

Corporate Governance Statement

Introduction

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 131,000 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 developed the Corporate Governance Principles and Recommendations, 4th 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. This Corporate Governance Statement was approved by the Board on 17 September 2021.

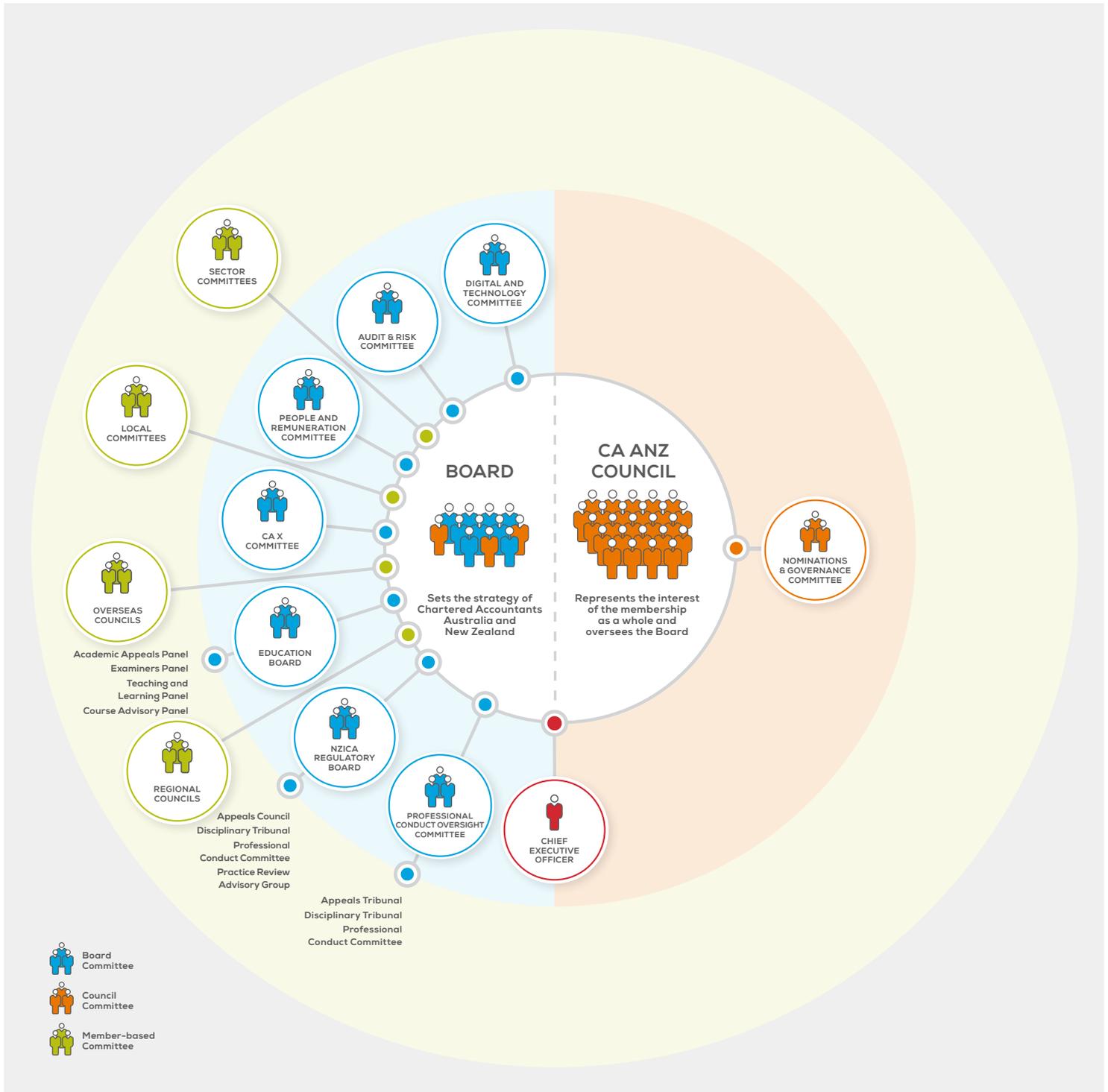
Chartered Accountants ANZ has four principal functions and operational areas:

- It is a membership body that represents and advances the interests of more than 131,000 members globally and advocates 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 exacting entry requirements to the profession through its CA Program. This program combines the rigour of postgraduate education through Chartered Accountants ANZ's Graduate Diploma of Chartered Accounting (**GradDipCA**) qualification with the application of learned skills in the workplace through the completion of three 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, as a comparable qualification under the New Zealand Qualifications Framework and the qualification frameworks of many other countries
- It provides members with ongoing CPD opportunities, including events and conferences, resources and tools to assist its members to develop their practices, their skills and their professional networks

The corporate governance framework that Chartered Accountants ANZ has adopted 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 performance evaluations of the Board and recommending candidates for appointment to the Board
- a board of non-executive directors (**Board**), which is responsible for managing and directing the affairs of Chartered Accountants ANZ and which is 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
- 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 their 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 of 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
- 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 charteredaccountantsanz.com/about-us/governance/meet-our-board

During the reporting year, the Board 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 and 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
- 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

With effect from 30 July 2021, the Board set up a new Digital and Technology Committee which will be responsible for Chartered Accountants ANZ's digital, data and technology related strategic initiatives and the oversight of Chartered Accountants ANZ's digital framework, systems and processes.

