

## Code of Ethics (Staff and Consultants)

### Introduction

The Canadian Public Accountability Board (CPAB) is an independent regulatory organization established to oversee the auditors of the financial statements of entities that are reporting issuers in Canada. Its mission is to promote audit quality through proactive regulatory oversight, facilitating dialogue with domestic and international stakeholders, and publishing practicable insights to inform capital market participants. CPAB is committed to conducting business with integrity, in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations.

The purpose of this Code of Ethics (Staff and Consultants) is to maintain the highest standards of ethical conduct among staff and consultants engaged by CPAB, and to provide the public with confidence in the objectivity of CPAB's decisions by seeking to avoid both actual and perceived conflicts of interest involving staff and consultants.

All staff and consultants are expected to read and comply with this Code. Everyone is responsible to the public as a representative of CPAB and is expected to represent the public interest with integrity.

### EC1. Application of Code

The provisions of this Code of Ethics apply, according to their terms, to:

- a) current staff
- b) spouses (or equivalents) and dependents of current staff members
- c) consultants currently engaged by CPAB
- d) spouses (or equivalents) and dependents of consultants currently engaged by CPAB.

EC 3(c), EC 4(b), EC 10 and EC 13 apply, according to their terms, to former staff members and consultants, and their spouses (or equivalents) and dependents.

### EC2. Definitions

- (a) Reference to Rules of CPAB  
Unless the context requires otherwise, the definitions provided in Section 100 of the Rules of CPAB apply to the words and terms contained in this Code of Ethics.
- (b) Board  
The term board means CPAB's Board of Directors.
- (c) Code  
The term Code means this Code of Ethics (Staff and Consultants), as it may be amended from time to time.

**(d) Dependent**

The term dependent of a staff member or consultant means a person who receives more than half of their financial support for the most recent complete calendar year from the staff or consultant.

**(e) Consultants**

The term consultants means certain persons:

- (1) with whom CPAB enters into contracts for professional services; and
- (2) that CPAB has determined should be subject to this Code, in whole or in part.

Note: Consultants generally participate in the quality inspections of public accounting firms that are participants in CPAB's oversight program or are available as resources to CPAB and staff. Nothing in this provision will restrict CPAB's right to impose additional contractual restrictions and limitations on any consultant.

**(f) Honoraria**

The term honoraria means anything received by a staff member or consultant of CPAB with more than a nominal value, whether provided in cash or otherwise, and which is provided in exchange for a speech, panel participation, publication or lecture. Neither the waiver of conference fees nor acceptance of a modest speakers-only meal constitutes honoraria.

Note: Items that are provided to all conference participants, including speakers, are not provided "in exchange for" a speech and thus not considered to be honoraria.

**(g) Staff, Staff Member(s) or Staff of CPAB**

The terms staff, staff member(s) or staff of CPAB mean those persons who are employed by CPAB.

**EC3. General Principles**

**(a)** The general principles within this Section form the basis for the ethics rules and standards of conduct contained in this Code . When a situation is not covered by the Code's specific standards, staff and consultants shall apply the principles set forth in this Section, and may consult with the Ethics Officer, in determining whether their conduct is proper.

- (1) Staff and consultants should at all times be mindful of their responsibilities to CPAB, the sensitivity of their positions and the need for public confidence in the objectivity and deliberative due process of CPAB.
- (2) Staff and consultants should take great care to conduct themselves and all their activities in such a manner so that their personal investments or other personal activities will not affect their professional independence or objectivity, or otherwise hinder the interests or reputation of CPAB.
- (3) Staff and consultants should take great care to conduct themselves and all their activities in such a manner so that their employment or engagement with CPAB, or any confidential information gained therefrom, will not be used, whether directly or indirectly, for the benefit of any person.
- (4) Staff and consultants should recognize their duty to perform their work with skill and competence. Staff and consultants who are members of professional organizations should maintain themselves as members in

good standing throughout their term of employment or engagement with CPAB.

