws and Regulations in relation to the admission of Members consistent with the Education Board's remit; and
- provide academic oversight on all programs that lead to entry into a Chartered Accountants ANZ higher education program and/or membership, including Chartered Accountants ANZ accredited university and other higher education provider entry pathways.

A full copy of the Education Board's charter can be found at Appendix 8 of the Governance Manual at <https://www.charteredaccountantsanz.com/about-us/governance/annual-reports>

During the reporting period, the Education Board met 5 times as follows:

	Attended	Eligible
Professor Gregor Kennedy (Chair)	5	5
Professor Philomena Leung	5	5
Associate Professor John Medlin	4	5
Dr Felicity Reid	5	5
Dr Amanda White	5	5
Professor Norman Wong	5	5

In response to COVID-19, during the reporting period, Chartered Accountants ANZ moved all exams for CA Program candidates online. This ensured that approximately 8,000 candidates were able to continue their studies during the pandemic and further underscores the long-term sustainability of this business segment.

Education – CA X Committee

The CA X Committee was established as a committee in September 2019 to oversee the CA X project, being the re-design of the content, delivery and structure of the CA Program of the future to ensure its relevance. The primary responsibilities of the CA X Committee are to provide advice to management and to make recommendations to the Board in relation to the financial, commercial and risk management of the CA X project including replacing the student information system. The CA X Committee is comprised of a member of the Board, being Ming Long, who has the role of Chair and Kean Selway, the Chief Operating Officer of Deakin University and an independent subject matter expert and members of management, with the CEO and the Group Executive of Education and Learning attending each meeting as observers. Other members of Chartered Accountants ANZ management are also regularly invited to attend as observers. All other Board members also have a standing invitation to attend as observers.

A full copy of the CA X Committee's charter can be found at Appendix 4CA of the Governance Manual at <https://www.charteredaccountantsanz.com/about-us/governance/annual-reports>

During the reporting period, the CA X Committee met 6 times as follows:

	Attended	Eligible
Ming Long AM FCA (Chair)	6	6
Kean Selway, Non Member	6	6
Nives Botica Redmayne FCA (NZ Vice President)	2	Observer – not required to attend
Cheryl Hayman, Non Member	2	Observer – not required to attend

Professional Conduct Regulator

The Board has delegated its function as a professional conduct regulator to the Professional Conduct Oversight Committee in Australia. In New Zealand, the role is performed by the NZICA Regulatory Board, which is the governing body responsible and accountable for ensuring NZICA's regulatory functions are carried out. The NZICA Regulatory Board also fulfils the statutory role of the NZICA Executive Board under the NZICA Act.

During the reporting period, the NZICA Regulatory Board was comprised of:

- Neil Paviour-Smith FCA (Chair);
- Rob McDonald FCA;
- Sarah Petersen CA;
- Dianne Williams; and
- Nives Botica Redmayne FCA (New Zealand Vice President and an ex-officio member, with speaking rights and no voting rights).

All members of the NZICA Regulatory Board are considered to be independent within the meaning of Box 2.3 of the ASX Principles.

The main functions of the NZICA Regulatory Board are to:

- control and regulate the practice of the profession of accountancy by Chartered Accountants ANZ members in New Zealand;
- prescribe the code of ethics and maintain and monitor members' compliance with the code and professional standards and the NZICA Rules;
- monitor members compliance with the Auditor Regulation Act and other enactments that relate to the practice of accountancy; and
- carry out the functions and responsibilities that are conferred on it by the NZICA Act, the NZICA Rules, the By-laws and any other enactment.