Each Board 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 six 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 an Australian subsidiary, Chartered Accountants Benevolent Foundation Limited, which was formerly the trustee of charities that have been wound down). In New Zealand, Chartered Accountants ANZ is registered as an overseas registered branch office (**NZ Office**) rather than a separate corporate entity. Separate to this, the NZICA Act requires regulatory and conduct functions relating to New Zealand members to be undertaken by the New Zealand Institute of Chartered Accountants which is overseen by the NZICA Regulatory Board. 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. The NZICA Regulatory Board is comprised of non-executive directors, some of whom are also directors of the Board. Chartered Accountants ANZ's corporate governance framework, including its risk management and compliance framework, applies to its subsidiaries and to its NZ Office.

During the reporting period, the Board met 10 times with attendance as follows (in alphabetical order):

	Attended	Eligible
Kate Boorer FCA (Australian Vice President) – appointed 1 January 2021	5	5
Nives Botica Redmayne FCA (Former New Zealand Vice President) – appointed President 1 January 2021	10	10
Carolyn Colley FCA – appointed 17 May 2021	1	1
Murray Harrington FCA (New Zealand Vice President) – appointed 1 January 2021	5	5
Cheryl Hayman, Non-Member	10	10
Ming Long FCA	10	10
Robert McDonald FCA	10	10
Peter O'Regan FCA (Former Australia Vice President) – term completed 31 December 2020	4	5
John Palermo FCA (Chair)	10	10
Sarah Petersen CA	10	10
Peter Rupp FCA (Former President) – term completed 31 December 2020	5	5
Penny Stragalinos FCA	10	10
Christopher (Chris) Townend FCA	10	10
Dianne Williams, Non-Member	10	10

The Board also held a joint Board and Council meeting during the reporting period.

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 three years from appointment and is then eligible to stand for re-appointment for two further terms of three years.

If a Board vacancy arises, the NGC will conduct a search for a new director, having regard to the Board skills matrix (see page 68) to identify any skills or specialist knowledge that are required to ensure ongoing alignment with Chartered Accountants ANZ's strategic direction. The NGC will also have regard to the requirement under the By-laws that all but two directors must also be members of Chartered Accountants ANZ. External consultants may be engaged to assist with the recruitment of appropriate candidates.

The NGC is also mindful of the importance of inclusion and diversity in ensuring the Board reflects the diversity of the membership base. NGC has set a target of 40:40:20 (male : female : any) for gender diversity on the Board and met this target during the reporting period. More information about the current composition of the Board can be found on pages 44–51.

On re-appointment to a further term of three years, 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

On appointment and re-appointment, directors are provided with written agreements that set out the terms of their appointment, including the required time commitment, remuneration arrangements including superannuation, the requirement to disclose material interests and any matter that 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

Members of the company secretariat team attend Board and Council meetings, as well as meetings of the PARC, ARC, NGC, CAX and Education Board, and are responsible for providing 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.

Inclusion and Diversity

The Board considers that inclusion and diversity (I&D) supports Chartered Accountants ANZ's strategy, values and allows Chartered Accountants ANZ to better meet its members' diverse needs. As an employer, it also allows Chartered Accountants ANZ to compete for the widest possible pool of talent, attracting and retaining employees whilst also encouraging a variety of viewpoints that enhance problem-solving, continual improvement and innovation.

During the reporting period, Chartered Accountants ANZ has developed a detailed I&D strategy and policy position by endorsing the creation of a "Culture of Difference Makers" as Pillar 5 of its FY21–FY25 strategy refresh. This has seen the creation and roll out

of foundational I&D policies that have been approved by the Board and which set 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.

Key metrics that will be used to measure the success of the I&D strategy will include gender representation within the organisation at all levels and on the Board and Council, as well as employee engagement scores and the average gender salary gap (male/female).

As at 30 June 2021, the respective percentages 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	4	33%			7	58%
Women	8	67%	1	100%	5	42%

In the reporting year Chartered Accountants ANZ had an enterprise target to close the Gender Gap in the engagement survey (male vs female) on the specific factor *I would recommend Chartered Accountants ANZ as a great place to work*, with the results as follows.

	Baseline (FY20 PCP)	Target	Achieved
Gender Gap (male vs female)	8% delta	5% delta	3% delta

The reporting year's activity on improving the gender pay gap in average salary across the board (and not just in like for like roles) was focused on understanding the gap and its drivers. As at 30 June 2021 performance against the enterprise KPI were as follows.

	Baseline (FY20 PCP)	Target	Achieved
Close the gender gap in average salary	18%	16%	15.9%

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 2021 can be found on page 41–42.

Performance of the Board and the Council

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 commenced a process to conduct an internal performance evaluation of the Board as a collective and each director as an individual. Reporting on the outcome of performance evaluations will be provided to the Board and to Council once the evaluation process has been completed, which will occur during the first quarter of the 2022 financial year.

During the reporting period, the NGC also conducted a review of the performance of the Council. This involved seeking feedback

from various internal stakeholders through a questionnaire and providing a report on the outcome to the Council.

A process to evaluate the performance of certain committees has been designed during the reporting period. This will be rolled out in the 2022 financial year to the PARC, ARC, CA X and the NGC in order to conduct self-assessments of their performance. Reporting on the outcome of the performance evaluations will be provided back to the Board (for PARC, ARC and CAX) and to the Council (for NGC) once the evaluation process has been completed.

Performance of senior executives

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

Each executive is assessed based on:

- role modelling the Chartered Accountants ANZ preferred culture
- compliance against the enterprise risk framework
- leadership of specific business and strategic objectives
- 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. During the reporting period, executive performance was 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, as well as gatekeeper measures based on modelling behaviours that met expectations and reflected Chartered Accountants ANZ's values.

