

Strategic Intangibles Initiative (SII)

Intangibles: Some Foundational Concepts

Accounting, Reporting, Disclosure and Valuation

Introductory Webinar

25 June 2026

Antitrust compliance reminder

Attendees are reminded that during the meeting, including during breaks, they **must not under any circumstances** discuss or exchange about commercially sensitive topics, including (but not limited to):

- Pricing, costs (current, past or future)
- Business plans, including strategies, such as bid, investment and production
- Future capacity additions, reductions
- Output decisions or projections
- Customers (allocation, targeting, restrictions)
- Market allocation (territories, exclusivities)

Important notice

- WBCSD is not a regulator and does not monitor or enforce antitrust laws.
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- If a sensitive topic arises or in case of doubt as to the sensitive nature of a topic, the discussion must immediately stop.

REVIEW OUR ANTITRUST POLICY:



By participating in this meeting, you acknowledge and agree to comply with these principles.

Agenda (Morning Session)

1.

Introduction and Framing

Fiona Watson, WICI Chair, and Vice President, WBCSD

2.

Presentation of SII Discussion Paper

Dr. Stefano Zambon, WICI Europe,
and Italian Foundation for Business Reporting

3.

Panel

- **Koichiro Kuramochi**, Chief Accountant, Financial Services Agency of Japan
- **Sebastian Harushima**, Chair, Financial Reporting Technical Expert Group (TEG), EFRAG
- **Eric Lee**, Research Director, Australian Accounting Standards Board (AASB)
- **Martin Lok**, Executive Director, Capitals Coalition
- **Michael Verbücheln**, Director Methodology Development, Value Balancing Alliance (VBA)
- **Takayuki Sumita**, WICI Japan



This webinar is recorded



The presentation and
recording will be shared



Please submit questions via
the Q&A function

Agenda (Afternoon Session)

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Fiona Watson, WICI Chair, and Vice President at WBCSD

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and Italian Foundation for Business Reporting

3.

Panel

- **Jean-Philippe Desmartin**, Co-Chair, Commission on ESG (CESG), EFFAS
- **Paul Munter**, former Chief Accountant, US SEC; Chair, Advisory Board, CLAI; Member, Independent Standards Board, Greenhouse Gas Protocol
- **Chiara Del Prete**, Chair, Sustainability Reporting Technical Expert Group (TEG), EFRAG
- **Rob Zockowski**, Executive Director, Capitals Coalition
- **Nicolas Konialidis**, Technical Director BVB, International Valuation Standards Council (IVSC)
- **Georg Lanfermann**, President, German Accounting Standards Board



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The Strategic Intangibles Initiative (SII) is an innovative, inclusive, WICI-convened, 24-month long Discussion Forum amongst *organizations* that have a direct interest in the field of accounting, reporting, disclosure and valuation of intangibles, which embraces financial, sustainability, and integrated reporting as well as environmental and social impacts. It started at the end of November 2024.

The SII pursues two main aims:

- The primary aim is to **foster awareness and communication** amongst relevant national and international players through a multi-lateral exchange of information (2024-2025);
- The second aim is to identify possible **convergence patterns** on selected areas/topics of the field of intangibles as well as some potential shared solutions (2026), utilizing the logic of the “minimum common denominator”.

Members of the Strategic Intangibles Initiative (SII)

1. Accounting Standards Committee of Germany (ASCG/DRSC)
2. Australian Accounting Standards Board (AASB)
3. Capitals Coalition
4. CFA Institute
5. European Federation of Financial Analysts Societies (EFFAS)
6. European Financial Reporting Advisory Group (EFRAG)
7. Korean Accounting Standards Board (KASB)
8. Italian Foundation for Business Reporting (O.I.B.R. Foundation)
9. Value Balancing Alliance (VBA)
10. World Intangible Capital Initiative (WICI) / WICI Europe (*coordination*)
11. World Business Council for Sustainable Development (WBCSD)