The full charter of the NZICA Regulatory Board can be found at Appendix 7 of the Governance Manual at <https://www.charteredaccountantsanz.com/about-us/governance/annual-reports>

During the reporting period, the NZICA Regulatory Board met as follows:

		Attended	Eligible
Neil Paviour-Smith FCA	Chair	5	5
Robert (Rob) McDonald FCA	Member	5	5
Sarah Petersen CA	Member (commenced 1 January 2020)	3	3
Dianne Williams	Independent (non-member)	5	5
Nives Botica Redmayne FCA	Ex-Officio as NZ Vice President	5	5

In Australia, professional conduct is the remit of the Professional Conduct Oversight Committee (PCOC) which has oversight responsibility for the integrity, timeliness and effectiveness of the disciplinary procedures carried out by the Professional Conduct Committee, the Disciplinary Tribunal and the Appeals Tribunal established under Section 5 of the By-laws.

PCOC members are appointed by the Board. PCOC is comprised of a maximum of 5 members and must include at least 2 Chartered Accountants ANZ members that have a minimum of 10 years' relevant experience and at least 2 lay members. During the reporting period, PCOC was comprised of:

- Nancy Dolan (Chair);
- John Trowbridge;
- Jan West AM FCA; and
- Taryn Rulton FCA.

John Trowbridge and Taryn Rulton are both considered to be independent within the meaning of Box 2.3 of the ASX Principles. Nancy Dolan is a retired partner of PwC and Jan West is a former President of Chartered Accountants ANZ and a retired partner of Deloitte, which both provide services to Chartered Accountants ANZ and whose employees are members and candidates enrolled in Chartered Accountants ANZ's education programs. The Board does not believe that this compromises Nancy Dolan or Jan West's position as members of PCOC and conflicts of interests' measures are in place to ensure that they do not participate in, or vote on, any decisions that involve or impact PwC or Deloitte.

Whilst not FCAs, Nancy Dolan is a qualified lawyer and former partner of (then named) Malesons Stephen Jaques and John Trowbridge is an experienced actuary with significant experience in developing professional standards and codes of conduct.

The full charter of PCOC can be found at Appendix 9E of the Governance Manual at <https://www.charteredaccountantsanz.com/about-us/governance/annual-reports>

During the reporting period, the PCOC met as follows:

	Attended	Eligible
Nancy Dolan (Chair)	4	4
John Trowbridge	4	4
Jan West FCA	4	4
Taryn Rulton FCA	4	4

Climate Change

Chartered Accountants ANZ's operations and its economic sustainability are not directly exposed to risks arising from climate change. However, Chartered Accountants ANZ believes that CAs have a critical role to play in:

- providing sound advice and services as organisations, capital markets and governments develop and implement plans for climate change mitigation and adaptation;
- using and implementing existing and developing reporting frameworks such as those from the International Integrated Reporting Council and the Task Force on Climate-related Financial Disclosures;
- contributing to the efforts of the organisations with which they work to integrate climate change risk into organisational strategy, finance, operations, and communications; and
- supporting sustainable decision-making within the organisations for which they work, by allocating budgets and resources, and by developing high-quality and timely information and insights through measurement and disclosure, built on robust and transparent accounting systems.

Chartered Accountants ANZ is a member of, or partner to, a number of important climate change groups or initiatives which are all focusing on the finance profession making business decisions to provide a more sustainable future. These include the Deakin Centre for Integrated Reporting, the International Integrated Reporting Council, the GAA Sustainability working group, the United Nations Global Compact Network Australia and Accounting For Sustainability. During the reporting period, Chartered Accountants ANZ was a signatory to a climate change call to action published by 13 professional accounting bodies, representing 2.5 million accountants, which committed Chartered Accountants ANZ to:

- providing members with training and support;
- supporting relevant policy initiatives, regulation and disclosure; and
- providing sound advice to governments for a just transition to net zero carbon.

Principle 8: Remunerate fairly and responsibly

People and Remuneration Committee (PARC)

The PARC is a standing committee of the Board and is comprised of at least 3 members. During the reporting period, the members of PARC were:

- Rob McDonald FCA (Chair);
- Cheryl Hayman;
- Penny Stragalinos FCA; and
- Murray Jack FCA (resigned with effect from 31 July 2019).

Rob McDonald and Cheryl Hayman are both considered independent directors within the meaning of Box 2.3 of the ASX Principles.

