




CPA

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PROFESSIONAL
ACCOUNTANTS
BRITISH COLUMBIA

CPABC Updates on the Profession

A top-down view of a desk with a wooden texture. In the top left, a portion of a white keyboard is visible. Below it is a white smartphone with a black screen. To the right of the phone are two black paper clips. Further right is a black pen. In the top center, a small green plant is partially visible.

CPAs GIVING BACK

PROFESSION PRIORITIES

COMPETENCY MAP UPDATES

STANDARDS UPDATES

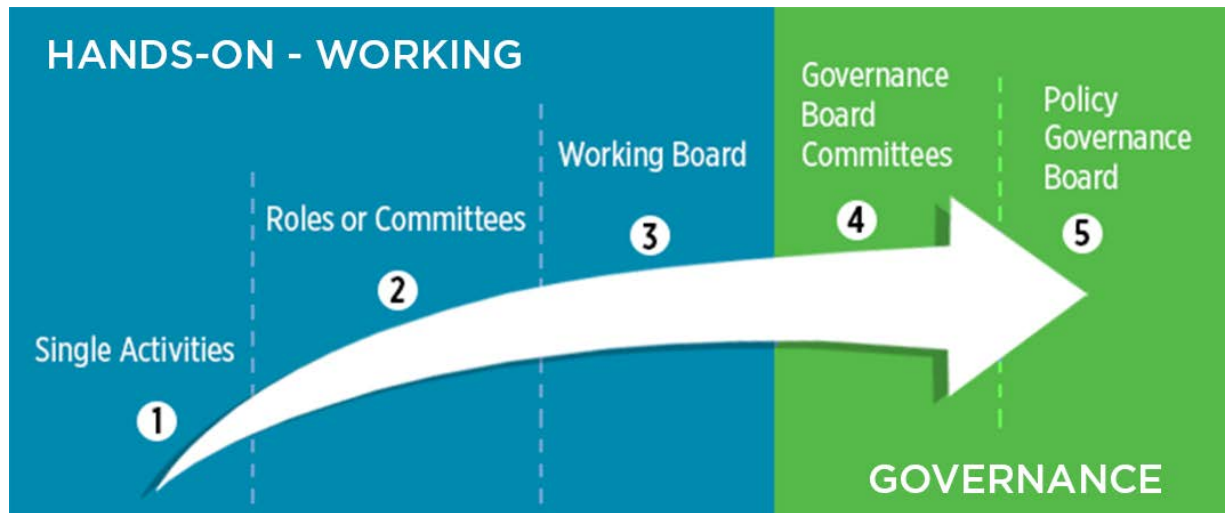
CYBERSECURITY



Giving back is important. Without our volunteers, the CPA profession and organizations in our communities would look very different.

55% of BC CPAs
give back



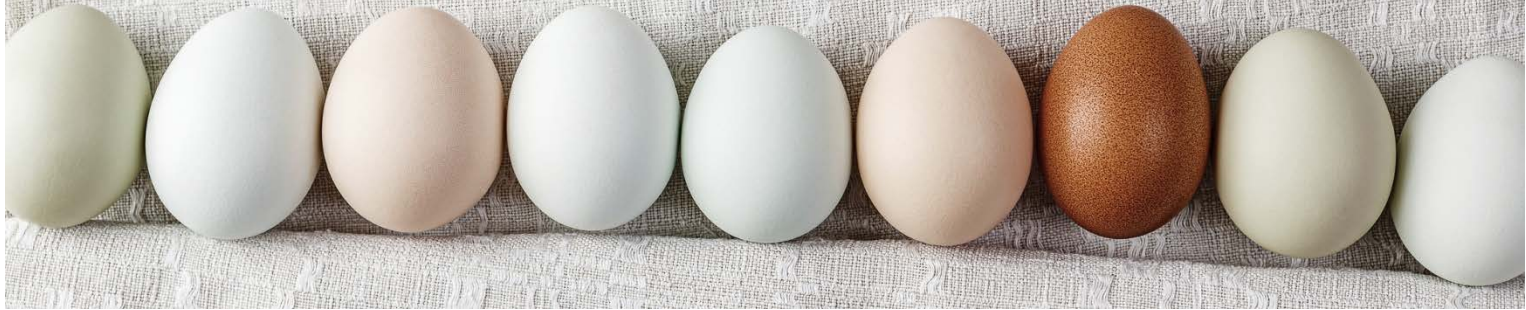


Volunteer Continuum

bccpa.ca/volunteer

CPABC commits that it will:

- **Continue the learning** and listening journey, both as individuals and as a collective.
- **Explore what the commitment** to Equity, Diversity, and Inclusion (EDI) means for CPABC.
- **Take immediate and prudent steps** to advance EDI.
- **Establish clear measurable goals** and act to implement, track, and ensure accountability.





Indigenous Gathering on Pathways in Business

An afternoon of knowledge sharing on careers in business,
finance and accounting for First Nations, Inuit, and Métis people

Oct. 14,
2021

3:30pm
to 7:30pm
PDT

Event Partners:





Environmental Social Governance



ESG

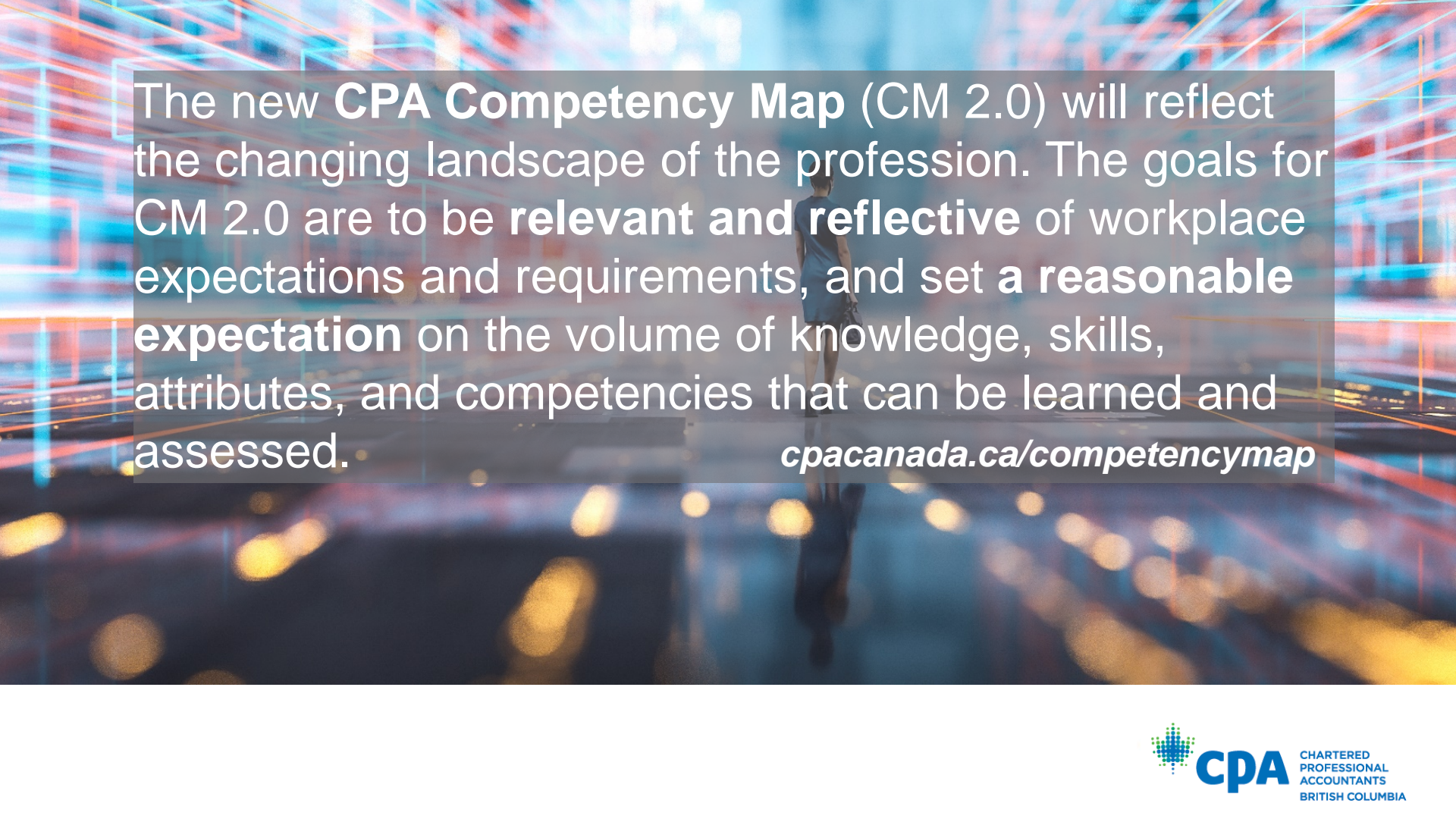
We need to **intentionally build ESG** into more holistic strategies and create appropriate reporting to demonstrate **transparency and accountability**. An internationally-recognized **ESG reporting standards**, such as one spearheaded by IFRS Foundation, **will be necessary**.



Businesses of all sizes will need to identify **why** they should **integrate ESG** into their strategic and operational plans. This “why” is what will create **the buy-in needed to drive action and change.**




- Access to capital
- Risk-mapping
- Company/brand reputation
- Talent attraction



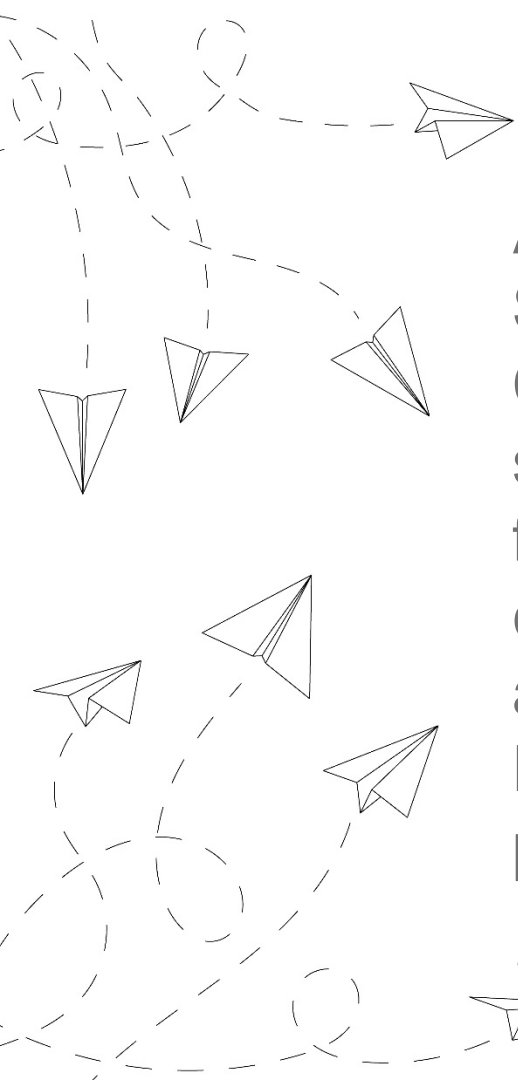
The new **CPA Competency Map** (CM 2.0) will reflect the changing landscape of the profession. The goals for CM 2.0 are to be **relevant and reflective** of workplace expectations and requirements, and set a **reasonable expectation** on the volume of knowledge, skills, attributes, and competencies that can be learned and assessed.

cpacanada.ca/competencymap



The new competency map is **not a traditional map**. Instead, it is a map that **reflects a world** that is in **constant flux**. CM2.0 is presented in a way that allows it to **adapt and transform** as things evolve and help prepare **future-ready CPAs** at the pre-certification level.

cpacanada.ca/competencymap

A decorative graphic on the left side of the slide features several paper airplanes in various orientations, connected by a network of dashed lines that suggest movement and connectivity.

Approved in February, the new **Canadian Standard on Related Services (CSRS) 4200**, Compilation Engagements, updates and strengthens the **requirements and guidance** for accepting, conducting, and reporting on compilation engagements. The new standards are effective for years ending on or after **December 14, 2021** with early application permitted.


bccpa.ca/kbase

A decorative graphic on the left side of the slide features several paper airplanes. Some are solid line drawings, while others are dashed outlines. Dashed lines also connect the airplanes, suggesting a path or trajectory. The graphic is located on the left side of the slide, partially overlapping the text area.


In January 2021, the **Auditing and Assurance Standards Board (AASB)** approved a suite of quality management standards, introducing a **robust and proactive approach** to managing quality at the firm and engagement levels that is **scalable** to firms of all sizes and all engagements. The new standard takes a **risk-based approach** and expands its scope to include related services engagements.

bccpa.ca/kbase

WEF Six Consensus Principles on Cybersecurity

- 
1. Recognize cybersecurity as a strategic business enabler.
 2. Understand the economic drivers and impact of cyber risk.
 3. Align cyber risk management with business needs.

