SASB’s Industry Brief provides evidence for the material sustainability issues in the Media Production & Distribution industry. The brief opens with a summary of the industry, including relevant legislative and regulatory trends and sustainability risks and opportunities. Following this, evidence for each material sustainability issue (in the categories of Environment, Social Capital, Human Capital, Business Model and Innovation, and Leadership and Governance) is presented. SASB’s Industry Brief can be used to understand the data underlying SASB Sustainability Accounting Standards. For accounting metrics and disclosure guidance, please see SASB’s Sustainability Accounting Standards. For information about the legal basis for SASB and SASB's standards development process, please see the Conceptual Framework.

SASB identifies the minimum set of sustainability issues likely to be material for companies within a given industry. However, the final determination of materiality is the onus of the company.

Related Documents

- Media Production & Distribution Sustainability Accounting Standards
- Industry Working Group Participants
- SASB Conceptual Framework

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INTRODUCTION

Media, through news and entertainment, shapes the world we live in. It has the power to influence attitudes, beliefs, and value systems and can alter perceptions of reality. While the options seem limitless, mergers and acquisitions have resulted in most of the media we consume being owned by a handful of corporations. This raises concerns regarding media pluralism, which is essential to ensure freedom of expression.

At the same time, the rise in Internet access and use has resulted in new sources of media and new methods of content delivery. The industry is facing challenges to its traditional business model of circulating newspapers and reaching audiences through cable or satellite. The industry must also manage issues around access, content piracy, sponsorship, and journalistic integrity.

Management (or mismanagement) of material sustainability issues, therefore, has the potential to affect company valuation through impacts on profits, assets, liabilities, and cost of capital.

Investors would obtain a more holistic and comparable view of performance with media production and distribution companies reporting metrics on the material sustainability risks and opportunities that could affect value in the near- and long-term in their regulatory filings. This would include both positive and negative externalities, and the non-financial forms of capital that the industry relies on for value creation.

Specifically, performance on the following sustainability issues will drive competitiveness within the Media Production & Distribution industry:

- Ensuring transparency in sponsorships, disclosing conflicts of interest, and maintaining journalistic integrity;
- Preserving the independence and plurality of media and producing content that gives weight to diverse viewpoints; and
- Balancing the need to protect intellectual property that incentivizes innovation with the need to enhance the accessibility of media.

**SUSTAINABILITY DISCLOSURE TOPICS**

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INDUSTRY SUMMARY

Media production and distribution companies create content or acquire rights to distribute content over cable or broadcast media, including entertainment programs, news, music, and children’s programming. Companies in this industry also publish books, newspapers, and periodicals and broadcast radio and local television programming. Content distribution via the Internet is addressed in the Internet Media & Services industry standards, under the Technology & Communications sector.¹

The largest demographic markets for cable networks in the U.S. in terms of age include consumers aged 65 and up, 50 to 64, and 35 to 49, which represent 21.4, 19, and 15 percent of the market, respectively.¹ Content is created for consumption by a wide range of viewers, although certain programming may be geared toward specific demographics. For example, Discovery Communications, Inc. explicitly lists the target age group, and gender where applicable, for each of its channels.²

Companies in this industry earn revenue from advertising sales, distribution and licensing of content, and subscriptions for content. Therefore, company revenue is tied to the mass appeal of the media produced and the number of consumers reached by its content. For example, some large cable networks such as TBS and TNT reach more than 98.6 and 97.5

¹ Industry composition is based on the mapping of the Sustainable Industry Classification System (SICS™) to the Bloomberg Industry Classification System (BICS). A list of representative companies appears in Appendix I.

NOTE ON INDUSTRY STRUCTURE

In developing this briefing and determining material disclosure topics and accounting metrics for Media Production & Distribution companies, SASB used a “pure-play” definition of the industry, which assumes that Media Production & Distribution companies distribute media using traditional methods, rather than online. The issues discussed here therefore focus on the creation, publication, and broadcasting of entertainment, educational, and news content through traditional mediums.

SASB treats separately the following industries: Media Production & Distribution and Internet Media & Services. While this approach is necessary to ensure a coherent understanding of industry drivers and challenges, it does not always reflect the current structure of the industry, where Media Production & Distribution companies are increasingly distributing content via the Internet.

Therefore, depending on the specific activities and operations of Media Production & Distribution companies, sustainability issues and accounting metrics associated with the Internet Media & Services industry may also be material for them.
million American households each year, respectively. Advertising spots are sold to brands and advertising agencies based on viewership. Distribution or subscription revenue is based on subscription sales or sales of individual issues or programs. These income streams can be global, local, or both, depending on the company.

Given the various types of media addressed in this industry and the different revenue models, many of the companies in the industry do not directly compete with one another for viewership or subscribers. However, they do indirectly compete against each other to capture advertising expenditure, which is spread across television networks, websites, print, radio, outdoor displays, and other media. For example, Turner Networks, a wholly owned subsidiary of the media company Time Warner, Inc. “compete(s) for viewers’ attention and audience share with all other forms of programming provided to viewers, including other television networks and premium pay television services, local over-the-air television stations, motion pictures, home video products and services (including subscription rental, subscription video-on-demand (‘SVOD’) services and rental kiosks), pay-per-view and VOD services, pirated content, online activities and other forms of news, information and entertainment.”

Global revenue for companies listed on global exchanges and traded over-the-counter in the Media Production & Distribution industry is about $466 billion. Three-quarters of industry revenue is roughly equally split between Publishing, or companies involved in the production and distribution of printed media content such as newspapers, periodicals and books; Local TV & Radio Broadcast companies; and TV Media Networks. TV Media Networks are companies that aggregate, market, and distribute TV programs to broadcasting stations, cable and satellite companies, and wireline telecommunications companies. These establishments produce programming, typically narrowcast in nature, in their own facilities or acquire programming from external sources. The remaining quarter of industry revenue comes mostly from Film & TV Production & Distribution, which generates about 18 percent of total industry revenue, and Music Production & Distribution, which generates only three percent of the industry total. Some companies in the industry earn 100 percent of their revenue from one of the industry activities, such as the New York Times, which is wholly engaged in the Publishing sector. Others may participate in multiple aspects of the industry, such as CBS Corp., which earns revenue from motion picture and television production, publishing, and television and radio broadcasting.

Companies in the Media Production & Distribution industry maintained a median gross margin of 48.6 percent and net income

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11 Examples of narrowcast include limited formats such as news, sports, education, or youth-oriented programming.
margins of six percent in 2013. The cost structure and capital intensity within the industry depends largely on the operations of industry sub-segments. For example, U.S. cable networks spend roughly 30 percent of revenue on purchasing the technology and software necessary for content production, whereas newspaper publishers spend 20 percent of revenue on purchases, which include newsprint, ink, and other raw materials.

