

Memorandum of Understanding

between

The International Financial Reporting Standards Foundation (IFRS Foundation)

and

**Deutsches Aktieninstitut e.V., Deutsches Rechnungslegungs Standards Committee e.V.,
Frankfurt Main Finance e.V., Institut der Wirtschaftsprüfer in Deutschland e. V.,
Wirtschaftsförderung Frankfurt GmbH
(Private Organisations)**

March 2nd, 2022

This Memorandum of Understanding (MOU) is made by the Private Organisations 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 3rd, 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 Private Organisations 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 in Q2 2022 who also acts as a contact person for the Private Organisations.
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 seed funding provided by the Frankfurt consortium and its expenditures to the Private Organisations.
11. The IFRS Foundation and ISSB ensure that the different locations will contribute to expenditures through their own separated funding arrangements.

Private Organisations Commitments

The Private Organisations shall, using best endeavours, commit to:

1. Support the establishment of the ISSB, the establishment and running of the Frankfurt Office, through the financial contribution of €2.000.000 p.a., including, but not limited to:
 - a. Initial seed funding of €150.000 Euros, to be provided by 28th February 2022, to fund the initial expenditure for the establishment of the ISSB, recognising that the pace the ISSB is being launched, to respect the urgency expressed by IOSCO and other important stakeholders, costs will arise imminently, prior to the establishment of any official offices.
 - b. Additional seed funding of €1.850.000 Euros to be provided by 1st June 2022, to continue to fund the initial expenditure for the establishment of the ISSB, including, but not limited to the establishment of the ISSB Frankfurt office
 - c. The seed funding payments as set out above, to be provided on an annual basis for the remainder of the Duration to fund the operating expenses commensurate with the role of Frankfurt in supporting the Europe, Middle-East and African activities of the ISSB.
 - d. Due to the financial commitment of the City of Frankfurt the City-owned Wirtschaftsförderung Frankfurt GmbH is limited to provide its free of charge services to ISSB.
2. 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
3. Support the relocation of employees with relevant information to establish and operate the Frankfurt Office giving access to relocation services.
4. Support the application and service for residence and work permits for non-EU nationals.
5. Creating an academic forum in collaboration with Sustainable Architecture for Finance in Europe SAFE for the pursuit of research for relevant sustainability matters
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 2nd March, 2022 through to 31st December, 2026, aligning with the initial expression of interest provided to the Trustees on 31st 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 Private Organisations, including initial expenditure for the establishment of the ISSB, including the Frankfurt Office, the annual operational expenditure and any other expenditure funded by the Private Organisations. Unless otherwise provided by regulation, this proof of expenditure shall be submitted to the Private Organisations on an annual basis and upon receiving such proof of expenditure from the IFRS Foundation, the Private Organisations 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 Private Organisations 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: Columbus Building 7 Westferry Circus, Canary Wharf,
London E14 4HD
UK

Attention: Lee White
Email: lwhite@ifrs.org

Deutsches Aktieninstitut e.V.

Address: Senckenberganlage 28
60325 Frankfurt am Main
Germany

Attention: Dr. Hans-Ulrich Engel
E-Mail: engel@dai.de

Deutsches Rechnungslegungs Standards Committee e.V.

Address: Joachimsthaler Str. 34
10719 Berlin

Attention: Georg Lanfermann
E-Mail: lanfermann@drsc.de

Frankfurt Main Finance e.V.

Address: Walther-von-Cronberg-Platz 16
60594 Frankfurt am Main

Attention: Gerhard Wiesheu
E-Mail: GWiesheu@metzler.com

Institut der Wirtschaftsprüfer in Deutschland e. V.

Address: Tersteegenstraße 14
40474 Düsseldorf
Germany

Attention: Professor Dr. Klaus-Peter Naumann
E-Mail: naumann@idw.de

Wirtschaftsförderung Frankfurt GmbH

Address: Hanauer Landstraße 126-128
60314 Frankfurt am Main
Germany

Attention: Oliver Schwebel
E-Mail: oliver.schwebel@frankfurt-business.net


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 2nd, 2022

IFRS Foundation



Erkki Liikanen

Chair of the IFRS Foundation Trustees

Deutsches Aktieninstitut e.V.



Dr. Hans-Ulrich Engel

President

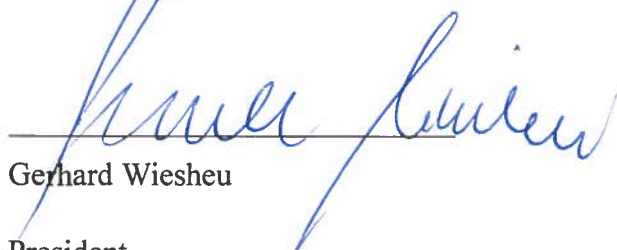
Deutsches Rechnungslegungs Standards Committee e.V.



Georg Lanfermann

President

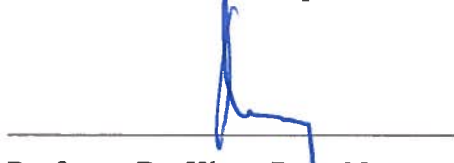
Frankfurt Main Finance e.V.



Gerhard Wiesheu

President

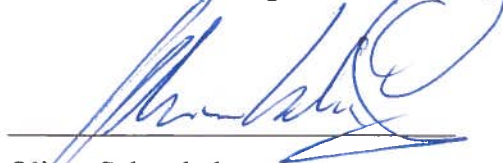
Institut der Wirtschaftsprüfer in Deutschland e. V.



Professor Dr. Klaus-Peter Naumann

Chief Executive Officer

Wirtschaftsförderung Frankfurt GmbH



Oliver Schwebel

Chief Executive Officer