Performance of CEO

The CEO's remuneration is comprised of base salary and an at risk component. During the reporting period, the CEO's KPIs were set by the PARC in consultation with the CEO and recommended for approval by the Board (approved by the Board on 27 July 2020). The CEO's progress is subject to a continuous feedback loop, with the CEO providing regular updates to the Board and receiving feedback from the Chair and the Chair of PARC. The CEO's performance is then measured against a series of quantitative and qualitative measures and a recommendation made by the PARC to the Board.

Principle 2: Structure the board to add value

Nominations and Governance Committee

The NGC is a standing committee of the Council and is comprised of the Chair, the President and up to three independent members. During the reporting period its composition was as follows:

- Tim Gullifer FCA, the Chair of the NGC and an individual member
- Michele Embling FCA, who is an individual member
- Nives Botica Redmayne FCA, President of Council (member of the NGC with effect from 1 January 2021, following her appointment as President)
- John Palermo FCA, the Chair of the Board
- Peter Rupp FCA, President of Council (member of the NGC until his resignation as President effective 31 December 2020)

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 five years prior to their appointment. Tim Gullifer, the current Chair, meets these criteria
- 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 and a recruitment process has been underway throughout the reporting period

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, Tim Gullifer, John Palermo and Nives Botica Redmayne are considered to be independent within the definition of Box 2.3. Michele Embling and Peter Rupp are not considered to be independent by virtue of being either current or recently 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 Michele Embling or Peter Rupp to exercise independent judgement.

During the reporting period, the NGC met 10 times with attendance as follows:

	Attended	Eligible
Nives Botica Redmayne FCA (President)	4	5
Michele Embling FCA	10	10
Tim Gullifer FCA (Chair)	10	10
John Palermo FCA (Board Chair)	10	10
Peter Rupp FCA (Former President)	5	5

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
- 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 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, the NGC reviewed the Board skills matrix periodically to account for the resignation and appointment of office bearers as directors to the Board, to recruit for a new non-executive director and to plan for future succession. As at 30 June 2021, the Board's collective skill sets can be summarised as follows:

Skill	Expert	Accomplished	Satisfactory
Leadership: holding senior executive positions of leadership in business, private 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 challenge appropriately the effectiveness of senior management	✓		
Remuneration: setting a remuneration framework including incentive structures		✓	
Strategy: experience in building and executing 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	✓		
Capital projects: experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons		✓	
Risk and Compliance: experience in building and utilising risk and compliance frameworks and systems, ability to identify key risks to the organisation in a wide range of areas	✓		
Change management and disruption: overseeing transformational change of an organisation, for example rapid growth, diversification into new products and services, digital transformation, process re-engineering, ownership transition; experience of an organisation that has faced disruptive change	✓		
Legal: qualified lawyer with involvement in corporate and commercial law in private practice or in-house			✓
Regulatory and Public Policy: experience in the identification and resolution of legal and regulatory issues. Experience in public and regulatory policy, including how it affects corporations		✓	
Learning & Education (1)*: Academic background 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. Experience in programs implementing health and safety safeguards, including mental health and physical wellbeing		✓	

Skill	Expert	Accomplished	Satisfactory
Privacy & cyber security: ability to understand data management and implications to the wider organisation		✓	
Digital engagement: experience in building a multi-channel engagement strategy for customer engagement, utilising customer data to create a personalised customer engagement model and derive customer insights		✓	
Digital transformation and delivery: experience in building a data strategy and implementing new data architecture; experience in remediating IT platforms and legacy applications; experience in using data analytics and business intelligence tools; experience of a business that uses digital platforms to deliver products and services		✓	
Brand and Influence: experience in building an organisation's brand and digital assets to raise its profile and differentiate it from peers and competitors; experience in strong advocacy and thought leadership		✓	
Marketing & customer: senior executive experience in marketing, detailed understanding of corporate purpose to create long-term value and experience in a customer first industry		✓	
International: exposure to international regions either through experience working in an organisation with global operations or through management of international stakeholder relationships. Understanding of different cultural, political, regulatory and business requirements		✓	
Membership organisation: experience with membership-based bodies at a senior level; member advocacy; monitoring and enforcing professional standards and codes of conduct	✓		
Sustainability: experience in creating a sustainable operating model focused on medium-long term growth; experience in integrated reporting models; experience in sustainability reporting. Ability to identify economically, socially and environmentally sustainable developments and to set and monitor sustainability aspirations		✓	
Talent and culture: experience in talent management and creating a future focused organisation; experience in creating a flexible workplace environment to attract and retain talent; experience in implementing inclusion and diversity strategies	✓		
Governance: Graduate of Australian Institute of Company Directors or Graduate of Governance Institute of Australia or Graduate of NZ Institute of Directors		✓	
Chairing: experience of chairing non-executive Committees or Boards	✓		

* 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 to 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 office bearers.