Large corporations that are publicly traded in the U.S. operate and derive revenue globally. For example, in 2013, Time Warner Inc. generated more than $29 billion in revenue, 72 percent of which was generated in the U.S., followed by 17 percent in Europe, 5.5 percent in Asia, and five percent in Latin America. Viacom’s content reaches audiences in 160 countries and territories. To operate internationally, U.S. content providers establish joint ventures or partnerships with foreign companies to distribute their content overseas. For example, the popular premium pay service HBO utilizes joint ventures, and even acquired equity interest in foreign operators to distribute its services in Asia and Nordic regions.

Industry globalization is increasing for cable networks as they increasingly distribute their content abroad. There is a trend toward increasing vertical integration between cable providers and cable network content producers. Currently, four out of the top six cable providers hold ownership interests in network content providers in order to secure a competitive advantage on pricing of content. For example, in 2011, Comcast acquired 51 percent General Electric’s share of NBC Universal, and acquired the rest in 2013. Therefore, the dynamic of the industry is such that companies may cover different parts of the media supply chain or work with different types of media, and therefore will face different subsets of external drivers. Nonetheless, across the board, all companies in this industry are affected by consumer disposable income as well as technological advancements that reduce production costs, but also enhance competition from new digital competitors.

The industry as a whole is shifting toward distribution of content over the Internet to home computers, smart televisions, and handheld devices. Newspaper circulation is dropping, while more and more news is consumed online. Media companies try to increase customer reach to drive media sales, subscriptions, and advertising revenue. The shift from traditional media such as newspapers to Internet media is echoed in the shift in advertising spending. Television’s share of global ad spending has been steady at about 40 percent. However, Internet ad spending had grown to 20 percent of overall ad spending in 2013 from a mere five percent in 2005, largely at the expense of newspapers and magazines, which have declined from 29 and 13 percent to 17 and eight percent, respectively, during the same period. Though technology offers new opportunities, it also raises the risk of pricing restrictions and loss of distribution control. As media consumption grows increasingly digital,
The top players in the Media Production & Distribution industry include both U.S. and foreign companies that generate most of their revenue domestically, but increasingly sell their content internationally. As such, companies must address local, state, national, and international regulations, as well as issues related to trade, taxes, restrictions on content, and intellectual property protection. The following section provides a brief summary of key regulations and legislative efforts related to this industry.

The most important U.S. federal regulatory influences are the Communications Act of 1934 and the Federal Communications Commission (FCC). The FCC, formed by the Communications Act of 1934, presides over “interstate and international communications by radio, television, wire, satellite, and cable in all 50 states, the District of Columbia and U.S. territories.” The Communications Act of 1934, which prohibits exclusive distribution arrangements unless justified by the FCC, was amended by the Telecommunications Act of 1996 to address evolving technology and policy, to remove regulatory barriers to entry, and to increase market competition. The FCC’s scope includes industry structure, media content, and advertising. In order to maintain media pluralism, the FCC has set limitations on ownership and cross-ownership of newspapers and broadcast radio and TV stations, which will be discussed further in the Media Pluralism disclosure topic.

The FCC has many regulations on content and advertising to ensure, for example, that children’s rights are protected and that proper disclosures are made regarding sponsored content. Since 1990, the FCC has limited the commercial matter shown during programming designed for children under the age of 12, since children are often unable to distinguish between commercials and TV programs. Other jurisdictions may have even more restrictions on advertising to children. For example, in 1991, Sweden banned all forms of advertisements directed at children under 12. Furthermore, in the U.S., broadcast stations are required by law to identify programming sponsors. Additionally, the Federal Trade Commission (FTC) provides specific guidance on native advertising, or sponsored content, a growing segment of advertising in which advertisements are blended with news, entertainment, and other editorial content, such as ads that appear in-line in a news article. Advertisers must clearly distinguish ads intended to highlight some ways in which regulatory trends are impacting the industry.
so that consumers are able to differentiate them from the surrounding content.

While it is difficult to regulate the quality of content created across the Media Production & Distribution industry, associations such as the Society of Professional Journalists are active in establishing standards and ethics. Among these are accuracy, accountability, minimization of harm, and independence or unbiased reporting.30

The First Amendment of the U.S. Constitution is often used to protect the freedom of information dissemination, subject to intellectual property laws. However, there have been some instances where reporters’ First Amendment privileges have been overturned in a court. As a result, more than 30 states have passed “shield laws” that buttress reporters’ privilege by allowing them to refuse to testify about sources.31 Journalists who divulge confidential sources can be found in breach of contract.32

Employing more than 11 million people in the U.S. workforce,33 the industry is responsible for adhering to the labor laws of the country and state of operation. In the U.S., the Department of Labor develops policies around worker rights, including the Fair Labor Standards Act, which outlines standards for wages and overtime pay.34 Title VII of the U.S. Civil Rights Act prohibits employment discrimination and includes the mandate of the Equal Employment Opportunity Commission. Title VII specifically prohibits an employer or an employment agency from specifying, in any advertisement relating to employment, “any preference, limitation, specification, or discrimination, based on race, color… [or] sex.” Casting is one exception to this rule. Under the bona fide occupational qualification (BFOQ) provision, discrimination based on religion, sex, or national origin is allowed as long as it is “necessary for the purpose of authenticity or genuineness.”35 However, there is no race exception to Title VII.36

Regulators face challenges to ensure the right balance between protecting creative works and maintaining the benefits of the free flow of information. U.S. Copyright Law encourages creativity by granting creators exclusive rights over their creation for a limited amount of time.37 The Fair Use doctrine allows exceptions to this law, however, and the distinction between fair use and infringement is not always easily defined.38 Companies often employ Digital Rights Management (DRM) systems or technologies that limit access to digital media and prevent it from being copied. In 2010, a federal judge ruled that breaking DRMs for fair use is legal.39

**SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES**

Industry drivers and recent regulations suggest that traditional value drivers will continue to impact financial performance. However, intangible assets such as social, human, and
environmental capitals, company leadership and governance, and the company's ability to innovate to address these issues are likely to increasingly contribute to financial and business value.

Broad industry trends and characteristics are driving the importance of sustainability performance in the Media Production & Distribution industry:

- **Dissemination of news and social license to operate:** Major media corporations are in charge of delivering news to millions of households. As the gatekeepers of news and current affairs, newsrooms and their corporate owners have the responsibility to fairly and accurately present information, which can help maintain their license to operate and avoid additional regulations.

- **Media influence and power:** Media corporations have the ability to influence society, not only by curating news but also through the values and views that propagate through entertainment content. By representing diverse views and values, Media production and distribution companies can avoid alienating audiences, retain broad appeal, and act as agents of social change.

- **Balance between protecting Intellectual Property (IP) and ensuring access to media:** Media companies devote significant resources to purchasing rights to and protecting IP. New forms of content delivery and media piracy are threatening traditional business models. Companies that innovate to protect IP while expanding access will be able to better protect shareholder value.

