

*“One global identity behind every business”*

Global Legal Entity Identifier Foundation  
Annual Report 2020



# Contents

|  |    |
|--|----|
| Introduction to GLEIF                  | 3  |
| 2020 'At A Glance'                     | 4  |
| Chairman's Statement                   | 5  |
| CEO's Statement                        | 6  |
| Strategic Priorities in 2020           | 7  |
| The LEI in 2020                        | 10 |
| Directors' Report                      | 12 |
| Governance Statement                   | 16 |
| Financial Statements                   | 19 |
| Notes to the Financial Statements 2020 | 24 |
| Independent Auditor's Report           | 48 |
| Board of Directors, CEO and ROC Chairs | 51 |
| Overview of Professional Advisors      | 53 |
| Contact Us                             | 54 |

# Introduction to GLEIF

The Global Legal Entity Identifier Foundation (GLEIF) was established by the Financial Stability Board (FSB) in June 2014 as a not-for-profit organization to support the implementation and use of the Legal Entity Identifier (LEI). GLEIF enables smarter, less costly and more reliable decisions about who to do business with by supporting the implementation of the LEI and the availability of the Global LEI Index. GLEIF is headquartered in Basel, Switzerland.

## GLEIF's Vision

GLEIF believes that each business worldwide should have only one global identity, which can support participation in an increasingly digital economy. This identity should offer a digital format.

## GLEIF's Mission

GLEIF manages a network of partners, known as the LEI issuing organizations, to provide trusted services and open, reliable data for unique legal entity identification worldwide.

## The Global LEI System

The Global LEI System is a federated system including LEI issuing organizations under contract to GLEIF, end users accessing the Global LEI Index via an open data license, and other partners collaborating with or supporting GLEIF through individual agreements. Overseen by the Regulatory Oversight Committee (ROC), it is the only system that establishes a recognized, monitored and standardized global identity for legal entities, linked to the entity's national ID system.

## The Global LEI Index

GLEIF supports the availability of the Global LEI Index, which is the authoritative, central repository that stores historical and current LEI records including related reference data. Any interested party can access and search the complete LEI data pool free of charge and without the need to register.

Through both open data licenses for LEI issuing organizations and the Global LEI Index, GLEIF champions open access to LEI records for all, bringing efficiency, transparency and trust to legal entity identification. It also provides a range of resources to educate the community on the benefits and applications of the LEI.

## The GLEIF Organization

GLEIF is overseen by the ROC, a group of 69 public authorities and 19 observers from more than 50 countries around the world. The responsibility for governance lies with the GLEIF Board of Directors, which is comprised of 16 independent directors.

GLEIF strives to champion diversity and inclusion at all levels. It has a strong commitment to female representation in its management team, with 70% of GLEIF leadership roles being held by women and 49% across the entire organization. In addition, GLEIF employs 50 people from 23 countries.

## What is the Legal Entity Identifier?

The LEI is a 20-character, alpha-numeric code based on the International Organization for Standardization (ISO) 17442 standard. The LEI uniquely identifies legal entities that engage in transactions, thereby helping to create greater transparency in the marketplace. Each LEI is linked to annually verified information about an entity's ownership structure, answering the questions of 'who is who' and 'who owns whom'.

## What is a LEI Issuing Organization?

LEI issuers – also referenced as Local Operating Units (LOUs) – are the organizations authorized to issue LEIs to legal entities engaging in transactions. They verify business information annually, such as an entity's ownership structure.

## GLEIF's History

In the wake of the 2008 financial crisis, regulators worldwide acknowledged their inability to identify parties to transactions across markets, products, and regions. In 2011, the Group of Twenty (G20) called on the FSB to provide recommendations for a global LEI and a supporting governance structure. Proposed in order to increase the authorities' ability to evaluate systemic and emerging risk, identify trends and take corrective steps, this led to the development of the Global LEI System and the establishment of GLEIF.



# 2020 'At A Glance'



Total LEI population in 2020:

**1.71 million**

Annual growth rate:

**15.9%**

New LEIs:

**236,000**

LEI data quality score:

**99%+**

Regulations and laws mandating LEI usage globally:



**116**

LEI issuers:

**39**

Countries and jurisdictions with LEI service availability:

**250+**



## GLEIF Highlights

Introduced the vLEI (verifiable LEI) with engagement across industries:



Automotive



Financial



Services



Telecom



Healthcare



**Opened North America office**

# Chairman's Statement

**It feels only apt to introduce the GLEIF Annual Report 2020 by acknowledging that 2020 was, without a doubt, a testing year for businesses, governments and individuals alike, which presented unique challenges entirely unforeseen. The Covid-19 pandemic focused the world's attention on the vital role that digital technology plays in helping us stay connected and stay in business. In many ways, it reinforced the need to enable efficient and cost-effective decision-making in spite of significant challenges.**

During my first year as Chairman of the Board, I have been incredibly proud of how successfully the GLEIF ecosystem has continued to drive LEI adoption worldwide throughout this unpredictable and rapidly evolving period. Through teamwork and collaboration across GLEIF, the ROC and LEI issuing organization community, we have maintained the continuity of the Global LEI System and, as a result, we've seen the number of LEIs continue to grow substantially.

The GLEIF Board of Directors has undergone a period of transformation following the retirement of Gerard Hartsink, GLEIF's founding Chairman of the Board, along with four other longstanding Board members. With new members joining the Board in 2020, we have ensured a smooth transition at this important stage in GLEIF's history.

## A New Vision for GLEIF

2020 was a milestone year for GLEIF as the organization established an important new vision for the future. Our goal is to further grow the adoption and utility of the LEI significantly, making it a ubiquitous identifier which can be extended to new markets and applications. To evolve and grow the Global

LEI System in order that it can provide optimal benefits to the widest range of stakeholders, we must look beyond the significant growth in LEI issuance achieved to date through legislative and regulatory mandates. We now turn our keen attention to encouraging voluntary LEI adoption. It has been, and will continue to be, the utmost priority for the entire GLEIF ecosystem including the Board, employees, ROC and LEI issuers, to work together as one to make our vision a reality.

The actions taken in 2020 to extend the Global LEI System demonstrate clear progress and are very encouraging. The introduction of the Validation Agent framework offers an entirely new avenue for LEI issuance – one which will streamline the LEI issuance process and, in doing so, deliver a multitude of benefits for legal entities, LEI issuers and institutions that serve legal entity clients. The cross-industry development program to create the vLEI is equally significant and has the power to transform the very nature of identity management and how trusted interactions between legal entities take place online. Combined, these advancements will revolutionize the application of the LEI and have the potential to dramatically accelerate LEI adoption.

## Looking Ahead

Our current focus is to build on the solid foundations established in 2020 and remain agile in how we continue to drive LEI adoption worldwide. In line with GLEIF's approach to date, we are committed to using our resources wisely to ensure the LEI goes from strength to strength in the year ahead.

I would like to personally thank our departing Board members for their dedicated service to GLEIF including Gerard Hartsink for his outstanding leadership during his six years as Chairman, to make the LEI the success that we see today. I'd also like to thank Jefferson Braswell, Robin Doyle, Wolfgang Koenig, Nabil Al-Mubarak and Henrique Vergara for their tireless dedication to the organization and ongoing leadership during their tenure on the Board.

It has been a privilege to join the Board as the Chairman in 2020 and I look forward to working with the team in the year ahead.



**Steven A. Joachim**

**Chair of the Board of Directors,  
Global Legal Entity Identifier Foundation (GLEIF)**

# CEO's Statement

**The global Covid-19 pandemic has tested the strength of every organization, including our own. Significant challenges now lie ahead and transparency will play a crucial part in overcoming them, both in managing the crisis and in supporting global economic recovery. GLEIF is firmly committed to advancing these much-needed efforts, in both the financial sector and the broader global economy.**

With 1.71 million LEIs in place, an annual growth rate of 15.9 per cent and new LEI issuers like Nasdaq and InfoCert, we closed out 2020 on strong foundations. Looking forward, we continue to advocate for broader LEI adoption to enable greater transparency for governments and industries around the world. We have also laid new foundations by engaging in strategic initiatives which will futureproof and enhance the Global LEI System for years to come.

The global pandemic has touched all our lives and I have been humbled by the great community effort to ensure the Global LEI System remained robust throughout this period. The pandemic has reinforced the important role which the LEI plays in society: the Global LEI System was built to provide greater transparency for governments and industries around the world, particularly during times of crisis. This is a responsibility we have always taken seriously and continues to be paramount.

## Advocacy for the LEI

As we continue our mission to drive LEI adoption worldwide, we are encouraged by the widespread and increasing support that the LEI is receiving from the public sector. GLEIF was founded by the G20 and the FSB. Both organizations continue to endorse and advocate for the LEI as a broad public good. In September 2020, the European Systemic Risk Board published its recommendation for broader use of the LEI in the European Union and we look forward to further progress.

With 1.71 million LEIs issued, 116 regulations and laws globally mandating LEI usage across financial services reporting, and a growing number of supervision and identification use

cases worldwide, there is now a healthy appetite to extend the use of the LEI to new markets and applications. We have made exciting progress in 2020 and remain committed to helping new audiences understand the LEI's capabilities to deliver unique trust benefits in organizational identity management scenarios and ecosystems globally.

With a focus on growth, it is important to state that our efforts do not come at the expense of data quality. In the last year, we have invested heavily in the pursuit of best practice and continue to work closely with the LEI issuing organizations to enforce rigorous data quality checks. We provide complete transparency by publishing all results online and we have consistently recorded over 99% in terms of measurable data quality. We shared further insights on GLEIF's data quality in a recent video which includes endorsements from the European Central Bank.

## GLEIF's Strategic Focus

As we look to the future, we will continue to drive momentum for two strategic initiatives which commenced in 2020. In September, we introduced an important new role into the Global LEI System: the Validation Agent. Having listened to the challenges that financial institutions were facing when it came to onboarding new clients, we introduced this new operational model to help them remove duplicative processes across onboarding and LEI issuance, enabling new efficiencies, and enhancing their customer experience as a result. GLEIF confirmed J.P. Morgan as the first Validation Agent just two months later.

Secondly, following a series of research initiatives earlier in the year, GLEIF has invited stakeholders from across the digital economy to engage in a cross-industry development program to create the verifiable LEI (vLEI), a digitally verifiable credential containing the LEI. The vLEI will extend the Global LEI System to create a fully digitized LEI service capable of enabling instant and automated identity verification between counterparties operating across all industry sectors, globally. This will bring a new layer of trust and transparency to the Global LEI System.

## Complying with the European Single Electronic Format (ESEF) for Annual Reports

Finally, our annual report is once again published in human and machine-readable Inline XBRL and HTML format, with its LEI embedded within both the annual report and the digital certificates of GLEIF's signing executive officers.

Embedding LEIs into financial documentation is mandated by the European Securities and Markets Authority, which strongly supports GLEIF's effort to advocate for timely and high quality compliance with the ESEF requirements. Embedding the LEI into the electronic signatures of the signing officers is an additional best practice step to generate end user trust in the authenticity and integrity of the documents. We continue to encourage others to follow this approach as best practice to generate industry-wide gains including increased trust, enhanced data check methods and reduced fraud.

As we reflect on the organization's progress in 2020, I want to personally thank our Chairman, Steven A. Joachim, as well as the Board of Directors and ROC for their trust and guidance. I look forward to GLEIF's progress in the year ahead.



**Stephan Wolf**

**Chief Executive Officer,  
Global Legal Entity Identifier Foundation (GLEIF)**

# Strategic Priorities in 2020

In addition to maintaining successful business operations throughout the Covid-19 pandemic, GLEIF significantly accelerated its transformation by continuing to advance a wide range of strategic initiatives, each one paving the way for increased digitalization of the Global LEI System and broader global adoption of the LEI outside of regulatory mandates.

## GLEIF Opened North America Office

GLEIF extended its global reach by establishing GLEIF Americas, a New Jersey Nonprofit Corporation, led by Karla McKenna, Managing Director. The focus of the North America team is twofold: to further the organization's 'on-the-ground' engagement and collaboration with U.S. financial institutions to educate on the value LEIs deliver beyond regulated use in capital markets; and to champion and support pilot programs for financial institutions wishing to use the LEI more broadly across all financial services business lines, such as trade financing, corporate banking and payments.



## The Validation Agent Role Launched and Embraced by Financial Institutions

GLEIF launched the Validation Agent as a new role for financial institutions in the Global LEI System designed to simplify LEI issuance for their clients, reduce time-to-revenue, and future proof their institutions for digital innovation. By leveraging their know-your-customer (KYC), anti-money laundering (AML) and other regulated 'business-as-usual' onboarding processes, Validation Agents can remove process duplication by obtaining an LEI for their customers during initial onboarding or during a standard client refresh update, realizing a host of customer experience, cost and process efficiency gains as a result.

Validation Agents can also capitalize on additional opportunities to add client value and achieve market differentiation. By expanding their LEI issuance beyond those that require an LEI for financial compliance, a Validation Agent can equip its whole business client base with globally recognized identities, which can be used across borders with any counterparty or supplier around the world.

In November, GLEIF announced that J.P. Morgan had become the first Validation Agent, after issuing the first LEI under the new model in partnership with LEI issuer, Business Entity Data B.V. (BED).

Since then, the Validation Agent role has continued to gain traction both with financial and other regulated organizations around the world.



“  
Working as a Validation Agent will allow us to improve our client onboarding experience as well as create valuable industry LEI reference data. If a majority of financial institutions implemented this service, it would greatly multiply the number of LEIs in production to the benefit of all.  
”

George Brandman,  
Managing Director,  
Reference Data Strategy,

J.P.Morgan

# Strategic Priorities in 2020

## GLEIF Advances Global Organizational Identity with Digitally Verifiable LEI Program

GLEIF also announced its intention to extend the Global LEI System to create a fully digitized LEI service capable of enabling decentralized, automated identity verification between counterparties operating across all industry sectors, globally.

