

ETHICS AND INTEGRITY GUIDANCE FOR MEMBER FIRMS

as found in APSCA's Code and Standards of Professional Conduct (Code)

This Guidance highlights relevant expectations and processes from the Code. Member Firms must meet or exceed the full requirements detailed in the Code through their own ethics and integrity Program. This Guidance and the Code do not prescribe or dictate the structure of a Member Firm's ethics and integrity Program.

Maintain a Quality Ethics and Integrity Program

1. Publish APSCA's Code on the Member Firm website.
2. Maintain a Member Firm Code of Conduct which clearly identifies what constitutes unethical practices.
3. Provide periodic ethics training for all audit firm personnel.
4. Designate a representative to manage the complaint-handling process.
5. Identify and publish a clear process for reporting violations of your Code of Conduct and the APSCA Code.
6. Routinely encourage employees, subcontractors, freelancers, factories, and brands to speak up if they observe or suspect misconduct.
7. Adopt and enforce a zero-retaliation policy for those who raise complaints in good faith.
8. Track and record all complaints, including actions taken.
9. Perform a periodic analysis of complaints to identify systemic problems, and develop appropriate solutions.

Investigate and Act on Complaints

10. Maintain a documented and publicly accessible process for investigating complaints, and deciding what actions to take.
11. Ensure that investigations of misconduct are consistent, fair, and credible; and avoid conflicts of interest.
12. Whenever possible, provide the subject of an investigation an opportunity to be heard.
13. When misconduct is substantiated, ensure that appropriate corrective and preventative action is taken.

Communicate and Cooperate with APSCA

14. Inform APSCA no later than 45 days after a Member Auditor is disciplined for actions which may violate APSCA's Code by completing the "Notice of Disciplinary Action" form, and sending to ethics@theapsca.org.
15. Promptly respond to inquiries for additional information related to APSCA investigations of potential violations of APSCA's Code.
16. By the end of January each year, provide to APSCA the following information:
 - (1) An annual report demonstrating your compliance during the prior year with the provisions of this Ethics and Integrity Guidance for Member Firms; and
 - (2) A statistical report for the prior year showing:
 - a. The number of complaints received by your firm alleging violations of APSCA's Code
 - b. The source of these complaints, including the percentage of anonymous complaints
 - c. A breakdown by type of complaint
 - d. The number of substantiated vs. unsubstantiated allegations
 - e. The disciplinary actions taken for substantiated allegations, by type and number
17. Cooperate with an APSCA audit of Member Firms to ensure compliance with this Guidance and the Code.