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 (listed alphabetically):

Current Directors	Date of appointment	Independence assessment – Box 2.3
Boorer, Kate, FCA (Australian Vice President)	1 January 2021	Independent; Chartered Accountants ANZ member
Nives Botica Redmayne FCA (President as at 1 January 2021 and former New Zealand Vice President)	30 July 2019	Independent; Chartered Accountants ANZ member
Carolyn Colley FCA	17 May 2021	Independent; Chartered Accountants ANZ member
Harrington, Murray, FCA (New Zealand Vice President)	1 January 2021	Independent; Chartered Accountants ANZ member
Cheryl Hayman, Non-Member	1 January 2018	Independent; non-member director
Ming Long FCA (Chair of CA X Committee)	1 January 2017 (casual vacancy)	Independent; Chartered Accountants ANZ member
Robert McDonald FCA (Chair of PARC)	1 January 2018	Independent; Chartered Accountants ANZ member
John Palermo FCA (Chair)	1 October 2015 (casual vacancy)	Independent; Chartered Accountants ANZ member
Sarah Petersen CA	1 January 2020	Independent; Chartered Accountants ANZ member
Penny Stragalinos FCA	1 January 2017	Not independent – partner of KPMG that 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.
Christopher (Chris) Townend FCA (Chair of ARC)	1 January 2018	Independent; Chartered Accountants ANZ member
Dianne Williams, Non-Member	1 August 2016 (casual vacancy)	Independent; non-member director
Former Directors (terms completed during the reporting period)		
Peter O’Regan FCA (Former Australia Vice President) – term completed 31 December 2020	1 January 2020	Independent; Chartered Accountants ANZ member
Peter Rupp FCA (Former President) – term completed 31 December 2020	30 July 2019	Not independent – partner of Deloitte that 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 Rupp’s position as a director as conflicts of interests’ measures were in place during his tenure to ensure that Mr Rupp did not participate in, or vote on, any decisions that involved or impacted Deloitte. Chartered Accountants ANZ member.

The Board manages potential conflicts of interests by tabling a standing declaration of interests, positions and relationships for all directors at each Board meeting. Any change in these interests, positions or relationships is reported by a director to the Chair or Company Secretary as soon as possible. Any director who is in a position of potential conflict will avoid informal discussion that might influence fellow Board members on a matter and during a meeting will formally declare their interest and leave the meeting for the duration of that matter if appropriate to do so.

Board induction and education

As part of the appointment process, all new directors receive detailed information outlining their duties and responsibilities and an opportunity to meet with the CEO and members of the Executive Team. They are also invited to attend an orientation day which includes presentations from 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: Instil a culture of acting lawfully, ethically and responsibly

Articulate and disclose values

Chartered Accountants ANZ's strategic direction and purpose are supported by its five values which are:

- collaborate for success
- integrity in all we do
- embrace diversity
- accountable to ourselves and others
- passion to grow and improve

During the FY21–FY25 strategy refresh, the Board, the CEO and the Executive Team have reinforced their commitment to these five values by embedding them into a new Code of Conduct which is described further below.

Code of Conduct

During the course of the reporting year a new Code of Conduct was approved by the Board which will, for the first time, apply to all Chartered Accountants ANZ's people which is defined to include employees, contractors, non-executive directors and all other governance body members when acting in a representative capacity for Chartered Accountants ANZ. The Code of Conduct was approved by the Board on 18 February 2021 and a program is now in place to roll it out across the organisation and to provide training.

The Code of Conduct has been designed around Chartered Accountants ANZ's purpose and the five values set out above and sets minimum standards of behaviour for all Chartered Accountants ANZ's people. The Code of Conduct also provides for various sanctions to be applied in the case of a breach of the Code. Material breaches of the Code of Conduct are reported to the Board and/or the ARC and PARC as appropriate.

A copy of the Code of Conduct can be found at Appendix 12 of the Governance Manual which can be found at charteredaccountantsanz.com/about-us/governance/annual-reports.

Whistleblower Policy

Chartered Accountants ANZ is committed to a corporate culture that encourages the reporting and investigation of misconduct or serious wrongdoing. On 1 January 2020, Chartered Accountants ANZ voluntarily adopted Australian whistleblowing legislation and implemented a Whistleblower Policy to protect whistleblowers. The policy includes the implementation of a third-party anonymous whistleblowing reporting service, Whispli, which can be accessed at charteredaccountantsanz.whispli.com/report.

Once a report is lodged through Whispli, it is relayed to the person appointed from time to time by the Board, as the Whistleblower Protection Officer, who is currently the Group Executive, People & Culture. If a report concerns either the Chief Executive Officer or a member of the Executive Team, the report is instead sent to the ARC Chair. The matter will then be investigated and appropriate reporting provided to the Board and/or the ARC and PARC as part of the investigation.

A full copy of the Whistleblower Policy can be accessed here: charteredaccountantsanz.com/about-us/complaints/complaints-about-ca-anz.

Anti-Bribery and Corruption (ABC) Policy

Chartered Accountants ANZ is committed to conducting its business with honesty and integrity and to ensure high ethical standards are demonstrated in our actions and business relationships. In the reporting year, Chartered Accountants ANZ developed an Anti-Bribery and Corruption Policy (**ABC Policy**) which will take effect in the 2022 financial year. Due to potential connections between bribery and corruption and modern slavery, our anti-bribery and corruption policy also provides a level of assurance from a modern slavery perspective.

A full copy of the ABC Policy can be accessed here: charteredaccountantsanz.com/about-us/corporate-responsibility/modern-slavery-statement.

Principle 4: Safeguard the integrity of corporate reports

Audit and Risk Committee (ARC)

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

- John Palermo FCA
- Penny Stragalinos FCA
- Chris Townend FCA (ARC Chair)

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.

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 Stragalinos 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
- internal and external audit arrangements

A full copy of the Charter can be found at Appendix 4 of the Governance Manual at charteredaccountantsanz.com/about-us/governance/annual-reports.

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

	Attended	Eligible
John Palermo FCA	6	6
Penny Stragalinos FCA	6	6
Chris Townend FCA (ARC Chair)	6	6

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
- 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 2021.

