



Intellectual
Capital for
Communities
In the
Knowledge
Economy



Session 10

INTANGIBLES, DATA AND THE MEASUREMENT ISSUE : WHAT SHOULD BE THE NEXT STEPS

14.15-15.45 July 13

“WICI - Japan : a sustainable progress ”

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What We Are-Our Vision and Goals

Our Vision

WICI, the world's business reporting network, is a private/public sector collaboration aimed at improving capital allocation through better corporate reporting information

Our Goals

- The first is to develop a voluntary new global framework for measuring and reporting corporate performance to shareholders and other stakeholders.
- The second is to develop guidelines for measuring and reporting on industry-specific key performance indicators (KPIs).
- The third is to facilitate the development of XBRL taxonomies for this content.



We believe that such better information will improve capital allocation decisions both within companies and between investors and companies. The result will be more value creation for a better world economy.

Our Reporting Framework

0. Corporate Profile & Business Attributes		
0-1. industry overview 0-2. duration and results per business unit 0-3. business cycle per business unit 0-4. competitive analysis		
past	current	future
a. Business Landscape a-1. business landscape summary	d. performance d-1. performance summary (results of operation) d-2. GAAP based d-3. GAAP derived d-4. Industry based d-5. Company specific d-6. Capital market-based	A. Business Landscape A-1. business landscape summary A-2. economics A-3. industry analysis A-4. technology trends A-5. political A-6. legal A-7. environmental A-8. social
b. Strategies b-1. corporate strategy summary b-2. vision and mission b-3. strengths b-4. weakness b-7. goals and objectives b-8. corporate strategy b-9. business unit strategies b-10. business portfolio		B. Strategies B-1. corporate strategy summary B-2. vision and mission B-5. opportunities B-6. threats B-7. goals and objectives B-8. corporate strategy B-9. business unit strategies B-10. business portfolio
c. Resources and Processes c-1. resources and processes summary c-2. resources forms c-3. key processes c-4. value drivers		C. Resources and Processes C-1. resources and processes summary (C-99.)Resources and processes summary especially with changes in resource forms, key performance and main process from that described in c-2 and c-3 D. performance D-1. financial prospects (summary)

Our Proposition to Reform Today's Business Reporting

Seven Points for Future Business Reporting

1. Identifying sources of differentiation of the company from others
2. Making it clear the value creation mechanism unique to the company which can last longer
3. Presenting an integrated picture of the company's activities, including financial data, financial performance and non-financial elements
4. Providing clues to stakeholders to predict future performance of the company
5. Allowing companies to freely choose the substance without requiring 'tick the box' type of disclosure
6. Explaining material issues for the company with a certain reliability and comparability of the disclosed information for users
7. Reducing the total cost of reporting for companies

What We Have Done-IIRC Connectivity Project

Definition of the Concept (FW 3B 3.6)