WEF Six Consensus Principles on Cybersecurity

- 
4. Ensure organizational design supports cybersecurity.
 5. Incorporate cybersecurity expertise into board governance.
 6. Encourage systemic resilience and collaboration.



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ANTI-MONEY LAUNDERING REGULATORY UPDATE AND RED FLAGS

October 2021 Member Engagement Tour
Jessica McKeachie, CPABC Senior Advisor, Public Interest

Presentation Outline

- Overview of Canada's AML regime
- Recent regulatory and other developments of interest
- Evolving MLTF risks and red flags

Canada's AML Regime

Background and Context

- The top three underlying offences related to FINTRAC disclosures in 2019-20 were: Drugs (31%), Fraud (30%), and Tax Evasion (14%)
- Disclosure packages to FINTRAC in 2019-20 were most commonly from Ontario, Quebec and British Columbia
- 70% of money laundering is done through corporations

Canada's AML Regime

Beneficial Ownership Registries

- **British Columbia**

- As of **October 1, 2020** private companies subject to the B.C. *Business Corporations Act* are required to prepare and maintain a transparency register of beneficial owners, including individuals who have direct or indirect control of the company or its shares.
- **November 30, 2021**, the *Land Owner Transparency Act* (LOTA) deadline for existing reporting bodies with an interest in land to file a transparency report. Filings must be submitted electronically by a legal professional.

Canada's AML Regime

Beneficial Ownership Registries

- **Canada**

- As of **June 13, 2019** the Canadian Business Corporations Act (CBCA) require corporations governed by the CBCA to maintain information on beneficial ownership.
- <https://www.cpacanada.ca/en/business-and-accounting-resources/taxation/blog/2019/march/beneficial-ownership-rules-start-preparing-now>

2020/21 PCMLTFA Regulatory Changes

- June 1, 2020
 - suspicious transactions to FINTRAC “as soon as reasonably practicable”

2020/21 PCMLTFA Regulatory Changes

- June 1, 2021
 - obtain and take reasonable steps to confirm the accuracy of beneficial ownership information when conducting mandatory KYC checks.
 - new definition for when an accountant or accounting firm is considered to have entered into a business relationship.
 - additional client verification requirements for large virtual currency transactions (equivalent to \$10,000 or more), which are subject to the 24-hour rule
 - screenings for PEPs, HIOs, and the family members and close associates of PEPs and HIOs
 - recordkeeping requirements

Recent Developments of Interest

- **2021 FATF Review Report**

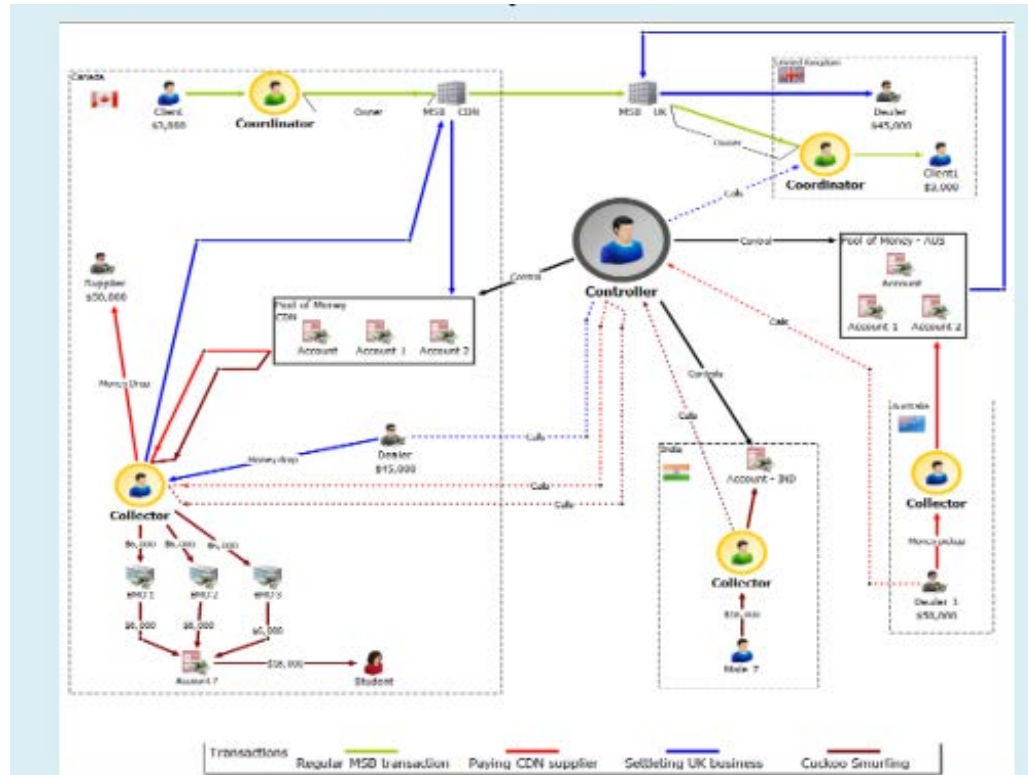
- Canada is compliant on 11 of the 40 Recommendations and largely compliant on 23 of them. It remains partially compliant on 5 Recommendations and non-compliant on one.

- **Cullen Commission of Inquiry**

- Report due December 15, 2021
- Recommendations will be focused on BC

Evolving Money Laundering Risks and Red Flags

- **Cash**
 - International Money Controllers



Note: 1. For further information about hawala, see FATF, *Role of Hawala and Other Similar Service Providers in ML and TF*, October 2013

Source: Australia

Source: FATF Professional Money Laundering 2018

<https://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf>

Evolving Money Laundering Risks and Red Flags

- **Trust Accounts**

- By nature post issues with high velocity of transactions
- CPA's trust accounts NOT exempt from FINTRAC reporting

Evolving Money Laundering Risks and Red Flags

- **COVID**

- New sources of funds = new sources of laundering opportunities

- **Trade Based Money Laundering**

- disguising and moving illicit financial flows through the use of trade transactions.

Evolving Money Laundering Risks and Red Flags

Recent cases

- **Mozambique**
 - Tuna
- **BC lawyers**
 - Money moving through trust accounts without connection to legal services

RESOURCES

- FINTRAC
 - <https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>
- CPABC
 - CPABC's AML Webpage www.bccpa.ca/aml
- CPA Canada
 - AML Compliance Guide – Coming Soon!