As described above, the regulatory and legislative environment surrounding the Media Production & Distribution industry emphasizes the importance of sustainability management and performance. Specifically, recent trends suggest a regulatory emphasis on social externalities of media which will serve to align the interests of society with those of investors.

The following section provides a brief description of each sustainability issue that is likely to have material implications for companies in the Media Production & Distribution industry. This includes an explanation of how the issue could impact valuation and evidence of actual financial impact. Further information on the nature of the value impact, based on SASB’s research and analysis, is provided in Appendix IIA and IIB. Appendix IIA also provides a summary of the evidence of investor interest in the issues. This is based on a systematic analysis of companies’ 10-K and 20-F filings, shareholder resolutions, and other public documents. It also based on the results of consultation with experts.
participating in an industry-working group convened by SASB.

A summary of the recommended disclosure framework and accounting metrics appears in Appendix III. The complete SASB standards for the industry, including technical protocols, can be downloaded from www.sasb.org. Finally, Appendix IV provides an analysis of the quality of current disclosure on these issues in SEC filings by the leading companies in the industry.

**SOCIAL CAPITAL**

Social capital relates to the perceived role of business in society, or the expectation of business contribution to society in return for its license to operate. It addresses the management of relationships with key outside stakeholders, such as customers, local communities, the public, and the government. It includes issues around access to products and services, affordability, responsible business practices in marketing, and customer privacy.

The Media Production & Distribution industry relies heavily on and significantly influences social capital, both because it is the gatekeeper of news and current events and because media content influences social norms. As a result, news outlets are expected to follow high standards of journalism. Adherence with guidelines around embedded advertising, a growing segment of advertising, is important in order to avoid regulatory scrutiny. Media companies that represent a diverse set of views can attract greater viewership and increase advertising revenues.

**Journalistic Integrity & Sponsorship Identification**

Truthful portrayal and ethical sourcing of news, fair and transparent sponsorship, and conflict-of-interest disclosure all help companies in the industry minimize regulatory oversight and lower reputational risks.

Audiences rely on journalists for accurate and timely information about current events. In order to protect their reputations and ensure they are not misleading the public, news media outlets share a set of principles that focus on truthfulness, accuracy, and objectivity. While these principles are not formalized, they are considered the industry standard and are the public’s expectation. For example, an otherwise successful news story can be compromised if authors fail to disclose personal ties to parties involved and therefore a conflict of interest. Some newspapers even employ full-time ombudsmen, also known as public editors, to review and deal with readers’ complaints or concerns. The role has the effect of building consumers’ confidence in the credibility of a news outlet.40

Reporting false or misleading information can endanger the public or those involved with an event. For example, releasing details of a criminal investigation prematurely or providing
unverified information about it can threaten
the integrity of the investigation and put the
offending media company at risk of
prosecution. While news outlets may not intend
to report false information, they place a high
level of trust in their sources. If sources are not
properly screened, or information is not
obtained legally, news outlets can face heavy
public scrutiny and legal consequences.
Furthermore, sponsorship of news or
entertainment content can be misleading to
consumers if it is not properly managed or
disclosed. Federal law and FCC regulations
require that broadcast stations identify
programming sponsors any time they receive
money, services, or other “valuable
considerations” in exchange for transmitting
content.41 Embedded advertising, such as
product placement and native advertising, has
also raised concerns among regulators.42
Additionally, the FTC has specific guidance on
native advertising or sponsored content, where
advertisements appear in-line in a news article
or in links above or below web content.
Advertisers are required to clearly distinguish
ads so that consumers are able to differentiate
them from the surrounding content. Media
companies that do not ensure this practice by
advertisers may lose credibility when sponsored
content is mistaken for actual programming or
journalism. Embedded advertising is found in
both traditional media (e.g., newspaper
advertorials) and new media (e.g., sponsored
content on websites), and is increasingly being
used as new forms of content delivery allow

Evidence

Ensuring adherence to a journalistic code of
ethics is of utmost importance for news media.
While the exact wording can differ between
different sets of corporate principles,
journalistic integrity, at its core, stresses accuracy, fairness, minimization of harm, independence, accountability, and transparency. Any failure to adhere to these principles can affect the credibility of not only the journalist, but also the organization responsible for publishing or broadcasting the news, and can, in extreme cases, even threaten the continued operation of the business.

A study published by the Public Accountability Initiative (PAI) in October 2013 examined disclosure of conflict of interest among Syria pundits. The study looked at 22 different commentators and their 111 television and op-ed appearances. The results showed that while every single one of them had a conflict of interest, disclosure was made just 13 out of the 111 times. Stephen Hadley is one of the pundits examined. The PAI found that Hadley did not disclose any conflict of interest while promoting military intervention on most major news outlets, including Fox News, Bloomberg TV, CNN, and MSNBC, despite having a financial interest in increased military intervention. He serves as a director of the defense technology company Raytheon, is chair of its public affairs committee, owns 11,477 shares in the company, and earns $128,500 in annual cash compensation. According to the PAI, Hadley was portrayed to audiences as an independent national security expert and former national security adviser to George W. Bush. The PAI found that the other individuals, like Hadley, have "strong ties to defense contractors and other defense- and foreign policy-focused firms with a vested interest in the Syria debate."43

In 2011, News of the World, a subsidiary of News Corp, was exposed for hacking the phone lines of a murdered British schoolgirl in order to gain information about the story. News of the World journalists were found to have accessed the voicemail of Milly Dowler, and even deleted messages in the full voicemail box.44 The Dowler case gave legitimacy to several previous accusations from royalty, celebrities, and politicians of email and phone hacking by News Corp. The investigations that ensued eventually led to News of the World shutting down, and News Corp paying $3.2 million to the Dowler family and $1.6 million to charities chosen by the Dowler family.45 In addition to settlements made with the family, other cases related to the issue are still outstanding, and the total costs for civil settlements in the 2012 and 2013 fiscal years were approximately $199 million and $183 million, respectively.46

In its FY2014 Form 10-K, News Corp. mentions the continued "investigations regarding allegations of phone hacking, illegal data access, inappropriate payments to public officials and other related matters and related civil lawsuits."47 New Corp. acknowledges that "[i]t is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result could damage the Company’s reputation, impair its ability to conduct its business and adversely affect its
results of operations and financial condition.” Transparency is important not only for journalism, but also entertainment content. In particular, regulations around the disclosure of sponsorship and endorsement are evolving. Companies that mismanage sponsorship and endorsement disclosure may be held liable by the FTC.

