

IFRS Foundation Conflict of Interests Policy

1. Purpose

- 1.1. The purpose of this policy is to guard against any actual or perceived conflict of interest; to manage any actual or perceived conflict of interest, or the appearance of any impropriety; and to ensure that the Foundation has an accurate register of Trustees' interests at all times.
- 1.2. This policy applies to the IFRS Foundation Trustees; members of the International Accounting Standards Board and the International Sustainability Standards Board (together **Board members**); and staff members. This policy requires that these individuals put the interests of the IFRS Foundation ahead of the interests of themselves, their family, their friends, or organisations with which they may have any links.
- 1.3. Trustees have a legal obligation to act in the best interests of the IFRS Foundation and in accordance with the IFRS Foundation's Articles of Incorporation and Bylaws. It is also appropriate that the policy applies to Board members and staff members. Accordingly, Trustees, Board members and senior staff are required to complete annually a Declaration of Interests Form. Junior staff are not required to make an annual declaration but are covered by this policy.
- 1.4. This policy intends to avoid situations where conflicts may be perceived as arising or where they may actually arise which can:
 - 1.4.1. inhibit free discussion;
 - 1.4.2. result in decisions or actions that are not in the best interests of the IFRS Foundation and/or the public at large; and/or
 - 1.4.3. risk the impression that the IFRS Foundation and/or its Board members or staff members have acted improperly.

2. Identification of a conflict of interest

- 2.1. The Trustees, Board members and staff members must remain vigilant in guarding against possible conflicts of interest, whether actual or perceived. However, it is difficult to list all the possible examples of a conflict of interest. A conflict is not always actual or foreseeable, and can often depend on the perceptions of stakeholders, as and when events arise. The purpose of this policy is to establish a set of fundamental principles that would facilitate identification of a conflict, in a variety of different situations, thereby avoiding the risk of creating a list which may still fail to address actual or perceived conflicts from arising in a meaningful way.
- 2.2. A conflict of interest may arise where:
 - 2.2.1. The objectives of the IFRS Foundation and the interests or loyalties of the Trustees, Board members or staff members may not coincide or could clash, or there is a perception of such clash.
 - 2.2.2. A Trustee, Board member or staff member's personal or family interests and/or loyalties conflict with those of the IFRS Foundation, or there is a perception of this conflict.

- 2.2.3. A Trustee and a Monitoring Board member both work for the same organisation in any capacity, whether as an employee, a government employee, a self-employed contractor or any comparable role.¹
 - 2.2.4. There is a potential direct financial gain or benefit to the Trustee, Board member or staff member or there is a perception of such benefit. For example, where a Trustee has a financial interest in a company that is in direct competition with some of the income generating activities undertaken by the Foundation.
 - 2.2.5. There is a potential indirect financial gain by way of a connected person or there is a perception of such indirect financial gain.² For example, where a Trustee's partner has a financial interest in a company that is in direct competition with some of the income generating activities undertaken by the Foundation.
 - 2.2.6. There is potential for a non-financial gain, such as preferential treatment or service, which may give rise to a conflict or an apparent conflict of interest.
- 2.3. The above definitions illustrate that conflicts of interest are not restricted to where an individual actually betrays the Foundation's trust; it can be just as damaging for the conflict to exist or appear to exist.

3. Duty to disclose

- 3.1. Trustees, Board members and staff members must disclose in a written statement the existence of any interest, including financial interests³, at the earliest opportunity. This obligation arises regardless of whether the IFRS Foundation requests a declaration of interest or not. Likewise, in the event of a conflict arising during a meeting, Trustees, Board member and staff members must notify the Chair of the meeting that a potential conflict of interest exists.
- 3.2. A Declaration of Interests Form should be completed as follows:
 - 3.2.1. Trustees - on appointment and updated each year, or when any changes occur, using the attached Form A;
 - 3.2.2. Board members and senior staff - on appointment and updated each year, or when any changes occur, using Form B (attached to Code of Conduct);
 - 3.2.3. Junior staff – on appointment, and only if a potential conflict of interest arises, using the attached Form A.
- 3.3. Annually, staff will distribute to each Trustee, Board member and senior staff, their most recent declaration and register of interests held on file for review and will seek confirmation of any changes that may have occurred in the past 12 months. Notwithstanding, it is the individual's responsibility to notify any changes during the year, within at least fourteen (14) days of becoming aware of the interest.
- 3.4. The Trustee's and Board member's annual declaration of interests requires a full and detailed disclosure of all interests to ensure transparency, regardless of whether the interests represent a potential conflict. Trustees must err on the side of caution, acting always in the interests of complete transparency. This annual declaration process also requires Trustees

¹ This includes directors and others in similar roles who are employed under contracts for services.

² A connected person is defined as a Trustee's/Board member's/staff member's partner; child; parent; grandparent; grandchild; sibling; any person in a relationship with a Trustee/Board member/staff member; or any company or business controlled or managed by a Trustee/Board member/staff member

³ Those covered by this policy also need to be aware of the obligations that arise from the IFRS Foundation's Corporate Anti-Bribery Policy, which is found in the Staff Handbook. This policy is based on the Bribery Act 2010, which makes it a criminal offence to offer a bribe, as well as to accept one, and to make a facilitation payment, or to accept one.

to affirm their commitment to the conditions of their appointment, including that they act in the best interests of the Foundation as fiduciaries.

- 3.5. If a Trustee, Board member or senior staff is not sure what to declare, or whether the declaration should be updated, they should err on the side of caution. Board members and senior staff should note that more detailed guidance is available in the Code of Conduct document. For confidential guidance, Trustees should contact the Chair of the Trustees or the Executive Director; whilst Board members and staff members should contact the Executive Director or the Director for Trustee Activities.

