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## **Memorandum of Understanding**

**Dated**

**01 February 2013**

**Between**

**International Integrated Reporting Council**

29 Lincoln's Inn Fields  
London  
WC2A 3EE  
United Kingdom

**And**

**Stichting Global Reporting Initiative**

Weesperstraat 95  
1018 VN Amsterdam  
The Netherlands

(hereinafter each individually, a "Party" and collectively, the "Parties")

WHEREAS Integrated Reporting (hereinafter "<IR>") is the means by which companies communicate primarily with providers of financial capital about the way in which their strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term;

WHEREAS sustainability reporting is the means by which organizations measure and communicate their economic, environmental, social and governance performance and impacts;

WHEREAS the International Integrated Reporting Council (hereinafter "the IIRC") is an international coalition of leaders from the corporate, investment, accounting, securities, regulatory, academic and standard-setting sectors as well as civil society;

WHEREAS the Global Reporting Initiative (hereinafter "GRI") is a not-for-profit organization that promotes economic, environmental and social sustainability with a global network of sustainability experts who contribute voluntarily to its work;

WHEREAS the IIRC's mission is to create *the* globally accepted <IR> Framework that elicits from organizations material information about their strategy, governance, performance and prospects in a clear, concise and comparable format. The <IR>

Framework will underpin and accelerate the evolution of corporate reporting, reflecting developments in financial, governance, management commentary and sustainability reporting. The IIRC will seek to secure the adoption of <IR> by report preparers and gain the recognition of standard setters and investors;

WHEREAS GRI's mission is to make sustainability reporting standard practice by providing guidance and support to organizations;

WHEREAS GRI is the provider of the sustainability reporting guidelines that are most widely used internationally and is committed to their continuous improvement and application worldwide;

WHEREAS the Parties share a vision of the evolution of corporate reporting for the 21<sup>st</sup> century in which <IR> and sustainability reporting both play an important role and in which harmonization and clarity of corporate reporting frameworks, standards and requirements drive coherence, consistency and comparability, leading to improved efficiency and effectiveness in corporate reporting practices; and

WHEREAS the Parties recognize the benefits to be achieved through cooperation, coordination and alignment of their respective focus on - and activities relating to the further evolution of - corporate reporting;

**NOW THEREFORE** the Parties agree that it is in their mutual interest to establish the following Memorandum of Understanding (hereinafter "MoU"):

#### **Article I**

##### **PURPOSE**

- i) The purpose of this MoU is to set forth the basis and general principles for ongoing cooperation, coordination and alignment between the IIRC and GRI to promote, support and contribute to the realisation of their mutual interests, notably in relation to:
  - Efforts to promote the global harmonization and clarity of corporate reporting frameworks, standards and requirements in ways that drive coherence, consistency and comparability, leading to improved efficiency and effectiveness in corporate reporting practices;
  - The development of their respective reporting frameworks, guidelines and standards; and
  - The related transparency and sharing of relevant and significant information between them.

#### **Article II**

##### **BASIC PRINCIPLES**

- i) GRI acknowledges that the IIRC's primary role is to develop and maintain an International <IR> Framework.
- ii) The IIRC acknowledges that GRI's primary role is to develop and maintain sustainability reporting guidelines and standards.
- iii) Both Parties:

- Acknowledge the complementarity of their respective primary roles, on the basis that:
  - Sustainability reporting delivers components that are integral to <IR> and is a key pillar on which <IR> is based;
  - The successful development and implementation of <IR> is materially relevant to the ongoing enhancement of sustainability reporting practices; and
  - The active involvement and support of organizations that promote and practise sustainability reporting are materially relevant to the development and implementation of <IR>.
- Commit to respect the integrity of the other Party's primary role, defer to it on related matters and collaborate with it to fulfil the Parties' respective primary roles in ways that further their mutual interest.