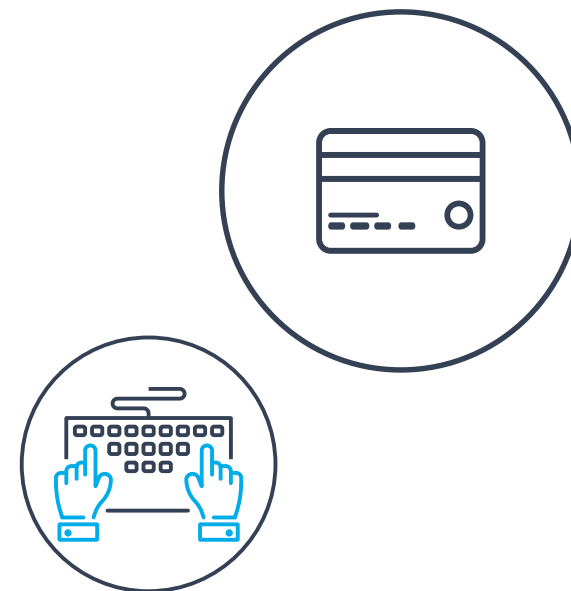
Having confirmed demand from a range of industry sectors including pharmaceutical, healthcare, telecom, financial services and automotive, GLEIF launched a cross industry development program to create an ecosystem and credential governance framework, together with a technical supporting infrastructure, for a digitally verifiable credential containing the LEI, known as the vLEI.

The vLEI will give government organizations, companies and other legal entities worldwide the capacity to use non-repudiable identification data pertaining to their legal status, ownership structure and authorized representatives in a growing number of digital business activities, such as approving business transactions and contracts, onboarding customers, transacting within import/export and supply chain business networks and submitting regulatory filings and reports.

Together, the Validation Agent role and the vLEI program make the Global LEI System a uniquely strong proposition for standardized organizational identity, with the potential to become the de-facto choice for legal entities everywhere.

“The vLEI has the potential to become one of the most valuable digital credentials in the world because it is the hallmark of authenticity for a legal entity of any kind. The family of digital credentials in the GLEIF vLEI Governance Framework can serve as a chain of trust for anyone needing to verify the legal identity of an organization or of a person legally acting on that organization’s behalf.”

Drummond Reed,  
Steering Committee Member,



## LEI Search 2.0 and Companion API Introduced

Also in 2020, GLEIF completed its migration to the new LEI search engine, providing regulators, data aggregators, natural persons and other legal entities with deeper, historical LEI data functionality. It also published a companion API enabling third-party developers to automate searches and retrieve open, higher quality LEI data from within their application environments.

By expanding the number of search parameters available, LEI Search 2.0 delivers a new level of transparency over how legal entities have evolved over time, enabling faster and more sophisticated counterparty due diligence, heightened granularity in regulatory oversight procedures and richer reporting potential for market data aggregators.

# Strategic Priorities in 2020

## An ISO Standardized Approach to Embedding LEIs in Digital Certificates

GLEIF announced that ISO had defined a standard approach for certificate authorities to embed LEIs within digital certificates, which was included in a revision of ISO 17442. This move to simplify LEI integration paves the way for all digital certificates to be linked by a universal entity identifier

“The use of the LEI for fully distributed verifiable credentials provides a missing capability in distributed identity. The value extends far beyond financial services to e-commerce, trade services, and governmental reporting. The LEI in this way reinforces the value the ISO 17442 standard delivers as the world of organizational identity in the digital world evolves.”

Jim Northey,  
Chair, ISO TC 68,



to verified and regularly updated entity reference data, in a freely accessible repository, and to contain the certificate owner's role within a legal entity. Adherence to the standard will make certificates easier to manage, aggregate and maintain as well as providing greater overall transparency.

## GLEIF's ISO 20000 Surveillance Assessment Demonstrates the Ongoing Reliability and Quality of Services to Employees, Stakeholders and Customers

ISO 20000 is an international standard for service management for IT and non-IT services published by ISO. It specifies requirements for the service provider to plan, establish, implement, operate, monitor, review, maintain and improve a service management system. GLEIF obtained the ISO/IEC 20000-1:2011 certificate in October 2019, constituting a key milestone for the organization, and successfully passed the surveillance assessment in September 2020. GLEIF works together with its stakeholders to have the best services in place. GLEIF regularly reviews its processes and identifies opportunities for improvement and builds resilience throughout its supply chain. The embedded service lifecycle strategy ensures that GLEIF's services remain current and add value.

## Increased Momentum with Strategic Partners

→ GLEIF and strategic partner Evernym piloted a solution which allows organizations to create and manage 'organization wallets', containing digital portable credentials that confirm an organization's identity and verify the authority of employees and other representatives to act on behalf of the organization.



Over the course of 2020, GLEIF partnered with Deloitte to confirm the feasibility of the vLEI concept, explore demand across different industry sectors and investigate options for the supporting technical infrastructure. This successful partnership played a crucial role in evolving the vLEI proposition ahead of launch in December.

## Deeper Industry Engagement and Collaboration



GLEIF announced its membership of the Trust over IP Foundation (ToIP), a recently launched cross-industry coalition to advance digital trust standards and enable trustworthy exchange and verification of data between any two parties on the internet. Hosted by the Linux Foundation, the ToIP Foundation is an independent project which brings together governments, non-profit organizations and private sector stakeholders from the finance, healthcare, enterprise software and other sectors, to enhance universal security and privacy protocols for consumers and businesses in the digital era.

As a contributing member, GLEIF is working alongside other leading organizations, including Accenture, BrightHive, Cloudocracy, Evernym, Finicity, IBM Security, Lumedic, Mastercard, MITRE, and many others, to advance digital trust standards in a neutral forum.



GLEIF became a member of the International Association for Trusted Blockchain Applications, to contribute to the advancement of an open, transparent and inclusive global model of governance for blockchain and other distributed ledger technology (DLT) infrastructures. GLEIF's membership focuses on driving awareness of the value of the LEI in decentralized digital organizational identity verification and how vLEIs could be used in blockchain and other DLT identity solutions.

# The LEI in 2020

## The Global LEI System Advances

Continued growth of an established ecosystem has created further capacity and momentum for future scaling of LEI volumes.

## The LEI in Numbers

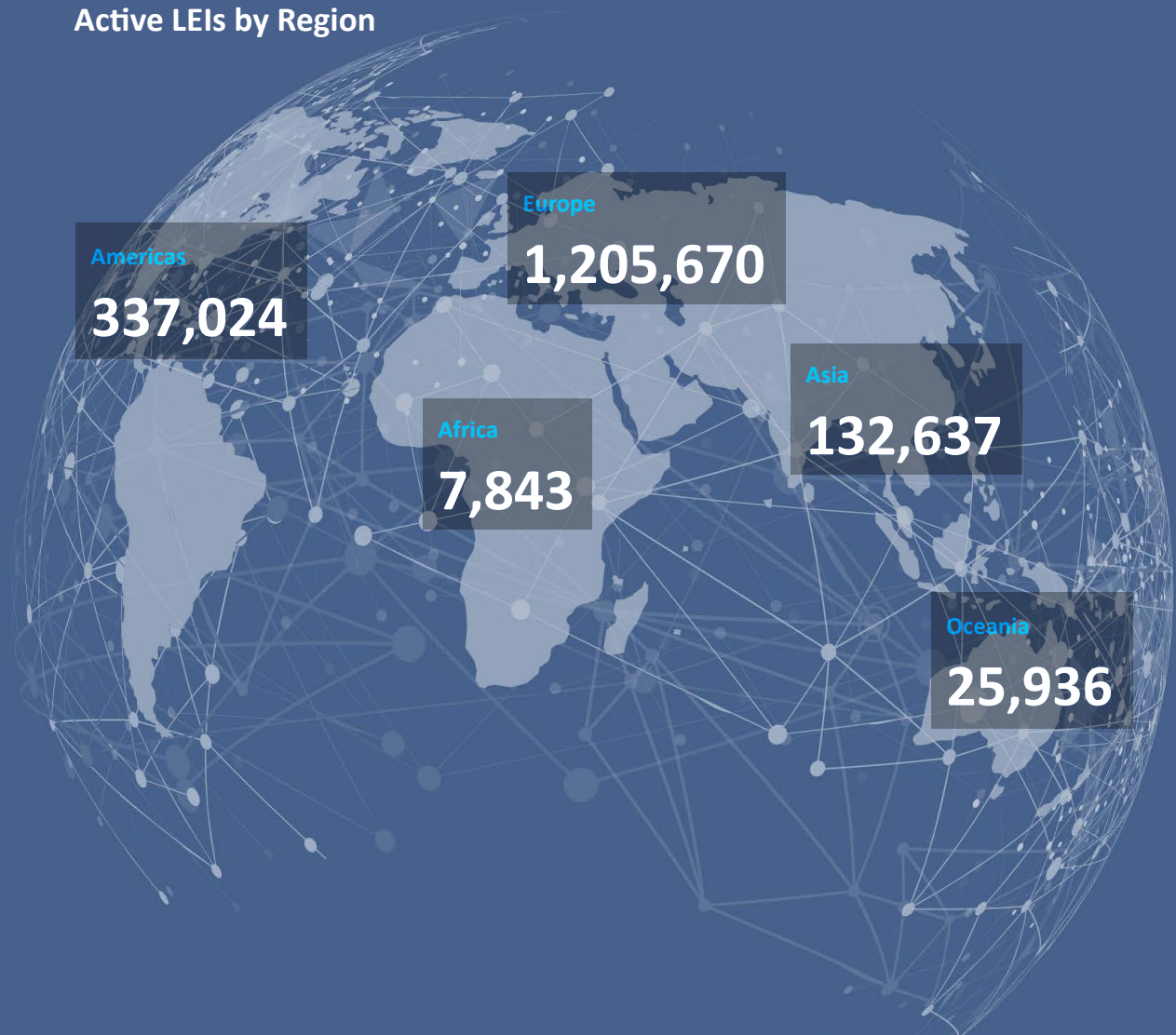
As of 31 December 2020

**1.71 million**  
active LEIs globally

**15.9%**  
annual increase

LEIs active across  
**222**  
countries and territories

## Active LEIs by Region



# The LEI in 2020

## A Strengthened Issuance Infrastructure

Three new LEI issuers operational:



## A Strengthened Global LEI System

- Launch of **Validation Agent framework**:
  - To streamline LEI issuance, making it faster and more convenient for entities
  - J.P. Morgan announced as first Validation Agent in 2020
- GLEIF commitment to create a **fully digitized LEI service**
- Simplified access to customized data via **LEI Search 2.0 and Companion API**
- **Data quality management** is a significant strategic priority. GLEIF works with LEI issuers to enforce rigorous data quality checks, results are published online for complete transparency and data quality in excess of 99% has been measured within the system. GLEIF recently published a **video** on its data quality which includes endorsements from the European Central Bank (available at: <https://youtu.be/090H4AUERis>)

## Spotlight on LEI Issuance

### Top LEI growth jurisdictions



### Top five countries by LEI volume



### Top five countries by renewal rate



### Five most competitive markets\*



\*most LEI issuers per jurisdiction, with similar market share, in markets with over 1,000 LEIs

# Directors' Report

## The GLEIF Board of Directors is pleased to present the GLEIF Annual Report 2020, including the audited financial statements for the financial year from January 1 to December 31, 2020.

The financial statements are prepared in accordance with all applicable laws and regulations. For the financial statements, the accounting standards align to the International Financial Reporting Standards (IFRS).

The Board of Directors represents the supreme governing body of GLEIF. The Board of Directors oversees GLEIF's strategy and activities, exercising its powers in the best interest of the organization. GLEIF is subject to the oversight of the ROC.

## Strategic Focus

In 2020, the Board of Directors focused its oversight on the core activities of the organization, including the strategic priorities, budget, use of resources, and the management of key operations and processes.

The Board of Directors is of the opinion that GLEIF has progressed important growth initiatives and demonstrated valuable use cases to promote the LEI for trusted entity identification in the digital age.

To support this, the Board of Directors approved the introduction of the Validation Agent role, aligned to GLEIF's vision for increased voluntary adoption of LEIs by the banking sector across non-regulatory use cases. The Board also approved the launch of a development program for a cryptographically verifiable LEI, the vLEI.

The Board of Directors applauds GLEIF's efforts to open its North America office in 2020 despite challenging circumstances caused by the Covid-19 pandemic. The office's proximity to America's financial capital supports GLEIF's goals to drive broad voluntary adoption of the LEI worldwide by banks and other financial institutions.

The Board of Directors views today's digital age as an important opportunity for GLEIF to set the standard for digital identity management, and believes GLEIF will continue to drive innovation in this area. The Board of Directors will closely monitor GLEIF's digital initiatives and looks forward to the CEO's progress reports throughout 2021.

## Financial Condition

GLEIF's financial condition remains robust. GLEIF's revenue amounted to US\$12 million generated from LEI issuance fees during 2020. The fee set by GLEIF for each LEI issued remained unchanged at US\$11 throughout 2020. Despite the global pandemic, GLEIF maintained a solid level of LEI issuance and a higher renewal rate than predicted during 2020. The Board of Directors decided to add the consolidated net surplus of US\$90,600 to the organizational capital in line with GLEIF's purpose as a not-for-profit organization.

The LEI serves as a broad public good for the benefit of all users in the public and private sector. The Board of Directors believes it is critical that the organization's internal levels of cash reserves are managed in such a way as to ensure the sustainability of operations, to respond to future risks and to implement strategic programs that contribute to the purpose of GLEIF.

In December 2020, the Board of Directors approved GLEIF's budget for 2021. GLEIF's LEI fee will remain at US\$11. Additionally, the Board of Directors approved an investment budget for the implementation of the vLEI system. When fully developed, the vLEI will enable instant and automated identity verification between counterparties operating across all industry sectors, globally.

# Directors' Report

## Board of Directors Meetings

In 2020, the Board of Directors held nine meetings to facilitate dialogue among directors, ROC Chairs, the CEO and the GLEIF senior management team. These meetings ensure the Board of Directors has diligent oversight of the organization's operations. Due to the global pandemic, eight out of nine meetings were conducted virtually to align with public safety guidelines. In accordance with Article 16 of the Statutes, ex officio Board members, namely the Chair and Vice Chairs of the ROC, participated as observers in the Board of Directors meetings.

The Board of Directors held two virtual meetings with the ROC Executive Committee. The GLEIF Chair and CEO were invited to report on the status of relevant activities in two virtual ROC Plenary meetings during 2020. The GLEIF Chair and the CEO had bi-weekly virtual meetings with the ROC Chair and Vice-Chairs.



## Board of Directors

On December 31 2020, the GLEIF Board of Directors consisted of the following 16 directors from 13 jurisdictions:

**Steven A. Joachim**  
Chair  
(United States of America)

**Sandra Boswell**  
(Australia)

**Hany Choueiri**  
(United Kingdom)

**Changmin Chun**  
(Korea)

**Daniel Cotti**  
(Switzerland)

**Daniel L. Goroff**  
(United States of America)

**Amy A. Kabia**  
(United States of America)

**Humaid Mudhaffr**  
(Saudi Arabia)

**Hiroshi Nakatake**  
(Japan)

**Salil Kumar Jha**  
(India)

**Alfredo Reyes Krafft**  
(Mexico)

**Javier Santamaría**  
(Spain)

**Elemér Terták**  
(Hungary)

**Monica Singer**  
(South Africa)

**Kam Keung Tse**  
(Hong Kong, China)

**Zaiyue Xu**  
(China)

## Ensuring Smooth Transition of Leadership

2020 was an important year of transition for the Board of Directors. The remaining five founding members departed including its Chair, Gerard Hartsink, who served the Board of Directors for over six years.