The main function of the PARC is to assist the Board in remuneration related activities and strategy, including setting remuneration policy to ensure that remuneration is set at levels that are fair and reasonable and benchmarked to market rates. PARC is also responsible for the annual performance review of the CEO and succession planning for the CEO and the Executive Team. A full copy of the charter for PARC can be found at Appendix 4C of the Governance Manual at <https://www.charteredaccountantsanz.com/about-us/governance/annual-reports>

During the reporting period, PARC met as follows:

	Attended	Eligible
Robert McDonald FCA (Chair)	6	6
Murray Jack FCA	1	1
Penny Stragalinos FCA	6	6
Cheryl Hayman, Non-Member	6	6

Remuneration policies and practices

Non-executive

In accordance with Chartered Accountant ANZ's By-laws, the remuneration of the directors, President and Vice Presidents is:

- determined by the Council, based on an annual review and recommendation from the NGC;
- benchmarked with the assistance of independent external advice to the NGC to ensure it is in line with market rates; and
- within the parameters and principles approved by members.

Following an external benchmarking process by market specialists Egan Associates Pty Ltd, members approved an increase to the fee pool for the remuneration of directors and office bearers at the 2019 AGM. This saw an increase to fees take effect from 1 January 2020 as outlined below.

President – 120% of the Chair fee	\$144,000
Vice President	\$72,000
Chair – double the director fee	\$120,000
Director	\$60,000
Chair of the Audit and Risk Committee (additional)	\$20,000

In response to the COVID-19 pandemic, the directors voluntarily reduced their Q4 2020 fees by 20%.

During the reporting period, the fees paid to non-executive key management personnel was as set out below:

Name	Position	2020	2019
Peter Rupp FCA ¹	President	64,800	n/a
Stephen Walker FCA ²	Former President	60,000	60,000
Jane Stanton FCA	Former President	n/a	60,000
John Palermo FCA ³	Chair	89,000	60,000
Murray Jack FCA ⁴	Former Chair	8,333	100,000
Christopher (Chris) Townend FCA ⁵	Director	61,000	50,000
Cheryl Hayman	Director	52,000	50,000
Dianne Williams	Director	52,000	50,000
Ming Long AM FCA	Director	52,000	50,000
Penny Stragalinos FCA	Director	52,000	50,000
Robert (Rob) McDonald FCA	Director	52,000	50,000
Sarah Petersen CA ⁶	Director	27,000	n/a
Anthony (Tony) Harrington AM FCA ^{7,8}	Former Director	58,876	18,478
Michael (Mike) Blake FCA	Former Director	n/a	30,000
		\$629,010	\$628,478

1 Peter Rupp was appointed as President effective 1 January 2020

2 Stephen Walker resigned as President on 31 December 2019

3 John Palermo was appointed interim Chair in December 2019 and Chair effective 22 April 2020

4 Murray Jack was Chair until his effective resignation date of 31 July 2019

5 Chris Townend became interim Chair of the Audit Risk Committee in December 2019 and Chair of the Audit Risk Committee effective 22 April 2020

6 Sarah Petersen was appointed effective 1 January 2020

7 Tony Harrington resigned as a Director and Chair effective 28 February 2020

8 Fees reflect adjustment for superannuation for director paid through company structure

Vice President fees

Name	Position	2020	2019
Nives Botica Redmayne FCA	Vice President	62,400	30,000
Peter O'Regan FCA ¹	Vice President	32,400	n/a
Peter Rupp FCA ²	Former Vice President	30,000	60,000
Stephen Walker FCA	Former Vice President	n/a	30,000
		\$124,800	\$120,000

¹ Peter O'Regan was appointed effective 1 January 2020

² Peter Rupp was appointed as President effective 1 January 2020

New Zealand Institute of Chartered Accountants Regulatory Board fees

Name	Position	2020	2019
Neil Paviour-Smith FCA ¹	Chair	9,528	9,569
		\$9,528	\$9,569

¹ Neil Paviour-Smith was paid NZ\$10,000 in FY19 and FY20 as Chair of the New Zealand Institute of Chartered Accountants Regulatory Board.