Observers to the SII Discussion Paper

1. Accountancy Europe
2. Financial Services Agency of Japan (FSA)
3. Global Reporting Initiative (GRI)
4. Intellectual Property Office of Singapore (IPOS)
5. International Valuation Standards Council (IVSC)
6. Ministry of Economy, Trade and Industry of Japan (METI)
7. Secretariat of the Intellectual Property Strategy Headquarters, Cabinet Office of Japan
8. World Intellectual Property Organization (WIPO)

Expert Advisor

Paul Munter, Former Chief Accountant of the U.S. Securities and Exchange Commission-S.E.C.; Member, Independent Standards Board, Greenhouse Gas Protocol; Chair, Advisory Board, Climate Liabilities and Assets Initiative-CLAI; and former Partner, KPMG U.S.

The objective of this document is to facilitate international convergence on some key foundational concepts in the field of intangibles alongside highlighting the open challenges regarding the disclosure and valuation of these resources that should be addressed in the second phase of the SII activity.

Definition of Intangibles

According to the WICI Intangibles Reporting Framework (2016), **intangibles are defined as non-physical resources that, alone or together with other assets, can have a positive or negative impact on an organization's value in the short, medium, or long term.**

Unlike assets defined in financial reporting (such as in the IASB Conceptual Framework), intangibles are not necessarily owned or controlled by an organization.

These resources are generally categorized as follows:

- **Organizational capital (or structural capital):** innovation, process and location capital; proprietary technologies including intellectual property; datasets; organizational routines; agility in product or service development; teamwork; organizational culture; knowledge and know-how, etc.
- **Human capital:** employee capabilities, skilling and reskilling; leadership; sense of identification with the organization, etc.
- **Social and relational capital:** customer, supplier and investor capital; trust relationships with business partners; business and social reputation; social capital networks, etc.

"Intangibles serve as both the glue binding together all the other business resources and the engine of value creation."

Intangibles, Strategy, and Value Creation

Intangibles are **primary inputs for value creation** for many organizations.

What is important is that these **intangibles are effectively utilized within a company's business model** and lead to value creation.

"Disclosing information about the existence, utilization, and future investment in intangibles within the context of the business's value creation strategy greatly enhances the credibility of the company's disclosures about future value."

Intangibles and Differentiation

Intangibles serve as factors for differentiation, and this differentiation can have a fair degree of durability, resilience, and transformational capacity.

- Business-specific intangibles are not straightforwardly copied (with some possible IT/tech exceptions such as data, software, etc.), nor are the characteristics of these intangibles and their unique intertwinings.
- When it comes to combinations of multiple intangibles, very few businesses can utilize the exact same set of intangibles, making imitation difficult.

Intangibles and Sustainability

Intangibles can facilitate sustainability by contributing to sustained economic value creation over the long term:

- *Human capital management and investment:* support training development, health and safety
- *Innovative technologies:* drive low-carbon and circular solutions
- *Strong accountability cultures and stakeholder engagement:* support enhanced governance

Efficiency in the use of resources, labor rights, human capital and governance have an **intangible** nature and can **affect a businesses' ability to create value and pursue sustainable development.**

Attaining the Sustainable Development Goals (SDGs) requires creating new sources of value, making intangibles—and their combinations—central to SDG progress. Many of the 169 SDG targets closely align with intangible assets.

Issues related to good health and wellbeing, quality education, gender equality, and decent work and economic growth, for instance, are strongly connected to organizational and human capital.

A sustainability perspective provides economic viability to many intangibles, ensuring to a larger extent that corporate strategy remains consistent with the social and natural environment.

Intangibles and Corporate Reporting

Current accounting principles were designed for a tangible economy and rely on the idea that organizations control the resources that generate benefits. Physical or legal possession traditionally signals control and the right to the related economic value. However, many intangibles cannot be fully controlled (such as reputation) or are shared with stakeholders (such as employee or customer relationships), making property-rights concepts difficult to apply.