An open call for applications to join the Board of Directors was initiated in late 2019, resulting in the successful election of four new members, including the Chair, who started his term of office in June 2020. The ROC approved the new members by the required "no objection declaration".

For the succession of the Chair, the GLEIF Board of Directors was assisted by an executive search firm in order to ensure a balanced assessment. The recruitment process was accompanied by GLEIF's onboarding and training program which is applicable to all new directors.

The Board of Directors consequently elected a new Vice Chair and new Chairs of the Board Committees:

**Monica Singer**  
Vice Chair of the Board of Directors and Chair of the Business Strategy Advisory Committee

**Hiroshi Nakatake**  
Chair of the Governance Committee

**Sandra Boswell**  
Chair of the Audit and Finance Committee

**Hany Choueiri**  
Chair of the Risk Committee

The new Chair, Steven A. Joachim, facilitated the transition of a new leadership team in the second half of 2020, in close cooperation with the Chairs of the Board Committee. The Chair also engaged in frequent dialogue with the CEO, supported by GLEIF's senior management team.

# Directors' Report

## Retirement and Election of Directors

In 2020, the following changes took place within GLEIF's Board of Directors.

### Retirement

Pursuant to the provisions set out in the by laws under II.8., the following directors retired by rotation from the Board of Directors in June 2020 after their second term of office had ended:

**Gerard Hartsink**  
Chair (The Netherlands)

**Jefferson Braswell**  
Member  
(United States of America)

**Robin Doyle**  
Member  
(United States of America)

**Wolfgang Koenig**  
Member (Germany)

**Nabil al-Mubarak**  
Member (Saudi Arabia)

**Henrique Vergara**  
Member, retired after his first term of office in June 2020 (Brazil)

### Election of Directors

Pursuant to Article 15 of the Statutes, the following directors were elected to the Board of Directors for a term of three years from June 2020 to June 2023:

**Steven A. Joachim**  
Chair  
(United States of America)

**Amy A. Kabia**  
Member  
(United States of America)

**Humaid Mudhaffr**  
Member (Saudi Arabia)

**Javier Santamaría**  
Member (Spain)

## Re-elections

The Board of Directors re-elected Alfredo Reyes Krafft (Mexico) as member of the Board of Directors for a second term of office.

The Board of Directors re-elected Thomas Sprecher as Secretary of the Board of Directors for an additional term.

The Board of Directors also approved the employment agreement of the CEO.

## New Board Committees

Based on the recommendation of the Governance Committee, the Board of Directors formed two new committees and adopted respective charters: a) Business Strategy Advisory Committee (BSAC) and b) Risk Committee (RC). Both committees support the Board of Directors in its role to oversee important business developments and the risk framework of GLEIF. The Board of Directors closed the following committees: the Technology and Operations Standards Committee (TOPS Committee) and the Business Development Committee (BDC) which had dedicated their efforts to support GLEIF's operations in the first phase of its organizational development.



## Advocacy and Cooperation

Continued advocacy is important at both a national and international level and between the public and private sector institutions, in order to further drive mandates for LEI usage.

The Board of Directors values the constructive dialogue with the ROC Executive Committee. In 2020, the Board of Directors discussed important initiatives to implement the recommendations highlighted by the FSB in its LEI Peer Review Report, based on the implementation of the LEI in the 24 FSB countries, published in May 2019. The Board of Directors endorsed the mandate of the Joint Promotion Committee of the ROC and GLEIF, as well as the mandate of the ROC's Policy Consultation Group. The Board of Directors also presented its amendments to the Memorandum of Understanding (MoU) of 23 September 2015, regulating the relationship of the ROC and the GLEIF Board of Directors. The Board of Directors took note of the ROC's extended competences as per 1 October 2020, in which the ROC oversees not only the Global LEI System, but also the Unique Transaction Identifier, Unique Product Identifier, and Critical Data Elements.

Regulatory authorities play a key role in mandating the LEI for regulatory reporting, for supervisory and compliance purposes and for the use of the LEI by public sector agencies in general. The Board of Directors welcomed the ROC's initiative to formulate a vision and strategy for the use of the LEI by the public sector.

The Board of Directors looks forward to GLEIF's continuous engagement with market participants across industries. The Board of Directors encourages GLEIF's engagement with the ROC and the LEI issuers to promote high-quality, up-to-date LEI reference data as part of the mandatory annual LEI renewal process.

# Directors' Report

## Board Alumni Network

Many former founding members of the Board of Directors serve in the Board Alumni Network. Regular dialogue continued between these two bodies during 2020.

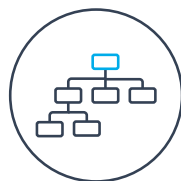
Board Alumni Network meetings are intended to give Board alumni relevant information so they can continue to help GLEIF as ambassadors, promoting the LEI in their jurisdictions and/or industries in line with GLEIF's strategy. Former directors who choose to become Board Alumni Network members sign an Alumni Agreement with GLEIF. This way, they continue to comply with GLEIF's requirements including the Conflict of Interest Policy. Board Alumni Network members provide their services on an unpaid basis as required under Article 19 of the Statutes.

The Board of Directors attaches great importance to preserving the institutional memory of GLEIF and encourages retired directors to continue to make themselves available for the promotion of the LEI in their jurisdiction and/or industries.

## Successful Management

The Board of Directors is satisfied that GLEIF promotes prudent management to ensure the best use of resources and sustainable funding. The directors believe that the CEO and GLEIF's senior management team conducted relevant investments to improve the GLEIF services and keep data quality standards high.

Quality assurance and continuous improvement is at the heart of GLEIF activities. The Board of Directors is proud that GLEIF has been awarded the ISO 20000 certificate demonstrating exceptional operational excellence.



## Risk Management Compliance and Internal Control

GLEIF is governed by the Statutes, including its annexes and policies. The directors reviewed the Annual Compliance Report of the Chief Compliance Officer (CCO). The Board of Directors acknowledged the CCO's opinion that the overall compliance risk of GLEIF with respect to significant exceptions or omissions is low. The internal controls and financial controls were adequate and the systems in place ensured compliance with applicable laws.

In June 2020, the Board of Directors created a temporary Special Committee to review the Governance Committee operations, supported by an external adviser. The Special Committee issued a comprehensive report introducing nine recommendations to improve the operations of the Board of Directors. The Governance Committee was tasked by the Board of Directors to implement the recommendations in the second half of 2020 and onwards.

The Board of Directors approved the following policies for its operations:

- ➔ Whistleblowing Policy
- ➔ Procurement Policy
- ➔ Updated Travel and Expense Policy

The Board of Directors approved a new Risk Policy, Risk Framework and Risk Register at the end of 2020.

## Going Concern

The Board of Directors approved the GLEIF Annual Report including the financial statements for the financial year of 2020. The Board of Directors is satisfied that the GLEIF Annual Report 2020 gives a true and fair view of the state of affairs of GLEIF, its performance, business and financial condition.

As far as the directors are aware, there is no relevant audit information of which the auditors were unaware. The accounting policies were applied consistently. The directors assess that GLEIF is in good financial health. GLEIF has the capacity to expand and grow performance within its chosen markets. The revenue shall be used exclusively to promote GLEIF's not-for-profit purpose. The Board of Directors recognizes the number of planned projects to strengthen services and LEI use cases. The Board of Directors views potential project risks as manageable and available funds adequate.

## Acknowledgments

The Board of Directors would like to offer their sincere thanks to GLEIF's founding and former Chairperson Gerard Hartsink for his commitment, vision, and the many years of successful service he dedicated to launching and building GLEIF. His leadership, guidance, and close partnership with his Board colleagues and the GLEIF team have helped shape the success of the LEI to date.

GLEIF would also like to thank Jefferson Braswell, Robin Doyle, Wolfgang Koenig, Nabil Al-Mubarak and Henrique Vergara, for their valuable contributions to the organization, following their departure from the Board in 2020.

The Board of Directors also thanks the LEI issuing organizations for driving LEI issuance services in over 200 countries and territories and for upholding the principles of the Global LEI System.

By order of the Board of Directors  
Chairman

# Governance Statement

GLEIF is a not-for-profit foundation under Swiss law. At the 2012 Los Cabos Summit, the Heads of State and Government of the G20 endorsed the framework for the development of a Global LEI System for parties involved in financial transactions, with a global governance framework representing the public interest. Established by the FSB in June 2014, GLEIF is mandated to develop and maintain the Global LEI System. In this way, GLEIF facilitates the use of the LEI to globally drive forward transparency within global financial markets and for financial transactions.

## Unique Governance System

GLEIF's dedicated oversight system underscores its global relevance and expresses its unique global governance framework. GLEIF is overseen by the ROC representing public authorities from around the globe. GLEIF is also under the supervision of the Swiss Supervisory Board of Foundations.

The Board of Directors, GLEIF's governing body, is responsible for its activities and delegates tasks with guidance from the CEO. The Board of Directors has 16 directors from 13 jurisdictions, representing diverse industries across the private sector. GLEIF's governance reflects its mandate from the G20 and FSB to ensure that the LEI becomes a broad public good for the benefit of public and private sector users globally.

## Oversight of the Regulatory Oversight Committee (ROC)

The ROC is a group of 69 public authorities and 19 observers from more than 50 countries around the globe. The ROC was established in January 2013 to coordinate and oversee a worldwide framework of legal entity identification, the Global LEI System. In its role as overseer of GLEIF, the ROC ensures that GLEIF upholds the principles of the Global LEI System. In order to fulfil its role as overseer, two or more members of the ROC act as observers of the GLEIF Board of Directors. These ROC members have no voting rights in the meeting of the GLEIF Board of Directors. The members of the ROC Plenary and their decisions are published at [www.leiroc.org](http://www.leiroc.org)

GLEIF maintains an open and constructive dialogue with the ROC. The cooperation model between the ROC and GLEIF is laid out in the GLEIF Statutes. Both signed a MoU, published on the GLEIF website, specifying the processes and responsibilities between GLEIF and the ROC. The cooperation model includes not only the ROC's oversight role but also the collaboration on policies and technical standards, promotion and awareness of the benefits of the LEI. This aligns to requirements from the FSB and in cooperation on the user role of ROC members.

## LEI Issuers

GLEIF operates the Global LEI System in conjunction with LEI issuing organizations. All LEI issuers must be accredited by GLEIF in order to be able to issue LEIs. Under the governing Master Agreement, GLEIF supports and oversees the LEI issuers' operations, ensuring that internal controls, data quality metrics, data validation and cost-recovery requirements are performed. GLEIF's management and the LEI issuers hold monthly meetings to progress and expand current services for the Global LEI System.

## Neutrality and Transparency

GLEIF is, by its Statutes, agnostic to any commercial or political interests. Guided by the High Level Principles laid out in the GLEIF Statutes and Annexes, GLEIF continues its commitment to high standards of governance throughout the organization and the integrity of its operation and interaction with stakeholders. This will ensure that GLEIF remains an important foundation, trusted by market participants, and realizes its purpose for the Global LEI System.

GLEIF is committed to transparency and delivering open data services for all users of the public and private sectors. GLEIF upholds the principles of transparency in accordance with Article 6 of the Statutes and publishes all the relevant information on its website. GLEIF applies uniform global operational standards and protocols that ensure global uniqueness of the LEI data and seamless access to high quality reference data for users.

# Governance Statement

## Decision-making by the Board of Directors

The Board of Directors is the supreme governing body of GLEIF. It oversees GLEIF while exercising its powers in the best interest of the foundation. The Board of Directors makes decisions independently and on its own authority and judgment.

The Board of Directors determines GLEIF's policies, controls the implementation of the approved strategy and evaluates the short, medium and long-term balance between goals and resources. The Board of Directors held nine meetings in 2020. The ROC observers participated in all Board of Directors meetings during 2020. The minutes of the Board meetings are published on the GLEIF website.

### Composition of the Board of Directors

In line with GLEIF's mandate from the G20 and FSB, the Board of Directors has a global, multi-sector composition. Guided by Article 13 of the Statutes, the Board of Directors is determined to represent all regions of the world while following a specific formula of geographic, sector and skills representation. In this way, the Board of Directors ensures the right skill mix for diligent decision-making. The diversity of the Board of Directors allows for multiple perspectives, creating a dynamic that generates comprehensive oversight of management. Directors support GLEIF as ambassadors in promoting the implementation of the LEI program in their jurisdiction and/or sector.

The Board of Directors may be composed of up to 25 independent directors, who govern the foundation and oversee management.

## Director Nominations

Directors are nominated within an open and transparent process. According to Article 15 of the Statutes, the nomination procedure is coordinated by the Chair, who is supported by the Governance Committee. Newly appointed directors are subject to a "no objection declaration" of the ROC as required in Article 31 of the Statutes. Pursuant to Article 17 of the Statutes, directors are eligible to hold their position for a three-year term, renewable for an additional term of three years.

The Board of Directors nominates a Chair and Vice Chair of the Board of Directors and the Board Committees.

In its recruitment practice, the Board of Directors is committed to anti-discrimination in all categories of diversity including gender, ethnicity, disability and sexual orientation.

## Director Service

Directors serve on an unpaid basis according to Article 19 of the Statutes. They are reimbursed for travel costs incurred in the performance of their duties. Each Board Member signs a Director's Agreement for his/her services to the Board of Directors and acknowledges his/her responsibilities under the GLEIF Conflict of Interest Policy on an annual basis.

## Committees of the Board of Directors

The Board of Directors had five specialized committees in 2020. The committees meet at least four times a year and as deemed necessary. The committees provide recommendations to the Board of Directors and review the implementation of relevant projects in their respective areas. The Committee Chairs actively report their findings and recommendations in each meeting of the Board of Directors.

### Committee of Chairs (CoC)

**Chair: Steven A. Joachim (from Q3 2020), previously Gerard Hartsink.**

The CoC supports the preparation of agendas for the Board of Directors and provides advice to the Chair and the CEO. The CoC also assesses the annual remuneration of GLEIF's management and oversees the policy positions of GLEIF.