THE IMPORTANCE OF ESG REPORTING

CPA BC Member Engagement Tour 2021

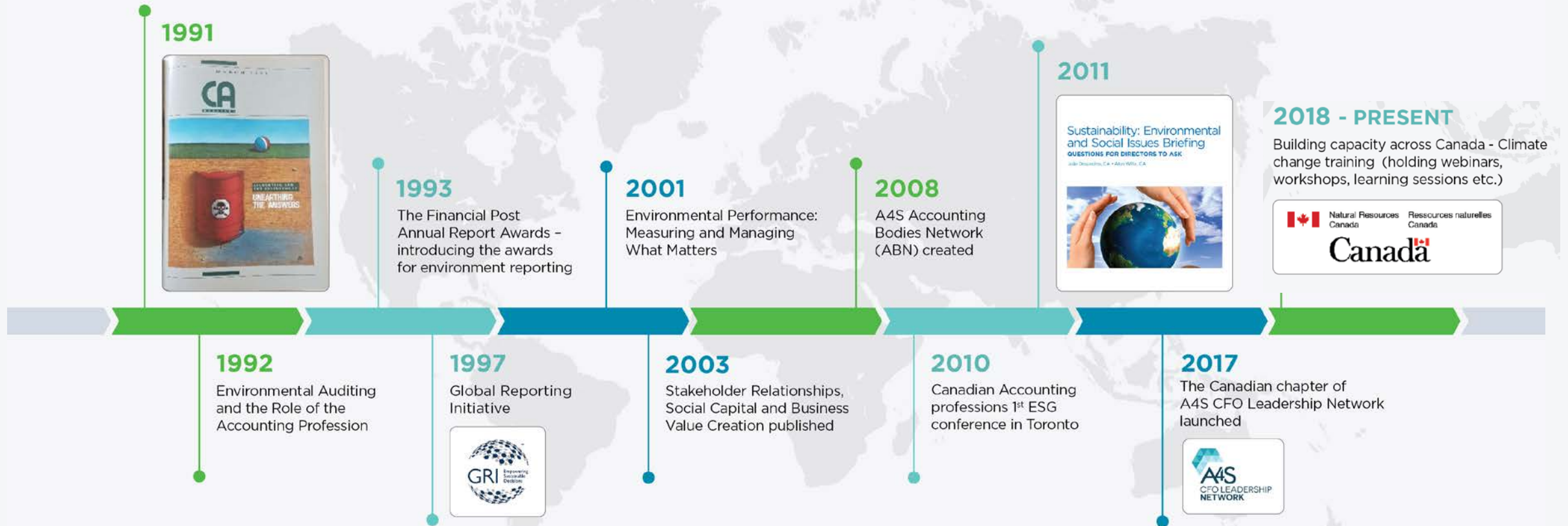
Rosemary McGuire, Director, Research, Guidance & Support, CPA Canada

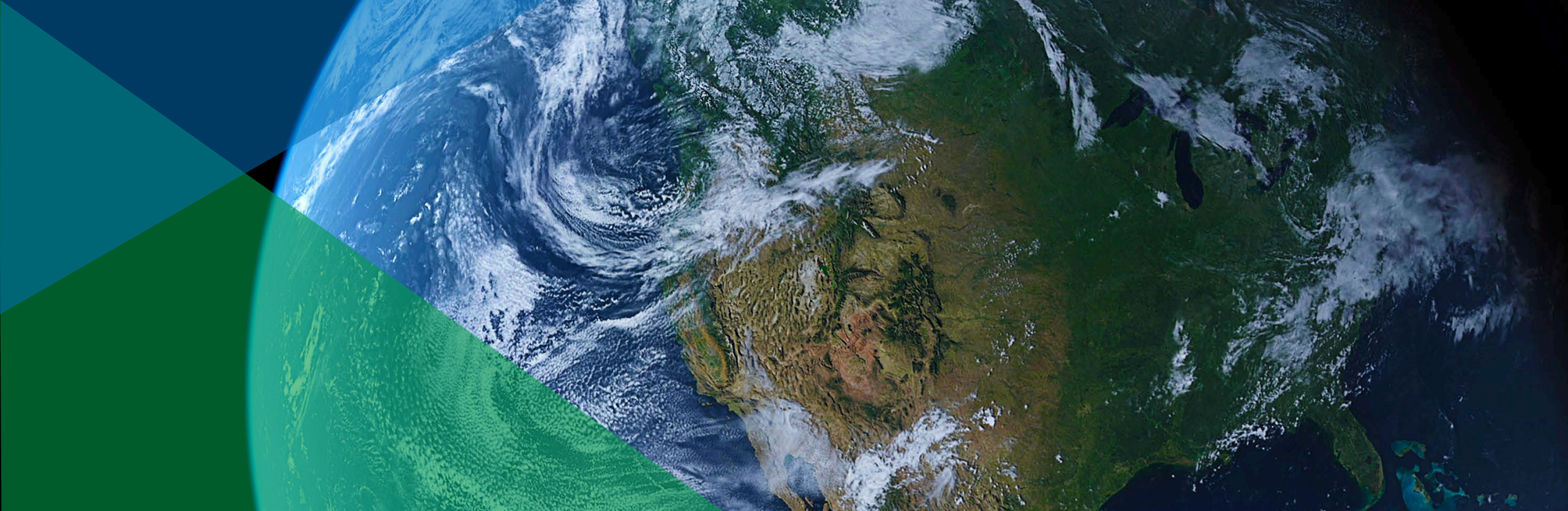
rmcguire@cpacanada.ca

Agenda

- 1) Canadian and global context
- 2) Investor perspectives
- 3) Reporting challenges
- 4) IFRS Foundation's proposed International Sustainability Standards Board
- 5) Key takeaways

Canadian accounting profession – 30 years of ESG/sustainability





Canadian and Global Context

Complex and continuously evolving ...

...

Climate action and sustainability are part of Canada's recovery plans

As we continue to address the impacts of COVID-19 and ensure our strong economic recovery, we must also continue to fight climate change for the good of Canadians, our economy, and our planet. Canadians don't have to choose between clean air and good jobs. This strengthened climate plan will help us build a healthier, fairer, and more resilient future that we can be proud to pass on to our children and grandchildren.”²

The Rt. Hon. Justin Trudeau, Prime Minister of Canada

² Office of the Prime Minister of Canada, [*Prime Minister announces Canada's strengthened climate plan to protect the environment, create jobs, and support communities*](#), 2020

Commitment to sustainability at all levels of government

Canada announces first federal green bonds as part of its 2021 budget

Montréal Climate Plan: Objective carbon-neutral by 2050



Government of Canada
Gouvernement du Canada

MENU

[Canada.ca](#) > [Environment and natural resources](#) > [Climate change](#) > [Canada's climate plan](#)

Last updated December 15, 2020 • Reading time: 2 min

Related [Climate change](#)

Net-Zero Emissions by 2050



The transition to a cleaner, prosperous economy needs to be both an immediate priority a years and decades ahead. The only way to meet this long-term goal is for Canada to keep i building on existing measures.

