



IAFEI Weekly Update

Knowledge, Resources, News, and Announcements

This is an issue of IAFEI Weekly Update for the week of July 1, 2024.

Valued All IAFEI Board members, ExCom members & Advisory Committee members:

The following interesting articles and useful information await you in this issue. I hope you enjoy reading them.

My special thanks to Conchita and Piergiorgio for their contributions.

This issue's special article is about this year's **2nd IAFEI Webinar**, which took place last Thursday, **June 27**. The Webinar's topic was "**Introduction to HR Balance Sheet**". Whether you attended the webinar or missed it, we hope you find the article interesting and informative.

Please feel free to circulate this Weekly Update within your organization. I am hoping that this Weekly Update may increase the value of IAFEI membership. If you have any suggestions, or recommendations, or would like to participate to provide articles, please do not hesitate to contact me.

Thank you for your continuous support and I would love to hear from you.

Tsutomu Mannari

Chairman of IAFEI

(Total 10 pages)

Upcoming Events

Date	Time	Event
July 29, 2024	-	IAFEI Quarterly (Article submission deadline: July 15)
August	TBC	OTC: Sustainability / ESG
September 2, 2024	TBC	OTC: Supply chain and digitalization
September 16, 2024	TBC	3rd Quarterly ExCom Meeting
October 25, 2024	TBC	IAFEI DAY in Tokyo

News from IAFEI Secretariat

Our **website** has been updated. You are welcome to visit www.iafei.org.

TABLE OF CONTENTS

■ **IAFEI** | IAFEI Webinar Series 2024 #02 | JUNE 27, 2024 **Introduction to “HR Balance Sheet”**

The second IAFEI Webinar was held on June 27 at 5 PM JST, with a total of 208 participants, including the speakers, and approximately 140 attendees constantly listening in. Many key personnel including Ms. Conchita L. Manabat, Chair of Advisedly Committee, Mr. Xiaoxing Pan from CACFO, past Chairman of IAFEI, and Mr. Helmut Schnabel from GEFIU, an Advisory Committee member also attended this Webinar. (... ...)

[Read the Article >>>](#)

(↑ Contributed by T. Mannari)

■ **IFRS** | JUNE 28, 2024 **IFC and IFRS Foundation announce partnership to improve sustainability reporting in emerging markets**

The International Finance Corporation (IFC), a member of the World Bank Group, and the IFRS Foundation have signed a Memorandum of Understanding agreeing their strategic partnership to strengthen sustainable capital markets by improving sustainability and climate reporting in emerging markets and developing economies (EMDEs). (... ...)

[Read the Article >>>](#)

(↑ Contributed by Ms. Conchita L. Manabat)

■ **Climate Governance Malaysia** | Event Information | **Sign Up Today: Masterclass on Climate-Aligned Executive Compensation**

In the 4th Masterclass of this series, Shai Ganu, Managing Director and Global Leader of WTW's Executive Compensation and Board Advisory practice, will discuss the latest trends in aligning executive compensation with climate goals. Shai will explain how board members can drive sustainable outcomes and organizational resilience by integrating climate objectives into executive incentives. (... ...)

[Read More and Sign Up >>>](#)

(↑ Contributed by Ms. Conchita L. Manabat)

■ **OECD** | JUNE 2024 **New insights on AI in Germany and Norway's digital future**

Editor's choice:

- **OECD Artificial Intelligence Review of Germany**

This new report provides an international benchmarking of Germany's AI ecosystem and discusses progress in implementing its national AI strategy.

[Find Out More >>>](#)

- **Shaping Norway's digital future**

This report analyses Norway's digital performance, policies and priorities to inform the development of a new national digital strategy that seeks to sharpen Norway's competitive edge and ensure that digital transformation benefits all Norwegians.

[Read More and Explore the Data >>>](#)

(↑ Contributed by Mr. Piergiorgio Valente)

■ **BUSINESSEUROPE** | Headlines | JUNE 20, 2024

How to reignite the EU's economy: Debate with Austrian industry

Speaking on 18 June at the Industry Reception 2024, organised by our member Federation of Austrian Industries (IV), Director General Markus J. Beyrer emphasised the need for enhancing investment conditions across Europe in the upcoming political mandate. (... ...)