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 2021 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
- their independence regarding the conduct of the audit

Verification of unaudited reports

Chartered Accountants ANZ is not a publicly listed company and does not have shareholders. It also does not release quarterly activity reports, quarterly cash flow reports or other periodic corporate reporting that investors might rely upon when making investment decisions. As such, Recommendation 4.3 of the ASX Principles has limited application to it. Nevertheless, Chartered Accountants ANZ does perform an internal verification process on the sections of its annual report that are not subject to an external audit. The verification process involves content writers attesting to the accuracy of the statements that are made and cross-referencing relevant data sources where available.

Principle 5: Make timely and balanced disclosure

Continuous 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, Recommendation 5.1 of the ASX Principles does not apply to Chartered Accountants ANZ.

Market announcements

As Chartered Accountants ANZ is not a listed entity and does not provide announcements to the market, Recommendation 5.2 does not apply to it. However, the Board is provided with regular reporting from the CEO in respect of all significant media releases or advocacy submissions.

Investor and analyst presentations

As Chartered Accountants ANZ is not a listed entity and does not provide announcements to the market, Recommendation 5.3 does not apply to it. However, the Board and Council are kept informed of all material member communications.

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 maintains several communication channels with its members which include Acuity our member-led magazine that is published bi-monthly and represents the Chartered Accountants ANZ brand, President's views, members and their contributions to society. More than 80,000 copies of Acuity are distributed in over 100 countries, including Australia and New Zealand in either print or digital format. The digital site, www.acuitymag.com, contains material from the magazine plus 11 original, digital-only stories per month. It offers a high volume of content across multiple channels with approximately 312 articles per year via print and digital channels.

Chartered Accountants ANZ also uses social media platforms such as LinkedIn, Facebook and Twitter as well as its website www.charteredaccountantsanz.com to communicate with members.

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

Participation at Annual General Meetings (AGM)

Chartered Accountants ANZ has historically encouraged members to participate at its AGM by holding the AGM in different geographical locations. However, due to public health concerns associated with COVID-19, as well as travel restrictions and government requirements for social distancing, the 2020 AGM was held as a hybrid meeting. Full details of the 2020 AGM can be found here: charteredaccountantsanz.com/about-us/governance/agm-notice.

The Board was pleased to observe that holding the 2020 AGM in a hybrid format significantly increased member participation, with members in various locations in Australia, New Zealand and overseas able to attend the meeting without incurring the expense and effort of having to travel to a physical location. As the COVID-19 pandemic has continued into 2021, with ongoing uncertainty in respect of travel restrictions, the Board has determined to hold the 2021 AGM in a fully virtual format, with all participants attending online. The 2021 AGM will be held at 2pm Australian Eastern Daylight Time on 29 October 2021 and a notice of meeting will be sent to members in due course and published on CA ANZ's website.

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

Voting on resolutions by a poll

As Chartered Accountants ANZ does not have shareholders, the important distinction between voting on a show of hands as opposed to voting on a poll (and ensuring equality amongst shareholders) as set out in Recommendation 6.4 of the ASX 4th Principles does not apply to it. Instead, equality between member votes is protected by Chartered Accountants ANZ's By-laws which provide that all members who are eligible to vote are entitled to one vote each at the AGM, irrespective of whether voting is conducted on a show of hands or by poll.

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 is an ongoing continuous improvement action plans in place. This review took place during the reporting period and the Board remains satisfied that Chartered Accountants ANZ is operating with due regard to the risk appetite set by the Board.

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 Assurance' 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.

The implementation of the 'Three Lines of Assurance' model is well progressed, with iterative improvements of effectiveness and efficiency implemented by management each year. The next annual phase of the implementation drives standardisation and simplicity to make the assurance process itself more productive.

Internal audit

The 'Third line of Assurance' is the internal audit function that provides independent assurance to add value and improve Chartered Accountants ANZ's operations. Internal audit provides a more independent evaluation of the design and operational effectiveness of Chartered Accountants ANZ's governance, risk and compliance management capabilities.

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. Internal audit represents one of two arms of independent review in the Three Lines of Assurance model, the other being Chartered Accountants ANZ's external auditor, Grant Thornton.

The current Internal Audit Program is based on the following guiding principles:

- A focus in the short term on specific risk areas which require independent assurance
- A short to mid-term focus on areas that have been subject to change in systems or processes, impacted by recent legal/judicial pronouncements or a change in key executive management
- The focus in the mid-term (1–2 years) is reviewing the design and implementation of the risk, compliance and quality frameworks adopted by Chartered Accountants ANZ

In addition to reporting their audit findings and recommended actions, Crowe Horwath report not only to management but independently to the ARC.

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 and Chartered Accountants ANZ as an organisation. 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 remains relevant and contemporary and is agile in its response to changing economic and social environments. The ongoing uncertainty caused by COVID-19 required Chartered Accountants ANZ to continue to offer a number of member events and conferences in a digital environment in the reporting year. This allowed members to continue to access these services uninterrupted and saw an uplift in participation, with virtual attendance continuing to prove especially popular with members in regional locations. The move from a face-to-face format to virtual events has also assisted Chartered Accountants ANZ to reduce its carbon footprint with travel, external event spaces and catering being replaced with a lower impact format of webinars that use data and electricity.

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 six members as follows:

- Professor Gregor Kennedy, Deputy Vice-Chancellor (Academic) and Professor of Higher Education, Melbourne Centre for the Study of Higher Education (CSHE), University of Melbourne (Chair)
- Professor Philomena Leung FCA, Honorary Professor of Accounting and Governance and Professor Emerita, Macquarie University
- Associate Professor John Medlin FCA, 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 CA, Senior Accounting Lecturer, University of Technology Sydney
- Professor Norman Wong FCA, 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
- 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 charteredaccountantsanz.com/about-us/governance/annual-reports.