Province of Ontario Green Bonds

Overview

Ontario is currently the largest issuer of Canadian dollar Green Bonds, with ten green issues totaling \$10.75 billion, of which \$10.25 billion is currently outstanding.

Ontario's Green Bonds capitalize on the Province's ability to raise funds at low interest rates and serve as an important tool to help finance public transit initiatives, extreme-weather resistant infrastructure, and energy efficiency and conservation projects.

Green Bond Q&A's

- [Download the Green Bond Q&A's \(PDF\)](#).



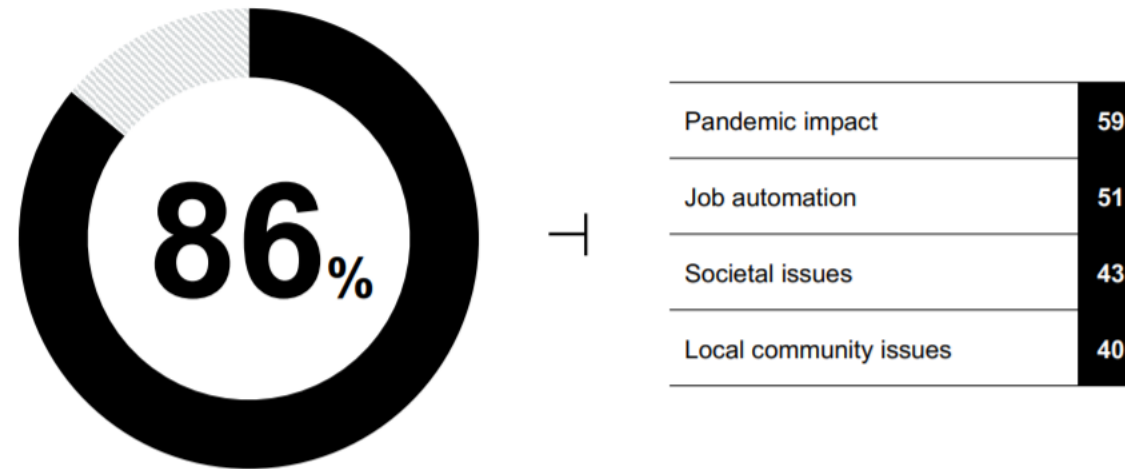
“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers and the communities in which they operate.”

— Larry Fink, CEO of BlackRock
[2018 Letter to CEOs](#)

2021 Edelman Trust Barometer Global Report

CEOS MUST LEAD ON SOCIETAL ISSUES

I expect **CEOs to publicly speak out** about one or more of these societal challenges



Source: 2021 Edelman Trust Barometer Global Report



Recent developments in ESG/Sustainability



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Recent developments cont'd



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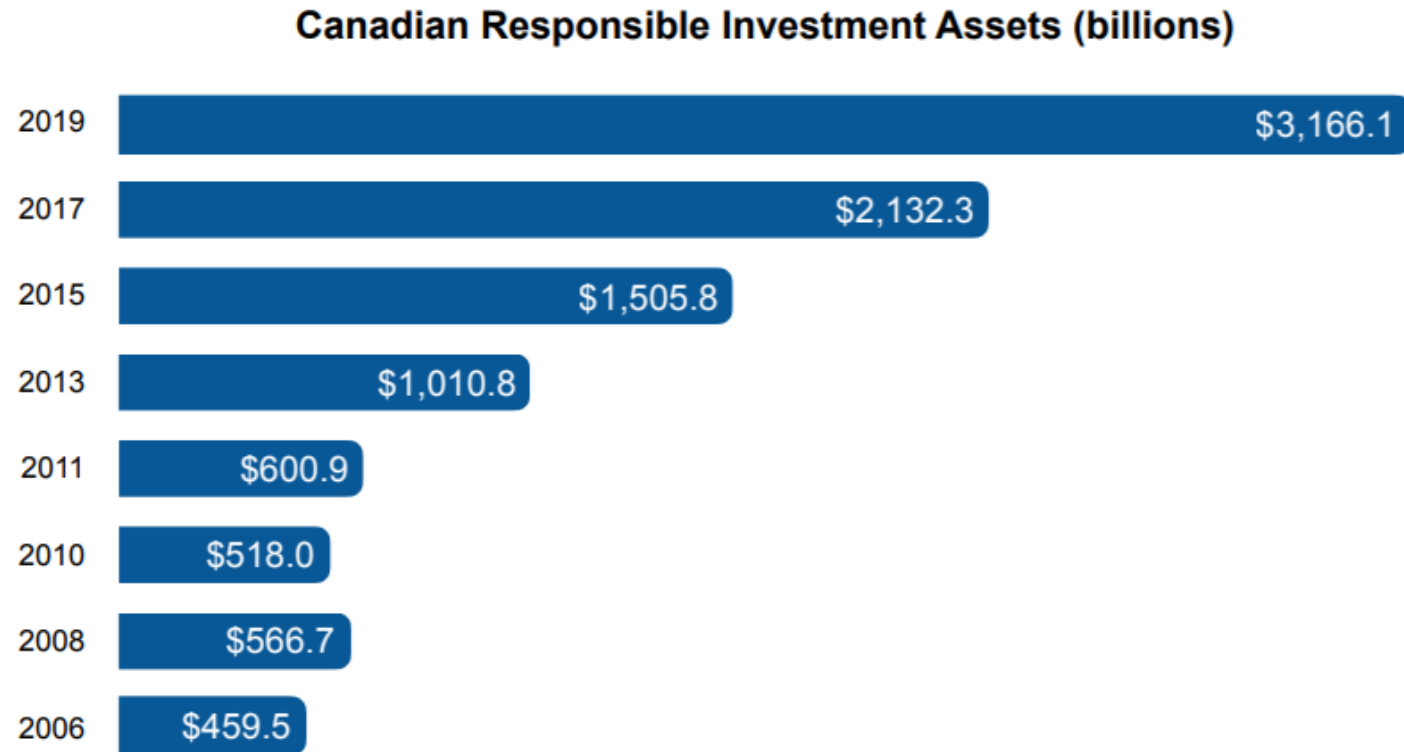
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Investor perspectives

Data and disclosure matter

Sustainability a priority for Canadian investors



Source: [2020 Canadian Responsible Investment Trends Report](#) [Responsible Investment Association, November 2020]

