

CHARTER OF THE IFRSF MONITORING BOARD

PREAMBLE — THE MISSION OF THE IFRSF MONITORING BOARD

WHEREAS, the primary objective of general purpose financial reporting is to provide financial information about the issuer to capital providers;

WHEREAS, the quality of the financial information issuers provide is essential to the confidence of capital providers in making investments;

WHEREAS, capital markets authorities are generally charged with determining the financial information issuers must give to capital providers, and historically have looked to private independent bodies to assist in establishing those standards;

WHEREAS, IFRS Accounting Standards are increasingly used around the world, and the International Accounting Standards Board (“IASB”), and its public interest overseer, the International Financial Reporting Standards Foundation (“IFRSF”), are since 2009 subject to a formal accountability mechanism to capital markets authorities via the Monitoring Board;

WHEREAS, the interaction via the Monitoring Board between capital markets authorities and the IFRSF has facilitated the ability of capital markets authorities that mandate or permit the use of IFRS in their jurisdictions to effectively discharge their mandates relating to investor protection, market integrity and capital formation;

WHEREAS, in 2021 the IFRSF created the International Sustainability Standards Board (ISSB) with the aim of developing, in the public interest, high-quality, understandable, enforceable and globally accepted standards (referred to as ‘IFRS Sustainability Disclosure Standards’).

WHEREAS, the standards set by the ISSB are intended to result in the provision of high-quality, transparent and comparable information in sustainability disclosures that enables investors and other participants in the world’s capital markets to assess enterprise value.

WHEREAS, both complementary sets of IFRS standards are intended to result

in the provision of high-quality, transparent and comparable information in financial statements and in sustainability disclosures that is useful to investors and other participants in the world's capital markets in making economic decisions.

The members of the IFRSF Monitoring Board:

RESOLVE THAT THE IFRSF MONITORING BOARD'S MISSION IS:

To cooperate to promote the continued development of International Financial Reporting Standards as a high-quality set of global accounting and sustainability disclosure standards;

To monitor and reinforce the public interest oversight function of the IFRSF, while preserving the independence of the IASB and the ISSB. In that regard:

To participate in the selection and approval of the IFRSF Trustee¹ appointments; and

To advise the IFRSF Trustees with respect to the fulfillment of their responsibilities, in particular with respect to regulatory, legal and policy developments that are pertinent to the IFRSF's oversight of the IASB and the ISSB and appropriate sources of IFRSF funding;

To discuss issues and share views relating to IFRS Accounting and Sustainability Disclosure Standards, as well as to regulatory and market developments affecting the development and functioning of these standards;

DECIDE to carry out its mission, to assemble together, in the IFRSF Monitoring Board, governed by the present Charter having regard to the IFRSF Governance Review and in pursuit of constituting an effective and sound governance structure around the activities of the IFRSF.

¹ The terms "IFRSF Trustee" and "IFRSF Trustees" in this Charter have the same definition as "Trustees" in the Constitution of the IFRSF, as amended from time to time, available at www.ifrs.org.

Article 1 Description of the IFRSF Monitoring Board

- A. The IFRSF Monitoring Board is a group of capital markets authorities that are responsible for setting the form and content of financial reporting in their jurisdictions, that have a responsibility to protect and advance the public interest and that are strongly committed to supporting the development of high-quality international accounting and sustainability disclosure standards, as demonstrated by satisfaction of the Monitoring Board membership criteria as set forth in Appendix A².
- B. The IFRSF Monitoring Board is composed of members and observers as set forth at Appendix C. The IFRSF Monitoring Board may in the future include representatives of other capital markets authorities as described in subparagraph A as members.
- C. The IFRSF Monitoring Board is not a legal entity.

Article 2 Role and Duties of the IFRSF Monitoring Board

The role and duties of the IFRSF Monitoring Board are as described in the Memorandum of Understanding among the current members of the IFRSF Monitoring Board and the Chairperson of the IFRSF Trustees on behalf of the IFRSF, as modified from time to time.

Article 3: Organization of the IFRSF Monitoring Board

- A. The Chair of the IFRSF Monitoring Board shall rotate among its members. Each term as chair will last two years.
- B. The Chair of the IFRSF Monitoring Board shall provide the group's secretariat services.