### Audit and Finance Committee (AFC)

**Chair: Sandra Boswell (from Q3 2020), previously Robin Doyle.**

The AFC's main role is to oversee all material aspects of GLEIF's financial reporting, budget and financial planning, accounting policies, internal controls and internal audit that promote good financial stewardship. The AFC assesses the external auditor's independence and reviews the annual financial statements for recommendation to the Board of Directors.

# Governance Statement

## Governance Committee (GC)

**Chair:** Hiroshi Nakatake (from Q3 2020), previously Gerard Hartsink.

The GC provides counsel to the Chair of the Board of Directors to support the proper governance of GLEIF, in particular with respect to compliance with applicable policies, Statutes and bylaws. The GC also recommends succession plans for directors and ensures that the Board of Directors and its committees have an appropriate composition.

## Business Strategy Advisory Committee (BSAC)

**Chair:** Monica Singer

BSAC is the successor of the BDC, overseeing GLEIF's business strategy and plans to encourage widespread adoption of the LEI within financial services, supply chains and the digital economy. It also considers cross-sectorial applications of the LEI.

## Risk Committee (RC)

**Chair:** Hany Choueiri

The RC reviews and monitors for potential risks to GLEIF and the Global LEI System and advises on risk mitigation measures.

## Technology and Operations Standards Committee (TOPS Committee) and Business Development Committee (BDC) retired in Q2 2020

The TOPS Committee provided oversight and counsel for the technical and operational standards and architecture of the Global LEI System. The TOPS Committee also delivered guidance with regard to GLEIF's technology strategy and major technical projects. It also reviewed the security and resilience of the core platform. (Chair: Wolfgang König)

The BDC oversaw GLEIF's strategic objectives and monitored the implementation of its strategy. The BDC also made recommendations with regard to GLEIF's promotion plans and the Board of Directors' ambassador program. (Chair: Jefferson Braswell)

## External Audit Process

The annual financial statements of GLEIF are prepared in accordance with the IFRS. As a Swiss foundation, GLEIF is also obliged to prepare the annual financial statements in accordance with the Swiss Code of Obligations that are filed with the Swiss Supervisory Board of Foundations. Both include the independent auditor's report with an unqualified opinion.

With the recommendation of the AFC, the Board of Directors approves the terms of engagement including the engagement letter and scope of the financial audit for each calendar year.

The AFC reviews the findings of the external auditor before the Board of Directors adopts the annual financial statements. The external auditor is present during the Board of Directors meeting when the annual financial statements or audit opinions are discussed and when deemed appropriate.

A person in silhouette stands on a balcony overlooking a city skyline. The image is overlaid with a blue pixelated pattern. A white vertical bar is on the left side.

# **Consolidated Financial Statements 2020**

**for the Period from January 1 to December 31, 2020**

**Global Legal Entity Identifier Foundation**  
Basel, Switzerland

# Statement of Comprehensive Income

for the Period from January 1 to December 31, 2020

|   | Notes       | Jan. to Dec. 2020 | Jan. to Dec. 2019 |
|---|-------------|-------------------|-------------------|
|   |             | US\$              | US\$              |
| Fee revenue   | 3.1         | 11,987,725        | 14,516,715        |
| Wages and salaries  |             | -5,894,056        | -4,616,880        |
| Social contributions and expenses for pensions and care   |             | -780,217          | -543,684          |
| Personnel expenses  | 3.2         | -6,674,273        | -5,160,564        |
| Other operating expenses  | 3.3         | -4,465,448        | -5,561,990        |
| Other operating income  | 3.4         | 345,590           | 181,344           |
| Amortization and depreciation expense   | 4.5/4.6/4.7 | -1,070,035        | -873,846          |
| <b>Operating surplus</b>  |             | <b>123,559</b>    | <b>3,101,659</b>  |
| Subsidies and donations   | 3.5         | 28,811            | 25,368            |
| Financial income/expense  | 3.6         | -61,766           | -234,837          |
| <b>Net surplus</b>  |             | <b>90,604</b>     | <b>2,892,190</b>  |
| Changes of components of net equity from actuarial gains and losses in pensions and similar obligations | 3.2         | -6,984            | -11,410           |
| Items that will not be reclassified to net surplus  |             | -6,984            | -11,410           |
| <b>Other comprehensive income</b>   |             | <b>-6,984</b>     | <b>-11,410</b>    |
| <b>Total comprehensive income</b>   |             | <b>83,620</b>     | <b>2,880,780</b>  |

# Balance Sheet

As of December 31, 2020

| Assets                       | Notes | Dec. 31, 2020     | Dec. 31, 2019     | Liabilities and equity             | Notes | Dec. 31, 2020     | Dec. 31, 2019     |
|------------------------------|-------|-------------------|-------------------|------------------------------------|-------|-------------------|-------------------|
|                              |       | US\$              | US\$              |                                    |       | US\$              | US\$              |
| Receivables from LEI issuers | 4.1   | 1,639,591         | 1,515,978         | Payables due to vendors            | 4.8   | 965,390           | 967,842           |
| Current financial assets     | 4.2   | 4,860             | 33,101            | Liabilities due to Board Directors | 6.1   | 0                 | 18,955            |
| Other assets                 | 4.3   | 430,412           | 296,047           | Current financial liabilities      | 4.9   | 1,198,379         | 554,670           |
| Cash and cash equivalents    | 4.4   | 14,088,580        | 13,255,924        | Other payables                     | 4.10  | 1,633,227         | 1,175,099         |
| <b>Current assets</b>        |       | <b>16,163,443</b> | <b>15,101,050</b> | Deferred subsidies                 | 3.5   | 96,222            | 0                 |
| Intangible fixed assets      | 4.5   | 1,220,640         | 1,158,440         | <b>Current liabilities</b>         |       | <b>3,893,218</b>  | <b>2,716,566</b>  |
| Tangible assets              | 4.6   | 174,111           | 235,044           | Provision for pension costs        | 3.2   | 46,500            | 34,009            |
| Long-term financial assets   | 4.2   | 157,069           | 143,795           | Long-term financial liabilities    | 4.9   | 4,792,688         | 3,437,706         |
| Right of Use assets          | 4.7   | 5,293,914         | 3,779,781         | Deferred subsidies                 | 3.5   | 6,571             | 43,249            |
| <b>Non-current assets</b>    |       | <b>6,845,734</b>  | <b>5,317,060</b>  | <b>Non-current liabilities</b>     |       | <b>4,845,759</b>  | <b>3,514,964</b>  |
|                              |       | <b>23,009,177</b> | <b>20,418,110</b> | Paid-in Foundation capital         |       | 55,927            | 55,927            |
|                              |       |                   |                   | Other reserves                     |       | 14,432            | 21,416            |
|                              |       |                   |                   | Retained surplus                   |       | 14,199,841        | 14,109,237        |
|                              |       |                   |                   | <b>Organizational capital</b>      | 4.11  | <b>14,270,200</b> | <b>14,186,580</b> |
|                              |       |                   |                   |                                    |       | <b>23,009,177</b> | <b>20,418,110</b> |

## for the Period from January 1 to December 31, 2020

2020 Annual Report

# Statement of Changes in Organizational Capital

|  | Paid-in Foundation<br>capital | Other reserves,<br>actuarial gains and<br>losses from pension<br>obligations | Retained surplus  | Organizational capital |
|--|-------------------------------|--|-------------------|------------------------|
|  | US\$                          | US\$   | US\$              | US\$                   |
| <b>Balance as of December 31, 2018</b> | <b>55,927</b>                 | <b>32,826</b>  | <b>11,217,047</b> | <b>11,305,800</b>      |
| Net surplus                            | 0                             | 0  | 2,892,190         | 2,892,190              |
| Other comprehensive income             | 0                             | -11,410  | 0                 | -11,410                |
| Total comprehensive income             | 0                             | -11,410  | 2,892,190         | 2,880,780              |
| <b>Balance as of December 31, 2019</b> | <b>55,927</b>                 | <b>21,416</b>  | <b>14,109,237</b> | <b>14,186,580</b>      |
| Net surplus                            | 0                             | 0  | 90,604            | 90,604                 |
| Other comprehensive income             | 0                             | -6,984   | 0                 | -6,984                 |
| Total comprehensive income             | 0                             | -6,984   | 90,604            | 83,620                 |
| <b>Balance as of December 31, 2020</b> | <b>55,927</b>                 | <b>14,432</b>  | <b>14,199,841</b> | <b>14,270,200</b>      |

# Notes to the Consolidated Financial Statements

## 1. Information on GLEIF

The accompanying consolidated financial statements present the operations of Global Legal Entity Identifier Foundation (hereinafter: "GLEIF" or "the Foundation") with its registered office in Basel, Switzerland and its subsidiary (together referred to as the "GLEIF Group").

GLEIF is a foundation according to Swiss civil law and registered under no. CHE-200.595.965 in the commercial register of Basel-Stadt, Switzerland. The address of the Foundation is St. Alban-Vorstadt 5, 4002 Basel, Switzerland. In February 2015, GLEIF began operating a permanent establishment in Frankfurt am Main, Germany, where the main operating activities of the Foundation are located.

GLEIF was founded on June 26, 2014, by the Financial Stability Board, an association under Swiss law. The purpose of GLEIF is to establish, maintain, and monitor the Global Legal Entity Identifier System ("Global LEI System"), which provides a worldwide unique identification number (the "LEI") for all parties of financial transactions.

The establishment of this system has been required by the Heads of State and Government of the Group of Twenty, calling the Financial Stability Board to coordinate the work among the regulatory bodies. Prior to the foundation of GLEIF, the Financial Stability Board established the Regulatory Oversight Committee ("LEI ROC"), which had set forth requirements for the structure of the Global LEI System and for the managing, monitoring, and standard-setting functions, as well as the internal structure and the funding of GLEIF. The LEI ROC has, as stipulated in Article 4 of the GLEIF Statutes, the regulatory oversight of the Global LEI System, including the activities of GLEIF in the broad public interest.

GLEIF is under supervision of the Swiss Supervisory Board of Foundations since the establishment of GLEIF in June 2014.

The consolidated financial statements were authorized for publication by the Board of Directors on August 11, 2021.

## 2. Basis of presentation and summary of significant accounting policies

### 2.1 General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). GLEIF also prepares a set of statutory financial statements in accordance with the Swiss Code of Obligations.

These consolidated financial statements are presented in U.S. dollars (US\$), with rounding to the nearest dollar, unless otherwise stated.

The consolidated financial statements are prepared on the historical cost basis, unless otherwise stated in the accounting policies.

As disclosed in section 2.2, GLEIF reports consolidated figures for the first time. Apart from this, the accounting policies set out below are unchanged from the prior period and have been applied consistently throughout both periods.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of GLEIF and its subsidiary as at 31 December 2020. Control is achieved when the GLEIF Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the GLEIF Group controls an investee if, and only if, the GLEIF Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the GLEIF Group has less than a majority of the

voting or similar rights of an investee, the GLEIF Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Based on corporate governance and any additional agreements, companies are analyzed for their activities and variable returns, and the link between the variable returns and the extent to which their relevant activities could be influenced.

The GLEIF Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the GLEIF Group obtains control over the subsidiary and ceases when the GLEIF Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the GLEIF Group gains control until the date the GLEIF Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the GLEIF Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the GLEIF Group are eliminated in full on consolidation.

If the GLEIF Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### Scope of consolidation

As of December 31, 2020, the GLEIF Group consists of GLEIF and its subsidiary "GLEIF Americas, a New Jersey nonprofit corporation" (hereinafter: "GLEIF Americas") with its registered seat in Jersey City, New Jersey, United States of America. The subsidiary was incorporated on May 1, 2020 and is consolidated since then. Article 3.01 of the bylaws states that at each time the majority of the board members must be affiliated with GLEIF. The members of initial board of trustees are officers and employees of GLEIF. Board members are elected or re-elected by the majority of the existing trustees.

## 2.3 Foreign currency

The functional currency of GLEIF is the U.S. dollar, as the Foundation generates its revenues and receives almost all cash flows from the LEI issuers (also referred to as Local Operating Units ("LOUs")) in this currency. The functional currency of GLEIF Americas is the U.S. dollar as well.

Transactions that are denominated in a currency other than U.S. dollar are recorded at the spot exchange rate on the date when the underlying transactions are initially recognized. At the end of the reporting period, foreign currency-denominated monetary assets and liabilities are retranslated into U.S. dollars, applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognized in financial income / expense.

The exchange rates of the most significant foreign currencies are:

|                            | Dec. 31, 2020 | Dec. 31, 2019 |
|----------------------------|---------------|---------------|
|                            | US\$          | US\$          |
| Swiss franc to U.S. dollar | 1,1360        | 1,0350        |
| Euro to U.S. dollar        | 1,2271        | 1,1234        |

## 2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates and excluding taxes or duty. Revenue is recognized over the term of the license period on an accrual basis.

The revenue of GLEIF is based on arrangements with the LEI issuers to pay to GLEIF a fixed service fee for each LEI issued and served by the respective issuer.

The license period of an LEI is one year from the date of issuance or renewal. During this period, the LEI issuers are responsible for managing and maintaining the integrity and accuracy of the LEI entry data and of the associated changes. The services provided by GLEIF to the LEI issuers relate to quality assurance, standardization, and certain other work with regard to the LEI issuers' management of LEIs. Accordingly, the revenue of GLEIF is related to the service periods of the LEIs. On a straight-line basis, GLEIF recognizes the revenue over the terms of the contracts between the LEI issuers and the LEI users, and defers the revenue that is allocated to the portion of the LEI service periods remaining after the balance sheet date. The outstanding portion of the LEI service periods is estimated based on quarterly performance reports of each LEI issuer.

Under the "master agreement" arrangement, the LEI issuer pays a quarterly service fee based on all active LEIs under its management at the end of the quarter. For service fees under this agreement, GLEIF only reflects in the balance sheet and as revenue 50 % of the quarterly service fee for new / renewed LEIs during the quarter. The remaining 50 % that has neither been earned nor billed at the end of the quarter is not shown in the balance sheet and only recognized in the subsequent quarter.

## 2.5 Government grants

A government grant or assistance is recognized only when there is reasonable assurance that the relevant group entity will comply with any conditions attached to the grant and the grant will be received. The grant is recognized as income over the period necessary to match with the related costs, for which they are intended to compensate, on a systematic basis. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognized as income in the period in which it is receivable. A grant relating to assets (capitalized expenditure) is recognized as deferred income (liability), and released in accordance with the amortization of the related assets.

## 2.6 Interest

Interest income and expense are recognized using the effective interest method. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently.