- (5) Staff and consultants should at all times be mindful of CPAB's mandate to promote audit quality, and in this regard, should carry out their dealings with a public accounting firm that is a participant in CPAB's oversight program in a positive and constructive manner.
  - (6) Staff and consultants should recognize that the degree of public confidence in the function and activities of CPAB depends heavily upon the observance of both the letter and spirit of this Code.
- (b)** No staff member or consultant shall act in a manner, regardless of whether specifically prohibited by this Code, which might reasonably result in or reasonably create the appearance that the staff member or consultant is:
- (1) using their official position with CPAB, or confidential information obtained through service for CPAB, for the gain of any person or entity;
  - (2) giving preferential treatment to any person or entity with respect to their work for CPAB;
  - (3) losing or compromising independence or objectivity with respect to their work for CPAB;
  - (4) adversely affecting the public confidence in, or the integrity, independence or objectivity of CPAB; or
  - (5) otherwise hindering the interests or reputation of CPAB.
- (c)** No former staff member or consultant may use confidential information obtained through service for CPAB for the gain of any person or entity.

#### **EC4. Financial and Employment Interests**

- (a)** While employed, or engaged as a consultant, by CPAB, no staff member or consultant shall:
- (1) be owed, directly or indirectly, any financial or other obligation by any public accounting firm that is a participant in CPAB's oversight program, or by any former employer, except:
    - a) benefits under a bona fide pension, retirement, group life, health or accident insurance, or other benefit plan that are related to service prior to commencement of employment with CPAB;
    - b) profit-sharing, stock-based compensation or other payments related to service prior to commencement of employment with CPAB; or
    - c) such other obligations permitted by this Code, or as may be specifically and expressly approved by the board; or
  - (2) owe, directly or indirectly, any financial or other obligation to any public accounting firm that is a participant in CPAB's oversight program, or to any former employer, except:
    - a) covenants not to compete or solicit;
    - b) non-disclosure agreements; or
    - c) such other obligations permitted by this Code, or as may be specifically and expressly approved by the board.
- (b)** No staff member while employed, or consultant while engaged by CPAB, may share in any of the profits of, or receive payments from, a public accounting firm that is a participant in CPAB's oversight program, other than fixed continuing payments under standard arrangements for retirement from public accounting firms.

## **EC5. Investments**

- (a)** Nothing in this Code prohibits staff and consultants or their spouses (or equivalents), or dependents from owning or holding financial instruments, real estate, commodities or other investments held for personal investment purposes, except that:
- (1) no staff member or consultant may have any financial interest in a public accounting firm that is a participant in CPAB's oversight program;
  - (2) no staff member or consultant may have beneficial ownership of, or control or direction over, directly or indirectly, the securities of a reporting issuer where the staff member or consultant is inspecting the audit working papers related to an engagement to audit the financial statements of the reporting issuer; and
  - (3) no staff member or consultant may have beneficial ownership of, or control or direction over, directly or indirectly, the securities of a reporting issuer where the staff member or consultant is involved in i) an investigation related to such reporting issuer; ii) a panel or committee reviewing matters related to such reporting issuer including, for example, an enforcement screening panel or engagement findings report panel; iii) or accesses the audit working papers related to an engagement to audit the financial statements of the reporting issuer for consultation purposes.
- (b)** In the event the staff member or consultant is requested to engage in any of the activities set out in EC5 (a)(3) above and identifies that they have a financial interest, the staff member or consultant shall inform the discussion participants of a conflict of interest and refrain from participating in the discussion related to such reporting issuer, recuse themselves from any the decision-making relating to the matter related to such reporting issuer and notify the team leader or the Vice President of Inspections of the financial interest they have. If in the first instance the conflict cannot be remedied by removing such staff member or consultant from such inspection, investigation or panel or committee or consultation request, the Ethics Officer shall be notified and an assessment of the financial interest for conflict of interest purposes, and the identification of any appropriate mitigation steps, shall be conducted.
- (c)** Staff and consultants should at all times be mindful of their responsibilities to CPAB and shall avoid personal financial activities that might affect or reasonably create the appearance of affecting their independence or objectivity.
- (d)** Staff and consultants should at all times be mindful that, in the course and scope of their employment or consulting activities, they may obtain knowledge of confidential, non-public information which, if disclosed, might affect the market value of the securities of a reporting issuer. Accordingly, staff members and consultants shall not:
- (1) disseminate or otherwise disclose any such confidential, non-public information obtained by virtue of their employment or consulting activities with CPAB,
  - (2) use such information for the financial gain of themselves or others.