² The IFRSF Monitoring Board undertakes periodic assessment of members in accordance with assessment processes and consequences shown in Appendix B.

- C. The IFRSF Monitoring Board will not have a budget. Each member of the IFRSF Monitoring Board will pay its own expenses related to participation in the IFRSF Monitoring Board.

Article 4 Chair

The Chair will be chosen from among the IFRSF Monitoring Board members and will serve for a term of two years.

The Chair, inter alia:

- A. shall preside over IFRSF Monitoring Board meetings, including proposing relevant questions for discussion and membership votes;
- B. shall serve as the liaison between the IFRSF Monitoring Board and other organizations;
- C. shall schedule IFRSF Monitoring Board meetings as required by this Charter, including those with representatives of the IFRSF, the IASB and the ISSB, and shall establish a draft agenda for distribution to and consultation with the IFRSF Monitoring Board Members in advance of meetings;
- D. as appropriate, shall propose committees of the IFRSF Monitoring Board to the membership, which shall be agreed and appointed in accordance with the voting procedure set out in Article 9 of the Charter; and
- E. shall provide leadership for IFRSF Monitoring Board deliberation on issues relevant to the current and future status of public interest oversight of the IFRSF and the IFRS Accounting and Sustainability Disclosure Standards.

Article 5 New Members

- A. Decisions regarding whether to admit new members to the IFRSF Monitoring Board shall be made by consensus. New members must meet the membership criteria in Article 1.A.
- B. Prospective member organizations shall provide the IFRSF Monitoring Board with a declaration, signed by an authorized official, that the prospective member organization has reviewed and accepts the Charter of the IFRSF Monitoring Board.

Article 6 Observers

- A. The IFRSF Monitoring Board members may, by consensus, admit certain organizations to be observers to the IFRSF Monitoring Board.
- B. Observers may attend any meeting of the IFRSF Monitoring Board, unless decided otherwise by its members.
- C. Observers shall not vote in any IFRSF Monitoring Board decisions, but may share their views with IFRSF Monitoring Board members in discussions surrounding IFRSF Monitoring Board decisions.

Article 7 Meetings

- A. The IFRSF Monitoring Board will meet at least annually on its own.
- B. The IFRSF Monitoring Board will meet at least annually with all or a quorum of the IFRSF Trustees, the Chairperson of the IFRSF Trustees, and/or the Chairpersons of the IFRSF Trustees, the IASB and the ISSB.
- C. The Chair shall provide advance notice regarding meetings to the IFRSF Monitoring Board members and observers.

- D. The Chair shall prepare and transmit a proposed agenda to the IFRSF Monitoring Board members and observers in advance of meetings. IFRSF Monitoring Board members and observers may contribute items to the agenda.

Article 8 Attendance

- A. IFRSF Monitoring Board members and observers should endeavor to attend all Monitoring Board meetings.
- B. The leader of each IFRSF Monitoring Board member and observer will be the member's representative on the IFRSF Monitoring Board. In exceptional circumstances, the leader may designate another senior official from a Monitoring Board member to represent it as necessary and appropriate. Additional persons from each organization may also attend as necessary and appropriate.
- C. A member of the IFRSF Monitoring Board may not occupy more than one seat on the IFRSF Monitoring Board, even if representing a separate organization.

Article 9 Voting

- A. Decisions of the IFRSF Monitoring Board, including the selection of a chairperson, shall be made by consensus among its members.
- B. Whenever, in the judgment of the Chair, any action by the IFRSF Monitoring Board must be taken which should not be postponed until the next meeting, the Chair shall request that the IFRSF Monitoring Board members vote without an in-person or virtual meeting. Votes may be cast in person, during a virtual meeting or by mail, phone, facsimile or e-mail.

Article 10 Termination

The IFRSF Monitoring Board members may terminate the IFRSF Monitoring Board at any time by consensus.

Article 11 Amending the Charter

- A. The Charter can be amended by consensus of IFRSF Monitoring Board members.
- B. The Charter may be amended by the IFRSF Monitoring Board members at any meeting thereof or by vote without a meeting as provided in Article 9, Subparagraph B.

