

NOTICE OF ANNUAL GENERAL MEETING

AND EXPLANATORY MEMORANDUM

22 MAY 2018



Amended versions of Articles 44, 57 and 67 are set out at pages 25 – 26. The background to, and the reasons for, this resolution are set out at pages 24 – 25.

4. SPECIAL RESOLUTION – Remove reference to Auditor General’s salary for Director remuneration. Director remuneration to be capped at a pooled amount. Directors not eligible to receive any additional remuneration if they also sit on a Board of a Related Body Corporate or a Board committee.

THAT, with immediate effect, the proposed amendments to Articles 1 and 45 of the Constitution, and all Ancillary Amendments, be approved and adopted in accordance with subsection 136(2) of the Corporations Act.

Amended versions of Articles 1 and 45 are set out at pages 28 – 30. The background to, and the reasons for, this resolution are set out at pages 27 – 28.

RESOLUTIONS REQUISITIONED PURSUANT TO SECTION 249N OF THE CORPORATIONS ACT

The following resolutions, requisitioned by at least 100 Members, are **not supported** by the Board. For the reasons set out in the Board’s responses in Part B of the Explanatory Memorandum, the Board recommends that Members vote **against** resolutions 5 – 14.

5. ORDINARY RESOLUTION PROPOSED BY DAVID DAHM – Within 6 months after the AGM, publish a discussion paper via INTHEBLACK and electronically, regarding the 16 proposed resolutions detailed in Mr Dahm’s explanatory statement and hold an international online webinar to address any matters in addition to any other appropriate feedback mechanism that is open and transparent to the membership.

Motion to ensure the Board can demonstrate meaningful consultation with Members for Member resolutions in accordance with clause 5. Objects of the Company. A discussion paper on proposed resolutions should be published in INTHEBLACK and electronically for all Members for discussion within an AGM. This is to be followed up with an international online webinar to address any matters in addition to any other appropriate feedback mechanism that is open and transparent to the membership.

The background to, and the Member’s reasons for, this resolution are set out at Annexure A. The Board’s response to this resolution is set out at pages 31 – 32.

6. SPECIAL RESOLUTION PROPOSED BY BEN COHEN – If requested by 100 Members, require the Company to distribute within 14 days of the request, a Member statement relating to the governance, strategy or other membership matters. The statement is only to be distributed to those Members with email addresses who have not opted out of email communications. The 100 requesting members have a right to arbitration in the event that the request is not circulated by the Company within 14 days from receipt of the statement.

THAT, with immediate effect, the proposed insertion of Article 77 into the Constitution, be approved and adopted.

The proposed new Article 77 is set out at page 33. The background to, and the Member’s reasons for, this resolution are set out at Annexure B. The Board’s response to this resolution is set out at pages 33 – 34.

7. SPECIAL RESOLUTION PROPOSED BY GLEN HASSELMAN – If requested by 100 Members, require the Company to distribute within 14 days of the request, a Member statement relating to the governance, strategy or other membership matters. The statement is only to be distributed to those Members with email addresses other than Members who have elected to not receive

PART B: RESOLUTIONS REQUISITIONED PURSUANT TO SECTION 249N OF THE CORPORATIONS ACT – NOT SUPPORTED BY THE BOARD

Part B of this Explanatory Memorandum sets out the resolutions requisitioned by Members and the Board's response to those resolutions. Member's explanatory statements have been reproduced by the Company in accordance with 249P of the Corporations Act. For ease of reference, the Member's explanatory statements are set out in Annexures A – J.

5. ORDINARY RESOLUTION PROPOSED BY DAVID DAHM

This resolution has been proposed by David Debabrata Dahm, a Member, under section 249N of the Corporations Act and is supported by at least 100 Members.

In addition, David Debabrata Dahm has provided an explanatory statement under section 249P of the Corporations Act. This explanatory statement is set out in Annexure A, which forms part of this Notice.

The Board's response to this resolution is set out below.