In 2013, the American Society of Magazine Editors updated its guidelines to reflect the growth in sponsored content. Global spending on product placements, a type of embedded advertising, reached $8.25 billion in 2012 and is expected to double by 2016. Product placements have grown more sophisticated and are transitioning to “product integration,” where a brand becomes part of the story or plot of the show. Reality shows are a common venue for these types of integrations. Shows such as Top Chef and Project Runway often feature products where viewers can “see brands in action.” Lack of disclosure around all these forms of sponsorship and advertising are a concern due to the potential for misleading consumers. A recent survey by academics at Berkeley Center for Law & Technology revealed that more than 27 percent of consumers believed that a native ad was authored by the owner of the website where the ad appeared and 29 percent did not know who the author was. While this survey focused on website content, it highlights broader concerns around ambiguity of the source of information in sponsored content. Media companies must ensure proper disclosure around embedded advertising in order to protect a growing revenue source while maintaining consumer confidence and satisfaction.

Companies in the industry acknowledge the risks related to this issue. Comcast filed its FY2010 Form 10-K shortly after January 28, 2011, when it closed a transaction with General Electric Company in which it acquired control of the businesses of NBC Universal, Inc. In the Form 10-K, Comcast mentions that the FCC is examining whether embedded advertising in broadcast programming should be subject to stricter disclosure requirements and whether the sponsorship identification rules should be extended to cable programming networks. Comcast states that “[t]he adoption of some of these proposals could adversely affect our businesses.” The company also discusses the FTC guidance on disclosures of endorsements and testimonial and that “[a]dvertising practices inconsistent with these guides may result in enforcement action by the FTC, typically against the advertiser and/or the endorser, although there is a possibility that a broadcaster may also face legal liability in certain cases.”

**Value Impact**

The main impact of mismanaging this issue is reputational, impacting brand value and possibly affecting revenues and market share over time. Failure to disclose any ties that may pose a conflict of interest will likely, when discovered, result in a loss of trust in readers
and viewers. Acute impacts can result from lawsuits or regulatory action related to systemic failure to maintain journalistic integrity, thereby increasing contingent liabilities. In extreme cases, lack of journalistic integrity can result in major scandals, impacting media companies’ license to operate and cost of capital. Acute events could also occur if creative practices around embedded advertising are restricted by regulations, which could severely affect revenues or revenue growth.

Management approach to assuring journalistic integrity of news programming can serve as a leading indicator of performance, as robust management systems and alignment with industry best practices suggest a superior ability to manage the sensitive balance between maximizing audience and ensuring journalistic integrity. This is complemented by the expenditure on fact-checking as a percent of production cost as a proxy measure for how much companies invest in ensuring truth in journalism. The amount of legal and regulatory fines and settlements associated with libel or slander is a lagging indicator of how media companies manage integrity. It also indicates the probability and magnitude of direct costs associated with legal and regulatory action.

Revenue from embedded advertising in movies, television, radio, and print media indicates the relative and absolute scale of a company’s use of embedded advertising and its exposure to the risk of adverse reactions from consumers and regulators.

Media Pluralism

Freedom of expression, one of the central tenets of the United States, can only be exercised in a free, pluralistic media environment. Pluralism in media, which is diversity in the broadest sense, has many aspects. The focus of this disclosure topic is both external and internal pluralism. External pluralism refers to media ownership and independent editorial boards, channels, titles, or programs, whereas internal pluralism refers to the social and political diversity represented in media content. The main channel of impact for external pluralism is regulatory oversight, while the impact of internal pluralism comes through customer acquisition, loyalty, and retention.

Media ownership in the U.S. is concentrated. The Federal Communications Commission (FCC) exercises its authority to ensure external pluralism by setting limitations on ownership of broadcast radio and TV stations and newspapers. In 2007, after its quadrennial review of ownership rules, the FCC voted to relax an existing ban on newspaper/broadcast cross-ownership, which had been in effect for more than 30 years. However, a July 2011 court decision vacated and remanded the modified newspaper/broadcast cross-ownership rule. In addition to regulatory concerns, lack of external pluralism may create reputational risk if concentration or conflict of interest in ownership results in a loss of journalistic
integrity, biased views, etc.

Internal pluralism is driven by the need to connect with audiences and can manifest in two different forms: reflective diversity and open diversity. Reflective diversity refers to the preferences of the population being proportionally reflected in media content, while open diversity refers to divergent preferences being given equal representation. Media Production & Distribution companies can ensure pluralism through on- and off-screen diversity and safeguarding the independence of editorial boards and programming.

Company performance in this area can be analyzed in a cost-beneficial way internally and externally through the following direct or indirect performance metrics (see Appendix III for metrics with their full detail):

- Percentage of gender and racial/ethnic group representation for executives, professionals, and all others; and
- Description of approach to ensuring pluralism in news media content.

Evidence

George Gerbner, dean of the Annenberg School of Communications and father of the cultivation theory, asserted that television has the ability to affect attitudes, beliefs, value systems, and perceptions of reality. Cultivation theorists argue that television viewing has long-term effects on society—these start off as small, gradual, and indirect impacts on individuals who watch a lot of television, but have a cumulative and significant effect on society as a whole. Americans are among those who watch the most TV—during Q4 2013, Americans watched an average of 155 hours of TV, or more than 5 hours daily. Research conducted by the Media Education Foundation concluded that heavy viewers of television are more likely to “have the wrong perception of social reality, are more supportive of mainstream opinions, and demonstrate intolerance toward other points of view.” In addition to entertainment, news also shapes society’s perceptions and attitudes: “By filtering information for further dissemination through media channels, journalists perform the function of ‘gatekeepers’ and set the daily agenda for media users.” It is therefore a cause for concern when ownership of media is concentrated.

Mergers and buyouts in the media and entertainment industries have resulted in a concentration of media ownership in the U.S. Mother Jones magazine reported that by 2006, eight traditional and Internet media companies dominated the U.S. media—Disney, AOL-Time Warner, Viacom, General Electric, News Corporation, Yahoo!, Microsoft, and Google. While there have been changes in the eight years since the report was published, media ownership has remained concentrated. Other analyses have reached similar conclusions, such as one cited by Business Insider that asserts that 90 percent of media was owned by six companies in 2012.
FCC broadcast ownership rules govern ownership of newspapers and TV and radio broadcast stations. While there is no limit to the number of TV stations a single entity can own, a group cannot collectively reach more than 39 percent of all U.S. TV households. The FCC is considering adjusting the rules for calculating audience reach. Current FCC ownership rules prohibit the merger of any two of the following major networks: ABC, CBS, Fox, and NBC. Additionally there are limits on ownership and cross-ownership of newspaper, national and local TV, and radio stations. While these rules include stipulations regarding the presence of other independent media voices, they do give considerable power to single entities. For example, “in a radio market with 14 or fewer radio stations, an entity may own up to five radio stations, no more than three of which may be in the same service [AM or FM],” but the same entity can own up to 50 percent of all radio stations in that market.

External pluralism of media is intrinsically tied to internal pluralism or diversity of content. In a free marketplace of ideas, competition among many media content suppliers is needed to “ensure a free choice of media content and the availability of a wide variety of opinions and ideas.” Therefore, a market with concentrated ownership may present a limited set of viewpoints and ideas. Underrepresentation of minorities and women in media is one way that concentrated ownership can affect diversity of content.