## 2.7 Income taxes

Since 2015, the Foundation's activities are located in Basel, Switzerland and in Frankfurt am Main, Germany. GLEIF is free from Swiss income taxes based on an assessment of the tax authority Basel-Stadt, Switzerland. In Germany, the activities of GLEIF to manage and monitor the Global LEI System are free from corporate and trade tax on income by law.

GLEIF Americas is exempt from federal income tax under Internal Revenue Code (IRC) Section (c)(3).

## 2.8 Provisions

A provision is recognized in the balance sheet when a group entity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Additions to provisions and reversals are generally recognized in the income statements.

Provisions for pension obligations are recognized by using the projected unit credit method based on reasonable assumptions for the long-term expected rate of salary increases and benefit increases, demographic assumptions, and long-term interest rates as of the balance sheet date. The related plan assets are recognized at their fair value in accordance with IAS 19.

## 2.9 Lease commitments

At inception of a contract, the GLEIF Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the GLEIF Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of IT equipment for the GLEIF data centers the GLEIF Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The GLEIF Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the GLEIF Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the GLEIF Group's incremental borrowing rate. Generally, the GLEIF Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the GLEIF Group's estimate of the amount expected to be payable under a residual value guarantee, if the GLEIF Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value leases are recognized as expenses on a straight-line basis. Lease arrangements with a residual lease term under 12 months on the date of initial application are treated as short-term leases.

## 2.10 Tangible fixed assets

GLEIF Group tangible fixed asset items are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of each item. Tangible fixed assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

The estimated useful lives of all items of tangible fixed assets are as follows:

|                                  |         |       |
|----------------------------------|---------|-------|
| Technical and computer equipment | 3 to 5  | years |
| Motor vehicles                   | 6       | years |
| Office equipment                 | 6 to 10 | years |

## 2.11 Intangible fixed assets

Separately acquired intangible fixed asset items are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of each item. After initial measurement, intangible fixed assets are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives of the intangible fixed assets.

The estimated useful lives of intangible fixed assets are as follows:

|          |        |       |
|----------|--------|-------|
| Software | 3 to 5 | years |
|----------|--------|-------|

As at the end of current financial year, GLEIF Group did not have intangible fixed assets with an indefinite useful life.

## 2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the GLEIF Group mainly include cash and cash equivalents, long- and short-term security deposits, and receivables from LEI issuers' fees. Financial liabilities of the GLEIF Group mainly comprise payables to vendors and to employees and Board Directors. GLEIF Group does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). Based on their nature, financial instruments are classified as financial assets, and financial liabilities measured at cost or amortized cost, and financial assets and financial liabilities measured at fair value.

Financial instruments are recognized on the balance sheet when a group entity becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e., purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned, are accounted for at the trade date.

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only included in determining the carrying amount if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial assets and liabilities are measured according to the category – cash and cash equivalents, loans and receivables, financial liabilities measured at amortized cost – to which they are assigned.

### Cash and cash equivalents

The GLEIF Group considers all highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value and have less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

### Loans and receivables

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognized using separate allowance accounts.

### Financial liabilities

The GLEIF Group measures financial liabilities at amortized cost using the effective interest method.

## 2.13 Accounting pronouncements applied in the financial statements

GLEIF Group has applied all IFRS accounting pronouncements that are effective for this reporting period. The GLEIF Group has not adopted any standards that have already been issued but that are not yet effective for this reporting period. The amendments had no material effect.

| Amendments to standards | Description  | Mandatory application |
|-------------------------|--|-----------------------|
| Framework               | Amendments to the Conceptual Framework in IFRS Standards | Jan. 1, 2020          |
| IFRS 3                  | Definition of a business operation                       | Jan. 1, 2020          |
| IFRS 9, IAS 39, IFRS 7  | Interest Rate Benchmark Reform                           | Jan. 1, 2020          |
| IAS 1, IAS 8            | Definition of material                                   | Jan. 1, 2020          |
| IFRS 16                 | Amendments to IFRS 16: COVID-Related Rent Concessions    | June 1, 2020          |

## 2.14 Not yet adopted recent accounting pronouncements

The following pronouncements issued by the IASB are not yet effective and have not yet been adopted by the Foundation:

| Pronouncement                              | Description   | Mandatory application | Anticipated effect                |
|--|---|-----------------------|-----------------------------------|
| IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform – Phase 2                                  | Jan. 1, 2021          | No material effect expected       |
| IAS 37                                     | Onerous Contracts – Cost of Fulfilling a Contract                         | Jan. 1, 2022          | No material effect expected       |
|  | Annual Improvements to IFRS Standards 2018–2020                           | Jan. 1, 2022          | No material effect expected       |
| IAS 16                                     | Property, Plant and Equipment: Proceeds before Intended Use               | Jan. 1, 2022          | No material effect expected       |
| IFRS 3                                     | Reference to the Conceptual Framework                                     | Jan. 1, 2022          | No material effect expected       |
| IAS 1                                      | Classification of Liabilities as Current or Non-current                   | Jan. 1, 2023          | Effects currently being evaluated |
| IFRS 17                                    | IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts | Jan. 1, 2023          | No material effect expected       |

## 2.15 Critical accounting estimates

The financial statements are prepared in accordance with IFRS as issued by the IASB. The significant accounting policies, as described above and in this section, are essential to understanding the GLEIF Group's results of operations, financial positions, and cash flows. Some of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions. Some of these assumptions may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates may have a material impact on the results of operations, financial positions, and cash flows.

### Revenue recognition on service contracts

The allocation of revenue relating to the Foundation's service contracts with LEI issuers to the appropriate accounting periods is based on reasonable estimates of the timing of the underlying LEI service contracts between the LEI issuers and the LEI users. The Foundation receives quarterly reports from the LEI issuers detailing the number of LEIs renewed or newly issued by the LEI issuers. GLEIF has applied estimates, assuming that the issuance and renewal of each LEI, as well as the related start of a standard one-year service period, are distributed on a straight-line basis within the reported quarters. Changes in these estimates may lead to an increase or decrease of revenue.

### Incremental borrowing rate

The estimate of the incremental borrowing rate is based on an assessment by one of GLEIF Group's main banks. The basis of the estimate is an interest rate for a loan over the term of the liability, depending on the financial situation of the GLEIF Group. The management chose 2.4% as a reasonable estimate for the incremental borrowing rate.

## 3. Statement of comprehensive income

### 3.1 Fee revenue

The revenues split in regions (based on the legal seat of the LEI issuers) as follows:

|                         | Jan. to Dec. 2020 | Jan. to Dec. 2019 |
|-------------------------|-------------------|-------------------|
|                         | US\$              | US\$              |
| Europe                  | 10,353,807        | 13,026,947        |
| Asia                    | 663,161           | 468,104           |
| North and South America | 897,333           | 926,070           |
| Other regions           | 73,424            | 95,594            |
| <b>Fee revenues</b>     | <b>11,987,725</b> | <b>14,516,715</b> |

While a significant portion of the overall GLEIF fees are from LEI issuers with a legal seat in Europe, the underlying cash flows of GLEIF are generated by a very geographically diverse population of LEI registrants. Within Europe, 47% of the revenue is concentrated on three LEI issuers.

## 3.2 Personnel expenses

|  | Jan. to Dec. 2020 | Jan. to Dec. 2019 |
|--|-------------------|-------------------|
|  | US\$              | US\$              |
| Wages and salaries                                     | 5,894,056         | 4,616,880         |
| Social contributions and expenses for pension and care | 780,217           | 543,684           |
| <b>Personnel expenses</b>                              | <b>6,674,273</b>  | <b>5,160,564</b>  |

The personnel expenses consist of the fixed and accrued variable remuneration as well as the bonus accrual for employees employed by the GLEIF Group. Social, pension, and care contributions are also included as part of these expenses.

As of year-end 2020, GLEIF Group employed 50 (2019: 40) employees. The average headcount for 2020 is 46 (2019: 38) employees.

### Pension plan

Under Swiss law, GLEIF has to arrange for an affiliation contract with a pension fund for the Swiss employees to comply with legal requirements. The pension fund has to provide at least occupational benefits according to law.

In 2015, GLEIF set up a pension plan in Switzerland with AXA Vorsorgestiftung as a collective foundation. Based on the plan rules and pension law in Switzerland, the plan qualifies as a defined benefit scheme under IFRS. The insurance plan is contribution-based and contains a cash balance benefit formula. Under Swiss law, the pension fund guarantees the vested benefit amount as confirmed annually to members.

The collective foundation of AXA guarantees a 40% coverage of the retirement accounts covered by an insurance policy. The other assets are pooled for all affiliated companies. The collective foundation can adjust risk and cost contributions according to the circumstances. The employer has to cover at least half of all contributions. The collective foundation is able to withdraw from the contract with the employer. In that case, the company needs to affiliate with another pension institution.

GLEIF recognized pension cost of US\$ 11,480 (2019: US\$ 8,098) within personnel expenses and net interest expenses of US\$ 107 (2019: US\$ 201), and paid employer and employee contributions of US\$ 10,360 (2019: US\$ 7,015) to the scheme.

Actuarial losses of US\$ 3,909 (2019: US\$ 9,608) from the defined benefit obligation plus US\$ 3,075 losses (2019: US\$ 1,802) from the return on plan assets have been recognized as other comprehensive income.

The defined benefit obligation amounted to US\$ 117,798 on December 31, 2020 (December 31, 2019: US\$ 82,942), net of the plan assets of US\$ 71,298 (December 31, 2019: US\$ 48,933). A net pension liability of US\$ 46,500 (December 31, 2019: US\$ 34,009) was recognized in the balance sheet as of December 31, 2020.

The weighted average duration of the obligation is 18.9 (2019: 19.0) years. The employee and employer contributions expected for the next fiscal year are US\$ 10,510 each.

For the calculation of the defined benefit obligation, a discount rate of 0.2% (2019: 0.3%) and a long-term salary increase rate of 1.0% (2019: 1.0%) is used. Mortality, risk of disability, and turnover rates are set in accordance with the statistical database BVG 2015.

A sensitivity analysis was performed for the most important parameters that influence the pension obligation of the employer. The discount rate and the assumption for salary increases are modified by a certain percentage. Sensitivity on mortality is calculated by changing the mortality with a constant factor for all age groups, resulting in a change of the longevity for the ages by one year longer or shorter as the baseline value. The sensitivity analysis results are as follows:

|  | Dec. 31, 2020 | Dec. 31, 2020 |
|--|---------------|---------------|
|  | US\$          | US\$          |
| <b>Defined benefit obligation with a change of</b> |               |               |
| Discounting rate by +0.25 % / -0.25 %              | 112,505       | 123,618       |
| Interest rate by +0.25 % / -0.25 %                 | 119,857       | 115,811       |
| Future salary increases by -0.25 % / +0.25 %       | 117,600       | 118,000       |
| Life expectancy -1 year / +1 year                  | 116,632       | 118,969       |
| Pension increase by +0.25 % / -0.25 %              | 120,530       | 115,239       |

Investment of assets is carried out by the governing bodies of AXA Vorsorgestiftung or by mandated parties. The structure of the plan assets by classes is as follows:

|  | Dec. 31, 2020 | Dec. 31, 2019 |
|--|---------------|---------------|
|  | US\$          | US\$          |
| Cash and cash equivalents                                    | 1,434         | 925           |
| Equity instruments   | 16,848        | 11,484        |
| Debt instruments   | 7,286         | 4,810         |
| Real estate  | 10,709        | 7,335         |
| Other  | 7,821         | 5,535         |
| Total plan assets at fair value<br>(quoted market price)     | <b>44,098</b> | <b>30,089</b> |
| Total plan assets at fair value<br>(non-quoted market price) | <b>27,200</b> | <b>18,844</b> |
| <b>Plan assets</b>   | <b>71,298</b> | <b>48,933</b> |

### 3.3 Other operating expenses

|   | Jan. to Dec.<br>2020 | Jan. to Dec.<br>2019 |
|---|----------------------|----------------------|
|   | US\$                 | US\$                 |
| Rental  | 195,466              | 148,741              |
| Contractors                                     | 337,168              | 248,824              |
| Travel and entertainment                        | 129,746              | 726,448              |
| IT consulting and development                   | 679,725              | 373,011              |
| IT service and maintenance                      | 461,893              | 345,660              |
| Website translation expenses                    | 175,759              | 221,946              |
| Telephone and communication,<br>office expenses | 138,907              | 122,483              |
| Consulting and advice                           | 1,426,028            | 2,533,670            |
| Legal advice                                    | 306,963              | 378,025              |
| Tax advice, accounting and audit                | 327,666              | 288,304              |
| Advertising                                     | 135,930              | 43,092               |
| Staff training expenses                         | 70,313               | 24,035               |
| Insurance premiums                              | 25,753               | 22,291               |
| Other   | 54,131               | 85,460               |
| <b>Other operating expenses</b>                 | <b>4,465,448</b>     | <b>5,561,990</b>     |

The consulting and advice item includes US\$ 453,538 (2019: US\$ 1,190,000) of research costs.

### 3.4 Other operating income

|                                       | Jan. to Dec. 2020 | Jan. to Dec. 2019 |
|---------------------------------------|-------------------|-------------------|
|                                       | US\$              | US\$              |
| Release of prior year liabilities     | 91,891            | 126,652           |
| Refunds and reimbursements            | 28,766            | 22,468            |
| Income from subsequent capitalization | 168,855           | 0                 |
| Other                                 | 56,078            | 32,224            |
| <b>Other operating income</b>         | <b>345,590</b>    | <b>181,344</b>    |

### 3.5 Subsidies and donations

|  | Jan. to Dec. 2020 | Jan. to Dec. 2019 |
|--|-------------------|-------------------|
|  | US\$              | US\$              |
| Subsidy granted in 2015                    | 5,194             | 6,597             |
| Subsidy granted in 2016                    | 17,846            | 18,771            |
| GIZ grant                                  | 5,771             | 0                 |
| <b>Income from subsidies and donations</b> | <b>28,811</b>     | <b>25,368</b>     |

In 2016 and 2015, GLEIF received assistance from a government authority of the region of Hesse, Germany ("Hessisches Ministerium für Wirtschaft, Verkehr und Landesentwicklung"). The assistance was limited to a maximum of EUR 250,000 each year. In order to receive the assistance, GLEIF was required to incur certain qualifying expenditures. GLEIF complied fully with the terms of the subsidy and in turn received the full amount of EUR 250,000 (US\$ 260,725 in 2016 and US\$ 274,400 in 2015).

In 2020, GLEIF received a grant from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The grant is limited up to a maximum of EUR 80,000 and made available for the period from 01.11.2020 to 30.04.2021. GLEIF received the pre-financing instalment in the amount of EUR 72,000 (US\$ 87,595) in 2020. In order to receive the grant, GLEIF is required to incur certain qualifying expenditures during the aforementioned period.