For the purposes of this section, confidential, non-public information which might affect the market value of the securities of a reporting issuer may be a matter which may result in a material restatement of the financial

information of a reporting issuer or an allegation of fraud.

#### **EC6. Outside Activities**

- (a)** Staff of CPAB may only undertake other employment or other activity for compensation with the express and specific approval of the Chief Executive Officer of CPAB.
- (b)** No staff member or consultant of CPAB shall engage in any outside activity, whether or not for compensation, that:
  - (1) affects or reasonably creates the appearance of affecting their independence or objectivity;
  - (2) interferes with their responsibilities to CPAB; or
  - (3) otherwise hinders the interests or reputation of CPAB.

In determining whether a proposed outside activity by a staff member or consultant represents a threat to independence, the staff member's or consultant's responsibilities to CPAB or the interests or reputation of CPAB as prohibited by EC6 (b), the Chief Executive Officer or Ethics Officer of CPAB shall identify the threat, evaluate the significance of the threat and, if the threat is other than clearly insignificant, consider whether any proposed safeguards would eliminate the threat or reduce it to an acceptable level.

#### **EC7. Gifts, Reimbursements, Honoraria and Other Things of Value**

- (a)** No staff member or consultant shall, directly or indirectly, solicit or accept any gift, reimbursement, honoraria or anything of monetary value from any source that might reasonably be viewed as:
  - (1) interfering with their independence, objectivity or responsibilities to CPAB; or
  - (2) otherwise hindering the interests or reputation of CPAB.
- (b)** In connection with their CPAB role or responsibilities, no staff member or consultant shall accept payment for or reimbursement of travel-related expenses from any organization other than CPAB, except:
  - (1) for travel that is in direct connection with the staff member's or consultant's participation in an educational forum; and
  - (2) the educational forum is principally sponsored by, and the travel-related expenses are paid or reimbursed by:
    - a) a federal, provincial or municipal governmental body, or an association of such bodies;
    - b) an accredited institution of higher learning;
    - c) a registered charity or a non-profit organization described in paragraph 149(1)(l) of the Income Tax Act, provided such organization is not principally funded from one or more public accounting firms that are participants in CPAB's oversight program or reporting issuers; or
    - d) institutions equivalent to those in EC7(b)(2)(a) – (c) located outside Canada.

## **EC8. Use of CPAB Assets**

Staff and consultants should protect CPAB's assets and use them solely for purposes of conducting CPAB business.

## **EC9. Disqualification**

- (a) If a staff member or consultant becomes aware of circumstances or facts that might lead a reasonable person to believe that the staff member or consultant may have a financial interest or other relationship that might affect, or reasonably create the appearance of affecting, their independence or objectivity with respect to CPAB's purpose or activities, then the staff member or consultant shall, at the earliest possible date:
- (1) disclose such financial interest or other relationship to the Ethics Officer;
  - (2) take appropriate measures to eliminate the financial interest or other relationship at the earliest practical date but no later than 30 days after the person has knowledge of the financial interest or other relationship and the right or ability to eliminate it; and
  - (3) if the financial interest or other relationship has not been eliminated in accordance with EC9(a)(2), recuse themselves from further CPAB activities involving or relating to the financial interest or other relationship.

Note: For the purposes of applying this provision upon commencement of their employment or engagement as a consultant, staff members and consultants must report any financial interests or other relationships of which they are aware or become aware that might affect, or reasonably create the appearance of affecting, their independence or objectivity with respect to CPAB's purpose or activities, within the first 60 days of their employment or engagement as a consultant, or 60 days from the effective date of this Code, whichever is later.