### **Article III**

#### **COMMITMENTS OF AND ARRANGEMENTS BETWEEN THE PARTIES**

- i) The Parties' individual and joint commitments and arrangements in pursuance of the purpose envisaged by this MoU are as follows:
  - a) The IIRC commits to:
    - Develop and maintain the International <IR> Framework with the intent that it will be (to the extent relevant, applicable and practicable) compatible with and supportive of, yet avoiding duplication (where reasonably possible) of, GRI's guidelines and standards, both current and (to the extent reasonable and practicable) under development;
    - Liaise with GRI on an ongoing basis to obtain perspectives and inputs relating to <IR> from GRI's global constituency; and
    - Provide GRI with frequent progress updates relating to development of the International <IR> Framework.
  - b) GRI commits to:
    - Develop and maintain its guidelines and standards with the intent that these will be (to the extent relevant, applicable and practicable) compatible with and supportive of the International <IR> Framework and related guidance, both current and (to the extent reasonable and practicable) under development.
    - Liaise with the IIRC on an ongoing basis to facilitate to the best of its ability access to perspectives and inputs relating to <IR> from GRI's global constituency.
    - Share information on the IIRC's progress relating to development of the International <IR> Framework in an appropriate manner with its global constituency.
  - c) Both Parties commit to:
    - Proactively engage with each other to: (a) communicate about the direction, content and ongoing process to develop their respective frameworks, guidelines and standards; and (b) strive for complementarity in the ongoing development thereof.

- Work proactively with the other Party to identify ways and means by which <IR> and sustainability reporting guidelines can be aligned to strengthen corporate reporting.
  - Proactively clarify and resolve any emerging issues and facilitate regular, frequent and meaningful exchange of information with the other Party on relevant aspects of their respective activities and other matters of common interest, expressing a common voice where possible.
  - Share relevant and significant information directly of interest to the other Party in relation to, respectively, <IR> and sustainability reporting.
  - Explore diverse ways in which to extend and strengthen collaboration with the other Party, in each case on terms to be agreed between the Parties.
  - Analyze and share trends in the uptake of their respective frameworks, guidelines and standards.
  - Work together with the other Party towards appropriate long-term institutional and governance arrangements that promote the ongoing evolution of corporate reporting on an internationally applicable and accepted basis.
- ii) The Parties shall maintain a schedule of specific financial and other in-kind commitments made between them, which as at the date hereof is as provided in Appendix A hereto.

**Article IV  
STATUS OF MOU**

- i) This MoU represents an expression of common intent and for legal purposes nothing herein shall be construed as creating a joint venture, an agency relationship or a legal partnership between the Parties. No provision of this MoU shall be construed so as to in any way interfere with the respective decision-making processes of the Parties with regard to their own respective work and operation.
- ii) Neither Party shall have any right, power or authority to create any obligation, express or implied, on behalf of the other.
- iii) Nothing under this MoU shall be taken to represent a commitment of funds on the part of either Party and, unless otherwise agreed between the Parties, each Party will bear its own costs incurred in relation to activities undertaken further to this MoU.

**Article V  
CONSULTATION**

- i) Each Party undertakes to enter promptly into consultation with the other Party at the latter's request with respect to any matter arising in relation to their respective activities.
- ii) The Parties shall endeavour to resolve real or potential conflicts of interest promptly and in good faith.



**Article VI****INSTITUTIONAL ARRANGEMENTS**

- i) Subject to maintenance of the constitutional arrangements of the IIRC prevailing as at the date hereof and approval of appointments in accordance with IIRC policies from time to time applicable, GRI will be represented on the IIRC's Council and on the IIRC's Working Group. It may be represented on other IIRC bodies as agreed from time to time.
- ii) The Parties will discuss whether, to what extent and in what capacity the IIRC will be represented on GRI bodies.

**Article VII****INTELLECTUAL PROPERTY RIGHTS**

- i) Each Party will share with the other such concepts, ideas and other facets of its intellectual property as are relevant and appropriate to advance the collaborative ends of this MoU, it being understood that each Party will respect the intellectual property rights of the other by reference to the latter's related policies and procedures and in accordance with relevant laws and that all intellectual property rights in any materials, documents, software or other items created by or licensed to either Party will remain vested in such Party (or its licensors).
- ii) The Parties will agree upfront on the extent to which, by reference to their respective policies and procedures and in accordance with relevant laws, each will enjoy intellectual property rights relating to new materials, documents, software or other items created by the Parties, individually or collectively, as a result of collaboration with each other further to this MoU.