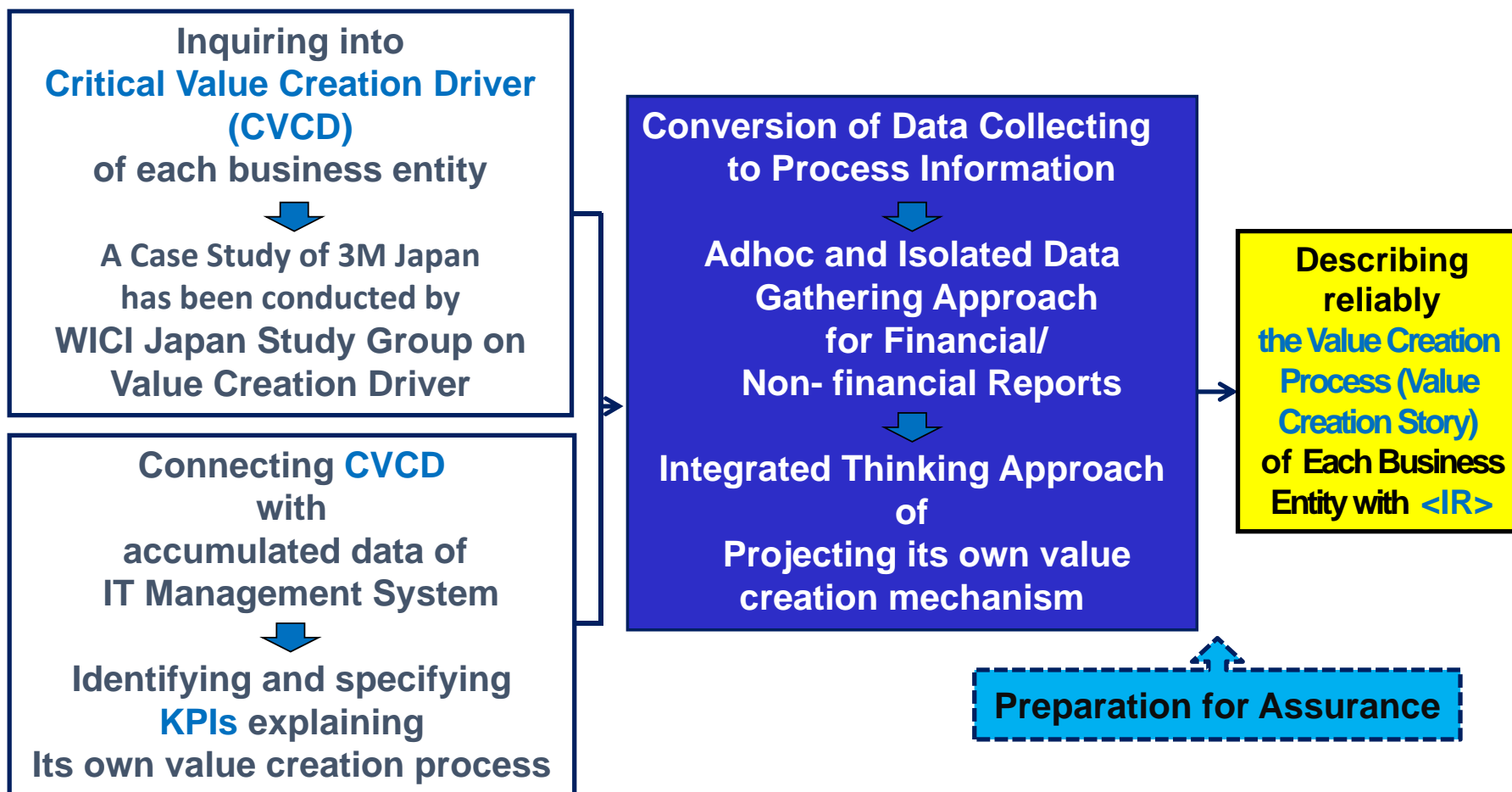
An integrated report should show a **holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.**