- (b) No staff member or consultant may participate in an inspection of, or an investigation involving, a public accounting firm with which the individual was previously associated as an employee or partner at any time during the ten preceding years.
- (c) No staff member or consultant may inspect audit working papers related to an engagement to audit the financial statements of a reporting issuer in which the individual has ownership of, or control or direction over, directly or indirectly, the securities of the reporting issuer.
- (d) For a period of five years commencing on the date of employment or engagement as a consultant, no staff member or consultant may participate in the making of a decision, including for example the determination of enforcement findings or while a member of an enforcement screening panel, that is reasonably likely to have a material effect, direct or indirect, on a public accounting firm with which the individual was previously associated as an employee or partner, or on any other former employer of the individual, when such prior partnership or employment terminated within five years from the date of employment or engagement as a consultant with CPAB.

## **EC10. Non-Public Information**

- (a) Unless authorized by the board, no staff member or consultant shall disseminate or otherwise disclose any

information obtained in the course of their employment or engagement as a consultant, and that has not been released, announced, or otherwise made available publicly.

- (b) The provisions of this Section shall continue in effect after the termination of employment or engagement as a consultant.

#### **EC11. Speaking for CPAB**

Unless authorized to speak on behalf of CPAB, staff and consultants shall include a disclaimer for any private publication or public statement by indicating that the views expressed are those of the author or speaker and do not necessarily reflect the view of CPAB, or of other staff or consultants of CPAB. Please see CPAB's Media Relations Policy for further details on speaking for CPAB and staff and consultants' obligations with respect to the media.

#### **EC12. Ethics Officer**

The board shall designate an Ethics Officer who shall be empowered to:

- (a) counsel staff and consultants regarding compliance with or potential violations of this Code;
- (b) issue advisory opinions, as deemed necessary, to staff and consultants regarding potential violations of this Code; and
- (c) make recommendations to the board regarding waiver requests and potential violations of, or amendments to, this Code.

#### **EC13. Post-Employment Restrictions**

##### **(a) Negotiating Prospective Employment or Partnership**

- (1) Staff and consultants may not negotiate prospective employment or partnership with:
  - a) a public accounting firm that is a participant in CPAB's oversight program and with which they had substantial involvement during the previous twelve months; or
  - b) any other public accounting firm that is a participant in CPAB's oversight program, or a reporting issuer, without first disclosing to CPAB's Ethics Officer the identity of the entity in question and recusing themselves from all CPAB matters, including for example enforcement screening panels and determination of engagement findings, directly affecting that entity.
- (2) For purposes of this Section, negotiating prospective employment or partnership means submitting a resume or job application to a single entity; participating in an interview; discussing an offer of employment, partnership or contract; or accepting an offer of employment, partnership or contract, even if the precise terms are still to be developed. Submitting a resume or job application to a group of entities or receiving an unsolicited inquiry of interest that is rejected, do not alone constitute negotiating prospective employment or partnership.

**(b) Prohibition on Representation Before or Communication to CPAB**

- (1) For a period of one year following termination of employment or engagement as a consultant, an individual may not:
  - a) knowingly act as an agent or counsel for, or otherwise represent, any other person in any formal or informal appearance before CPAB with respect to a review proceeding or arbitration; or
  - b) make any oral or written communication on behalf of any other person to, and with the intent to, influence CPAB with respect to a review proceeding or arbitration.
- (2) Former staff members and consultants shall not represent before or communicate to CPAB as set forth in EC13(b)(1) (a) and (b), on a particular matter in which the staff member or consultant participated personally and substantially as a staff member or consultant.
- (3) For the purposes of this Section, participating in the financial reporting process as the officer or director of a reporting issuer or participating in an engagement to audit a reporting issuer's financial statements does not, in and of itself, constitute representation before or communication to CPAB as set forth in EC13(b)(1)(a) and (b).