APPENDIX A

Membership Criteria:

General

- (a) The member must be a capital markets authority responsible for setting the form and content of financial reporting in its jurisdiction; with a responsibility to protect and advance the public interest; and strongly committed to supporting the development of high-quality international accounting standards and high-quality international sustainability disclosure standards.

Use of Accounting IFRSs

- (b) The jurisdiction has made a clear commitment to move towards application of IFRSs and to promote global acceptance of a single set of high-quality international accounting standards as the final goal. This commitment is evidenced by the jurisdiction mandating or permitting application of IFRSs to consolidated financial statements of companies raising capital in its relevant market with the effect of actually exhibiting prominence of IFRS application, or having made a decision on a transition to such a status to take place in a reasonable period of time.
- (c) The IFRSs to be applied should be essentially aligned with IFRSs developed by the IASB, with possible exceptions limited to cases where certain standards or parts thereof are not relevant for economic or other conditions or could be contrary to public interest in the jurisdiction. Any flaw in following due process in developing certain standards or parts thereof could also allow for exceptions or temporary suspensions.

Use of ISSB Sustainability Disclosure Standards

- (d) The jurisdiction is considering the use of the IFRS Sustainability Disclosure Standards according to its own legal frameworks for adopting, applying or otherwise making use of international standards.
- (e) The jurisdiction is committed to contributing to interoperability between its domestic standards and the IFRS Sustainability Disclosure Standards.

Quantitative elements

- (f) The jurisdiction can be regarded as a major market for capital-raising based on the size of market capitalization, the number of listed companies and capital market activity.

Qualitative elements

- (g) The jurisdiction makes financial contributions to the setting of IFRSs on a continuing basis.
- (h) The jurisdiction has in place and in operation a robust enforcement mechanism to ensure proper implementation of relevant accounting standards and will contribute to the development of such an enforcement mechanism in order to ensure proper implementation of relevant sustainability disclosures.
- (i) The relevant national or regional standard-setting body, where there is one, is committed to actively contributing to the development of IFRS Accounting and Sustainability Disclosure Standards.

APPENDIX B

Assessment Processes and Consequences:

Periodic review of existing members

- (a) Periodic review will take place every five years, starting in 2013, with possible *ad hoc* reviews as appropriate.
- (b) The review will start with a self-assessment by each member, complemented by additional information and data from other sources.
- (c) Eligibility of continued Monitoring Board membership will be assessed against the criteria with due consideration of the evolution over time towards full compatibility with all criteria.
- (d) If an existing member is found not to be fully or materially meeting the criteria, depending on the degree of non-eligibility, its voting rights could be suspended as decided by members other than the member in question.
- (e) If the situation under (d) above is not remedied by the time of the subsequent periodic review, or if there are clear signs of further material infringement of the criteria, its membership could be revoked by consensus of the other members.

Selection process for new members

- (f) The selection of new members started in 2013, at which time the Monitoring Board started designating eligible candidates against the agreed membership criteria.
- (g) If a candidate does not meet certain criteria, but demonstrates clear potential for filling the gap in a reasonable period of time, it may be made eligible for reapplication.

APPENDIX C

IFRSF Monitoring Board Members³

Comissão de Valores Mobiliários of Brazil

European Commission

Financial Conduct Authority of United Kingdom

Financial Services Agency of Japan

Financial Services Commission of Korea

Ministry of Finance of People's Republic of China

United States Securities and Exchange Commission

Board of the International Organization of Securities Commissions (IOSCO)

Growth and Emerging Markets Committee of IOSCO

IFRSF Monitoring Board Observers

Basel Committee on Banking Supervision

³As stated in the Final Report on IFRSF Governance Review published in February 2012, Monitoring Board membership was to be expanded to include additional members (up to four) and rotating seats (two) to be selected in consultation with IOSCO.

In January 2014, the Comissão de Valores Mobiliários (CVM) of Brazil and the Financial Services Commission of Korea, in August 2016, the Ministry of Finance of People's Republic of China, and in March 2023, Financial Conduct Authority of United Kingdom became members in accordance with this procedure.