As a result, **only identifiable and controlled intangibles—like patents—are recognized in financial statements**, and even then only when acquired through a transaction, such as an asset purchase or business combination

Financial Reporting for Intangible Assets

While acquired intangible assets are recognized, internally generated intangibles rarely appear on the balance sheet because they do not meet capitalization criteria, including reliable measurement (IAS 38). **This creates an information gap for investors regarding these assets, the valuation models used, and the performance metrics that track these hidden value drivers, making valuation more difficult.**

Intangible Liabilities

Intangible liabilities are non-physical obligations, exposures, or intangibles-related losses of benefits—such as reputational damage, technical obsolescence, or legal infringements—that can severely impact firm value.

Mapping Intangibles and their Reporting

<i>Accounting</i>		<i>Value Creation</i>	<i>Sustainability</i>
<i>Current Intangible Assets</i>	<i>Unrecognised Intangible Assets*</i>	<i>Non-accounting intangibles*</i>	
Acquired Brands Acquired Patents Licences Acquired customer lists	Internally generated intangibles Research expenses Advertisement expenses Data? Cloud and Platform Software? AI models?	External Reputation Internal image Business model Strategy Leadership Alliances Know-how	ISSB/GRI/ESRS Focus
<i>Accounting Recognition Principle</i> IASB Focus		Organisational climate Intangibles-related risks and opportunities Human Capital (competences, skills, training, health & security)	

«CONTROLLED»

«CONTROL DIVIDE»**

«NOT CONTROLLED»

Connectivity + Location of Information

* Expenses related to these intangibles are included in the company Profit & Loss (often under «SG&A expenses» caption) but are not specifically labelled

** According to U.S. FASB Conceptual Framework (SFAC 8), the term «control» has been removed while the notion of control has been maintained embedded in the notion of right («an asset is a present right of an entity to an economic benefit»)

Intangibles and Valuation

Valuation provides the clarity needed for investors who look beyond financial reporting and book value. **By quantifying how specific intangibles contribute to revenue—such as the premium a brand commands—leaders can identify the economic entry barriers (“moats”) they benefit from.** This supports more efficient capital allocation and often prioritizes high-return intangible investments over physical infrastructure, enabling more informed evaluation of intangible investment alternatives.

Two Distinct Valuation Streams

The valuation field has two main streams:

- **Financial valuation of intangible assets**, guided by IVS (including IVS 210) and ISO 10668 for brands, which provide principles and frameworks for valuing assets such as brands, licenses, and technology. A key challenge is defining exactly what is being valued.
- **Valuation of socio-environmental impacts and dependencies**, which treats environmental and social effects as special intangibles. Organizations such as the Capitals Coalition/IFVI, the Value Balancing Alliance, ISO, and the UN Statistics Division are developing standards and methods to measure and value these impacts.

Panelists (Session 1)

Koichiro Kuramochi

Chief Accountant,
Financial Services
Agency of Japan



Takayuki Sumita

WICI Japan



Sebastian Harushimana

Chair, Financial Reporting
Technical Expert Group
(TEG), EFRAG



Martin Lok

Executive Director,
Capitals Coalition



Eric Lee

Research Director,
Australian Accounting
Standards Board
(AASB)



Michael Verbücheln

Director Methodology
Development, Value
Balancing Alliance
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Jean-Philippe Desmartin

Co-Chair, Commission on
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Chiara Del Prete

Chair, Sustainability
Reporting Technical
Expert Group (TEG),
EFRAG



Georg Lanfermann

President, German
Accounting Standards
Board



Next SII Steps

- **Two working groups** operating in parallel: **Disclosure** and **Valuation**
- Elaboration of a shared baseline of Intangibles-related KPIs («Convergence KPIs») on
 - *Human Capital*,
 - *Organizational/Intellectual Capital*, and
 - *Relational Capital*,
 - *Resilience*
- **Deep dive into methodologies** for the valuation of «special/emerging» intangible assets (e.g., data, technology, platforms, etc.) as well as socio-environmental impacts (e.g., natural capital accounting) conceived as special intangibles
- **Presentation of an SII White Paper** at the beginning of 2027 with the results of the activity and the proposals for new internationally convergent KPIs and valuation methodologies