**(c) Employment or Partnership with a Public Accounting Firm**

Maintaining the highest standards of ethical conduct among staff and consultants engaged by CPAB and ensuring public confidence in the objectivity of CPAB's decisions through the avoidance of actual and perceived conflicts of interest involving staff and consultants are key objectives of this Code. The following post-employment/engagement restrictions have been implemented to minimize the possibility of actual or perceived conflicts of interest arising, thereby protecting the integrity of CPAB's regulatory process:

- (1) Except with CPAB's prior written consent, former staff members or consultants shall not, for a period of one year following termination of employment or their engagement as a consultant, accept employment or partnership with a public accounting firm that is a participant in CPAB's oversight program, with which they had substantial involvement during the twelve months immediately prior to the termination of their employment or engagement as a consultant.
- (2) If a former staff member or consultant accepts employment or partnership with a public accounting firm that is a participant in CPAB's oversight program but with which the former staff member or consultant did not have substantial involvement during the twelve months immediately prior to the termination of their employment or engagement as a consultant, the staff member or consultant shall not, for a period of one year following termination of employment or their engagement as consultant, provide counsel, advice or otherwise be involved in any matters at the public accounting firm involving CPAB.
- (3) Former staff members or consultants shall, for a period of one year following termination of employment or their engagement as a consultant, inform CPAB's Ethics Officer of any employment or partnership



opportunities that the individual may be considering that could be perceived as giving rise to a real, apparent or potential conflict of interest, or could otherwise hinder the interests or reputation of CPAB.

#### **EC14. Compliance and Reporting**

Staff and consultants and former staff and consultants must seek guidance from the Ethics Officer when in doubt about the best course of action in a particular situation.

Staff and consultants are required to report violations of this Code to the Ethics Officer. Violations of this Code are taken very seriously. If a staff or consultant knows of or suspects a violation, they should report it and not conduct their own preliminary investigation into a matter to avoid adversely affecting or compromising the integrity of any investigation that may be conducted.

Staff and consultants must act in good faith when reporting a known or suspected violation of this Code. It is a violation of this Code for anyone to make an allegation of a violation of this Code that is knowingly false or in bad faith.

A staff or consultant will suffer no adverse consequences when making reports in good faith of a known or suspected violation of this Code, or if they question whether a situation is a violation or if they ask for guidance on how to handle a known or suspected violation. Retaliation in any form is not tolerated against anyone who, in good faith, reports a violation. It is a violation of this Code to suggest that anyone could face repercussions for reporting a violation of this Code.

Reported violations are investigated promptly and fairly. An individual should report a violation to the Ethics Officer. If the Ethics Officer is involved, the reporter should report it to their immediate manager, and the manager will inform the Chief Executive Officer directly.

Should the reporter name the Chief Executive Officer as the party violating the Code, the Ethics Officer shall inform the Chair of the Board of Directors.

Reports of possible violations of this Code will be treated in a confidential and sensitive manner. If the reporter chooses not to remain anonymous, their identity will be known by the Ethics Officer and those involved in investigating the possible violation. The reporter's identity will only be shared outside that group if it is needed to ensure fairness and due process, or to conduct a competent investigation, or if disclosure is required by law, in which case the reporter will be informed.

Staff or consultants uncomfortable reporting a violation to any of the people noted above, or those who prefer to remain anonymous, may use the secure anonymous reporting system which is CPAB's Ethics Hotline, which can be accessed via CPAB's website or at <http://www.clearviewconnects.com/>. Additional protections for such reporting are found in the Ethics Hotline Whistleblower Policy.

#### **EC15. Waiver**

Unless otherwise prohibited by law, the board (or person to whom the board may delegate this responsibility) may

grant a request for waiver of any provision of this Code. Such waivers must be requested in writing by the staff member or consultant and evaluated by the Ethics Officer. The board will grant waiver requests only after a finding that the waiver would not otherwise hinder the interests or reputation of CPAB.

#### **EC16. Certification**

Staff and consultants shall agree in writing to comply with this Code at the commencement of their employment or engagement as a consultant with CPAB, or from the effective date of this Code, whichever is later, and shall, throughout the term of their employment or engagement as a consultant, certify annually in writing to the Ethics Officer their continuing compliance with it.

#### **EC17. Failure to Comply**

A staff member or consultant who does not comply with the requirements of this Code is subject to appropriate disciplinary action, up to and including termination of their employment or engagement as a consultant.