For example, the media watchdog Fairness and Accuracy in Reporting (FAIR) found that 92 percent of U.S. sources interviewed by major news shows—ABC World News Tonight, CBS Evening News, and NBC Nightly News—were white, 85 percent were male, and 75 percent of those with identifiable party affiliation were Republican. Another year-long study found that the guest list for CNN’s media show Reliable Sources favored mainstream media insiders, while females and ethnic minorities were underrepresented. A study by the Project for Excellence in Journalism examined 16,800 news stories across 45 different news outlets during 20 randomly selected days over nine months. According to the study, more than three-quarters of all stories contained male sources, while only a third of stories contained even a single female source. The disparity held true across newspapers, cable, network news, and Internet news. While not comprehensive studies, these examples highlight the consistent bias that exists in mainstream media.

The 2014 Bureau of Labor Statistics data book “Women in the Labor Force” shows that of the 370,000 people employed in the “motion pictures and video industries,” only 30.9 percent are female. An annual diversity study by the American Society of News Editors (ASNE) points to the lack of diversity in newsrooms: While non-whites constitute about 37 percent of the U.S. population, the percentage of minorities in newsrooms in 2013 was only 12.37 percent, and while overall newsroom employment dropped 2.4 percent in 2011, the drop for minorities was 5.7 percent.
Overrepresentation of males in media is common across platforms. A recent study by the University of Southern California (USC) reviewed the 500 most popular films from 2007 to 2012 for gender balance and portrayal. In the 100 top-grossing fictional films from those five years, there were 2.51 men with speaking roles for every one woman. Women were outnumbered by men in every role, both on- and off-screen, and on average, only 11 percent of movies featured a balanced cast, which is defined as having 45 to 55 percent of all on-screen speaking characters be female. All of these statistics are at odds with the fact that more than 50 percent of the U.S. population and half the country’s moviegoers are female. There is a sizable imbalance between the numbers of on-screen roles for males and females, and this trend also continues behind camera. The director’s chair is where women are the least represented—only 24 out of the 500 movies surveyed in the report had female directors. Additionally, the USC study revealed that content creator gender is associated with how a story is told. Specifically, “Films with female helmers are populated with more girls/women on screen.” However, half of moviegoers and television viewers are female, and would benefit from having a female voice in the production of the media they consume. By appealing to underserved consumers, the Media Production & Distribution industry has the opportunity to expand the size of the market.

A recent survey carried out in the UK examined the gender wage gap of employees behind the camera in the television production industry. The survey included 619 responses, 59 percent from men and 41 percent from women, with a median experience of 14 years, and found that the median annual salary for men was £13,000 more than women.

Television and film casting announcements, known as “breakdowns,” favor white male actors for leading roles. According to an article by Russell Robinson of the UCLA School of Law, 22.5 percent of casting breakdowns over a three-month summer period were specified as white roles. An additional 46.5 percent were not specified and are assumed to be white, which means a total of 69 percent of the roles examined were for white actors. Another study by Robinson found that for films that reported at least $1 million gross sales, 73 percent had a male leading character and 82 percent had a white leading character.

While media producers may have reasons for such disparities that are related to the creative integrity or profitability of a film or television segment, this practice is dependent on a current exception in Title VII of the Civil Rights Act, which prohibits employment discrimination. The exception, known as the bona fide occupational qualification (BFOQ) provision, authorizes gender discrimination as long as it is “necessary for the purpose of authenticity or genuineness,” and specifically mentions casting as an exception. If regulations were to revise this legislation or provide a new interpretation of the provision,
film and television studios would have to rapidly change the way they do business. Proactively challenging creative teams to develop strong roles for women and minorities will make the industry less susceptible to criticism and more inclusive.

Media production and distribution companies rely on the mass appeal of their programs to generate revenue through advertising and subscriptions. During its 2014 second- and third-quarter earnings calls, entertainment company STARZ acknowledged the potential for growth from creating content for African-American and Hispanic populations, as they are currently underserved in terms of premium content. According to a Nielsen report, African-American consumers, with buying power of $1 trillion and growing, are emerging as an important consumer segment. Additionally, this demographic watches more television than any other group, making it an important audience segment to focus on. With buying power projected to grow to $1.5 trillion by 2015, the U.S. Hispanic population is also an important group. Media companies that develop diverse programming content, which can be influenced by “off-screen” diversity, will be able to increase market share and increase advertising revenue or subscriptions by expanding their viewer base.

Conversely, advertisers can pull ads from shows that express extreme views or alienate viewers. Media producers have faced such strong reactions from viewers of The Glenn Beck Program that advertisers have responded by pulling their business. In 2009, the show, which aired on Fox News Channel, inspired hundreds of thousands of viewers to support a campaign asking advertisers to pull their business from Beck’s program due to the polarizing views expressed on the show. Among those who pulled their ads were Waitrose, a British supermarket chain, and Metropolitan Talent Management, which pulled its ads from not just the show but the entire channel. Two years later, advertising revenue still had not recovered, and the show was subsequently ended.

In SEC filings, companies explicitly report on the channels, movie production houses, newspapers, and magazines they own, including the types of content associated with each. For example, News Corp’s Dow Jones brand includes newspapers and magazines focused on disseminating business information. Discovery Communications, Inc. even goes as far as listing all the genres of its content, ranging from science and exploration to lifestyle and kids. While there is explicit disclosure on certain types of pluralism, SEC filings of top companies in the industry do not generally include disclosures around the diversity of the workforce. A rare exception to this is Viacom. In its FY 2014 Form 10-K, Viacom states that part of its business strategy is to “foster a creative, dynamic and diverse corporate culture that reflects the diverse audiences we serve and strengthens our position as a leader in entertainment for consumers around the world.”
**Value Impact**

While mergers and acquisitions are common in the industry, companies must ensure that they comply with FCC ownership rules that preserve media pluralism. There are already explicit restrictions on mergers of major networks, and attempts to grow further through acquisitions may be subject to regulatory scrutiny. Companies could face a higher cost of capital due to regulatory risks associated with ownership concentration that have the potential for acute impacts on value—for example, if a merger important for the growth of a company is blocked.

Companies with diverse workforces, on-screen and off-screen, may be able to create and deliver media content that appeals to a broader range of audiences. This could result in additional viewership from previously underserved population groups such as women and minorities, which would enable companies to increase advertising and subscription revenues. Companies that do not encourage diversity in content may alienate audiences, leading to a loss of advertising revenue. Furthermore, a lack of diversity could result in reputational damage and decreased value of intangible assets in the medium to long term. Combined, these factors can lead to lower growth projections for revenue and profits and diminished shareholder value.

