

## Code of Ethics (Board of Directors)

### 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 (Board of Directors) is to maintain the highest standards of ethical conduct among members of the board of directors (board), and to provide the public with confidence in the integrity of CPAB's decisions by seeking to avoid both actual and perceived conflicts of interest involving board members.

All board members are expected to read and comply with this Code of Ethics. Each board member 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 current board members. EC3(c) and EC10 apply to former board members.

### 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) Code**

The term Code means this Code of Ethics (Board of Directors), as it may be amended from time to time.

**(c) Honoraria**

The term honoraria means anything received by a board member 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 on behalf of CPAB. 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.

### **EC3. General Principles**

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

- (1) board members 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) board members 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 board member 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 board member 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 the board member's work for CPAB; losing independence or objectivity with respect to the board member's work for CPAB.
- (3) adversely affecting the public confidence in the board member's independence, objectivity or responsibilities to CPAB.
- (4) otherwise hindering the interests or reputation of CPAB.

**(c)** No former board member may use confidential information obtained through service for CPAB, for the gain of any person or entity.

### **EC4. Financial Interests in a Public Accounting Firm**

Notwithstanding any other provision of this Code, no board member 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**

Nothing in this Code prohibits board members from owning or holding financial instruments, real estate, commodities or other investments held for personal investment purposes, except that no board member may have any financial interest in a public accounting firm that is a participant in CPAB's oversight program.

### **EC6. Outside Activities**

**(a)** No board member shall engage in any outside activity, whether or not for compensation, that:

- (1) affects or reasonably creates the appearance of affecting the board member's independence or objectivity.
- (2) interferes with the board member's responsibilities to CPAB.
- (3) otherwise hinders the interests or reputation of CPAB.

- (b)** In determining whether a proposed outside activity by a board member represents a threat to independence, the individual's responsibilities to CPAB or the interests or reputation of CPAB as prohibited by EC6(a), the board, the Chief Executive Officer (CEO) 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.
- (c)** Notwithstanding any other provision of this Code, a board member who intends to accept any position with a Canadian reporting issuer, or a foreign reporting issuer or fund controlled by a Canadian reporting issuer, whether or not for compensation, shall advise the Board Chair before any such position is accepted, so that any potential conflicts can be identified.

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

- (a)** No board member 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 the board member's independence, objectivity or responsibilities to CPAB.
  - (2) otherwise hindering the interests or reputation of CPAB.
- (b)** In connection with their CPAB role or responsibilities, no board member 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 board member's participation in an educational forum.
  - (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.
    - (D) institutions equivalent to those in EC7(b)(2)(A) – (C) located outside Canada.

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

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

#### **EC9. Disclosure and Recusal Obligations**

If a board member becomes aware of circumstances or facts that might lead a reasonable person to believe that the board member or their spouse, spousal equivalent, or dependent, may have a financial interest or other relationship that might affect, or reasonably create the appearance of affecting, the board member's independence or objectivity with respect to CPAB's purpose or activities, or if the board member inadvertently gains confidential participating audit firm information that could reasonably create, or appear to create, a conflict of interest, then the following process shall be followed:

- (a) The board member shall, at the earliest possible date, disclose all relevant facts and circumstances to the Board Chair and the Ethics Officer;
- (b) The Board Chair and Ethics Officer will assess the facts and circumstances and may request any additional information necessary to conduct the assessment; and
- (c) The Board Chair and Ethics Officer will determine whether a recusal of the board member is necessary or whether other measures to mitigate the potential or actual conflict of interest should be put in place.

Note 1: For the purposes of applying this provision, upon commencement of their appointment, board members must report any financial interests or other relationships 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 appointment, or 60 days from the effective date of this Code, whichever is later.

Note 2: As a consequence of CPAB's new disclosures regime, participating audit firm names and firm inspection results will be made public at the end of CPAB's inspections. While the names of firms will continue to be anonymized in board materials, a board member could inadvertently become aware of the identity of a public accounting firm before its name and inspection results are published.

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

- (a) Unless authorized by the board, no board member shall disseminate or otherwise disclose any information obtained in the course of their board membership and that has not been released, announced, or otherwise made available publicly. The board member may not use non-public information to directly or indirectly benefit the board member or anyone else or a business, or for other activities outside of the board members' work for CPAB.
- (b) No board member shall use, disclose, disseminate, or otherwise make available any non-public or confidential information obtained in the course of their board membership, including information relating to participating audit firm inspection results, unless expressly authorized by the board. Board members must take all reasonable precautions to prevent disclosure of confidential information.
- (c) The provisions of this section shall continue in effect and be binding on board members after the termination of their board membership.

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

Unless authorized to speak on behalf of CPAB, board members 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 other board members.

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

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

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

### **EC13. Post-Appointment Restrictions**

Maintaining the highest standard of ethical conduct among the members of the board and ensuring public confidence in the objectivity of CPAB's decisions through the avoidance of actual and perceived conflicts of interest among members of the board, are key objectives of this Code. The following post-appointment 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:

- (a)** For a period of one year following termination of board membership, an individual may not:
  - (1) knowingly act as an agent or counsel for, or otherwise represent, any other person in any formal or informal appearance before CPAB including with respect to a review proceeding, expedited hearing, enforcement proceedings, investigation or arbitration.
  - (2) 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, expedited hearing or arbitration.
  - (3) except with CPAB's prior written consent, accept employment, partnership, contract or board appointment with a public accounting firm that is participant in CPAB's oversight program, which employment, partnership, contract or board appointment could cause the perception of conflict of interest or otherwise hinder the interests or reputation of CPAB.
- (b)** Former board members shall not represent before CPAB or communicate to CPAB as set forth in EC13(a)(1) and (2), on a particular matter in which the board member participated personally and substantially as a board member.
- (c)** For 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(a)(1) and (2).

### **E14. Compliance**

Board members and former board members are encouraged to seek guidance from the Ethics Officer when in doubt about the best course of action in a particular situation. Additionally, board members are required to report violations of this Code to the Ethics Officer and will suffer no adverse consequences when making reports in good faith.

### **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 board member 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. The nature of any waivers granted will be promptly made available to the public through the CPAB website, subject to the withholding of information that would constitute a clearly unwarranted invasion of personal privacy.

#### **EC16. Certification**

Board members shall agree in writing to comply with this Code at the commencement of their appointment, or from the effective date of this Code, whichever is later, and shall, throughout the term of their appointment, certify annually in writing to the Ethics Officer their continuing compliance with it.

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

A board member who does not comply with the requirements of this Code could be subject to termination of their appointment.