The portions of the subsidies attributable to capital expenditures (tangible and intangible fixed assets), advance payments, and deferred expenses have been deferred and are amortized over the useful life of the associated fixed assets. The portions of the subsidies attributable to future costs have been deferred and will be recognized in profit or loss in the same period as the relevant expenses.

GLEIF Group has not benefited from any other form of government assistance. No unfulfilled conditions or other contingencies attached to government assistance have been recognized.

### 3.6 Financial income / expense

|                             | Jan. to Dec. 2020 | Jan. to Dec. 2019 |
|-----------------------------|-------------------|-------------------|
|                             | US\$              | US\$              |
| Interest income             | 87,061            | 18,995            |
| Interest expense            | -111,367          | -42,969           |
| Currency translation gains  | 1,073,433         | 771,130           |
| Currency translation losses | -1,110,893        | -981,993          |
| <b>Financial result</b>     | <b>-61,766</b>    | <b>-234,837</b>   |

The net currency translation losses result from payment of invoices in foreign currency as well as the translation of monetary balances as at the end of 2020.

## 4. Balance sheets

### 4.1 Receivables from LEI issuers' fees

As in the prior year, all receivables from LEI issuers' fees are due after the balance sheet date. As of the balance sheet date, there are no indications that the receivables will not be settled and thus, allowances are not considered material and therefore not recorded.

### 4.2 Current and non-current financial assets

|                                       | Dec. 31, 2020 | Dec. 31, 2019 |
|---------------------------------------|---------------|---------------|
|                                       | US\$          | US\$          |
| Security deposits due within one year | 0             | 4,887         |
| Receivables due from vendors          | 4,860         | 5,746         |
| Other current financial assets        | 0             | 22,468        |
| <b>Current financial assets</b>       | <b>4,860</b>  | <b>33,101</b> |

|   | Dec. 31, 2020  | Dec. 31, 2019  |
|---|----------------|----------------|
|   | US\$           | US\$           |
| Deposit due later than one year office premises | 157,069        | 143,795        |
| <b>Non-current financial assets</b>             | <b>157,069</b> | <b>143,795</b> |

The balance outstanding as of December 31, 2020, relates to security deposits for the lease contract that the Foundation entered into in 2015.

The outstanding deposits receivable analysis is as follows:

|   | Dec. 31, 2020  | Dec. 31, 2019  |
|---|----------------|----------------|
|   | US\$           | US\$           |
| Deposits receivable not later than one year | 0              | 4,887          |
| Deposits receivable later than five years   | 157,069        | 143,795        |
| <b>Total deposits receivable</b>            | <b>157,069</b> | <b>148,682</b> |

GLEIF Group management has assessed the fair value of the security deposit balances to be equal to their carrying amounts as the market deposit rates are as low as 0%.

### 4.3 Other current assets

|  | Dec. 31, 2020  | Dec. 31, 2019  |
|--|----------------|----------------|
|  | US\$           | US\$           |
| VAT refunds                                  |                |                |
| Germany                                      | 119,811        | 70,189         |
| Switzerland                                  | 3,909          | 23,080         |
| Prepaid IT licenses and maintenance          | 122,622        | 92,508         |
| Annual newsletter subscriptions              | 29,103         | 26,738         |
| Prepaid insurances                           | 16,321         | 16,353         |
| Prepaid travel expenses                      | 5,484          | 31,886         |
| Prepaid public relation advice               | 95,427         | 0              |
| Prepaid training costs                       | 10,073         | 0              |
| Other prepaid expenses                       | 18,370         | 5,715          |
| Receivables due from employees               | 9,292          | 12,930         |
| Receivables due to Board Directors           | 0              | 10,694         |
| Reimbursements due from social organizations | 0              | 5,954          |
| <b>Other current assets</b>                  | <b>430,412</b> | <b>296,047</b> |

### 4.4 Cash and cash equivalents

The position consists of current bank accounts, call money and cash on hand.

|                                  | Dec. 31, 2020     | Dec. 31, 2019     |
|----------------------------------|-------------------|-------------------|
|                                  | US\$              | US\$              |
| UBS Group AG                     | 3,335,183         | 3,708,877         |
| Sparkasse Langen-Seligenstadt    | 10,569,675        | 9,547,006         |
| TD Bank                          | 183,437           | 0                 |
| Cash on hand                     | 285               | 41                |
| <b>Cash and cash equivalents</b> | <b>14,088,580</b> | <b>13,255,924</b> |

## 4.5 Intangible fixed assets

The carrying amounts of all intangible fixed assets are as follows:

|                                     | Global LEI<br>System IT<br>solutions<br>US\$ | other<br>intangible<br>assets<br>US\$ | Prepay-<br>ments<br>US\$ | Total<br>US\$    |
|-------------------------------------|--|---------------------------------------|--------------------------|------------------|
| <b>2019</b>                         |  |                                       |                          |                  |
| Accumulated cost                    | 1,081,313                                    | 272,629                               | 395,375                  | <b>1,749,317</b> |
| Accumulated depreciation            | -459,948                                     | -130,929                              | 0                        | <b>-590,877</b>  |
| Carrying amount as of Dec. 31, 2019 | 621,365                                      | 141,700                               | 395,375                  | <b>1,158,440</b> |
| <b>Reconciliation</b>               |  |                                       |                          |                  |
| Carrying amount as of Jan. 1, 2019  | 523,670                                      | 160,626                               | 18,732                   | <b>703,028</b>   |
| Additions                           | 323,846                                      | 60,834                                | 403,448                  | <b>788,128</b>   |
| Transfer - Accumulated cost         | 26,805                                       | 0                                     | -26,805                  | <b>0</b>         |
| Depreciation                        | -252,956                                     | -57,292                               | 0                        | <b>-310,248</b>  |
| Impairment                          | 0  | -22,468                               | 0                        | <b>-22,468</b>   |
| Carrying amount as of Dec. 31, 2019 | 621,365                                      | 141,700                               | 395,375                  | <b>1,158,440</b> |

|                                     | Global LEI<br>System IT<br>solutions<br>US\$ | other<br>intangible<br>assets<br>US\$ | Prepay-<br>ments<br>US\$ | Total<br>US\$     |
|-------------------------------------|--|---------------------------------------|--------------------------|-------------------|
| <b>2020</b>                         |  |                                       |                          |                   |
| Accumulated cost                    | 1,613,656                                    | 276,056                               | 346,357                  | <b>2,236,069</b>  |
| Accumulated depreciation            | -836,245                                     | -179,184                              | 0                        | <b>-1,015,429</b> |
| Carrying amount as of Dec. 31, 2020 | 777,411                                      | 96,872                                | 346,357                  | <b>1,220,640</b>  |
| <b>Reconciliation</b>               |  |                                       |                          |                   |
| Carrying amount as of Jan. 1, 2020  | 621,365                                      | 141,700                               | 395,375                  | <b>1,158,440</b>  |
| Additions                           | 262,028                                      | 0                                     | 224,724                  | <b>486,752</b>    |
| Transfer - Accumulated cost         | 270,315                                      | 3,427                                 | -273,742                 | <b>0</b>          |
| Depreciation                        | -376,297                                     | -48,255                               | 0                        | <b>-424,552</b>   |
| Carrying amount as of Dec. 31, 2020 | 777,411                                      | 96,872                                | 346,357                  | <b>1,220,640</b>  |

The Global LEI System IT solutions contain specific developed software for the maintenance and quality assurance of the Global LEI System databases as well as data exchange tools for the communication between GLEIF Group and the LEI issuers.

The other intangible assets contain standard software licenses and the ERP system.

All intangible fixed assets stem from external developments or purchases.

## 4.6 Tangible fixed assets

The carrying amounts of all tangible fixed assets are as follows:

|                                     | Technical and<br>computer<br>equipment | Office<br>equipment | Apartment<br>equipment | Motor vehicles | Finance lease<br>assets | Total           |
|-------------------------------------|--|---------------------|------------------------|----------------|-------------------------|-----------------|
|                                     | US\$                                   | US\$                | US\$                   | US\$           | US\$                    | US\$            |
| <b>2019</b>                         |  |                     |                        |                |                         |                 |
| Accumulated cost                    | 455,705                                | 220,645             | 0                      | 70,466         | 0                       | <b>746,816</b>  |
| Accumulated depreciation            | -344,572                               | -114,348            | 0                      | -52,852        | 0                       | <b>-511,772</b> |
| Carrying amount as of Dec. 31, 2019 | 111,133                                | 106,297             | 0                      | 17,614         | 0                       | <b>235,044</b>  |
| <b>Reconciliation</b>               |  |                     |                        |                |                         |                 |
| Carrying amount as of Jan. 1, 2019  | 111,795                                | 132,595             | 371                    | 5,000          | 7,204                   | <b>256,965</b>  |
| Additions                           | 68,553                                 | 2,313               | 0                      | 0              | 0                       | <b>70,866</b>   |
| Disposal - Accumulated cost         | -6,996                                 | 0                   | -4,497                 | 0              | 0                       | <b>-11,493</b>  |
| Transfer- Accumulated cost          | 0                                      | 0                   | 0                      | 0              | -19,657                 | <b>-19,657</b>  |
| Depreciation                        | -69,215                                | -28,611             | -55                    | -11,742        | 0                       | <b>-109,623</b> |
| Disposal - Accumulated depreciation | 6,996                                  | 0                   | 4,181                  | 0              | 0                       | <b>11,177</b>   |
| Transfer Accumulated depreciation   | 0                                      | 0                   | 0                      | 0              | 12,453                  | <b>12,453</b>   |
| Write-up                            | 0                                      | 0                   | 0                      | 24,356         | 0                       | <b>24,356</b>   |
| Carrying amount as of Dec. 31, 2019 | 111,133                                | 106,297             | 0                      | 17,614         | 0                       | <b>235,044</b>  |

|                                     | Technical and<br>computer<br>equipment<br>US\$ | Office<br>equipment<br>US\$ | Apartment<br>equipment<br>US\$ | Motor vehicles<br>US\$ | Finance lease<br>assets<br>US\$ | Total<br>US\$   |
|-------------------------------------|--|-----------------------------|--------------------------------|------------------------|---------------------------------|-----------------|
| <b>2020</b>                         |  |                             |                                |                        |                                 |                 |
| Accumulated cost                    | 507,629  | 220,645                     | 0                              | 70,466                 | 0                               | <b>798,740</b>  |
| Accumulated depreciation            | -417,153                                       | -142,881                    | 0                              | -64,595                | 0                               | <b>-624,629</b> |
| Carrying amount as of Dec. 31, 2020 | 90,476   | 77,764                      | 0                              | 5,871                  | 0                               | <b>174,111</b>  |
| <b>Reconciliation</b>               |  |                             |                                |                        |                                 |                 |
| Carrying amount as of Jan. 1, 2020  | 111,133  | 106,297                     | 0                              | 17,614                 | 0                               | <b>235,044</b>  |
| Additions                           | 66,822   | 10,121                      | 0                              | 0                      | 0                               | <b>76,943</b>   |
| Disposal - Accumulated cost         | -14,898  | -10,121                     | 0                              | 0                      | 0                               | <b>-25,019</b>  |
| Depreciation                        | -86,254  | -38,654                     | 0                              | -11,743                | 0                               | <b>-136,651</b> |
| Disposal - Accumulated depreciation | 13,673   | 10,121                      | 0                              | 0                      | 0                               | <b>23,794</b>   |
| Carrying amount as of Dec. 31, 2020 | 90,476   | 77,764                      | 0                              | 5,871                  | 0                               | <b>174,111</b>  |

No asset is pledged as security for liabilities of the GLEIF Group. Nevertheless, in accordance with general purchase conditions in Germany, most vendors will withhold the legal ownership of assets delivered until the purchase price is fully paid.

## 4.7 Leases

Leases are accounted for as described in section 2.9. As a lessee, GLEIF Group has concluded contracts for real estate and technical and computer equipment.

The carrying amounts of all right-of-use assets are as follows:

|   | Land and<br>buildings | Technical<br>and<br>computer<br>equipment | Total            |
|---|-----------------------|---|------------------|
|   | US\$                  | US\$                                      | US\$             |
| <b>2019</b>   |                       |   |                  |
| Accumulated cost  | 3,978,110             | 245,631                                   | <b>4,223,741</b> |
| Accumulated depreciation                                | -321,515              | -122,445                                  | <b>-443,960</b>  |
| Carrying amount as of Dec. 31, 2019                     | 3,656,595             | 123,186                                   | <b>3,779,781</b> |
| <b>Reconciliation</b>                                   |                       |   |                  |
| Additions Jan. 1, 2019 (First-time adoption of IFRS 16) | 572,372               | 128,306                                   | <b>700,678</b>   |
| Additions   | 3,405,738             | 117,325                                   | <b>3,523,063</b> |
| Additions Jan. 1, 2019 - Accumulated depreciation       | 0                     | -12,453                                   | <b>-12,453</b>   |
| Depreciation  | -321,515              | -109,992                                  | <b>-431,507</b>  |
| Carrying amount as of Dec. 31, 2019                     | 3,656,595             | 123,186                                   | <b>3,779,781</b> |

|                                     | Land and<br>buildings | Technical<br>and<br>computer<br>equipment | Total            |
|-------------------------------------|-----------------------|---|------------------|
|                                     | US\$                  | US\$                                      | US\$             |
| <b>2020</b>                         |                       |   |                  |
| Accumulated cost                    | 3,978,110             | 2,068,675                                 | <b>6,046,785</b> |
| Accumulated depreciation            | -656,470              | -96,401                                   | <b>-752,871</b>  |
| Carrying amount as of Dec. 31, 2020 | 3,321,640             | 1,972,274                                 | <b>5,293,914</b> |
| <b>Reconciliation</b>               |                       |   |                  |
| Carrying amount as of Jan. 1, 2020  | 3,656,595             | 123,186                                   | <b>3,779,781</b> |
| Additions                           | 0                     | 2,046,454                                 | <b>2,046,454</b> |
| Disposal - Accumulated cost         | 0                     | -223,410                                  | <b>-223,410</b>  |
| Depreciation                        | -334,955              | -173,877                                  | <b>-508,832</b>  |
| Disposal - Accumulated depreciation | 0                     | 199,921                                   | <b>199,921</b>   |
| Carrying amount as of Dec. 31, 2020 | 3,321,640             | 1,972,274                                 | <b>5,293,914</b> |

In October 2019, GLEIF agreed to an adjustment of the rental contract with the lessor of the Frankfurt office premises. The new minimum lease term runs until December 2025. An option to extend the lease term until December 2030 was agreed upon. GLEIF considers it as highly probable that this option will be used by GLEIF.