Globally – investor expectations are shifting

Almost 60% of mutual fund assets will be ESG by 2025 ⁴

97%

of investors
evaluate
non-financial
Disclosures ⁵

100%

of investors
and bond rating
organization buy
climate-related
financial data
from 3rd party
data providers ⁶

56%

of investors said that a
company's non-financial
disclosures are either not
available or inadequate for
meaningful comparison with
those of other companies ⁷

⁴ PwC, [2022 – The Growth Opportunity of the Century](#), 2020

⁵ EY, [Environmental, social and governance \(ESG\) or nonfinancial factors have become integral to the investment decision-making process](#), 2018

⁶ CPA Canada, [Progressive Investors and Corporate Disclosure](#), 2019

⁷ EY, *ibid.*

Risk of “greenwashing” is a concern

UNDER INCREASED SCRUTINY AS DEMAND FOR ESG-RELATED CONSUMER AND INVESTMENT PRODUCTS INCREASES

‘Regulators target “greenwashed” products

The ESG investing space has become increasingly susceptible to marketing hype

Sustainable Business

U.S. SEC to consider new 'sustainable' fund criteria, data disclosure rules

Greenwashing biggest challenge of ESG investing, say institutions



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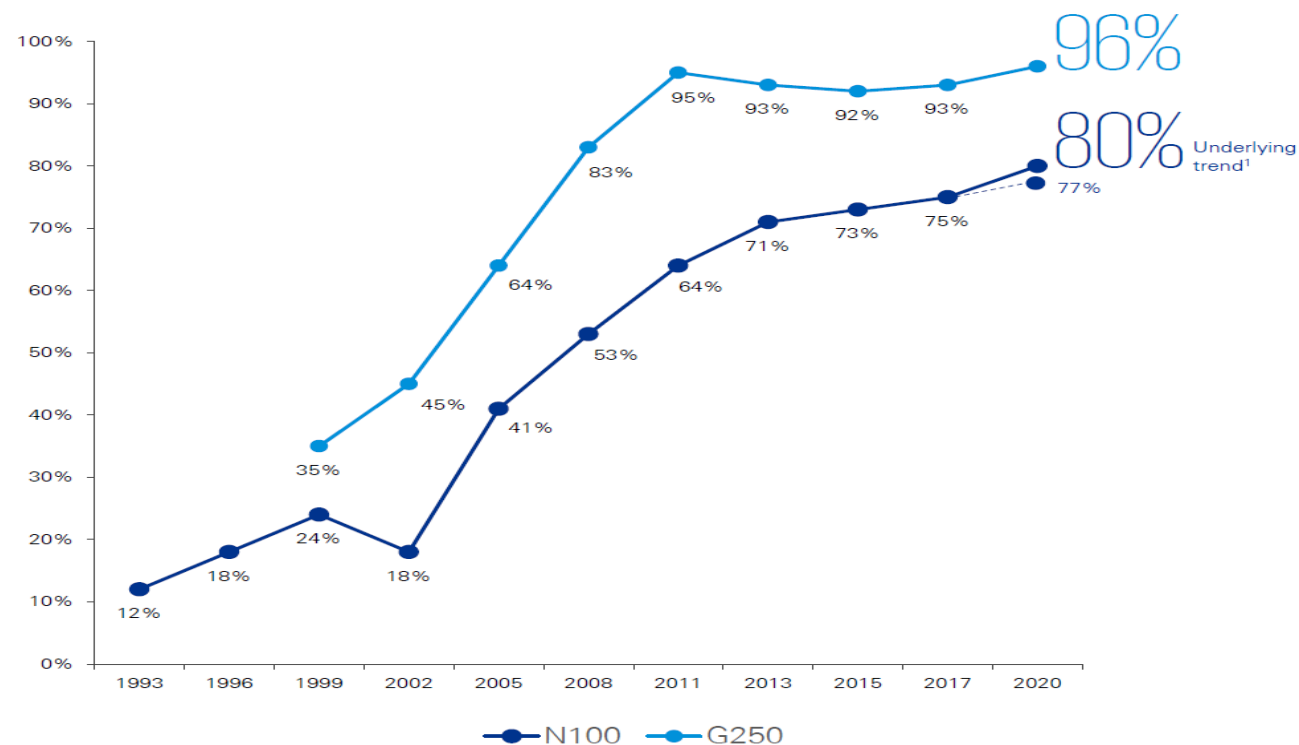


Reporting challenges

Sustainability reporting is growing worldwide

CANADA (92 PERCENT) AMONG THE 10 COUNTRIES WITH THE HIGHEST SUSTAINABILITY REPORTING RATES IN THE WORLD

Growth in global sustainability reporting rates since 1993: N100 and G250



Source: KPMG Survey of Sustainability Reporting 2020

Reporting challenges

Multiple
frameworks
and standards

Changing
regulation

Currently, no
global
standardization

Materiality



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ESG Reporting Landscape



- Runs the global disclosure system for investors, companies,to manage their environmental impacts



- Committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital



- SASB's mission is to help businesses around the world identify, manage and report on the sustainability topics that matter most to their investors



- We came together in pursuit of a single goal: to identify and create new metrics to measure and demonstrate long term value to financial markets



- Helps businesses and governments understand and communicate their impact on critical sustainability issues



- To align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of corporate reporting and thinking



- A forum for building global consensus on how to measure, report, compare and improve impact performance



- The work and recommendations of the Task Force will help firms understand what financial markets want from disclosure in order to measure and respond to climate change risks and encourage firms to align their disclosures with investors needs

Are we speaking the same language?

Sustainability

E= Environmental

S= Social

G= Governance

ESG Criteria

ESG Factors

ESG Metrics

ESG Screening

Responsible Investment

Sustainable Investment

Ethical Investment

Impact Investment

Climate Change

Human Rights

Labour Standards

SDGs

UN PRI

Renewable Energy

Carbon Emissions

GHG Emissions

Net Zero

Net Neutral

Double Materiality

Enterprise Value Creation

Plastics

Water Usage

Negative Screening

Positive Screening

CSR

Energy Transition

Risk Analysis

Sustainable Land Use

Circular Economy

Planetary Boundaries

Impact Reporting

Ethical supply chain

Stakeholder Capitalism

...and the list goes on!