The percentage of gender and racial/ethnic group representation is a proxy measure for how well media companies’ staff is positioned to promote internal pluralism and serve a broad, diverse audience. A breakdown of diversity among executives, professionals, and all others provides an indication for how well companies develop and promote a diverse and inclusive workforce beyond initial hiring, specifically for creative positions. Both measures provide an indication of companies’ absolute and comparative performance in this area, and the potential impact of diversity on media companies’ reputation and brand value.

While concentration of media ownership or lack of external pluralism can lead to a lack of diversity of content, companies can have internal measures to ensure pluralism. Description of approach to ensuring pluralism in news media content indicates company ability to reach a diverse and expanding audience base.

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**HUMAN CAPITAL**

Human capital addresses the management of a company’s human resources (employees and individual contractors), as a key asset to delivering long-term value. It includes factors that affect the productivity of employees, such as employee engagement, diversity, and incentives and compensation, as well as the attraction and retention of employees in highly competitive or constrained markets for specific talent, skills, or education. It also addresses the management of labor relations in industries that rely on economies of scale and compete
on the price of products and services. Lastly, it includes the management of the health and safety of employees and the ability to create a safety culture for companies that operate in dangerous working environments.

Diversity of workforce in the Media Production & Distribution industry is discussed under the broader social capital topic of Media Pluralism above.

**LEADERSHIP AND GOVERNANCE**

As applied to sustainability, governance involves the management of issues that are inherent to the business model or common practice in the industry and are in potential conflict with the interest of broader stakeholder groups (government, community, customers, and employees). They therefore create a potential liability, or worse, a limitation or removal of license to operate. This includes regulatory compliance, lobbying, and political contributions. It also includes risk management, safety management, supply chain and resource management, conflict of interest, anti-competitive behavior, and corruption and bribery.

Protection of intellectual property (IP) against piracy is a matter of significant concern for Media production and distribution companies, as their traditional business models rely on generating revenue from IP. Media companies are clamping down on piracy as it results in the loss of revenue and market share. However, Media production and distribution companies must strike a balance between ensuring fair use and protecting against piracy, so they can encourage innovation while limiting loses from piracy.

**Intellectual Property Protection & Media Piracy**

Intellectual property protection is designed to spur creativity by giving the creator exclusive rights over the creation for a limited time so they may gain from their innovations. Companies in the Media Production & Distribution industry rely on their IP to generate revenue. However, while IP protection is inherent to the business model of media companies, strong IP protection practices can sometimes conflict with the interest of society. Proponents of IP protection assert its importance as a driver of innovation. Opponents argue that assigning ownership to ideas can stifle innovation and competition since it is designed to create monopoly. Copyright laws try to balance the exclusive rights of authors with exceptions that permit certain uses of copyrighted work without the need for authorization.\(^7\)

Digital piracy is especially common in emerging economies, where the combination of the high price of media goods, low income levels, and cheap digital technologies have led to a thriving black market for pirated content. Relative to local income, the cost of a legal copy of a CD
or DVD is five to ten times higher in emerging economies than the U.S. or Europe, making pirated and often lower-quality media an attractive alternative. As a response, digital rights management (DRM) systems are commonly used by content producers—from movie houses to publishers—to limit access to content and the ability to copy it.

In order to strike the right balance between incentive for art production and public access to works of art, the U.S. copyright laws include a fair-use doctrine that gives users limited rights to reproduce and share content for private use. Some DRMs can be quite restrictive, such that they prevent users from fair use under U.S. copyright laws. For example, DRMs can prevent users from creating a backup copy of a DVD, and can prevent the simple act of lending a book in the case of electronic books. The fact that DRMs can give content producers so much control that they can prevent fair use suggests that producers could be ordered by injunction to take a less restrictive stance and allow appropriate sharing.

Piracy impacts the industry in many ways—through lost media sales, reduced advertising revenue, and high cost of copyright enforcement. It is prevalent in both developed and developing economies and affects all types of media. Media production and distribution companies must strike a balance between ensuring fair use and protecting against piracy. With creative solutions like flexible pricing models, media companies are attempting to reduce piracy while making their content accessible, thereby expanding their market.

Company performance in this area can be analyzed in a cost-beneficial way internally and externally through the following direct or indirect performance metrics (see Appendix III for metrics with their full detail):

- Number of copyright infringement cases, number successful, and number as copyright owner; and
- Discussion of management approach to assuring IP protection.

Evidence

IP-intensive industries are an important part of the U.S. economy and account for tens of millions of jobs and several trillion dollars of GDP. In particular, copyright-intensive industries contributed 5.1 million jobs and grew by nearly 50 percent between 1990 and 2011, faster than most other industries. In 1998, the Copyright Act was amended to address issues raised by the rapid development of the Internet through the Digital Millennium Copyright Act (DMCA). The DMCA includes clauses that bar circumvention of technical protection measures and protects service providers from the infringing activities of their users.

Theft of content or media piracy, which threatens the business model of this industry, is prevalent both in developed and developing nations. Media piracy affects all types of media—music, books, movies, and television shows. In Mexico, the estimated music piracy rate, or the percent of market lost to piracy, is
82 percent, and in India, the movie piracy rate is estimated at 90 percent. Another estimate suggested that the movie piracy rate in China was the highest, at 90 percent. In comparison, the rate in the U.S. was only 7 percent.

Modern book piracy is concentrated in reproduction and distribution of physical textbooks, which is more difficult to restrict than digital piracy.

Media companies are acutely aware of the risk to their business from content piracy. As Time Warner Inc. states in its FY2013 Form 10-K, “Piracy, particularly of digital content, continues to present a threat to revenues from products and services based on intellectual property.” Viacom asserts that the theft of content, in addition to decreasing revenue from programming, motion pictures, and other entertainment content, can adversely affect its businesses and profitability. Similar disclosures regarding the risk to business are made by other media companies in their SEC filings.

The losses in ad revenue and media sales caused by piracy can be substantial. In particular, when audiences or listeners are able to access content through other means, it can lead to a decline in viewership and affect the ratings-based ad revenue generated by Media production and distribution companies. Since the emergence of peer-to-peer file-sharing sites in the late 1990s, music sales in the U.S. have halved—from $14.6 billion in 1999 to $7.0 billion in 2013. One report by the Recording Industry Association of America found that only 37 percent of music acquired by U.S. consumers in 2009 was purchased. A study commissioned by the Motion Picture Association of America estimated that major U.S. motion picture studios lost $6.1 billion in revenue to piracy in 2005, of which a majority—80 percent—was the result of piracy abroad. According to the same study, the global movie industry, including producers and distributors, lost $18.2 billion due to media piracy. Nearly two-thirds of the loss was due to piracy of goods like DVDs, and the rest was from Internet piracy.

While these estimates are contested, there is no doubt that the industry not only experiences loss of revenue, but also has to dedicate resources to protecting and enforcing IP rights. One major media company, News Corp., states in its 2013 Form 10-K that it “devotes significant resources to protecting its intellectual property” and uses multiple, sometimes costly, approaches to limit the threat of copyright infringement, such as pursuing legal sanctions for infringement.