The outstanding discounted lease payments have the following maturities:

|   | Dec. 31, 2019      | Dec. 31, 2019                    |
|---|--------------------|----------------------------------|
|   | US\$               | US\$                             |
|   | Land and buildings | Technical and computer equipment |
| <b>Maturities of discounted lease payments</b>    |                    |                                  |
| Not later than one year                           | 322,962            | 110,921                          |
| Later than one year and not later than five years | 1,464,350          | 21,694                           |
| Later than five years                             | 1,951,662          | 0                                |
| <b>Total lease payments</b>                       | <b>3,738,974</b>   | <b>132,615</b>                   |
|   | Dec. 31, 2020      | Dec. 31, 2020                    |
|   | US\$               | US\$                             |
|   | Land and buildings | Technical and computer equipment |
| <b>Maturities of discounted lease payments</b>    |                    |                                  |
| Not later than one year                           | 424,191            | 703,202                          |
| Later than one year and not later than five years | 1,599,601          | 1,395,738                        |
| Later than five years                             | 1,797,349          | 0                                |
| <b>Total lease payments</b>                       | <b>3,821,141</b>   | <b>2,098,940</b>                 |

In addition, the following amounts were recognized in the statement of comprehensive income in 2019 and 2020:

|  | Jan. to Dec. 2019  | Jan. to Dec. 2019                |
|--|--------------------|----------------------------------|
|  | US\$               | US\$                             |
|  | Land and buildings | Technical and computer equipment |
| <b>Impact on the Statement of Comprehensive Income</b> |                    |                                  |
| Interest expense                                       | -24,155            | -2,330                           |
| Expenses for variable lease payments                   | -101,036           | -1,219                           |
| Expenses for short-term leases                         | -7,655             | 0                                |
| <b>Total</b>   | <b>-132,846</b>    | <b>-3,549</b>                    |
|  | Jan. to Dec. 2020  | Jan. to Dec. 2020                |
|  | US\$               | US\$                             |
|  | Land and buildings | Technical and computer equipment |
| <b>Impact on the Statement of Comprehensive Income</b> |                    |                                  |
| Interest expense                                       | -87,756            | -6,981                           |
| Expenses for variable lease payments                   | -62,528            | 0                                |
| Expenses for short-term leases                         | -397               | 0                                |
| <b>Total</b>   | <b>-150,681</b>    | <b>-6,981</b>                    |

Cash outflows related to lessee activities in 2020 amounted to US\$ 923,027 (2019: US\$ 546,300).

## 4.8 Payables to vendors

The current payables to vendors, including accrued payables, are due or will become due within three months after the balance sheet date. Normal payments terms agreed with the vendors range between 7 and 30 days after invoicing.

## 4.9 Financial liabilities

|  | Dec. 31,<br>2020 | Dec. 31,<br>2019 |
|--|------------------|------------------|
|  | US\$             | US\$             |
| Leasing liabilities falling due later than one year and not later than five years  | 2,995,339        | 1,486,044        |
| Leasing liabilities falling due later than five years                              | 1,797,349        | 1,951,662        |
| <b>Long-term financial liabilities</b>   | <b>4,792,688</b> | <b>3,437,706</b> |
| Leasing liability portion falling due within one year after the balance sheet date | 1,127,393        | 433,883          |
| Short-term bank liabilities  | 27,772           | 71,590           |
| Liabilities due to LEI issuers   | 43,214           | 49,197           |
| <b>Current financial liabilities</b>   | <b>1,198,379</b> | <b>554,670</b>   |
| <b>Total financial liabilities</b>   | <b>5,991,067</b> | <b>3,992,376</b> |

The short-term bank liabilities reflect the balances on the GLEIF Group's credit card accounts.

The liabilities due to LEI issuers arise from the annual true up of the volume of LEIs managed by the LEI issuers. If the effective annual fee is lower than the amounts paid in advance, GLEIF issues a credit for such an overpayment.

Further details of lease liabilities are provided in section 4.7.

The reconciliation of the changes in liabilities arising from financing activities with the related cash flows is shown in the following table:

|   | Jan. to Dec. 2020   |                             |                                       | Jan. to Dec. 2019   |                             |                                       |
|---|---------------------|-----------------------------|---------------------------------------|---------------------|-----------------------------|---------------------------------------|
|   | Leasing liabilities | Short-term bank liabilities | Liabilities from financing activities | Leasing liabilities | Short-term bank liabilities | Liabilities from financing activities |
|   | US\$                | US\$                        | US\$                                  | US\$                | US\$                        | US\$                                  |
| Carrying amount as of Jan. 1            | 3,871,589           | 71,590                      | <b>3,943,179</b>                      | 7,731               | 10,977                      | <b>18,708</b>                         |
| Additions (first-time adoption IFRS 16) | 0                   | 0                           | <b>0</b>                              | 760,560             | 0                           | <b>760,560</b>                        |
| Additions                               | 2,045,663           | 0                           | <b>2,045,663</b>                      | 3,520,952           | 0                           | <b>3,520,952</b>                      |
| Changes from financing cash flows       | -457,210            | -46,461                     | <b>-503,671</b>                       | -463,158            | 61,383                      | <b>-401,775</b>                       |
| Disposal                                | -32,511             | 0                           | <b>-32,511</b>                        | 0                   | 0                           | <b>0</b>                              |
| Interest accrued                        | 94,735              | 0                           | <b>94,735</b>                         | 26,487              | 0                           | <b>26,487</b>                         |
| Currency revaluation                    | 397,815             | 2,643                       | <b>400,458</b>                        | 19,017              | -770                        | <b>18,247</b>                         |
| Carrying amount as of Dec. 31           | 5,920,081           | 27,772                      | <b>5,947,853</b>                      | 3,871,589           | 71,590                      | <b>3,943,179</b>                      |

## 4.10 Other payables

|                                    | Dec. 31, 2020    | Dec. 31, 2019    |
|------------------------------------|------------------|------------------|
|                                    | US\$             | US\$             |
| Wage and church tax payables       | 89,553           | 73,015           |
| Social security liabilities        | 53,337           | 33,784           |
| Outstanding vacation               | 216,378          | 96,373           |
| VAT payable                        |                  |                  |
| Russia                             | 586              | 717              |
| Variable salary                    | 577,756          | 442,438          |
| Bonuses                            | 597,981          | 507,820          |
| Other liabilities due to employees | 97,172           | 20,952           |
| Other                              | 464              | 0                |
| <b>Other payables</b>              | <b>1,633,227</b> | <b>1,175,099</b> |

The variable remuneration to GLEIF Group employees is accrued for in 2020 in accordance with the employment contracts. The bonuses to employees are accrued in accordance with board and management decisions.

The outstanding vacation liability in 2020 reflects the accrued salary and social contribution payments for the respective time.

## 4.11 Organizational capital

The Foundation's initial paid-in foundation capital in an amount of CHF 50,000 was contributed by the Financial Stability Board, according to Article 7 of the GLEIF Statutes. With the consent of the GLEIF Board of Directors, the Financial Stability Board is permitted, but not obliged, to make additional contributions.

According to Article 10 of the GLEIF Statutes, any surplus generated by GLEIF is dedicated to pursue the purposes of the Foundation. Any distribution payment to Directors, employees, or third parties, other than those made with the consent of the GLEIF Board of Directors and in accordance with the Foundation's purpose, is not permitted.

The Foundation's capital does not entitle the founder to receive distributions or any repayment of the capital contributed.

According to the Statutes, GLEIF must operate on a not-for-profit basis. In order to ensure the sustainable performance of the Foundation, the GLEIF Board of Directors and GLEIF management believe that a reasonable level of total capital reserve is necessary.

The consolidated total comprehensive income earned in 2020 will be allocated to the GLEIF Group's reserves. Together with the retained surplus and other reserves, the consolidated total organizational capital is US\$ 14,270,200.

## 5. Financial instruments

### 5.1 Additional disclosures on financial instruments

The following table presents carrying amounts of each category of financial assets and financial liabilities:

|  | Dec. 31, 2020     | Dec. 31, 2019     |   | Dec. 31, 2020    | Dec. 31, 2019    |
|--|-------------------|-------------------|---|------------------|------------------|
|  | Carrying amount   | Carrying amount   |   | Carrying amount  | Carrying amount  |
|  | US\$              | US\$              |   | US\$             | US\$             |
| <b>Financial assets measured at cost or amortized cost</b> |                   |                   | <b>Financial liabilities measured at cost or amortized cost</b> |                  |                  |
| Long-term security deposits                                | 157,069           | 143,795           | Payables due to vendors   | 965,390          | 967,842          |
| Receivables from LEI issuers fees                          | 1,639,590         | 1,515,978         | Liabilities due to Board Directors                              | 0                | 18,955           |
| Cash and cash equivalents                                  | 14,088,580        | 13,255,924        | Leasing liabilities   | 5,920,081        | 3,871,589        |
| Receivables due to vendors                                 | 4,860             | 5,746             | Liabilities due to banks  | 27,772           | 71,590           |
| Other non-derivative financial assets                      | 0                 | 27,355            | Liabilities due to LEI issuers                                  | 43,213           | 49,197           |
|  | <b>15,890,099</b> | <b>14,948,798</b> |   | <b>6,956,456</b> | <b>4,979,173</b> |

All financial assets and liabilities are measured at cost or amortized cost.

The carrying amounts of cash and cash equivalents, LEI issuers' fee and other receivables, and vendor payables with a remaining term of up to twelve months, other current financial assets and liabilities represent a reasonable approximation of their fair values, mainly due to the short-term maturities of these instruments. The carrying amount of the long-term security deposit represents a reasonable approximation of its fair value as the current market deposit rates are as low as 0%.

The realization and valuation of the financial assets and liabilities mentioned above generated a net foreign currency gain of US\$ 385,108 (2019: net foreign currency loss of US\$ 213,288).

Total interest income / expense and bank transaction expenses from financial instruments are:

|                                 | Jan. to Dec. 2020 | Jan. to Dec. 2019 |
|---------------------------------|-------------------|-------------------|
|                                 | US\$              | US\$              |
| Total interest income           | 86,081            | 18,273            |
| Total Interest expense          | 111,218           | 34,621            |
| Total bank transaction expenses | 6,002             | 5,517             |

The bank transaction expenses are presented under the operating expenses.

## 5.2 Financial risk management

The GLEIF Group's operating business as well as its intended future investment and financing activities are affected by changes in foreign exchange rates and interest rates. GLEIF Group identifies, analyzes, and manages the associated market risks in order to optimize the allocation of the financial resources. The GLEIF Group seeks to manage and control these risks primarily through its regular operating and financing activities.

### Foreign currency exchange rate risk

The operating structure of GLEIF Group exposes the GLEIF Group to foreign currency exchange rate risks, particularly regarding fluctuations between the U.S. dollar and the Swiss franc as well as the Euro, in the ordinary course of business. Based on an annual budget and monthly interim statements, the GLEIF Group plans the future financial disbursements in each significant transaction currency to mitigate the risk exposure to unpredicted and unwanted currency exchange expenses.

IFRS 7 requires the presentation of the effects of hypothetical changes of currency relations on surplus and equity using a sensitivity analysis. The changes of currency prices are related to all financial instruments outstanding at the end of the reporting period. To determine the net foreign currency risk, the financial instruments are categorized according to their foreign currency, and a 10% increase or decrease is assumed for the transaction currency. The following table shows the effect for the two main foreign transaction currencies.

|  | 2019            | 2019            |
|--|-----------------|-----------------|
|  | Effect on       | Effect on       |
|  | Equity          | Surplus         |
|  | US\$            | US\$            |
| <b>10 % Increase of transaction currency</b> |                 |                 |
| Swiss franc                                  | 14,182          | 14,182          |
| Euro   | 552,684         | 552,684         |
|  | <b>566,866</b>  | <b>566,866</b>  |
| <b>10 % Decrease of transaction currency</b> |                 |                 |
| Swiss franc                                  | -14,182         | -14,182         |
| Euro   | -552,684        | -552,684        |
|  | <b>-566,866</b> | <b>-566,866</b> |

|  | 2020            | 2020            |
|--|-----------------|-----------------|
|  | Effect on       | Effect on       |
|  | Equity          | Surplus         |
|  | US\$            | US\$            |
| <b>10 % Increase of transaction currency</b> |                 |                 |
| Swiss franc                                  | 4,738           | 4,738           |
| Euro   | -226,229        | -226,229        |
|  | <b>-221,491</b> | <b>-221,491</b> |
| <b>10 % Decrease of transaction currency</b> |                 |                 |
| Swiss franc                                  | -4,738          | -4,738          |
| Euro   | 226,229         | 226,229         |
|  | <b>221,491</b>  | <b>221,491</b>  |

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises whenever interest terms of financial assets and liabilities are different. The interest rate risk exposure of GLEIF Group is low due to the short-term structure of a majority of financial assets and liabilities in the balance sheet as of December 31, 2020.

### Liquidity risk

Liquidity risk results from the GLEIF Group's potential inability to meet its financial liabilities, in particular for ongoing cash requirements from operating activities.

The GLEIF Group management is able to mitigate liquidity risks due to the quarterly installments and quarterly invoicing agreed in both kinds of arrangements with the LEI issuers and the repeating cash structure of the most operating expenses.

### Credit risk

Credit risk from fee receivables and other financial receivables includes the risk that receivables will be collected late or not at all. These risks are analyzed and monitored by the management. The GLEIF Group mitigates the default risks by assessing the financial strength of an LEI issuer candidate during the accrediting and monitoring processes. However, default risk cannot be excluded with absolute certainty. The maximum default risk amount is the carrying amount of the financial asset. No collateral or insurance is agreed with regard to the default risk.

GLEIF Group has two major banking relationships. The majority of its cash holdings is concentrated within one of these banks.

## 6. Other information and disclosures

### 6.1 Related party transactions

Related individuals of GLEIF Group include the members of the Foundation's Board of Directors, the Chief Executive Officer and the senior management, as well as the members of the Regulatory Oversight Committee. Related organizations include the Financial Stability Board.