CONTENTS

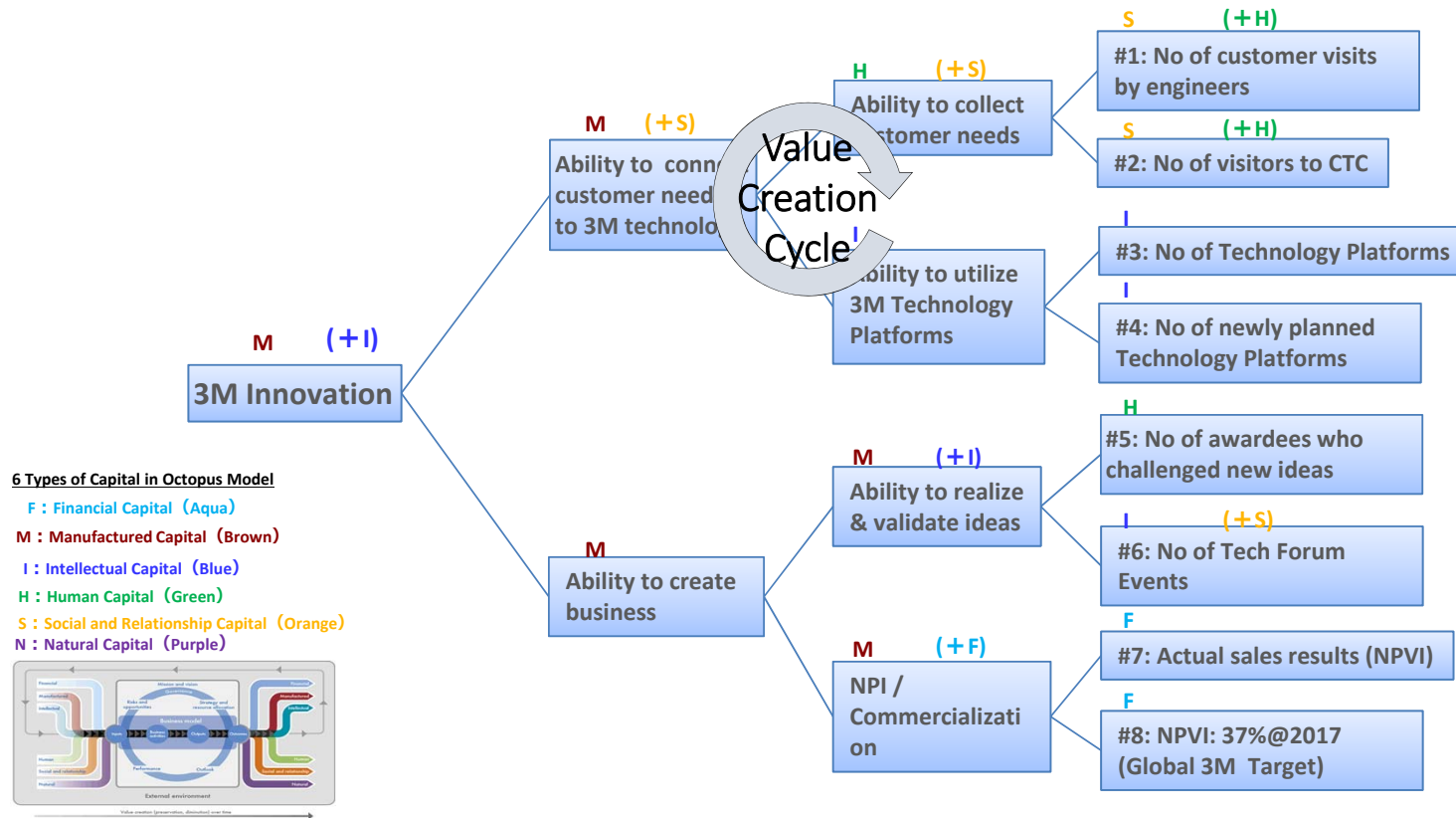
1	Executive summary
2	1. Introduction
3	A About this paper
4	B Defining connectivity
5	2. Integrated Reporting
5	A Governing body and management considerations
5	Establishing the big picture
7	Connecting time horizons
8	Developing a consistent message
9	B Other functional departments' considerations
9	Internal communications
10	Connecting material matters
11	Information technology
12	Internal audit
12	3. Integrated report
13	A Report content
13	Communicating the big picture
17	Connecting time horizons
19	B Report approach
19	Applying communication techniques
21	Leveraging technology

Deepening the Concept of “Connectivity”



What We Have Done-VCDD Project

Value Creation Tree Analysis of 3M Japan



What We Are Doing-WIRF Project

The purpose of the WIRF

The purpose of the WIRF is to establish guiding principles and content elements for the reporting of **intangible resources** which are material for an organization's value creation process and its communication to stakeholders.

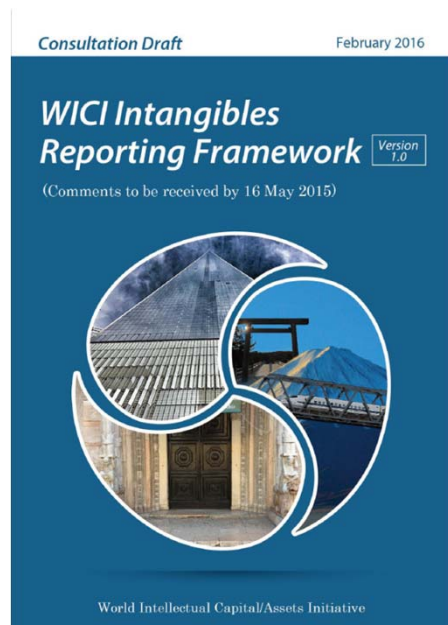


Table of Contents:

Executive Summary.....	1
Chapter 1 – Rationale and Objective of the Framework	5
1-1 Background	5
1-2 Objective of the WICI Intangibles Reporting Framework.....	6
1-3 The Primary Audience and Information Users of the Framework.....	7
1-4 Intangibles Reporting and Strategic Management	8
Chapter 2-Definition of Intangibles.....	11
2-1 The Definition of Intangibles	11
2-2 Intangible Assets and Intangible Liabilities	11
2-3 Categories of Intangibles.....	12
2-4 Interrelatedness between Intangibles and Value Creation	13
2-5 Difference from Accounting Definition	15
Chapter 3: Guiding Principles for Intangibles Reporting and Communication.....	17
Chapter 4: Content Elements of Intangibles Reporting	20
4-1 Key Performance Indicators (KPIs).....	20
4-2 Value Creation Story focusing on Intangibles	22
A: Outline of Business and Management Philosophy.....	22
B: Intangibles and Value Creation from Past-to-Present	24
C: Intangibles and Value Creation from Present-to-Future	30
Appendices.....	35
Appendix 1: Economic Characteristics of Intangibles.....	35
Appendix 2: Cross Referencing of Existing Reporting Guiding Principles.....	35
Appendix 3: Examples of Interrelatedness between KPIs	37
Glossary	40

What We Are Doing-WIRF Project (continued)

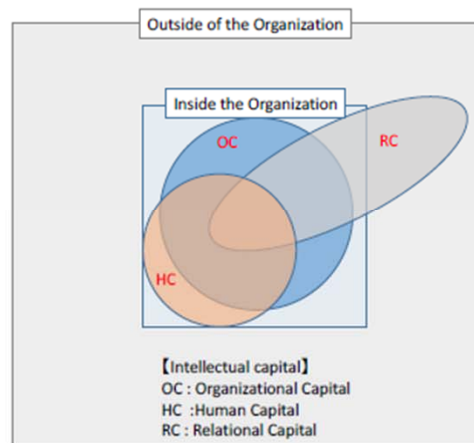
Definition of the Intangibles

Intangibles are **non-physical resources** that generate value to the organization in the short, medium and long term

【Figure 1.1】 WICI's Framework Focus within the corporate reporting landscape



【2.1】 Relationships between intangibles



developing the Guiding Principles:

	WICI	IIRC	EFFAS CIC
Cross reference of guiding principles for business reporting	World Intellectual Capital/Assets Initiative	International Integrated Reporting Initiative	The European Federation of Financial Analysts Societies - Commission on Intellectual Capital
	WICI Intangibles Reporting Framework Version 1.0 (2016)	International Integrated Reporting Framework (2011)	Principles for Effective Communication of Intellectual Capital (2008)
	http://www.wici-global.com/wirf/WICI-Intangibles-Reporting-Framework-v1.0.pdf	http://integratedreporting.org/wp-content/uploads/2015/03/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf	http://effas.net/pdf/setter/EFFAS-CIC.pdf
Comparability	✓	✓	
Completeness	✓	✓	
Materiality	✓	✓	
Relevance	✓		
Reliability	✓	✓	✓
Connectivity	✓	✓	✓
Consistency	✓	✓	✓
Future-orientation	✓	✓	
Conciseness	✓	✓	✓
Neutrality	✓		

What We Are Going to Do

1 Clarifying the Concept of 'Value'

1-1 Measurement under the monetary economy or not

1-2 Value to Whom . . . Value to the organization or stakeholders

1-3 Role of 'Outcome' . . . How to connect organization's value to stakeholders' value through identifying outcomes ?

2 Making <IR> More Understandable

2-1 Is the concept of 'Capital' same as 'Resource' ?

2-2 How to avoid the duplications of financial accounting concepts in the case of expressing intangibles ?

W I C I

the world's business reporting network

Announcement of Intangible Resources Events in 2016

Nov. 30 (Wed) International Work Shop on Intellectual Capital and knowledge
venue: Ono Memorial Auditorium at WASEDA Univ.

Dec. 1 (Thu) Visiting the Customer Technical Center of 3M Japan
at Sagamihara

Dec. 2 (Fri) WICI Symposium 2016
venue: Ohkuma Memorial Auditorium at WASEDA Univ.

<http://www.wici-global.com/>