BOARD RESPONSE

This resolution seeks to put forward a motion at the AGM that the Company:

- within 6 months after the AGM, publish a discussion paper, via *INTHEBLACK* and electronically, regarding the 16 proposed resolutions detailed in the explanatory statement (see Annexure A); and
- hold an international online webinar "to address any matters in addition to any other appropriate feedback mechanism that is open and transparent to the membership."

The Board believes that there are more appropriate mechanisms to facilitate Member engagement. For example:

- Under sections 249N and 249P of the Corporations Act, 100 voting Members may already propose a resolution and explanatory statement for consideration at the Company's next general meeting.
- Members have the ability to raise questions and concerns during the course of an AGM.
- Members had the ability to engage with, and have their concerns heard by, the Company during the Member consultation forums and webinars held throughout March and April 2018.
- Member engagement through the (new) Council of Presidents and Appointments Council, as proposed by the Board-endorsed Special Resolutions 1 and 2.

The Board also considers the resolution to be inappropriate for the following reasons.

- The proposed resolutions as described in the explanatory statement inappropriately fetter the powers of the Board and will cause the Company to incur material costs and expenses.
- The preliminary and final reports issued by the Independent Review Panel gave thorough consideration to, and made recommendations in respect of, a number of the issues raised in the explanatory statement (e.g. benchmarking Director remuneration). Through the Member forums and focus groups, the Board has engaged with and sought feedback from, Members on the governance changes being considered at this AGM and is now seeking to move forward and implement a number of recommendations made by the Independent Review Panel through Board-endorsed proposed resolutions.
- In addition, a number of the proposed resolutions in the explanatory statement have already been put forward by other Members as proposed resolutions at the AGM. This includes resolutions that propose to implement direct voting for Directors (see Special Resolution 8 and Special Resolution 9), limit Director tenure to 6 years (see Special Resolution 11) and

to remove Peter Wilson as a Director (see Ordinary Resolution 14).

- This resolution requires the Company and Board to duplicate the use of resources, incur additional costs and spend further time on matters that are already being addressed.

For the reasons set out above, the Board believes this resolution is not in the interests of the Company as a whole, and unanimously recommends that Members vote **against** Ordinary Resolution 5.

The Chair intends to vote undirected proxies **against** Ordinary Resolution 5.

ANNEXURES

Note: The following Member's explanatory statements have been reproduced by the Company in accordance with 249P of the Corporations Act. By reproducing these statements, the Company does not make any representations as to their truth or accuracy and disclaims any liability for their contents.

ANNEXURE A: 5. DAVID DAHM MEMBER ORDINARY RESOLUTION EXPLANATORY STATEMENT

CPA Resolution - Open and Transparent Debate of Resolutions prior to the AGM

Explanatory Memorandum

This will ensure a timely, meaningful open and a transparent debate where all members may have an equal opportunity to have a say with the support of legal and administrative resources provided by CPAA. Currently very little support exists. It is too expensive to engage lawyers to draft and circulate resolutions to the members at large. Members do not have access to all other members. Legally only CPAA can facilitate this through their media channels.

This approach will protect the democratic process. It will avoid publicly embarrassing scrutiny that resulted in the 2017 Board being demanded to attend a Federal Senate enquiry into their conduct see <http://www.abc.net.au/news/2017-08-03/cpa-senate-board-to-face-senate-economics-committee/8772428>. Furthermore this will avoid exposing the professional body to a Corporations Law s. 461(1)(k) oppression claim. This did occur last year by a group of members called the Transition Strategy Team ('TST') chaired by David Dahm see **CPA Australia board dragged before senate inquiry over ongoing scandal** <https://www.accountantsdaily.com.au/professional-development/11085-cpa-lobby-group-keeps-no-confidence-motion-on-the-table>.

We seek to discuss the following proposed ideas with the membership before preparing a formal resolution. This was not afforded to us despite many attempts to arrange a webinar accessible to all members. Board Directors Caroline Spencer and Merran Kelsall confirmed on 17th and then again the 18th March 2018 that they were 'too tired' and did not have the resources to co-ordinate an on-line webinar despite CPAA being notified of this request to Craig Laughton General Counsel in charge of consultation mid February 2018.