The following table discloses the current and prior year transactions with related parties and payables due by December 31, 2020, and December 31, 2019:

|                                 | Jan. to Dec.<br>2020 | Dec. 31,<br>2020 | Jan. to Dec.<br>2019 | Dec. 31,<br>2019 |
|---------------------------------|----------------------|------------------|----------------------|------------------|
|                                 | Expenses             | Liabilities      | Expenses             | Liabilities      |
|                                 | US\$                 | US\$             | US\$                 | US\$             |
| <b>Board Directors</b>          |                      |                  |                      |                  |
| Travel expense reimbursement    | 53,340               | 0                | 277,635              | 8,262            |
| <b>Key management personnel</b> |                      |                  |                      |                  |
| Fixed remuneration              | 1,109,144            | 0                | 878,685              | 0                |
| Variable remuneration and bonus | 394,508              | 424,817          | 364,067              | 368,323          |
| Travel expense reimbursement    | 13,540               | 523              | 117,037              | 2,088            |
| <b>Other related parties</b>    |                      |                  |                      |                  |
| Remuneration                    | 47,400               | 0                | 45,000               | 45,000           |
| Travel expense reimbursement    | 0                    | 0                | 11,935               | 11,935           |
|                                 | <b>1,617,932</b>     | <b>425,340</b>   | <b>1,694,359</b>     | <b>435,608</b>   |

The Directors did not receive remuneration for their services as Directors of the GLEIF Board, with the exception of the reimbursement of their travel costs.

The 2020 and 2019 travel reimbursement expenses and liabilities for the Board Directors include claimed expenses as well as accrued expenses for outstanding reimbursement.

The key management personnel of GLEIF consist of the CEO, the CFO, the Head of Business Operations, the Head of Service Management, and the General Counsel. The Head of Service Management has been part of the key management personnel of GLEIF since 2020.

The expenses for the pension scheme for Swiss employees in the favor of the senior management were US\$ 11,480 (2019: US\$ 8,098)

Other related parties consist of a U.S. consulting firm which provides consulting services to GLEIF. The owner and managing director was a member of the Board of Directors until June.

### 6.2 Observance of the GLEIF Statutes' requirements

The purpose of GLEIF is to act as the operational arm of a Global Legal Entity Identifier System and thereby to support on a not-for-profit basis the implementation of a global Legal Entity Identifier in the form of a reference code to identify uniquely legally distinct entities that engage in financial transactions, as per Article 3 of the GLEIF Statutes. The Board of Directors observed that all expenses and disbursements of GLEIF were made to pursue the purpose of the Foundation, in accordance with Swiss law and the GLEIF Statutes.

### 6.3 Auditor fees


US\$ 39,639 audit fees related to professional services rendered by the Foundation's independent auditors, Ernst & Young Ltd, Zurich, Switzerland, were accrued for fiscal year 2020.

### 6.4 Subsequent events

GLEIF is not aware of any significant subsequent event after the balance sheet date that would require disclosure. Referring to the Corona Crisis and the related restrictions, the whole organization works from home and the business could run as usual without any issues.

## 7. Board of Directors, Secretary, and Chief Executive Officer

The Foundation's Board of Directors consisted of the following individuals during the fiscal year 2020:

|  |  |                           |  |  |                        |
|--|--|---------------------------|--|--|------------------------|
| <b>Gerard Hartsink</b><br>(Chair of the Board)   | Hilversum, The Netherlands                 | resigned in June 2020     | <b>Kam Keung Tse</b>   | Hong Kong, China                       | resigned in June 2021  |
| <b>Steven A. Joachim</b><br>(Chair of the Board) | Basking Ridge,<br>United States of America | nominated in June 2020    | <b>Henrique Vergara</b>  | São Paulo, Brazil                      | resigned in June 2020  |
| <b>Nabil Al-Mubarak</b>                          | Riyadh, Saudi Arabia                       | resigned in June 2020     | <b>Zaiyue Xu</b>   | Shanghai, China                        |                        |
| <b>Jefferson Braswell</b>                        | San Francisco,<br>United States of America | resigned in June 2020     | <b>Amy A. Kabia</b>  | Chappaqua,<br>United States of America | nominated in June 2020 |
| <b>Sandra Boswell</b>                            | Sydney, Australia                          |                           | <b>Humaid Mudhaffr</b>   | Riyadh, Saudi Arabia                   | nominated in June 2020 |
| <b>Hany Choueiri</b>                             | Hampton, United Kingdom                    |                           | <b>Javier Santamaría</b>   | Pozuelo de Alarcón, Spain              | nominated in June 2020 |
| <b>Changmin Chun</b>                             | Goyangsi, South Korea                      |                           | <p>The first Directors were nominated in December 2013 by the Founder, the Financial Stability Board, and appointed at the inception of the Foundation on June 26, 2014, as per Article 14 of the GLEIF Statutes. Article 17 of the GLEIF Statutes stipulates that Directors are eligible for a term of three years, renewable (with consent of the Board of Directors) for an additional term of three years.</p> <p>The nomination procedure for new Members of the Board of Directors is coordinated by the Chairman of the Board. Irrespective of this procedure, the Founder has the right to remove or nominate a Director of the Board based on a recommendation of the LEI ROC, as defined in Article 15 of the GLEIF Statutes.</p> <p>The Chief Executive Officer is Stephan Wolf, residing in Wiesbaden, Germany. He started in his role in October 2014.</p> <p>The Board of Directors appointed Thomas Sprecher, Zurich, Switzerland, as Secretary of the Board on June 26, 2014.</p> <p>Signing authorities have been established as per GLEIF Statute Article 35 "Signatures".</p> |  |                        |
| <b>Daniel Cotti</b>                              | Surses, Switzerland                        |                           |  |  |                        |
| <b>Robin Doyle</b>                               | New York,<br>United States of America      | resigned in June 2020     | <p>Basel, August 11, 2021</p>   |  |                        |
| <b>Daniel L. Goroff</b>                          | New York,<br>United States of America      | resigned in June 2021     |  |  |                        |
| <b>Salil Jha</b>                                 | New Delhi, India                           |                           |  |  |                        |
| <b>Wolfgang König</b>                            | Gelnhausen, Germany                        | resigned in June 2020     |  |  |                        |
| <b>Alfredo Reyes Krafft</b>                      | Mexico City, Mexico                        |                           |  |  |                        |
| <b>Hiroshi Nakatake</b>                          | Tokyo, Japan                               | resigned in June 2021     |  |  |                        |
| <b>Monica Singer</b>                             | Cape Town, South Africa                    | resigned in June 2021     |  |  |                        |
| <b>Elemér Terták</b>                             | Brussels, Belgium                          | resigned in February 2021 |  |  |                        |

# Independent Auditors' Report



Ernst & Young Ltd  
Maagplatz 1  
P.O. Box  
CH-8010 Zurich

Phone: +41 58 286 31 11  
Fax: +41 58 286 30 04  
www.ey.com/ch

To the Board of Directors of  
**Global Legal Entity Identifier Foundation, Basel**

Zurich, 11 August 2021

## **Independent auditor's report on the audit of the consolidated financial statements**

### **Opinion**

In accordance with the terms of our engagement, we have audited the consolidated financial statements (pages 19 - 47) of the Global Legal Entity Identifier Foundation (GLEIF) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of 31 December 2020 and the consolidated statement of comprehensive income, consolidated statement of changes in organizational capital and consolidated statement of cash flows for the year then ended 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information included in the GLEIF's 2020 Annual Report**

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

# Independent Auditors' Report



2

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Board of Directors for the consolidated financial statements**

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GLEIF's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the GLEIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the GLEIF to cease to continue as a going concern.

# Independent Auditors' Report



3

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Ltd



John Alton  
(Qualified  
Signature)

Licensed audit expert  
(Auditor in charge)



Armin Imoberdorf  
(Qualified  
Signature)

Licensed audit expert

# Board of Directors



**Steven A. Joachim**

Chairman, GLEIF



**Sandra Boswell**

Director and National Leader of Innovation and Incentives, Glasshouse Advisory



**Changmin Chun**

Professor of Law, Seoul National University of Science and Technology, College of Business and Technology, Department of Business Administration (GTM Program)



**Amy A. Kabia**

Managing Director: Party Reference Data Operations, J.P. Morgan Chase



**Hiroshi Nakatake**

Managing Director: Transaction Banking Division, MUFG Bank, Japan



**Monica Singer**

Creator of Opportunities, ConsenSys



**Hany Choueiri**

Chief Data Officer, Aldermore Bank



**Daniel L. Goroff**

Vice President and Program Director, Alfred P. Sloan Foundation



**Alfredo Reyes Krafft**

Founding Partner, Reyes Krafft Solís SA DE CV (LEX INF IT LEGAL ADVISORY)



**Javier Santamaría**

Chair, European Payments Council



**Kam Keung Tse**

CEO, Tradelink Electronic Commerce Ltd.



**Daniel Cotti**

Managing Director: TradeIX, Center of Excellence, Banking & Trade, Marco Polo Network



**Salil Kumar Jha**

Independent Director, Indian Bank



**Humaid Mudhaffr**

Chief Executive Officer (CEO) and Partner, Manning Business Company Ltd.



**Elemér Terták**

Principal Adviser: DG FISMA, European Commission



**Zaiyue Xu**

CEO, China International Payment Service Corp. (CIPS)

In 2020, the GLEIF Board of Directors was comprised of the following directors from key industry and regulatory organizations who bring their expertise and experience to the organization.

The Board of Directors serves the Global LEI System on an unpaid basis. Directors are eligible for reimbursement of reasonable expenses relating to their responsibilities as governed by Article 19 of the Statutes and the GLEIF Board of Directors Expense Policy.

# Board of Directors, CEO and ROC Chairs

## Departures from the GLEIF Board of Directors

Sincere thanks are offered to GLEIF's founding and former Chairperson **Gerard Hartsink** for his commitment, vision, and the many years of successful service he dedicated to launching and building GLEIF. His leadership, guidance, and close partnership with his Board colleagues and the GLEIF team have helped shape the success of the LEI to date.

GLEIF would also like to thank **Jefferson Braswell**, **Robin Doyle**, **Wolfgang Koenig**, **Nabil Al-Mubarak**, **Henrique Vergara** for their valuable contributions to the organization, following their departure from the Board in 2020.



**Gerard Hartsink**

Chairman, GLEIF



**Jefferson Braswell**

CEO & Founding Partner, Tahoe Blue Ltd.



**Robin Doyle**

Managing Director: Corporate Regulatory Strategy and Policy, JP Morgan Chase



**Wolfgang König**

Chair of Information Systems and Information Management, J.W. Goethe University Frankfurt am Main



**Nabil Al- Mubarak**

Vice Chairman & CEO, SIMAH Rating Agency (Tassnief)



**Henrique Rezende Vergara**

Sole partner, HVergara Advocacia

## Chief Executive Officer



**Stephan Wolf**

CEO, GLEIF

## ROC Chairs



**Alan Deaton**

Associate Director in the Division of Insurance and Research, Federal Deposit Insurance Corporation (U.S.)



**Elmarie Hamman**

Head of Credit Rating Agencies and Financial Benchmarks, Financial Sector Conduct Authority of South Africa

## Observers



**François Laurent**

Principal Adviser Directorate General Statistics, European Central Bank



**P. Vasudevan**

Chief General Manager, Reserve Bank of India

# Overview of Professional Advisors

| Advisor                    | Country of origin | Type of service                                  |
|----------------------------|-------------------|--|
| Abogado Frank Müller       | Spain             | Legal services                                   |
| Adm In Swiss Sarl          | Switzerland       | Payroll services                                 |
| ADP                        | USA               | Payroll services                                 |
| Avelino Law LLP            | USA               | Legal services                                   |
| Briner Legal               | Switzerland       | Legal services                                   |
| Brix & Partners LLC        | USA               | Legal and tax services                           |
| CMS von Erlach Poncet Ltd. | Switzerland       | Legal services trademark<br>LEI issuer contracts |
| Ernst & Young Ltd (EY)     | Switzerland       | Statutory audit                                  |
| Joanknecht BV              | The Netherlands   | Payroll services                                 |
| mediadefine GmbH           | Germany           | GLEIF's Data Protection Officer                  |
| Niederer, Kraft & Frey AG  | Switzerland       | Legal services<br>Board Secretary                |
| Treureva AG                | Switzerland       | Payroll services                                 |
| White & Case LLP           | USA               | Legal and tax advice                             |
| WP StB Christian Hecht     | Germany           | Accounting and tax services                      |

# Contact Us

**Website:**

<https://www.gleif.org/en/>

**Email:**

[info@gleif.org](mailto:info@gleif.org)

**LinkedIn:**

<https://www.linkedin.com/company/global-legal-entity-identifier-foundation-gleif/?trk=biz-companies-cym>

**Twitter:**

<https://twitter.com/GLEIF>

**YouTube:**

<https://www.youtube.com/channel/UCP2xdWOFG7dWNaFIBKyejhg>

**Blog:**

<https://www.gleif.org/en/newsroom/blog/archive>

## GLEIF Locations

### Headquarters

Global Legal Entity Identifier Foundation (GLEIF)  
St. Alban-Vorstadt 5  
4052 Basel  
Switzerland

### German office:

GLEIF  
Bleichstrasse 59  
60313 Frankfurt am Main  
Germany

### US office:

GLEIF Americas  
2500 Plaza 5  
25th floor  
Harborside Financial Center  
Jersey City  
New Jersey 07311  
USA

## Acknowledgements

GLEIF thanks the following organizations for their support with the Annual Report 2020

### Partners

**Aguilonius CVBA**

Nieuwelaan 200  
1860 Meise  
Belgium

**Workiva Inc.**

2900 University Boulevard  
Ames, IA 50010  
United States of America  
LEI: 529900RTOQ8GRWHY1058

**XBRL International, Inc**

Ste 103  
100 Walnut Ave  
Clark, NJ 07066  
United States of America  
LEI: 254900ARU0VC1WY6GJ71

**iseepr**

6, The Dockside  
Leeds Dock  
LS10 1EG  
United Kingdom

# Contact Us

## Images

[www.shutterstock.com](https://www.shutterstock.com)

## Publishing information

### Published by Global Legal Entity Identifier Foundation (GLEIF)

St. Alban-Vorstadt 5  
4002 Basel  
Switzerland  
Company number  
CHE-200.595.965

### LEI of GLEIF

506700GE1G29325QX363

### LEI issuer

Swiss Federal Statistical Office (FSO)

### Supervision

Swiss Federal Supervisory Authority for  
Foundations, Bern

### External Auditor

Ernst & Young Ltd (EY), Basel

### Terms and conditions

The GLEIF Website Terms

### Graphics, layout and typesetting

Raw Creative Ltd.  
Harrogate  
United Kingdom

### CGI

Staudt Medienproduktion  
Kriftel  
Germany



[gleif.org](https://gleif.org)

© 2021 – GLEIF