

# **Memorandum of Understanding**

between

**The International Financial Reporting Standards Foundation (IFRS Foundation)**

and

**The Federal Government of the Federal Republic of Germany,  
the Government of the State of Hesse, the Cities of Frankfurt am Main and Eschborn  
(Public Institutions)**

**March 2<sup>nd</sup>, 2022**

This Memorandum of Understanding (MOU) is made by the Public Institutions and the International Financial Reporting Standards Foundation (IFRS Foundation) (together the “Parties”).

## **Purpose and Objectives**

As part of the Trustees of the IFRS Foundation’s (“Trustees”) announcement to form a new International Sustainability Standards Board (“ISSB”) on November 3<sup>rd</sup>, the Trustees announced that the ISSB will have a global and multi-location presence. The IFRS Foundation will establish and operate an office in Frankfurt am Main, which will serve as the seat of the Board and office of the Chair. The office will be responsible for key functions supporting the new Board and deeper co-operation with regional stakeholders.

Both Parties agree to engage without delay to make the necessary arrangements to achieve the establishment and operation of this office.

Both parties shall cooperate and support Frankfurt becoming a ‘sustainability hub’, driving global change building on the global baseline of sustainability standards set by the ISSB.

The purpose of this MOU is to articulate the basis and general principles for ongoing cooperation and coordination between the IFRS Foundation and the Public Institutions with regard to the Frankfurt Office. This should be reviewed together with the letters of offer (Appendix 1 – IFRS ISSB Frankfurt Application and Presentation, attached separately)

## **IFRS Foundation Commitments**

The IFRS Foundation shall, using best endeavours, commit to:

1. Establish the Frankfurt Office as Frankfurt-based legal entity under German law and maintain it at least until the end of the year 2026.
2. The Frankfurt office is the seat of the Board and office of the Chair.
3. Resourcing the Frankfurt Office by the end of 2023 in a way that ensures that the Frankfurt Office’s technical and strategic contributions account significantly and visibly to the standard-setting output and further global activities of the ISSB (including e.g. a meaningful number of ISSB Board members and significant number of technical,

market outreach and operational staff based in Frankfurt as required, including, relevant communication activities).

4. The Frankfurt Office to act as a hub for the EMEA region, facilitating deeper co-operation with regional stakeholders.
5. Employing an office director for the Frankfurt Office by March 31<sup>st</sup>, 2022 who also acts as a contact person for the Public Institutions.
6. Half of the ISSB Board meetings per year should be in-person, recognising that there may be an increased prevalence of virtual meetings in a multi-location model. If, in the opinion of the Board, there are exceptional external circumstances that mean that it is impractical to hold an in-person Board meeting in Frankfurt, the Board meeting may be held virtually, without a requirement to schedule an additional Board meeting in Frankfurt that year.
7. Establish a mechanism for regular and on-going Trustee engagement in the Frankfurt Office between the Public institutions as well as the Private organisations and the Trustees. This should take the form of at least annual meetings.
8. Host, in consideration of the key-functions of the office, a meaningful number of meetings in Frankfurt with the Foundation's envisioned market, regulatory and jurisdictional outreach and advisory bodies, potentially including, but not limited to:
  - a. The IFRS Foundation Advisory Council
  - b. The Sustainability Consultative Committee
  - c. The ISSB Investor Advisory Group
  - d. The Sustainability Standards Advisory Forum
  - e. The ISSB Global Preparer Forum
  - f. Standing and Project-based Consultative Committees
  - g. Other ISSB Market Outreach and Advisory Bodies

This does not pre-empt the Board's ability to also schedule meetings with the envisioned market outreach and advisory bodies described above in other locations.

9. Without compromising its independence, the IFRS Foundation shall cooperate and back up efforts to support Frankfurt's continued development as a centre for sustainable finance, directly and via the ISSB, e.g. by hosting of and participation in events, outreach to and dialogue with local stakeholders and similar activities.

10. The IFRS Foundation will ensure to provide the relevant information about the Frankfurt Office seed funding and its expenditures to the Public Institutions.
11. The IFRS Foundation and ISSB ensure that the different locations will contribute to expenditures through their own separated funding arrangements.