[Read the Article >>>](#)

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■ **Bloomberg News** | June 26, 2024

The AI Revolution Comes For Farmers Around the World

In its first test in Malawi, AI is helping smallholder farmers in southeast Africa treat pigs and kill weevils that are destroying their crops.

[Read This and Other Articles >>>](#)

(↑ Contributed by Mr. Piergiorgio Valente)

■ **In the Loop** – A GMI POST newsletter - | JUNE 28, 2024

THREE DIGITAL TRANSFORMATION TIPS

Digital transformation is a challenging process. According to a 2023 McKinsey study, 70% of all digital transformations fail. But when done right, digital transformation can be a powerful tool for driving growth and innovation. According to a 2023 global study by Gartner, 56% of CEOs say digital improvements have increased revenue by at least 72%. (... ...)

[Read More >>>](#)

(↑ Contributed by Ms. Conchita L. Manabat)

IAFEI | IAFEI Webinar Series 2024 #02 | JUNE 27, 2024

Introduction to "HR Balance Sheet"

The second IAFEI Webinar was held on June 27 at 5 PM JST, with a total of 208 participants, including the speakers, and approximately 140 attendees constantly listening in. Many key personnel including Ms. Conchita L. Manabat, Chair of Advisedly Committee, Mr. Xiaoxing Pan from CACFO, past Chairman of IAFEI, and Mr. Helmut Schnabel from GEFIU, an Advisory Committee member also attended this Webinar.

I would like to express my special thanks to all the board members, advisory committee members, and executive committee members to encourage your members and colleagues attend. Even though the Webinar was conducted in Japanese, thanks to the exceptional and dedicated London-based professional interpreter Mr. Yosuke Shinokubo, it should have been easy for non-Japanese audience to follow the discussion without feeling any stress.

IAFEI Webinar Series 2024 #02

Introduction to "HR Balance Sheet" - How does human capital function as human asset? - The roles of ... CHRO & CFO

We hear the buzzword "human capital" thrown around a lot these days. In many cases, it seems to be used in the context that employees are not just a "cost or expense," but essential "human capital" that creates long-term value for the organization.

The term "human capital" is said to have its origin in Adam Smith's "The Wealth of Nations". In Japan, since the so-called "Ito Report on Human Resources" (2020) issued by a study group of the Ministry of Economy, Trade and Industry, "human capital" has become an essential element in ensuring corporate sustainability in terms of human resource strategies facing Japanese companies.

Amid this historical background, late last year, Hiroshi Yaguchi, Managing Director of the Japan CFO Association, compared "procurement of human capital" to "procurement of financial capital" and proposed a review of human resources in terms of human capital in the "human balance sheet," which is analogous to the "financial balance sheet". In order for Japanese companies to become truly competitive and attractive, he defined the roles of employees, as independent human capitalists, and corporate management, commissioned by human capitalists to manage their operations. He also published a series of papers advocating the restructuring of the relationship between the two.

In this webinar, Mr. Yaguchi will introduce the concept of the "HR Balance Sheet," which he himself developed, and Nina Michels-Kim, a Switzerland-based international consultant specializing not only in accounting and finance, including FP&A, but also in human resource development and coaching, will be our guest to discuss the purpose and applicability of the "HR Balance Sheet" and other relevant aspects of the concept.

We will also mention Mr. Tsurukichi Hatano, founder of GUNZE, who already in the mid-Meiji period practiced a model of human capital management based on Love for Humanity.