4. Record of interests

Interests shall be recorded on the register of interests, which will be maintained by the Executive Director or the Director for Trustee Activities. The register shall be accessible by the Chair and members of the Monitoring Board, the Chair of the Trustees, all members of the Trustees and the Executive Director of the IFRS Foundation.

5. Procedure for addressing a conflict of interest

- 5.1. For Trustees, decisions on a conflict of interest arising in a meeting shall be made by vote, with a simple majority required, after the interested Trustee has been asked to leave the meeting for that section of the discussion. The Chair shall have discretion to determine whether the individual may take part in the discussion on that agenda item. However, the interested Trustee should not be in the room when a vote is taken. A quorum must be present in any such meeting which for the avoidance of doubt excludes any interested individual.
- 5.2. All decisions concerning a conflict of interest shall be recorded and reported in the minutes of the meeting. The report shall record:
 - 5.2.1. the nature and extent of the conflict;
 - 5.2.2. an outline of the discussion;
 - 5.2.3. actions taken to manage the conflict; and
 - 5.2.4. whether the excluded person will benefit from the agreed decision.
- 5.3. A similar process shall apply in the event of a Board member having a potential conflict of interest.
- 5.4. It is normally not acceptable for a Trustee and a Monitoring Board member both to be working for the same organisation in any capacity whether as an employee, a government employee, a self-employed contractor or any comparable role. When assessing candidates to fill Trustee vacancies the Nominating Committee will usually not consider applicants who may be subject to such conflict. However, in limited exceptional circumstances, if the Nominating Committee recommends a conflicted individual for consideration, the Chair of the Trustees will consider the potential conflict on a case specific basis after consulting the Monitoring Board. For example, this may occur when changing circumstances mean that an existing Trustee is subject to a conflict, or where the Trustee candidate merits consideration despite the conflict. The Chair of the Trustees will explain those factors to the Monitoring Board, together with the proposed mitigating safeguards (see paragraph 5.5).
- 5.5. Assuming an exception is approved, the appointment of the Trustee will be progressed in the usual way. In those cases, the Chair of the Trustees will implement adequate mitigating safeguards that will address the risks that arise from the conflict. This will be case-specific and can include the Trustee not serving on the Trustee's Nominating Committee or the

implementation of Information Barriers, as set out in Form B.⁴ For the avoidance of doubt, the operation of Information Barriers is not designed to limit the Trustee's effectiveness on the Trustee body, nor should it.

- 5.6. Where a Trustee, Board member or senior staff benefits from the decision made, it must be reported in the annual report and accounts.
- 5.7. Each Trustee, Board member and senior staff shall sign annually (and for staff, on appointment) a statement, which affirms that such person:
 - 5.7.1. has received a copy of this Conflict of Interests policy;
 - 5.7.2. has read and understands the policy;
 - 5.7.3. has agreed to comply with the policy; and
 - 5.7.4. understands that the IFRS Foundation is a not-for-profit corporation acting in the public interest, and to maintain its US federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

6. Violations of the Conflict of Interest policy

- 6.1. If there is reasonable cause to believe that a Trustee, Board member or staff member has failed to disclose an actual or possible conflict of interest, the individual shall be informed of the basis for such belief and shall be given the opportunity to explain the alleged failure to disclose.
- 6.2. Having heard the individual's response, and following any further investigation if deemed necessary, the Chair of the Trustees shall determine whether the individual has failed to disclose an actual or possible conflict of interest and the appropriate disciplinary and corrective action.
- 6.3. If the Chair of the Trustees is in a position of conflict or potential conflict of interest, it shall fall to the Vice Chairs to resolve the matter in accordance with this policy. In the absence of either of the Vice Chairs, the Trustee body as a whole shall vote on the matter by simple majority.

7. Data protection

The information provided will be processed by the IFRS Foundation in accordance with data protection principles as set out in the UK General Data Protection Regulation (**UK GDPR**), which may be amended from time to time. The UK GDPR was implemented by the Data Protection Act 2018. Data will be processed only to ensure that Trustees, Board members and staff members act in the best interests of the IFRS Foundation and in compliance with this policy. The information provided will not be used for any other purpose.

Last reviewed: 1 September 2022 (Legal Department)

⁴ Information Barriers are established organisational arrangements which preclude the passing of information and the possession of one part of the business to other parts of the business.

Form B - Trustees' Additional Declaration (Information Barriers)*

Name of Trustee: _____

I confirm that:

- I understand that the Chair of the Trustees has established a strict Information Barrier between myself and [insert name of Monitoring Board member who gave rise to the conflict] the member of the Monitoring Board from [insert name of organisation], as outlined below (if there is need for more information, set it out below).
- I shall therefore not discuss any IFRS Foundation business raised during the plenary sessions of the Trustees' meetings, or any other matters of a sensitive and confidential nature, with [insert name of the MB member in question] of the Monitoring Board.
- If I am uncertain about my obligations and expectations, I shall immediately raise these with the Chair of the Trustees.
- I understand that these provisions have been put in place to mitigate against any perception of a possible conflict of interest, and to uphold the highest standards of good corporate governance, transparency and accountability.

This Information Barrier has been put in place for the following reasons:

(Please outline the reasons for the Information Barrier and if necessary use additional paper)

The following special provisions are applicable (if and where necessary):

(Use additional paper if necessary)

Signed:

Date:

* Only if agreed by the Chair of the Trustees, as and where necessary in specific instances