## **Public Institutions Commitments**

The Public Institutions shall, using best endeavours, commit to:

1. Examine grants pursuant to §§ 23, 44 of the State Budget Code, State of Hessen, by State of Hessen, for the establishment of the ISSB in Frankfurt am Main over a start-up period of five years from 2022 to 2026 subject to the approval of the necessary budgetary resources by their legal bodies (Bundestag, Landtag und Stadtverordnetenversammlung of the cities of Frankfurt am Main and Eschborn). The preconditions for this are:
  - a. An application for funding (Zuwendungsantrag). Central document of this is the expenditure and financing plan. It shall specify how the implementation costs are calculated and how the project as a whole is to be financed.
  - b. Based on this, the Public institutions will grant subsidies of up to 50% but not more than 2 million euros per year over the start up period from 2022 to 2026 to cover the eligible expenses (e.g., salaries, accommodation costs, travel expenses, consulting costs, other office costs) for the Frankfurt office (Zuwendungsbescheid).
  - c. After the grant decision has become legally binding, the invoices are subsidised in accordance with the expenditure and financing plan, by State of Hessen. The IFRS Foundation respectively the ISSB can request the grants budgeted for the respective year from March to November and receives the grants (Mittelabruf).
  - d. Annual proof of the proper use of the grants by State of Hessen (Verwendungsnachweis).
  - e. Compliance with the state aid, public procurement law and the above mentioned State Budget Code.

The commitment of the Federal Republic of Germany and the State of Hessen are subject to the approval of the budget by the national Parliament of the Federal Republic

of Germany (Bundestag) and the State Parliament of Hessen (Landtag), respectively. The commitments of the cities of Frankfurt am Main and Eschborn are subject to approval by their competent local bodies.

2. Support ISSBs efforts to achieve standards proportional to the size of the enterprise (e.g. by establishing contact with Mittelstand-enterprises)
3. Support the ISSB to identify appropriate office facilities, to include:
  - a. Located centrally with good access to public transportation
  - b. Space for at least 30 employees to work from the office on a regular basis
  - c. Board room for up to 40 persons
  - d. Top-level security
  - e. Suitable IT infrastructure
4. Support the relocation of employees with relevant information to establish and operate the Frankfurt Office giving access to relocation services.
5. Support the application and service for residence and work permits for non-EU nationals
6. Cooperate effectively, as necessary, with other parties associated with the ISSB, for example other jurisdictions that will host or contribute towards the funding or resourcing of the ISSB.

## **Duration**

The duration of this MOU shall be from 2<sup>nd</sup> March, 2022 through to {31<sup>st</sup> December, 2026}, aligning with the initial expression of interest provided to the Trustees on 31<sup>st</sup> August, 2021.

## **Status of the MOU**

This MOU represents an expression of common intent. Nothing in this MOU shall be construed as creating any legally binding obligations on any of the Parties, including, but not limited to, any obligation to a permanent funding of the IFRS Foundation or its bodies.

## **Accountability**

To the practically reasonable extent, the IFRS Foundation shall retain proof of all expenditure that has been funded by the Public Institutions, including initial expenditure for the establishment of the ISSB, including the Frankfurt Office, the annual operational expenditure and any other expenditure funded by the Public Institutions. Unless otherwise provided by regulation, this proof of expenditure shall be submitted to the Public Institutions on a regular basis and upon receiving such proof of expenditure from the IFRS Foundation, the public institutions shall be given a reasonable opportunity to confirm such expenditure. In the case that any question is raised in respect of any of the IFRS Foundation's expenditure, the IFRS Foundation and the Public Institutions shall mutually discuss it in good faith and in view to its settlement in writing.

In the event of any material changes in the conditions or operation that is relevant to the City of Frankfurt, such as a significant change to the multi-location model, relation or closing of the Frankfurt Office, or the establishment of other offices in the EMEA region, or any other material change in the condition of either of the Parties as will affect the terms of this MOU, the Parties shall agree in good faith how this amendment may need to be altered.

## **General**

Any Amendment to this MOU must be made in writing and signed by the Parties.

Any and all contacts between the parties hereto in respect to this MOU shall be made in writing by hand delivery, registered airmail, reputable international air courier, or email to the following, and if there is any change in the following, the relevant party hereto shall notify the other party hereto thereof in writing:

IFRS Foundation:

Address: IFRS Foundation, Columbus Building7 Westferry Circus, Canary Wharf,  
London, UK E14 4HD

Attention: Lee White, Executive Director

Email: [lwhite@ifrs.org](mailto:lwhite@ifrs.org)

The Public Institutions Address:

Federal Government

Federal Ministry of Finance

Address: Wilhelmstraße 97  
10117 Berlin  
Germany  
Attention: Abteilung VII  
Dr. Eva Wimmer  
Email: [Eva.Wimmer@bmf.bund.de](mailto:Eva.Wimmer@bmf.bund.de)