Date: Thursday, June 27, 2024
Time: 09 a.m. GMT; 10 a.m. CET;
 03 a.m. Ho Chi Minh City;
 04 p.m. Beijing, Taipei, Manila, Singapore;
 05 p.m. Tokyo

Duration: 60 minutes; **Location:** Zoom meeting
Languages: Japanese &
 English (simultaneous translation)



Mr. Hiroshi Yaguchi
 Managing Director, JACFO
 (Japan CFO Association)



Ms. Nina Michels-Kim, CMA,
 CSCA, Managing Partner
 Starling



Mr. Mannari
 Chairman of IAFEI

Program

- | | |
|--------------------------|--------------------------------------|
| 1. Introduction (5 min.) | ... Mr. Mannari |
| 2. Lecture (25 min.) | ... Mr. Yaguchi |
| 3. Discussion (25 min.) | ... Ms. Michels-Kim
& Mr. Yaguchi |
| 4. Q&A (10 min.) | |

Join us for insights, strategies, and inspiration aimed at leaders and organizations committed to elevating corporate value through effective human capital management.
 Register now via the link → [HERE!](#) - This webinar is free -

URL www.iafei.org



This time, we invited Mr. Hiroshi Yaguchi, Executive Managing Director of the Japan CFO Association and a member of the IAFEI Board, who is also the inventor of the "Human Balance Sheet," as a speaker. Following his lecture, we had Ms. Nina Michaels-Kim, a specialized consultant in not only FP&A and finance but also human resource development and coaching, who is internationally active based in Switzerland, share her opinions on this concept. She also asked Mr. Yaguchi further questions to delve deeper into the topic.

人的資本とは何か？ What is “Human capital”？

人的資本経営とは

人的資本経営とは、人材を「資本」として捉え、その価値を最大限に引き出すことで、中長期的な企業価値向上につなげる経営のあり方です。
(経済産業省ホームページ)

Human capital management is a management style that considers human resources as "capital" and maximizes their value to increase corporate value over the medium to long term.
(Japan ministry of Economics, trade and industry web site)

質問

人的資本投資という言葉がよく使われていますが、人的資本に投資するのは「誰」だと思いますか？

<Question>

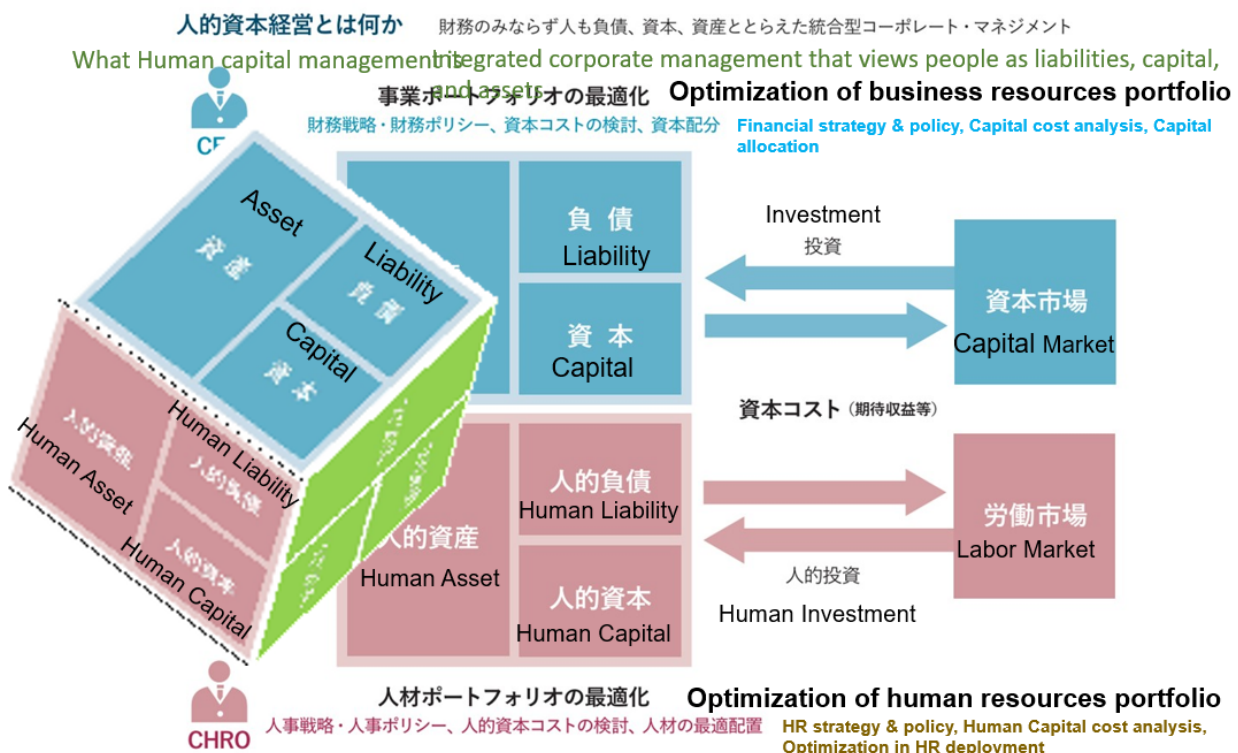
Talking about the term of “Human capital investment”, Who should be the one to make investment to human capital?