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

	Attended	Eligible
Professor Gregor Kennedy (Chair)	4	4
Professor Philomena Leung FCA	4	4
Associate Professor John Medlin FCA	4	4
Dr Felicity Reid	4	4
Dr Amanda White CA	3	4
Professor Norman Wong FCA	3	4

As part of its continued response to COVID-19 and now embedded into the new CA Program which was launched in February 2021, all CA Program exams are now delivered online. This ensured that candidates were able to continue their studies during the reporting period and further underscores the long-term sustainability of this business segment.

The sustainability of the CA Program is also reinforced through the program delivery mode, with teaching provided in a digital learning environment to allow candidates to study in a way that replicates the way they work. Candidates are supported by a number of online tools such as digital study guides, microlearning videos, podcasts, infographics, case studies, practice questions and interactive examples, the content is easily accessible through desktop or mobile, and caters to candidates' diverse study needs, preferences and styles.

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 for the future to ensure its continued 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 AM FCA, who has the role of Chair and Kean Selway, the Chief Operating Officer of Deakin University and an independent subject matter expert. The CEO, the Group Executive of Education and Learning and members of management also attend each meeting as observers. All other Board members also have a standing invitation to attend as observers.

The new CA Program was launched on 25 February 2021 with the first module commencing under the new program in June 2021 and the work of the CA X Committee is now changing its focus to providing oversight of the development of new contemporary modules, overseeing the “Teach Out” period between the old format and new format course and ensuring that the CA Program continues to innovate and remain relevant for the future.

The new CA Program has been designed to provide more relevance, flexibility and choice, as well as to embrace the transformation of the accounting industry by automation and digital change. The rise of emerging technologies is influencing the way accountants work, and the professional skills that are valued. Unpredictable business landscapes mean that professional capabilities are more important than ever. Graduating CAs are increasingly expected to be job-ready and adequately equipped to handle a digital world. CA Program candidates are competing for roles as difference-makers, growth accelerators, critical thinkers, innovators and digitally savvy experts who can guide new initiatives to help businesses navigate disruption and unpredictable environments. The new CA Program includes 13 subjects of which candidates must complete nine (compared to five compulsory modules in the CA Program in Teach out) allowing candidates to start to specialise and ensuring all study is relevant. New subject areas include Risk and Technology, Data Analytics and Insights and Financial Modelling.

In order to lead in this environment, the CA Program has been re-designed, through extensive consultation with members, candidates in the current program and industry. The CA Program is actively developing graduates who can apply professional scepticism and become trusted partners in business. The new program integrates the development of deep technical expertise with strong professional skills and capabilities, offered in a digital environment through real-world engagement, authentic simulations and challenges, and embedded capability assessment.

A full copy of the CA X Committee’s charter can be found at Appendix 4CA of the Governance Manual at [charteredaccountantsanz.com/about-us/governance/annual-reports](https://www.charteredaccountantsanz.com/about-us/governance/annual-reports).

During the reporting period, the CA X Committee met 10 times as follows.

	Attended	Eligible
Ming Long AM FCA (Chair)	10	10
Kean Selway, Non Member	10	10

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)
- Dale La Hood (appointed with effect from 1 January 2021)
- Rob McDonald FCA
- Sarah Petersen CA
- Dianne Williams
- Nives Botica Redmayne FCA (ex-officio as New Zealand Vice President, with speaking rights and no voting rights) (retired 31 December 2020)
- Murray Harrington FCA (ex-officio as New Zealand Vice President, with full speaking and voting rights by virtue of NZICA Rules amendment effective 4 December 2020) (commenced 1 January 2021)

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
- Carry out the functions and responsibilities that are conferred on it by the NZICA Act, the NZCIA Rules, the By-laws and any other enactment

For the reporting year the NZICA Regulatory Board's activity included:

- approving revised CPD requirements for New Zealand members in order to align requirements with international standards
- approving amendments to the NZICA Code of Ethics to align requirements with international standards, following consultation with members on an exposure draft
- approving revised Financial Advisory Services Standard (FAS), following consultation with members on an exposure draft
- engaging with the Financial Markets Authority (FMA) as oversight body of NZICA as an accredited body regulating licensed auditors under the *Auditor Regulation Act 2011*

- monitoring processes for NZICA's reviews and investigations
- overseeing NZICA's Permanent Bodies including appointments and Charter amendments, and were briefed on key conduct and regulation matters being addressed by these bodies, as appropriate
- overseeing/approving NZICA administrative matters such as budget, audit, resourcing, health and safety and operational delegations as appropriate

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

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

Name	Role	Attended	Eligible
Neil Paviour-Smith FCA	Chair	5	5
Dale La Hood	Independent (non-member) (commenced 1 January 2021)	2	2
Robert (Rob) McDonald FCA	Member Also Chartered Accountants ANZ Board Director	5	5
Sarah Petersen CA	Member Also Chartered Accountants ANZ Board Director	4	5
Dianne Williams	Independent (non-member) Also Chartered Accountants ANZ Board Director	5	5
Nives Botica Redmayne FCA	Ex-Officio as NZ Vice President (term completed 31 December 2020) Also Chartered Accountants ANZ Board Director	3	3
Murray Harrington FCA	Ex-Officio as NZ Vice President (commenced 1 January 2021) Also Chartered Accountants ANZ Board Director	2	2

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.