Federal Ministry of Justice

Address: Mohrenstraße 37  
10117 Berlin  
Germany  
Attention: Abteilung III  
Dr. Christian Meyer-Seitz  
Email: [IIIA3@bmj.bund.de](mailto:IIIA3@bmj.bund.de)

State Government, State of Hessen

Ministry of Finance, State of Hessen

Address: Friedrich-Ebert-Allee 8  
65185 Wiesbaden  
Germany  
Attention: Abteilung II  
Matthias Schenk, Andreas Rolker  
Email: [Matthias.Schenk@hmdf.hessen.de](mailto:Matthias.Schenk@hmdf.hessen.de)

Ministry of Economics, Energy, Transport and Housing, State of Hesse

Address: Kaiser-Friedrich-Ring 75  
65185 Wiesbaden  
Germany  
Attention: Abteilung III  
Dr. Stephan Bredt, Claire Kütemeier  
Email: [Stephan.Bredt@wirtschaft.hessen.de](mailto:Stephan.Bredt@wirtschaft.hessen.de)

City of Frankfurt am Main

Address: Römerberg 23  
60311 Frankfurt am Main  
Germany

Attention: Stadträtin Stephanie Wüst, Dezernat IV Wirtschaft, Recht und Reformen  
Stadtkämmerer Dr. Bastian Bergerhoff, Dezernat VI Finanzen Beteiligungen und Personal  
Wirtschaftsförderung Frankfurt  
Olaf Atja Lemmingson, Leiter Kompetenzzentrum Finanzwirtschaft, Digitale Infrastruktur  
Email: [Olaf.Lemmingson@frankfurt-business.net](mailto:Olaf.Lemmingson@frankfurt-business.net)

City of Eschborn

Address: Rathausplatz 36  
65760 Eschborn  
Germany

Attention: Bürgermeister Adnan Shaikh, Dezernat I  
Wirtschaftsförderung Eschborn  
Dong-Mi Park-Shin, Leiterin der Wirtschaftsförderung  
Email: [Park-Shin@eschborn.de](mailto:Park-Shin@eschborn.de)

Contacts shall be deemed to be made upon receipt; provided that if any contact is received on a non-business day or out of the regular working hours in the place of the recipient party hereto, it shall be deemed to be made on a business day in the place of the recipient party hereto immediately following the day of actual receipt.

IN WITNESS WHEREOF, the parties hereto have executed this MOU as of the day and year first above written.



## Signatures

Frankfurt am Main, March 2<sup>nd</sup>, 2022

IFRS Foundation



Erkki Liikanen

Chair of the IFRS Foundation Trustees

Federal Government

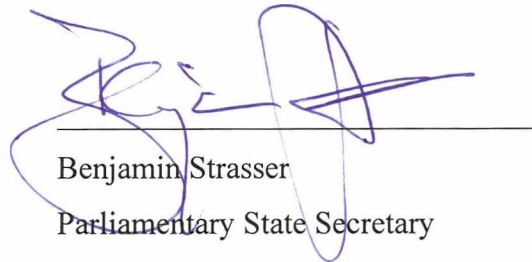
Federal Ministry of Finance



Dr. Florian Toncar

Parliamentary State Secretary

Federal Ministry of Justice

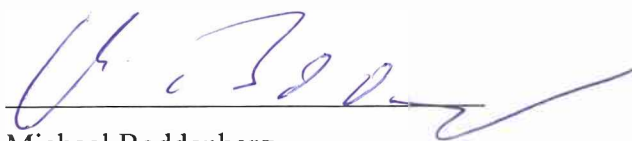


Benjamin Strasser

Parliamentary State Secretary

State Government of Hessen

Ministry of Finance



Michael Boddenberg

Minister of Finance

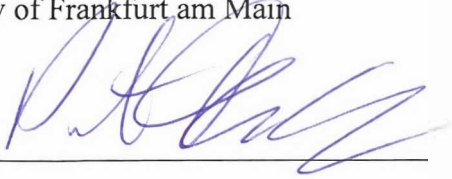
Ministry of Economics, Energy, Transport  
and Housing



Tarek Al-Wazir

Minister of Economics, Energy, Transport  
and Housing

City of Frankfurt am Main



Peter Feldmann

Lord Mayor



Stephanie Wüst

Deputy Mayor



Dr. Bastian Bergerhoff

City Treasurer

City of Eschborn



Adnan Shaikh

Mayor