- Investor
- Management
- Company
- Society
- Vender or Customer
- Employees
- All of these
- None of these

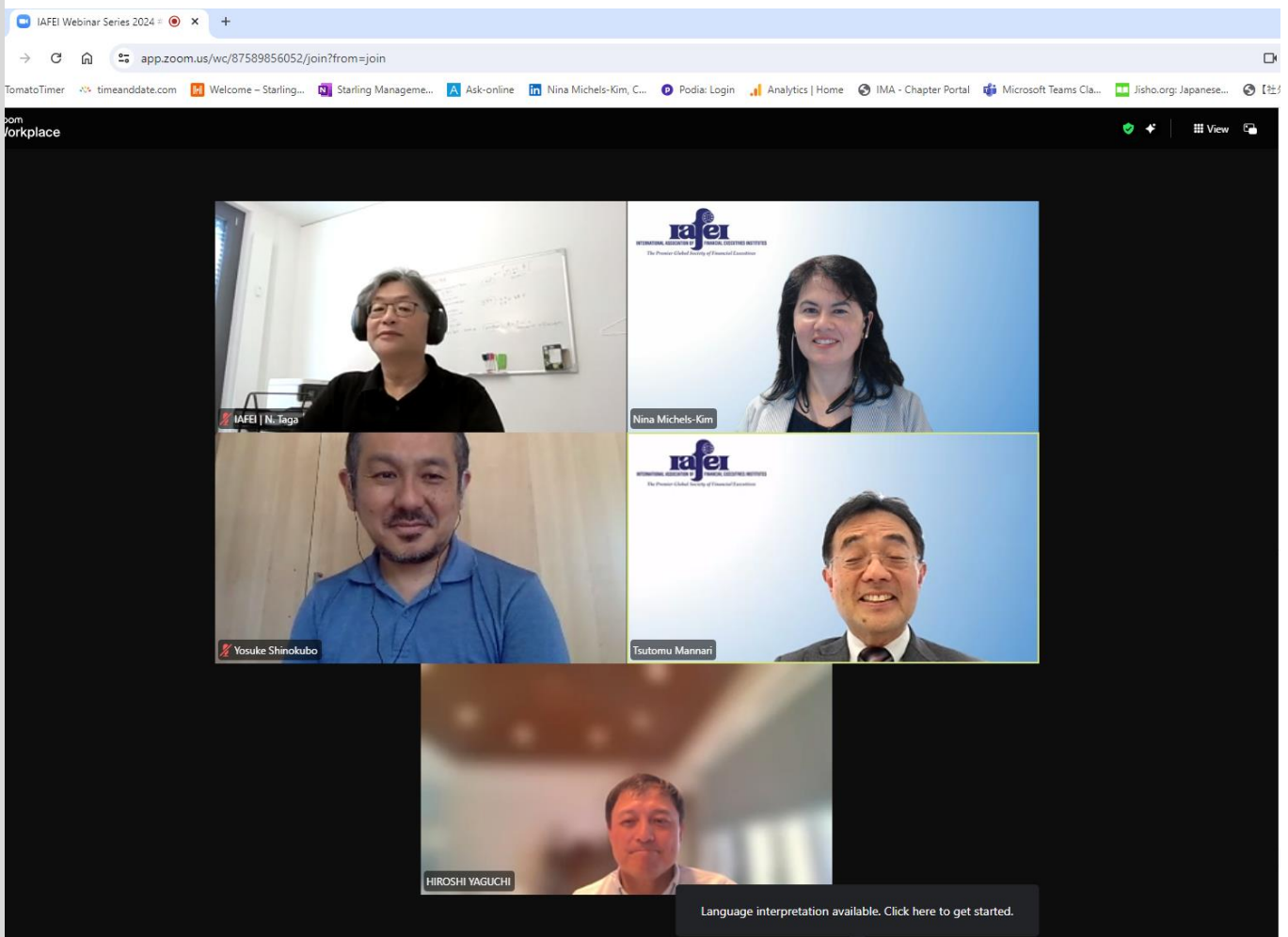
- ・投資家
- ・経営者
- ・会社
- ・社会
- ・取引先
- ・従業員
- ・上記の全て
- ・どれもでない

