

## Memorandum of Understanding

This Memorandum of Understanding is made on [date to be inserted]

**BETWEEN**

**THE IFRS FOUNDATION AND THE UNDERSIGNED**

**JURISDICTIONAL AND REGIONAL BODIES**

### 1. PREAMBLE

1.1 The G20 and other relevant global bodies have emphasised the importance of working towards a comprehensive global baseline of sustainability-related reporting, and called upon the IFRS Foundation to formally work with jurisdictions to achieve this goal. The IFRS Foundation has set as its objectives:

- to develop in the public interest, high quality, understandable, enforceable and globally accepted standards (IFRS Standards) for general purpose financial reporting based on clearly articulated principles;
- to promote the use and rigorous application of IFRS Standards; and
- to promote and facilitate the adoption of IFRS Standards through the convergence of national and regional standards and IFRS Standards.

1.2 The International Sustainability Standards Board (ISSB) and the International Accounting Standards Board (IASB) are the two standard-setting bodies of the IFRS Foundation.

1.3 The ISSB is responsible for developing a set of sustainability disclosure standards (IFRS Sustainability Disclosure Standards) and the IASB is responsible for developing a set of accounting standards (IFRS Accounting Standards). These 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 enables investors and other participants in the world's capital markets to make assessments of enterprise value.

1.4 The Sustainability Standards Advisory Forum (SSAF) is established to support the IFRS Foundation in achieving its objectives.

1.5 SSAF is a group of nominated members from jurisdictional and regional bodies involved in sustainability-related reporting.

1.6 The Foundation recognises that there are jurisdictional and regional bodies that have relevant expertise in sustainability-related standard-setting and valuable local jurisdictional experience and knowledge, which should be taken into account by the ISSB in setting IFRS Sustainability Disclosure Standards to ensure the interoperability

between those standards and jurisdictional requirements. The SSAF will provide the opportunity for greater valuable discourse, complement the ISSB's outreach activities and enhance the quality of the final standards.

1.7 The objective of the SSAF is to provide an advisory forum where members can constructively contribute towards the achievement of the ISSB's goal of developing standards that provide a comprehensive global baseline of sustainability-related reporting that is interoperable with jurisdictional standards ensuring two-way engagement between the ISSB and jurisdictions as sustainability-related reporting requirements are developing. More particularly the SSAF is established:

- to support the Foundation and the ISSB in its objectives, and contribute towards the development, in the public interest, of high-quality, understandable, enforceable and globally accepted IFRS Sustainability Disclosure Standards that meet the information needs of the capital markets and that facilitate interoperability with jurisdictional requirements to meet wider stakeholder information needs;
- to formalise and streamline the ISSB's collective engagement with the global community of relevant jurisdictional and regional bodies in its standard-setting to ensure that a broad range of national and regional input on major technical issues related to the ISSB's standard-setting are discussed and considered; and
- to facilitate effective technical discussions on standard-setting issues, primarily on issues on the ISSB's work plan but which may include other issues that have major implications for the ISSB's work, in sufficient depth, with representatives at a high-level of professional capability and with significant knowledge of their jurisdictions/regions.

1.8 The parties of this Memorandum of Understanding respect each other's role and the establishment of SSAF does not in any way undermine their respective formal mandates. The Foundation recognises the independent roles that the respective jurisdictional and regional bodies have within their own context, and the members of SSAF recognise that the ISSB operates within the framework of the IFRS Foundation's *Constitution* which sets the principle of the ISSB's independence in developing IFRS Sustainability Disclosure Standards.

1.9 The parties of this Memorandum of Understanding may maintain open relationships with other stakeholders, and the establishment of SSAF does not preclude the ISSB or the members of SSAF from having individual relationships with stakeholders and there should be no restriction on the ability of the parties to develop and maintain their own relationships.

## **2. COMMITMENTS OF SSAF MEMBERS**

2.1 The SSAF members formally commit to:

- Supporting the Foundation and the ISSB in its objectives, and contribute towards the development, in the public interest, of high-quality, understandable, enforceable and globally accepted IFRS Sustainability Disclosure Standards that meet the information

needs of the capital markets and that facilitate interoperability with jurisdictional requirements to meet wider stakeholder information needs;

- Encouraging input from stakeholders within their jurisdiction or region on the standard-setting of the ISSB;
- Providing the technical resources including the appointment of representatives with relevant experience and expertise, allocating technical resources in preparation for SSAF meetings and participating actively in substantive technical discussions;
- Providing the necessary resources to act as an active member of SSAF, including time and travel costs;
- Respecting the ISSB's independence, by ensuring that SSAF's discourse does not compromise or challenge the independence and integrity of the ISSB and its duty to be the final arbiter of IFRS Sustainability Disclosure Standards.

### **3. COMMITMENTS OF THE FOUNDATION**

3.1 The Foundation formally commits to:

- Actively engaging with the SSAF and ensuring that its views and feedback are faithfully and fully presented to the ISSB as a substantive part of stakeholder outreach.
- Providing technical resources to contribute to SSAF's effective work and discussions, including the participation of ISSB representatives (the Chair and other ISSB members), and experienced staff with technical expertise.
- Providing the necessary liaison, communication and support between the SSAF and the ISSB.
- Preparing the agenda and ensuring the timely circulation of the agenda and supporting papers (prepared by ISSB staff or SSAF members), in order to ensure that SSAF members have the opportunity to be fully prepared and capable of actively and constructively participating in all SSAF discussions and work.
- Providing the necessary resources and secretariat to host the SSAF meetings.
- Ensuring full transparency of SSAF discussions, including that all meeting agendas, supporting papers and meeting summaries are placed in the public domain, meetings are webcast, and preparing and publishing appropriate press releases and communication following SSAF meetings for the benefit of stakeholders and observers around the globe.
- Respecting the independence of SSAF members and recognising that SSAF's members operate under their own specific national mandates, and undertakes not to undermine or compromise the existing legal rights and obligations of the SSAF members within their respective jurisdictions.