Executives

In respect of senior executives, Chartered Accountants ANZ's remuneration policy is to benchmark all Executive Team roles annually using a variety of publicly available market surveys appropriate for the role and region. Salaries are set within the parameters set by benchmarking and the remuneration pool overseen by PARC and approved by the Board as part of the annual budgeting process.

The CEO's salary comprises a fixed component and an "at risk" component which is subject to the Board evaluating and approving the CEO's performance against a range of indicators, including:

- the overall performance of Chartered Accountants ANZ's; and
- the achievement of key performance targets that reflect the breadth of Chartered Accountants ANZ's strategic and priority activities.

The Executive Team's salaries comprise a fixed component only, although members may be eligible to earn a short-term incentive according to the rules set out in the EPIP which includes the achievement of performance enterprise risk and compliance key performance indicators. In response to the COVID-19 pandemic, the Executive Team voluntarily relinquished their eligibility to receive 2020 variable remuneration under the EPIP.

Details of the remuneration paid to the Executive Team and the CEO during the reporting period is set out in detail below:

Name	Position	Short-term employee benefits		Post-employment benefits	Termination benefits	Total 2020	Total 2019	
		Salary & fees	Discretionary ⁷	Superannuation				
Ainslie van Onselen ¹	Chief Executive Officer	55,288			2,404	57,692	n/a	
Simon Grant FCA	Group Executive Advocacy, Professional Standing and International	375,000			25,000	400,000	448,000	
David Breust	Chief Marketing Officer	332,000			25,000	357,000	392,700	
Peter Vial FCA	Group Executive Advocacy, Professional Standing, New Zealand and the Pacific	272,272			9,002	281,274	315,877	
Mark Rice	Group Executive, Member Engagement	300,000			25,000	325,000	383,385	
Lee Whitney	Group Executive, Account Management and Strategic Planning	373,558			25,000	398,558	370,500	
Seshani Bala ²	Group Executive, General Counsel & Corporate Assurance	333,153			25,000	358,153	148,596	
Shona Tarrant ³	Group Executive, People & Culture	275,000			25,000	300,000	232,154	
Simon Hann ⁴	Group Executive, Education & Learning	399,200			25,000	424,200	404,165	
Julia Quinn ²	Group Executive, Public Affairs	270,000			25,000	295,000	121,215	
Chun Ng CA ⁵	Chief Financial Officer	206,154			15,385	221,539	n/a	
Former KMP no longer with Chartered Accountants Australia and New Zealand ⁶		657,788			24,327	230,485	912,600	1,370,354
		\$3,849,413	\$0	\$251,118	\$230,485	\$4,331,016	\$4,186,946	

1 Ainslie van Onselen was appointed CEO effective 18 May 2020. Ms van Onselen's annual base salary is \$600,000 inclusive of superannuation on a full-year basis with an "at risk" component of up to \$200,000. The disclosure above only includes that portion of the year that she was KMP.

2 Seshani Bala and Julia Quinn became KMP on 8 February 2019. Their remuneration for FY19 only includes that portion of the year that they were KMP.

3 Shona Tarrant became KMP on 15 October 2018. Her remuneration for FY19 only includes that portion of the year that she was KMP.

4 Simon Hann was appointed interim CEO for the period 31 March 2020 to 22 May 2020 and his compensation was adjusted accordingly for this period.

5 Chun Ng was appointed CFO effective 4 November 2020. His remuneration only includes that portion of the year that he was KMP.

6 There were two KMP employed during 2020 who are no longer employed by the organisation. Similarly, there was one employed in 2019.

7 In response to the COVID-19 pandemic, the Executive Team voluntarily relinquished their eligibility to receive variable remuneration under the EPIP.

Equity-based remuneration scheme

As Chartered Accountants ANZ is not a listed entity, there was no equity-based remuneration scheme or analogous share price/market risk triggered scheme in place during the reporting period.