Although Mr. Yaguchi could not join on time, we smoothly proceeded by starting with the reading of his shared script and later transitioning to Mr. Yaguchi when he became available. We started the Webinar by asking audience “Who should be the one to make an investment to Human capital?” and conducted a poll. Many chose either the management or the company should be the answer. But the correct answer is the Employee. The first key message to be conveyed is that Each employee should become main actor or actress under Human capital management. Then Mr. Yaguchi well explained his theory and the background. He concluded his explanation by introducing the multi-dimensional balance sheet with the following slide.



Ms. Michaels-Kim's second question was, "In the context of making management decisions by considering various types of balance sheets multi-dimensionally, Mr. Yaguchi, you mentioned the possibility of incorporating not just human capital but also social capital and cultural capital. Can you provide an example of an organization that has solved such social issues in the past?"

Mr. Yaguchi responded by introducing the management methods of the founder of Gunze, a Japanese company from over 100 years ago. This founder used the joint-stock company system to revitalize the local community with a management approach based on human love, making humans the main actors, while placing social perspectives at the core of management. As a Japanese person, I felt proud to learn about such a wonderful predecessor. After the Webinar, Nina suggested Mr. Yaguchi to contact Gunze spokesperson to invite someone from Gunze and learn more and discuss further about this management.



We received about 60 responses to the survey. We would like to make analysis and share with you later. But we found that most of the respondents would like to attend if IAFEI will conduct a similar topics of the Webinar.

We will make a summary and post the full recording to the website soon.

(Original article written by Mr. T. Mannari)

IFRS | JUNE 28, 2024

IFC and IFRS Foundation announce partnership to improve sustainability reporting in emerging markets

The International Finance Corporation (IFC), a member of the World Bank Group, and the IFRS Foundation have signed a Memorandum of Understanding agreeing their strategic partnership to strengthen sustainable capital markets by improving sustainability and climate reporting in emerging markets and developing economies (EMDEs).

The collaboration was announced during London's Climate Action Week.

Martine Valcin, IFC Global Manager, Corporate Governance and ESG Advisory, Knowledge and Learning, said:

"Today marks a pivotal moment as we join forces with the IFRS Foundation in advancing sustainability and climate reporting. Our combined efforts are set to drive significant strides in standardising and enhancing transparency, ensuring that EMDEs are not left behind in the global shift towards sustainable finance."

The IFRS Foundation's [**International Sustainability Standards Board \(ISSB\) issued two inaugural Standards**](#) in June 2023 with the objective of delivering global consistency and comparability of sustainability-related financial disclosures for capital markets. Jurisdictions making up around 55% of global gross domestic product (GDP) are already taking steps towards using these Standards.

The partnership will focus on implementing programmes to promote and build capacity for the consistent application of the IFRS Sustainability Disclosure Standards across EMDEs. This includes developing toolkits and research publications as well as conducting training programmes to encourage sustainability reporting. Further, the partnership outlines plans to provide technical assistance and tailored support to help jurisdictions adopt and implement these Standards effectively, building on IFC's successful initiatives already in Bangladesh and Jordan.