A tale of two banks

There are differences in the assessment of material ESG factors and the way in which they are ultimately reported

Material ESG Topics		
Bank A	<ul style="list-style-type: none">• Business conduct• Climate change• Community impact• Consumer protection and transparency• Corporate governance• Customer experience• Data security	<ul style="list-style-type: none">• Diversity and inclusion• E&S risk management• Employee experience• Financial inclusion• Human rights• Sustainable finance
Bank B	<ul style="list-style-type: none">• Business ethics• Belonging at work• Community relationships• Client experience	<ul style="list-style-type: none">• Employee engagement• Inclusive banking• Privacy and information security• Sustainable finance

Standard setting/regulatory intervention

IFRS
Foundation
Trustees
consult on
global
approach to
sustainability
reporting



IOSCO Technical Expert Group to undertake an assessment of the technical recommendations to be developed as part of the IFRS Foundation's sustainability project



Climate-reporting
conditions accompany
Large Employer
Emergency Financing
Facility (LEEFF)



SEC announces Enforcement
Task Force focused on climate
and ESG issues

European Financial
Reporting Advisory
Group (EFRAG)
announces plans to
establish a
comprehensive set
of EU sustainability
reporting standards



UK launches consultation on
mandatory TCFD reporting





IFRS Foundation

Proposed International Sustainability Standards

IFRS Foundation consultation (2021)

In the context of their strategy review, the Trustees published a consultation paper on sustainability reporting to determine:

- whether there is a need for global sustainability standards
- whether the IFRS Foundation should play a role
- what the scope of that role could be



IFRS Foundation Trustees' Strategic Direction

In March, the IFRS Foundation Trustees announced their strategic direction and further steps based on the response from their sustainability reporting consultation. Based on the feedback, the Trustees have provided the following strategic direction for a new board:

Investor focus for
enterprise value

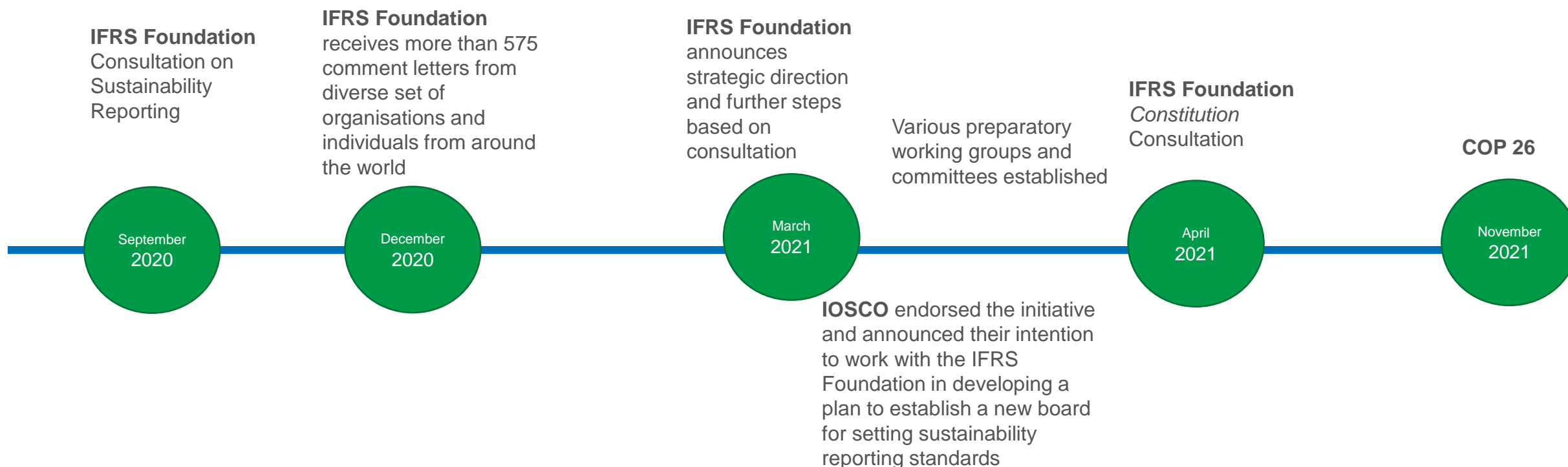
Sustainability
scope, prioritising
climate

Building on
existing
framework

Building blocks
approach

Key milestones and next steps

Key milestones integral to the establishment of a global SSB have already been observed internationally



Formal announcement of new board expected at the November 2021 United Nations COP26 conference.

Canadian bid to host the International Sustainability Standards Board

Letter from the Deputy Prime Minister to the Chair of the Board of Trustees of the IFRS Foundation

Mr. Erkki Liikanen
Chair, Board of Trustees
IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London, UK E14 4HD

Dear Mr. Liikanen:

I am writing on behalf of the Government of Canada and a coalition of over 55 Canadian public and private institutions to express our support for the proposed International Sustainability Standards Board (ISSB) and to invite the Board of Trustees to locate the ISSB headquarters in Canada.

“Canada recognizes the importance of effective disclosures based on high-quality data in addressing climate change and nature degradation, improving opportunities for women, visible minorities, and other underrepresented groups, and enhancing public and private sector governance. Canada is a reliable, multilateral partner dedicated to promoting sustainable outcomes that would be respectful of an organization whose objective is to develop global sustainability standards on behalf of over 140 member countries.”

<https://www.canada.ca/en/department-finance/news/2021/07/letter-from-the-deputy-prime-minister-to-the-chair-of-the-board-of-trustees-of-the-ifrs-foundation.html>

Canadian Champions for Global Sustainability Standards

Financial Contributors	Supporters
<p>Alberta Investment Management Corporation (AIMCo)</p> <p>ATB Financial</p> <p>Autorité des marchés financiers</p> <p>The Bank of Nova Scotia (Scotiabank) / Jarislowsky Fraser Ltd</p> <p>BDO Canada LLP</p> <p>Bell</p> <p>BMO Financial Group</p> <p>British Columbia Securities Commission</p> <p>Caisse de dépôt et placement du Québec</p> <p>Canada Life</p> <p>Canada Pension Plan Investment Board</p> <p>Canadian Imperial Bank of Commerce (CIBC)</p> <p>Chartered Professional Accountants of Canada (CPA Canada)</p> <p>The Co-operators Group</p> <p>Deloitte</p> <p>Desjardins Group</p> <p>Ernst & Young LLP (EY)</p> <p>Fairfax Financial Holdings Ltd</p> <p>First Nations Financial Management Board</p> <p>Government of Canada</p> <p>Healthcare of Ontario Pension Plan (HOOPP)</p> <p>iA Financial Group</p> <p>Intact Financial Corporation</p> <p>KPMG</p> <p>Magna International Inc.</p> <p>Manulife</p> <p>National Bank of Canada</p> <p>Ontario Municipal Employees Retirement System (OMERS)</p> <p>Ontario Securities Commission</p> <p>Ontario Teachers' Pension Plan</p> <p>PricewaterhouseCoopers LLP (PwC)</p> <p>PSP Investments</p> <p>Royal Bank of Canada (RBC)</p> <p>Sun Life</p> <p>Suncor Energy Inc.</p> <p>TELUS</p> <p>TD Bank Group</p> <p>TMX Group</p>	<p>Business Council of Canada</p> <p>Business Schools Association of Canada</p> <p>Canadian Academic Accounting Association</p> <p>Canadian Association of Petroleum Producers</p> <p>Canadian Chamber of Commerce</p> <p>Canadian Coalition for Good Governance (CCGG)</p> <p>Canadian Securities Administrators</p> <p>City of Calgary</p> <p>City of Mississauga</p> <p>City of Montreal</p> <p>City of Ottawa</p> <p>City of Toronto</p> <p>City of Vancouver</p> <p>The Conference Board of Canada</p> <p>Global Risk Institute</p> <p>Insurance Bureau of Canada</p> <p>Institute for Sustainable Finance (ISF)</p> <p>Institute of Corporate Directors</p> <p>Institute of Fiscal Studies and Democracy</p> <p>Ivey Foundation</p> <p>Responsible Investment Association</p>
*This list does not represent the entirety of Canadian support for the ISSB.	