Recent cases involving technology companies highlight the new threats to the traditional business model of media companies and the need to balance copyright protection with fair use and public benefits. In 2005, the Authors Guild of America and the Association of American Publishers sued Google, alleging that the Google’s Books search violated copyright laws. Google countered that its work was the digital equivalent of cataloging books. In 2013, the case was dismissed on the grounds that the Books search is covered under fair use.
judge even stated that, in her view, "Google Books provides significant public benefits. It advances the progress of the arts and sciences, while maintaining respectful consideration for the rights of authors and other creative individuals, and without adversely impacting the rights of copyright holders." 100

In order to combat Internet piracy, the Motion Picture Association of America, the National Cable & Telecommunications Association, and major U.S.-based Internet service providers (ISP) started operating the Copyright Alert System in 2013.101 The system detects when there is unauthorized sharing of copyrighted material over the Internet and warns the user of possible copyright infringement. If this type of incident recurs, the ISP may temporarily reduce Internet speed, downgrade service, or redirect the user to a landing page.102 In the first 10 months of the program, more than 1.3 million piracy warnings were issued to Internet subscribers, of which 70 percent were initial warnings and 3 percent led to actions taken against repeat offenders. Several other countries have similar policies in place, such as New Zealand, Taiwan, Ireland, and South Korea; the United Kingdom is finalizing a similar program called Voluntary Copyright Alert Program.103

While most industry players are pursuing various avenues to protect and enforce IP protection laws, some have taken a more creative approach. In an interesting change of events, Apple announced in 2009, after selling DRM-protected music for six years, that none of the music in the iTunes store would contain DRMs going forward.104 Publisher Reed Elsevier has developed flexible pricing models to ensure universal access to high-quality scientific research. Its open access publication, The Lancet Global Health, is free to users and is financed through publication fees paid by the funders of the research it publishes. Funders based in low-income countries are not required to pay fees.105 Such new approaches can be a proactive way to manage the tension between revenue generation through IP protection and market expansion by increasing access to works of art and other protected works.

**Value Impact**

Media piracy can lead to a loss of value of IP assets. Unauthorized access and distribution of content can reduce advertising revenue. It is costly to procure, protect, and enforce IP rights and litigation costs can be high. The Economic Impact of Counterfeiting and Piracy, a 2008 OECD report, cited a loss of sales volume in the short term, while in the long term, companies can lose on investments in IP and brand value, face increased operating costs for countermeasures, and potentially face a reduced scope of operations, affecting revenue growth potential and cost of capital. Overall, the industry could suffer from reduced innovation and content creation if IP is not adequately protected.

However, exceedingly strict controls over content access that restrict fair use could alienate consumers and unintentionally encourage piracy as an alternative means of
access. Media companies must balance IP protection with increasing access to content in order to maintain and expand market share and ensure long-term revenue growth.

Discussion of management approach to assuring IP protection provides insight into how media companies are adapting their business model to a rapidly evolving media-delivery landscape and how they distinguish piracy from innovative forms of media consumption.

The number of successful copyright infringement cases indicates a firm’s performance in legally protecting its IP. The number of cases as copyright owner indicates a firm’s offensive or defensive stance with respect to IP protection. The nature of these cases is a complementary indicator of a media company’s position on innovative forms of media consumption.
REFERENCES

2 Discovery Communications, Inc., FY2012 Form 10-K for the period ending December 31, 2012 (Filed February 20, 2013), p. 5-8.
3 Time Warner Inc., FY2013 Form 10-K for the period ending December 31, 2013 (Filed February 26, 2014) p.5.
6 Data from Bloomberg Professional service, accessed on October 1, 2014 using the ICS <GO> command. The data represents global revenues of companies listed on global exchanges and traded over-the-counter from the Media Production & Distribution industry, using Levels 3 and 4 of the Bloomberg Industry Classification System.
7 Data from Bloomberg Professional service accessed on November 21, 2014.
8 Author’s calculation based on data from Bloomberg Professional service, accessed October 6, 2014 using Equity Screen (EQS) for U.S.-listed companies (including those traded primarily OTC) that generate at least 20 percent of revenue from their Media Production & Distribution segment and for which the Media Production & Distribution industry is a primary SICs industry.
11 Data from Bloomberg Professional service, accessed December 8, 2014 using the TWX FA GEO <GO> command. The data represents Time Warner Inc.’s global sales breakdown for 2013.
19 Author’s calculations based on Data from Bloomberg Professional service, accessed on October 30, 2014, using the BI ADVTG <GO> command. Industry. Data Library. “Global Ad Revenues ($M, Zenith).


42 Comcast Corp., FY2013 Form 10-K for the period ending December 31, 2014, (Filed February 12, 2014), p. 27.


61 Ibid.


71 Ibid.
72 Ibid.
76 Ibid.
77 Ibid.
78 Starz, Q2 2014 Earnings Call, July 31, 2014.
79 Starz, Q3 2014 Earnings Call, October 30, 2014.
85 Discovery Communications, Inc., FY 2012 Form 10-K for the period ending December 31, 2012 (Filed February 19, 2013), p. 4.
90 “Copyright Policy, Creativity, and Innovation in the Digital Economy,” The Department of Commerce Internet Policy Task Force, p. iii.
94 Karaganis, ed., Media Piracy in Emerging Economies, p. 3.


105 Corporate Responsibility 2013, Reed Elsevier, p. 37.
APPENDIX I:
Five Representative Media Production & Distribution Companies

<table>
<thead>
<tr>
<th>COMPANY NAME (TICKER SYMBOL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time Warner Inc. (TWX)</td>
</tr>
<tr>
<td>Walt Disney Company (DIS)</td>
</tr>
<tr>
<td>Pearson PLC (PSO)</td>
</tr>
<tr>
<td>News Corp. (NWS)</td>
</tr>
<tr>
<td>Sirius XM Holdings (SIRI)</td>
</tr>
</tbody>
</table>

This list includes five companies representative of the Media Production & Distribution industry and its activities. This includes only companies for which the Media Production & Distribution industry is the primary industry, companies that are U.S.-listed but are not primarily traded Over-the-Counter, and for which at least 20 percent of revenue is generated by activities in this industry, according to the latest information available on Bloomberg Professional Services. Retrieved on September 30, 2014.
## APPENDIX IIA:
Evidence for Sustainability Disclosure Topics

<table>
<thead>
<tr>
<th>Sustainability Disclosure Topics</th>
<th>EVIDENCE OF INTEREST</th>
<th>EVIDENCE OF FINANCIAL IMPACT</th>
<th>FORWARD-LOOKING IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HM: 1-100</td>
<td>IWGs % Priority</td>
<td>EFI Revenue &amp; Cost Asset &amp; Liabilities Cost of Capital EFI Probability &amp; Magnitude Externals FLI</td>
</tr>
<tr>
<td>Journalistic Integrity &amp; Sponsorship Identification</td>
<td>38</td>
<td>90</td>
<td>1</td>
</tr>
<tr>
<td>Media Pluralism</td>
<td>44</td>
<td>55</td>
<td>2</td>
</tr>
<tr>
<td>Intellectual Property Protection &amp; Media Piracy</td>
<td>N/A</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

HM: Heat Map, a score out of 100 indicating the relative importance of the topic among SASB's initial list of 43 generic sustainability issues; asterisks indicate "top issues." The score is based on the frequency of relevant keywords in documents (i.e., 10-Ks, 20-Fs, shareholder resolutions, legal news, news articles, and corporate sustainability reports) that are available on the Bloomberg terminal for the industry's publicly-listed companies; issues for which keyword frequency is in the top quartile are "top issues."