In the interest of rebuilding trust, I express concern over the Chairs statement Disciplinary action against rebels <http://www.afr.com/business/accounting/cpa-australia-board-to-crack-down-on-dissent-20171215-h055ej>

Below are proposed ideas for discussion (note these will need to be properly drafted by a lawyer for broader consultation):

1. Proposed Resolution: Consolidated financial reporting used pursuant to AASB 10 Consolidated Financial Statements <https://www.legislation.gov.au/Details/F2016C00206>

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

2. Proposed Resolution: All related party transactions disclosed as per AASB 124 Related Party Disclosures <http://www.aasb.gov.au>

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

3. The confirmation of the removal of the auditors, legal and recruitment advisers used by the 2017 Board

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

4. Proposed Resolution: Proof of review of the constitutional amendments to ensure timely openness and transparency where members confirm they have been consulted. The members request the Board report back to members by 1st September 2019.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

5. Proposed Resolution: Established an international online members Constitution and by-laws review of any proposed changes made by members to the Board for deliberation. A Board of Director must be present at all meetings.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

6. Proposed Resolution: Disclosure of any senior management involved with suppliers to CPAA as per AASB 124 Related Party Disclosures <http://www.aasb.gov.au>

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

7. Proposed Resolution: Director tenure to limit to a maximum 6 years

This prevents Directors dominating new Board members.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

8. Proposed Resolution: All Board of Directors and Divisional Councillors complete the public practice 2 days course to be eligible for a Divisional Councillor or Board member position.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

9. The bylaws are amended to require all Accountants Professional and Ethical Standards Board published ethics and standards. <http://www.apesb.org.au/> be complied with at all times by the Directors and an annual statement of a declaration is made in the Annual Report.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

10. Proposed Resolution: The Board reviews the 2017 Board members and Senior Management compliance with the Accounting Professional and Ethical Standards Board published ethics and standards. <http://www.apesb.org.au/> for disciplinary action or expulsion.

This helps aggrieved members and stakeholders seek closure and confidence in the Board.

For more information: <http://cparesolution.securecheckout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

11. Proposed Resolution: A no-confidence motion and removal placed against Peter Wilson due to his failure to consult on a timely basis with proposed member resolutions and facilitate a membership discussion on all proposed member resolutions so they are technically correct and ready for approval.

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

12. Proposed Resolution: We propose the current Deputy Chair Merran H Kelsall for National Chair
<http://www.merrankelsall.com.au/biography.php>

Explanatory Memorandum: Deputy Chair Merran H Kelsall is an accessible Director. She has the appropriate international experience and is viewed as a professional peer internationally recognised for her work in the technical and complex areas in setting auditing and accounting standards.

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

13. Proposed Resolution: Remove CPA Advice financial planning subsidiary

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

14. Proposed Resolution: Director remuneration to be based on not for profit well-respected remuneration survey firm e.g. <https://www.sriww.com.au/not-profit-remuneration-survey/>

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

15. Proposed Resolution: All Board of Directors are appointed by an open nomination and direct member vote. All nominated directors are given an opportunity to promote why they wish to become a director and their skills, qualifications, and experience. Board members who have completed the public practice program in accordance with the Accounting Professional and Ethical Standards Board published ethics and standards. <http://www.apesb.org.au/>. Recruitment firms should not be used at any time in the selection process.

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

16. Proposed Resolution: The External Auditor must qualify their audit report if all of the resolutions numbered from 1 to 15 have not been disclosed or met by the Board.

For more information: <http://cparesolution.securechkout.com/CPA-Resolution-for-transparent-debate-of-member-resolutions-prior-to-AGM>

I encourage members to support this resolution and vote in favour of this at the AGM on 22nd May 2018.

David Debabrata Dahm
Member No: 1751242
Mobile: +61407620120
Email: pa@healthandlife.com.au