For the reporting year the PCOC's activity included:

- regularly reviewing information and data regarding the performance of the disciplinary system, to assess the integrity, timeliness and effectiveness of the disciplinary procedures and sanctions
- meeting with the Chairs of each of the Professional Conduct Committee, Disciplinary Tribunal and Appeals Tribunal
- advising the Chartered Accountants ANZ Board on the performance of the disciplinary system

- assessing the compliance of the professional conduct and discipline processes with international best practice
- recommending the appointment of members to the Chartered Accountants ANZ disciplinary panels

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

- Nancy Dolan (Chair)
- John Trowbridge
- Jan West AM FCA
- 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) Mallesons 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 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

Sustainability

As part of our strategic roadmap to 2025, the pillar on [Sustainable profession and professional body](#) includes initiatives that focus on sustainable practices and reporting for Chartered Accountants ANZ. As part of this initiative, we are developing a sustainability framework. This will connect to many of our existing sustainability initiatives including modern slavery and responsible supply chain management.

Whilst we recognise we have an obligation to address social and environmental risks from an operational perspective, we also have a critical responsibility to ensure our members are aware of and understand these risks as well. We provide members with the training and resources they need including this year on modern slavery, climate change and addressing non-financial risks.

We also have a critical role to play in providing sound advice to help governments to create the policy and regulatory infrastructure necessary for a transition to a net zero carbon economy.

Chartered Accountants ANZ is a member of, or partner to, a number of important organisations including the Deakin Centre for Integrated Reporting, the International Integrated Reporting Council, the United Nations Global Compact Network Australia and Accounting for Sustainability. Through our engagement with these organisations, we can better support our members to make business decisions that provide a more sustainable future and contribute the voice of our members to the dialogue.

This also includes a strong collaboration with the academic sector to produce reports and modelling for example, on carbon capture for different tree species and ages charteredaccountantsanz.com/news-and-analysis/insights/research-and-insights/another-step-towards-more-accurate-sustainability-reporting in March 2021, which was the first comprehensive study of its kind in an Australian urban environment.

For more information please visit charteredaccountantsanz.com/member-services/technical/business-issues/sustainable-business

Integrated reporting

Both Integrated Reporting and a sustainability framework are key deliverables within our Strategic Initiatives under the third pillar (Sustainable profession and professional body) of our strategic roadmap to 2025. Various stakeholders, including our people and members who participate in our Sustainability Management Advisory Committee contributed to a survey to prioritise the range of environmental, social and governance matters as part of the development of our sustainability framework. The framework will form the basis for a three-year plan to be launched in FY22.

Data on Chartered Accountants ANZ's operational carbon emissions and energy usage from FY19 to FY21 has been collected in a carbon accounting report to track and benchmark our usage, inform our pathway toward carbon neutrality and, in time, Chartered Accountants ANZ will report progress on the reduction in emissions.

For more information see page 38–39.

First Nations engagement

During the reporting period, Chartered Accountants ANZ formalised its journey towards Reconciliation, undertook consultation with Reconciliation Australia and submitted its Reflect Reconciliation Action Plan for endorsement.

Chartered Accountants ANZ's action plan is focused on lifting employees' cultural competency to support First Peoples' sector plans, build employees' understanding of the role they play in closing the inequality gap in Australia, and engaging in reconciliation with Aboriginal and Torres Strait Islander peoples.

In New Zealand, the Māori strategy focuses on attracting Māori into accounting, member support and competency within Chartered Accountants ANZ. Chartered Accountants ANZ has launched an internal cultural competency program designed to uplift our awareness, understanding and connection with Te Ao Māori and our role as Treaty of Waitangi partners. Chartered Accountants ANZ now have four cohorts of New Zealand leaders in weekly Te Reo Māori lessons and in August had a group of 30 leaders attend an immersive Te Ao Māori culture and history workshop at Mihiroa Marae in Pakipaki. Chartered Accountants ANZ have established portfolio responsibility for Kaupapa Māori on New Zealand Council to lead and guide this important kaupapa.

Principle 8: Remunerate fairly and responsibly

People and Remuneration Committee (PARC)

During the reporting period, the Executive Remuneration Committee was renamed the People and Remuneration Committee to reflect its broader roles to provide oversight in relation to the management of people, talent, succession and culture, in addition to remuneration related matters for the Executive Team.

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

- Cheryl Hayman
- Rob McDonald FCA (PARC Chair)
- Sarah Petersen CA (appointed with effect from 14 September 2020)
- Penny Stragalinos FCA (resigned with effect from 14 September 2020)

Rob McDonald, Cheryl Hayman and Sarah Petersen are all 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 [charteredaccountantsanz.com/about-us/governance/annual-reports](https://www.charteredaccountantsanz.com/about-us/governance/annual-reports).

During the reporting period, PARC met as follows:

	Attended	Eligible
Cheryl Hayman, Non-Member	4	4
Robert McDonald FCA (Chair)	4	4
Sarah Petersen CA (appointed 14 September 2020)	3	3
Penny Stragalinos FCA (resigned 14 September 2020)	1	1

Remuneration policies and practices

Non-executive

In accordance with Chartered Accountants 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
- 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 follows:

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

During the reporting period, the Council approved an additional payment to the Chair of the CAX Committee of \$10,000 per annum, to take effect from 1 January 2021. This was in recognition of the considerable additional workload associated with this role in preparation for the launch of the new CA Program.

In addition, in June 2021 the Council approved the payment of fees to the Chair of the PARC and DTC of \$10,000 per annum, to take effect during the 2022 financial year. Directors holding these roles have previously not been remunerated for discharging these responsibilities. The additional payment is in recognition of the additional workload associated with the role of Chairs of these committees.