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Key Takeaways

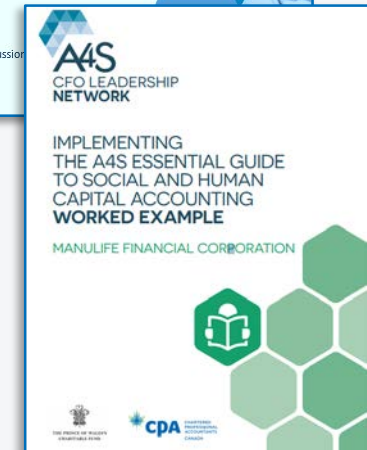
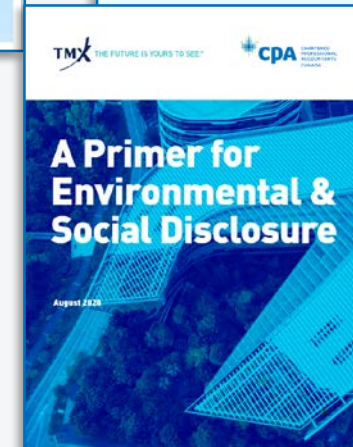
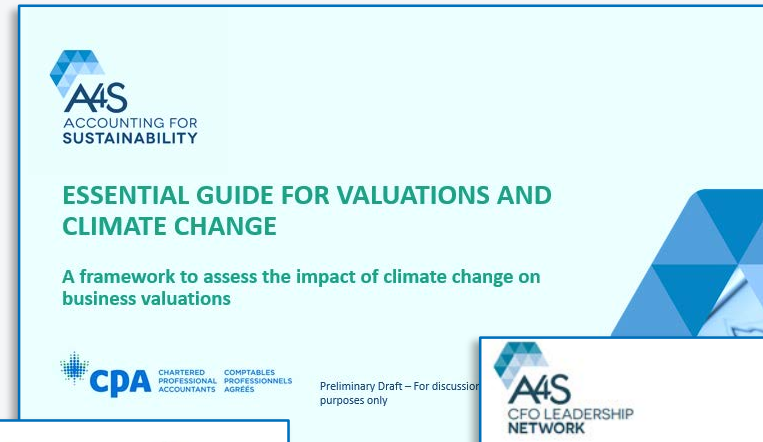
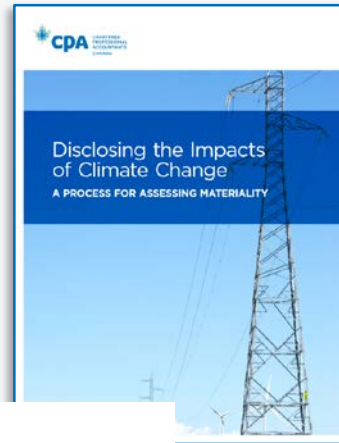
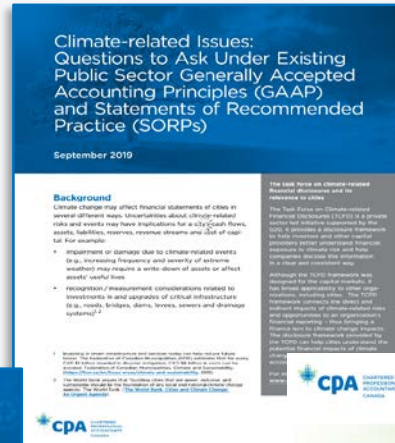
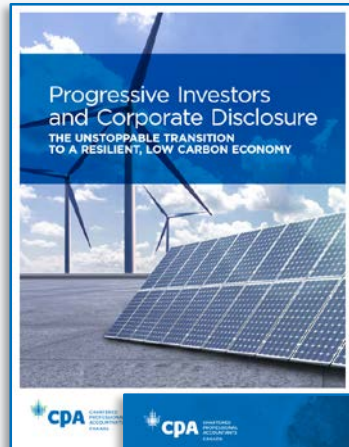
Implications for CPAs

- CPAs will be expected to have a more prominent in sustainability strategy, reporting, assurance and other related functions to help organizations and investors make informed decisions.
- The CPA profession is well-positioned to deliver consistent, comparable, and reliable ESG disclosures that investors and other stakeholders need.
- The CPA profession can provide leadership in establishing high quality global sustainability reporting standards working alongside experts from other disciplines.
- Standard setting is a key part, but only one part, of the reporting environment - standards that are not understood and properly applied will be of limited value. Education and training will be necessary.
- Demand for independent assurance will increase in the future as entities look to enhance the credibility of their ESG reporting.


Canada and the world need better ESG reporting and the accounting profession has the people and organizations to help achieve this!

Resources


CPA Canada resources



www.cpacanada.ca/sustainability



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Sustainability for the future


Explore our resources to discover how organizations focusing on sustainability can successfully balance bottom-line results with other key factors, including impacts on society and the environment.

A message from

Charles-Antoine St-Jean, FCPA, FCA,
president and CEO, CPA Canada

Listen to Charles-Antoine speak to the importance of the establishment of an international sustainability standards board (ISSB), and why the time is right for Canada to lead.

CANADA'S BID - LEARN MORE



A message from the CPA Canad...

BUSINESS AND ACCOUNTING RESOURCES

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[Financial and non-financial reporting](#)

[Forensic and investigative accounting](#)

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[Strategy, risk and governance](#)

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