

Memorandum of Understanding

dated

16 December 2013

between

as parties hereto

International Integrated Reporting Council ('the IIRC')

10 Lincoln's Inn Fields

London

WC2A 3BP

United Kingdom

and

Global Initiative for Sustainability Ratings ('GISR')

99 Chauncy St.

Boston

02111

USA

(each individually a 'Party' and collectively, the 'Parties')

Whereas:

- Integrated Reporting ('<IR>') is a process that results in communication by an organization, most visibly a periodic integrated report, about value creation over time and an integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term;
- The IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs;
- The IIRC's mission is to create *the* globally accepted International <IR> Framework ('the <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;
- GISR is as a joint project of Ceres and Tellus Institute;
- GISR's vision is to transform the definition of corporate value in the 21st century such that markets reward the preservation and enhancement of all forms of capital – human, intellectual, natural, social and financial;

- GISR's mission is to design and steward a global sustainability ratings standard to expand and accelerate the contribution of business and other organizations worldwide to sustainable development;
- Underlying GISR's vision and mission is the core premise that a globalizing and resource constrained world will be well served by convergence around a generally accepted definition of what constitutes corporate sustainability excellence;
- Business has an essential role to play in sustainable development, because it is in the interest of business and its long term viability to make significant contributions to the creation of a sustainable economy and society;
- Better corporate reporting represents a valuable contribution to the goals of financial stability and sustainable development and efforts to promote the harmonization and clarity of corporate reporting frameworks, standards and requirements in ways that drive complementarity, coherence, consistency and comparability will lead to improved efficiency and effectiveness in corporate reporting practices;
- The Parties recognize the benefits to be achieved through cooperation, collaboration, coordination and alignment of their respective focus on - and activities relating to the further evolution of - corporate reporting;

The Parties agree as follows:

1. Purpose

- 1.1 The purpose of this memorandum of understanding ('MoU') is to articulate the basis and general principles for ongoing cooperation, collaboration, coordination and alignment between the Parties to promote, support and contribute to the realisation of their mutual interests, notably in relation to efforts to promote:
- The global harmonisation and clarity of corporate reporting frameworks, standards and requirements in ways that drive complementarity, coherence, consistency and comparability, leading to improved efficiency and effectiveness in corporate reporting practices;
 - Thought leadership and effective advocacy to generate constructive solutions and take shared action that contribute to the creation of a sustainable future for business, society and the environment;
 - Development and implementation of <IR> in support of a more resilient business environment and more informed decision-making by policy makers and providers of financial capital as a tool that:
 - Promotes more powerful external communication relating to an organization's ability to create value over the short, medium and long term;
 - Offers an effective governance tool for performance-oriented management that supports decisions which secure financial stability and sustainable business practice; and
 - Promotes integrated thinking, in terms of the active consideration by an organization of the relationship between its various operating and functional units and the capitals that the organization uses and affects, leading to integrated decision-making and actions that consider the creation of value over the short, medium and long term; and
 - Transparency and sharing of relevant and significant information between

them.

- 1.2 Any activities undertaken further to this MoU are subject to their inclusion in the Parties' respective programmes of work and shall be carried out in accordance with their respective rules and practices.

2. Acknowledgments

- 2.1 Both Parties acknowledge the complementarity of their respective activities and focus and specifically:
 - GISR acknowledges the IIRC as the sole developer of a global <IR> framework, which will provide important context for all financial, sustainability and other corporate reporting frameworks, guidelines and standards.
 - The IIRC acknowledges GISR's role in developing a standard for measuring excellence in sustainability performance to be applied by other sustainability ratings, rankings or indices on an accredited basis.

3. Focus of cooperation

- 3.1 Each Party commits to:
 - Take appropriate opportunities, to the extent reasonable and practicable, to support and profile the work of the other Party.
 - Work proactively with the other Party to identify ways and means by which <IR> and other corporate reporting frameworks, guidelines and standards can be aligned to strengthen corporate reporting, striving for complementarity and compatibility (to the extent relevant, applicable and practicable) in the ongoing development and maintenance thereof.
 - Work proactively with the other Party to identify ways and means by which the <IR> Framework and the GISR standard achieve optimal alignment such that disclosed information is (to the extent relevant, applicable and practicable) useful to GISR accredited ratings.
 - Work cooperatively to explore, articulate and advance the concept of "integrated ratings", in terms of ratings reflective of human, intellectual, natural, social, and financial capital.
 - Consider opportunities to organize joint events on corporate reporting at international and regional level.
 - 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.
 - 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.
 - Develop, where relevant and appropriate, joint action plans, as required, outlining cooperation on discrete critical issues where the resources of both Parties can be leveraged effectively to achieve common ends in the Parties' mutual interest.
 - Work together with the other Party towards appropriate long-term institutional and governance arrangements that promote the ongoing evolution of corporate reporting and integrated ratings on an internationally applicable and accepted basis.
- 3.2 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. The schedule shall be updated as appropriate with such additions and modifications as may be agreed between the Parties subsequent to signature of this MoU.