IWGs: SASB Industry Working Groups

%: The percentage of IWG participants that found the disclosure topic to likely constitute material information for companies in the industry. (-) denotes that the issue was added after the IWG was convened.

Priority: Average ranking of the issue in terms of importance. One denotes the most important issue. (-) denotes that the issue was added after the IWG was convened.

EI: Evidence of Interest, a subjective assessment based on quantitative and qualitative findings.

EFI: Evidence of Financial Impact, a subjective assessment based on quantitative and qualitative findings.

FLI: Forward Looking Impact, a subjective assessment on the presence of a material forward-looking impact.

^ Not Available: The angles included in this topic are not covered in SASB's initial list of 43 generic sustainability issues.
## APPENDIX IIB:
Evidence of Financial Impact for Sustainability Disclosure Topics

<table>
<thead>
<tr>
<th>Evidence of Financial Impact</th>
<th>REVENUE &amp; EXPENSES</th>
<th>ASSETS &amp; LIABILITIES</th>
<th>RISK PROFILE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td></td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>Market Share</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>New Markets</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>Pricing Power</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>Cost of Revenue</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>CapEx</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>Extra-ordinary Expenses</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>Tangible Assets</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
<tr>
<td>Contingent Liabilities &amp; Provisions</td>
<td>Non-operating Expenses</td>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>Pension &amp; Other Liabilities</td>
<td>Revenue</td>
<td>Operating Expenses</td>
<td>Non-operating Expenses</td>
</tr>
</tbody>
</table>

- **Journalistic Integrity & Sponsorship Identification**
  - Revenue
  - Operating Expenses
  - Non-operating Expenses
  - Assets
  - Liabilities
  - Cost of Capital
  - Industry Divestment Risk

- **Media Pluralism**
  - Revenue
  - Operating Expenses
  - Non-operating Expenses
  - Assets
  - Liabilities
  - Cost of Capital
  - Industry Divestment Risk

- **Intellectual Property Protection & Media Piracy**
  - Revenue
  - Operating Expenses
  - Non-operating Expenses
  - Assets
  - Liabilities
  - Cost of Capital
  - Industry Divestment Risk

**NOTE:**

- MEDIUM IMPACT
- HIGH IMPACT

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**INDUSTRY BRIEF | MEDIA PRODUCTION & DISTRIBUTION | iii**
## APPENDIX III:
**Sustainability Accounting Metrics | Media Production & Distribution**

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Journalistic Integrity &amp; Sponsorship Identification</strong></td>
<td>Amount of legal and regulatory fines and settlements associated with libel or slander*</td>
<td>Quantitative</td>
<td>U.S. Dollars ($)</td>
<td>SV0302-01</td>
</tr>
<tr>
<td></td>
<td>Fact-checking expenses as a percentage of news production costs**</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>SV0302-02</td>
</tr>
<tr>
<td></td>
<td>Revenue from embedded advertising***</td>
<td>Quantitative</td>
<td>U.S. Dollars ($)</td>
<td>SV0302-03</td>
</tr>
<tr>
<td></td>
<td>Discussion of management approach to assuring journalistic integrity of news programming related to: (a) truthfulness, accuracy, objectivity, fairness, and accountability, (b) independence of content and/or transparency of potential bias, and (c) protection of privacy and limitation of harm</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>SV0302-04</td>
</tr>
<tr>
<td><strong>Media Pluralism</strong></td>
<td>Percentage of gender and racial/ethnic group representation for: (1) executives, (2) professionals, and (3) all others</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>SV0302-05</td>
</tr>
<tr>
<td></td>
<td>Description of management approach to delivering plurality of news media content</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>SV0302-06</td>
</tr>
<tr>
<td><strong>Intellectual Property Protection &amp; Media Piracy</strong></td>
<td>Number of copyright infringement cases, number successful, and number as copyright owner</td>
<td>Quantitative</td>
<td>Number</td>
<td>SV0302-07</td>
</tr>
<tr>
<td></td>
<td>Discussion of management approach to assuring IP protection</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>SV0302-08</td>
</tr>
</tbody>
</table>

---

*Note to SV0302-01: Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.

**Note to SV0302-02: Disclosure shall include a discussion of mechanisms in place to recognize and address errors and the need for corrections.

*** Note to SV0302-03: The registrant shall discuss its growth strategy and editorial oversight for embedded advertising
APPENDIX IV:
Analysis of SEC Disclosures | Media Production & Distribution

The following graph demonstrates an aggregate assessment of how representative U.S.-listed Media Production & Distribution companies are currently reporting on sustainability topics in their SEC annual filings.

![Type of Disclosure on Sustainability Topics](chart.png)

**APPENDIX IV: Analysis of SEC Disclosures | Media Production & Distribution**

The following graph demonstrates an aggregate assessment of how representative U.S.-listed Media Production & Distribution companies are currently reporting on sustainability topics in their SEC annual filings.

**TYPE OF DISCLOSURE ON SUSTAINABILITY TOPICS**

<table>
<thead>
<tr>
<th>Media Production &amp; Distribution</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
<th>90%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Journalistic Integrity &amp; Sponsorship Identification</td>
<td>NO DISCLOSURE</td>
<td>BOILERPLATE</td>
<td>INDUSTRY-SPECIFIC</td>
<td>METRICS</td>
<td>90%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media Pluralism**</td>
<td>NO DISCLOSURE</td>
<td>BOILERPLATE</td>
<td>INDUSTRY-SPECIFIC</td>
<td>N/A</td>
<td>55%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual Property Protection &amp; Media Piracy</td>
<td>NO DISCLOSURE</td>
<td>BOILERPLATE</td>
<td>INDUSTRY-SPECIFIC</td>
<td>METRICS</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IWG Feedback*

*Percentage of IWG participants that agreed topic was likely to constitute material information for companies in the industry.

**The information presented for this topic includes only an analysis of disclosures for the workforce diversity and inclusion aspect of internal pluralism discussed above. External pluralism, as well as other aspects of internal pluralism, were not considered at the time of the analysis.