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 in the various tables below, noting that the tables are expressed in both Australian and New Zealand dollars as appropriate:

Australian Dollars			
Name	Position	FY21	FY20
Nives Botica Redmayne FCA ¹	President	72,000	N/A
Nives Botica Redmayne FCA ²	Former Vice President	36,000	62,400
Kate Boorer FCA ³	Australian Vice President	36,000	N/A
Murray Harrington FCA ⁴	New Zealand Vice President	36,000	N/A
John Palermo FCA	Chair	120,000	89,000
Christopher (Chris) Townend FCA	Director	80,000	61,000
Carolyn Colley FCA ⁵	Director	7,397	N/A
Cheryl Hayman	Director	60,000	52,000
Dianne Williams	Director	60,000	52,000
Ming Long AM FCA	Director	65,000	52,000
Penny Stragalinos FCA	Director	60,000	52,000
Robert (Rob) McDonald FCA	Director	60,000	52,000
Sarah Petersen CA	Director	60,000	27,000
Peter Rupp FCA ⁶	Former President	72,000	64,800
Peter Rupp FCA ⁷	Former Vice President	N/A	30,000
Peter O'Regan FCA ⁸	Former Vice President	36,000	32,400
Stephen Walker FCA ⁹	Former President	N/A	60,000
Murray Jack FCA ¹⁰	Former Chair	N/A	8,333
Anthony (Tony) Harrington AM FCA ¹¹	Former Chair	N/A	58,876
		AU\$860,397	AU\$753,810

1 Nives Botica Redmayne was appointed as president on 1 January 2021.

2 Nives Botica Redmayne was appointed as Vice President effective 1 January 2020 and her term completed on 31 December 2020.

3 Kate Boorer was appointed effective 1 January 2021.

4 Murray Harrington was appointed effective 1 January 2021.

5 Carolyn Colley appointed as a director on 17 May 2021.

6 Peter Rupp was appointed as President effective 1 January 2020 and his term completed on 31 December 2020.

7 Peter Rupp was appointed as Vice President effective 1 January 2019 and his term completed on 31 December 2019.

8 Peter O'Regan was appointed effective 1 January 2020 and his term completed on 31 December 2020.

9 Stephen Walker was appointed as President effective 1 January 2019 and his term completed on 31 December 2019.

10 Murray Jack was appointed a Director and Chair from December 2014 to 31 July 2019.

11 Tony Harrington was appointed a Director from 1 March 2019 and Chair from 1 August 2019 to 28 February 2020.

Executives

In respect of senior executives, Chartered Accountants ANZ remuneration policy is to benchmark all Executive Team roles annually using a variety of publicly available market surveys appropriate for the role and region. Additionally, Executive Team roles are sized and benchmarked by an external party using the IPE (International Position Evaluation System) on a three-yearly basis, or on the appointment of a new CEO, or where otherwise required by the PARC. 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
- 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.

During the reporting period, the shared organisation-wide KPIs for the Executive Team (representing 60% of EPIP) for the reporting year were comprised of four equally weighted measures "*Member Value*", "*People Engagement*", "*Financial Sustainability*" and "*Process Improvement & Major Initiatives*". The Executive Team's individual KPIs (representing 40% of EPIP) were related directly to the Executive Team member's specific responsibilities. In the reporting year, Executive Team members' individual KPIs were not explicitly aligned to a set of strategic priorities. For FY22 all individual KPIs will be positioned against the FY21–FY25 strategic pillars and underlying strategic initiatives to ensure further consistency and alignment.

These individual KPIs will be used as the basis for cascading KPIs within functional teams to ensure connection back to the organisational strategy.

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

Name	Position	Short-term employee benefits		Post-employment benefits	Total FY21 ⁵	Total FY20 ⁶
		Salary & fees	Discretionary	Superannuation		
Ainslie van Onselen ¹	Chief Executive Officer	575,000	180,000	25,000	780,000	57,692
Simon Grant FCA	Group Executive Advocacy, Professional Standing and International	375,000	66,880	25,000	466,880	400,000
Peter Vial FCA	Group Executive Advocacy, Professional Standing, New Zealand and the Pacific	294,232	50,914	8,827	353,972	281,274
Mark Rice	Group Executive, Member Engagement	300,000	51,220	25,000	376,220	325,000
Lee Whitney	Group Executive, Account Management and Strategic Planning, Chief Financial Officer (interim)	375,000	69,440	25,000	469,440	398,558
Shona Tarrant	Group Executive, People & Culture	300,000	51,220	25,000	376,220	300,000
Simon Hann ²	Group Executive, Education & Learning	377,000	66,571	25,000	468,571	424,200
Julia Quinn	Group Executive, Public Affairs	270,000	45,312	25,000	340,312	295,000
Mat Yelavich ³	Chief Information Officer	253,315	-	18,904	272,219	-
Louise Fowler ⁴	Chief Transformation Officer	52,534	30,820	4,041	87,395	-

1 Ainslie van Onselen was appointed CEO effective 18 May 2020 and her remuneration for FY20 reflects the portion of the year that she was CEO.

2 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.

3 Mat Yelavich was appointed CIO effective 29 September 2020. His remuneration reflects the portion of the year that he was CIO.

4 Louise Fowler was appointed CTO effective 3 May 2021. The salary component of her remuneration reflects the portion of the year that she was CTO; the discretionary payment component of her remuneration includes a period of employment where Ms Fowler was in an Acting CTO role but not KMP.

5 There were three former KMP employed during 2021 who are no longer employed by the organisation. Similarly, there were two employed in 2020. The remuneration related to the individuals has been excluded from the table above.

6 In response to the COVID-19 pandemic, the Executive Team voluntarily relinquished their eligibility to receive variable remuneration under the Executive Performance Incentive Plan during FY20.

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.