**Article VIII****CONFIDENTIALITY**

- i) Each Party will use information gained as a result of collaboration with the other further to this MoU with due discretion and solely to the ends for which it was provided.
- ii) Neither Party will, without the other Party's prior agreement, during the period covered by this MoU or at any time thereafter, for any reason whatsoever disclose to any third party, or in any way make use of, any information provided to it by, or otherwise acquired from, the other Party where the information is considered or marked as "confidential". Each Party will use its best endeavours to prevent the unauthorised publication or disclosure of any such information.

**Article IX****PUBLICITY, USE OF THE PARTIES' NAMES AND LOGOS**

- i) The Parties may make public reference to the existence of this MoU as they think relevant and appropriate.
- ii) Each Party may, with the prior written consent of the other Party, use, where relevant and appropriate and in appropriate terms, the other Party's logo or

trademark, which each Party will make available to the other in digital format for such use on request.

- iii) Each Party agrees that upon expiration of this MoU, it shall return to the other Party the latter's logo and trademark in the form in which it was delivered to and retained by such Party.

**Article X**

**IMPLEMENTATION, RENEWAL, AMENDMENT, ASSIGNMENT AND TERMINATION**

- i) This MoU shall be effective from the date of signature by both Parties until 30 September 2014 inclusive. Its validity may be extended by agreement in writing between the Parties.
- ii) This MoU may only be modified or amended by written agreement between the Parties.
- iii) If it becomes apparent that it is necessary or desirable to amend or add to this MOU, the Parties will each use their best endeavours to agree upon appropriate amendments or alterations as soon as possible thereafter.
- iv) Neither Party may assign or otherwise transfer its rights or obligations hereunder, or any part thereof to any third party without the prior written approval of the other Party.
- v) This MoU may be terminated for reasonable cause by either Party subject to three months' prior written notice to the other Party, such notice to provide the grounds for termination.

**Article XI**

**PRIMARY CONTACTS**

- i) The designated primary contact points for the Parties for coordination of all matters relating to or arising under this MoU will be as follows:

	<b>For the IIRC</b>	<b>For GRI</b>
Name:	Andrew Smith	Tom Perryman
Title:	Chief Operating Officer	PR Specialist
Telephone:	+ 44 20 7504 2572	+31 20 531 0000
Email:	andrew.smith@theiirc.org	Perryman@globalreporting.org
Postal address:	29 Lincoln's Inn Fields London WC2A 3EE United Kingdom	Weesperstraat 95 1018 VN Amsterdam The Netherlands



- ii) Either Party may at any time revise its designated primary contact point by notice to the other.
- iii) Any notice required to be provided hereunder shall be deemed duly given if made by either Party to the other Party's designated primary contact in writing, which for the purposes hereof shall include by email.

**Article XII**

**GOVERNING LAW AND JURISDICTION**

- i) This MoU shall be governed by and construed in accordance with English law and both Parties submit to the jurisdiction of the English courts.
- ii) Any dispute as between the Parties relating to the interpretation of this MoU or any matter covered by it shall in the first instance be submitted for arbitration to an institution or individual acceptable to both Parties.

Signed for acceptance and agreement for and on behalf of the Parties.

For:

**Stichting Global Reporting Initiative**

BY:



Ernst Ligteringen

Chief Executive

Date: *1 February 2013*

For:

**International Integrated Reporting Council**

BY:



Paul Druckman

Chief Executive Officer

Date: *1 February 2013*

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**Appendix A****Schedule of specific commitments*****From GRI to the IIRC***

- Full-time secondment of Lisa French to the IIRC Secretariat (01 February 2012 - 31 January 2013).
- Cash contribution (2013): GBP 91,667.
- Herman Mulder: Membership of the IIRC Council.
- Ernst Ligteringen: Membership of the IIRC Board of Directors.
- Nelmara Arbex: Membership of the IIRC Working Group.

***From the IIRC to GRI***

- Michael Nugent: Membership of the GRI Technical Advisory Committee and provision of subject expertise to the G4 Guidelines development process.