4. Consultation

- 4.1 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.
- 4.2 The Parties shall endeavour to resolve real or potential conflicts of interest promptly and in good faith.

5. Intellectual property

- 5.1 Each Party will share with the other Party such concepts, ideas and other facets of its intellectual property as are relevant and appropriate to advance the collaborative ends of this MoU, provided that neither Party shall seek to benefit unduly in any way from the other Party's intellectual property and 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. 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).
- 5.2 The Parties will agree in advance and in writing 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.

6. Confidentiality

- 6.1 Each Party will use information gained as a result of collaboration with the other Party further to this MoU with due discretion and solely to the ends for which it was provided.
- 6.2 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 which is: (a) not in the public domain; or (b) is marked, considered, or by its nature would reasonably be expected to be treated as confidential. Each Party will use its best endeavours to prevent the unauthorised publication or disclosure of any such information.

7. Costs

- 7.1 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 in writing, each Party will bear its own costs relating to activities undertaken further to this MoU.

8. Publicity and external communications

- 8.1 Each Party may make public reference to the existence of this MoU as it thinks relevant and appropriate, provided that each Party will obtain the approval of the other Party for the contents of any press release relating to the terms of this MoU prior to issue of such press release.
- 8.2 Neither Party shall, in any communication to third parties, purport to represent the other Party's views or position on any matter, including any activity undertaken further to this MoU, without the prior agreement of the other Party.
- 8.3 Any communication to third parties by either Party relating to any activity undertaken further to this MoU and referencing the other Party's collaboration in such activity, shall be subject to the prior agreement of the other Party, which shall not be unreasonably withheld.

9. Use of logos and trademarks

- 9.1 Each Party may, in each case 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.
- 9.2 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.

10. Institutional arrangements

- 10.1 The Parties will discuss whether, to what extent and in what capacity each will be represented on the other's governing and advisory bodies, subject to the provisions of their respective constitutional arrangements and policies from time to time applicable relating to such appointments.

11. Contact

- 11.1 Each Party will designate a staff member to act as the primary contact point for matters arising in relation to, or further to, this MoU and facilitate the exchange of information between the Parties on matters of common interest.
- 11.2 As at the date hereof, the Parties' designated primary contact points are as follows:

	For the IIRC	For GISR
Name:	Andrew Smith	Mark Tulay
Title:	Chief Operating Officer	Program Manager
Telephone:	+44 20 7504 2572	+1 202 492 4357
Email:	andrew.smith@theiirc.org	mark.tulay@ratesustainability.org
Postal address:	10 Lincoln's Inn Fields London WC2A 3BP United Kingdom	99 Chauncy St Boston 02111 USA

- 11.3 Either Party may at any time revise its designated primary contact point by notice to the other.

11.4 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 point in writing, which for the purposes hereof shall include by email.

12. Status of the MoU

12.1 This MoU represents an expression of common intent. For legal purposes, nothing in this MoU 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 operations.

12.2 Neither Party shall have any right, power or authority to create any obligation, express or implied, on behalf of the other.

12.3 Nothing in this MoU shall preclude either Party from concluding a memorandum of understanding, or other arrangement, with any third party.

13. Validity

13.1 This MoU shall be effective once signed by both Parties until 31 December 2015 inclusive. Its validity may be extended by agreement in writing between the Parties.

13.2 This MoU may be terminated by either Party for reasonable cause upon three months' prior written notice to the other Party, such notice to provide the grounds for termination.

13.3 Ongoing collaborative activities undertaken on the basis of joint workplans developed by the Parties will continue to the extent required for their completion, unless otherwise terminated by separate agreement between the Parties to such effect.

14. Revisions

14.1 Any revisions to this MoU shall be agreed in writing between the Parties.

15. Assignment

15.1 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.

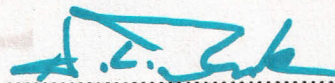
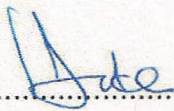
16. Disputes

16.1 The Parties will endeavour to resolve any dispute as between them relating to the interpretation of this MoU, or any matter covered by it, through negotiation and constructive discussion between senior personnel, failing which it shall be submitted for arbitration to the London Court of International Arbitration.

Signed for acceptance and agreement, for and on behalf of:

The IIRC

GISR



By: Paul Druckman

By: Allen White

Title: Chief Executive Officer

Title: Co-Chair

Date: 16 December 2013

Date: 16 December 2013



Appendix A
Schedule of specific commitments

N.A.