Jingdong Hua, ISSB Vice-Chair, said:

"We are proud to collaborate with IFC, uniting our commitment to high-quality sustainability and climate-related financial reporting with their deep market insights and global reach. This partnership will expand our impact, helping enhance the quality of sustainability and climate-related financial reporting worldwide, especially in emerging markets and developing economies. It plays a critical role in bringing structured and reliable sustainability information to the forefront of global markets, facilitating investments."

This collaboration builds on IFC's extensive efforts through initiatives such as the Beyond the Balance Sheet programme and the SBFN. The Beyond the Balance Sheet programme has been pivotal in providing advisory services to improve sustainability and climate-related reporting in EMDEs, aligning with the new IFRS Sustainability Disclosure Standards and the European Sustainability Reporting Standards. The SBFN, facilitated by IFC as its secretariat, is a global knowledge-sharing and capacity-building platform on sustainable finance for financial sector regulators and industry associations in EMDEs.

This partnership is a commitment to future-proof financial markets against environmental risks, support the private sector's ability to seize opportunities to evolve towards more resilient business models and to promote the transparency that global investors and stakeholders increasingly demand.

(Reposted from: IFRS Foundation news alert, June 27, 2024)

BUSINESSEUROPE | Headlines | JUNE 20, 2024

How to reignite the EU's economy: Debate with Austrian industry

Speaking on 18 June at the Industry Reception 2024, organised by our member Federation of Austrian Industries (IV), Director General Markus J. Beyrer emphasised the need for enhancing investment conditions across Europe in the upcoming political mandate.



"Only an economically strong Europe can play a strong global role, only successful companies can create and secure high-quality jobs", he said, noting Europe has been lagging behind global competitors in economic growth and investment.

To reignite the economy, the EU must tackle high energy prices, reduce regulatory burdens, unleash the full potential of the Single Market and pursue an ambitious trade policy.

Beyrer highlighted the European Council's recent emphasis on a 'New Competitiveness Deal' to enhance Europe's global standing. "We need swift and decisive action from European institutions to translate words into effective policies", he added.

(Reposted from: BUSINESS EUROPE, June 20, 2024)

Bloomberg News | June 26, 2024

The AI Revolution Comes For Farmers Around the World

In its first test in Malawi, [AI is helping smallholder farmers](#) in southeast Africa treat pigs and kill weevils that are destroying their crops.

Have questions about the latest in AI? We've got answers.

Sign up for Bloomberg Technology's [weekly Q&AI newsletter](#) and [read the latest edition](#).

Although AI is increasingly used in agriculture in large swathes of the developed world, its emergence in poorer nations and for subsistence farmers is [relatively new](#).

Piloted by a Chicago-based nonprofit organization Opportunity International, farmers can get questions answered on an app powered by [ChatGPT](#) and the Malawian government's English-language agricultural manual.



The app's success in Malawi — where small-scale agriculture [provides livelihood to more than 80% of the country's 21 million people](#) — may pave the way for its introduction elsewhere in the world. There are 600 million smallholder farmers globally, growing a third of the world's food.

(Reposted from: Bloomberg News, June 26, 2024)

In the Loop – A GMI POST newsletter - | JUNE 28, 2024

THREE DIGITAL TRANSFORMATION TIPS

Digital transformation is a challenging process. According to a 2023 McKinsey study, **70% of all digital transformations fail**. But when done right, digital transformation can be a powerful tool for driving growth and innovation. According to a 2023 global study by Gartner, **56% of CEOs say digital improvements have increased revenue by at least 72%**.

Here are three things business leaders can do to ensure their digital transformation efforts are successful:

1 Invest in talent

For your digital transformation project to be successful, make sure your entire team is informed and committed to the strategy and tech tools you want to implement. This includes investing in training and development programs to upskill your employees and attract top talent who can help document and execute your digital transformation strategy.

To quote the Forbes Business Council, 'digital transformation starts with talent transformation'.

2 Focus on customer experience

PwC suggests that 55% of digital transformation projects fail because companies introduce automations, tech tools, and platforms that don't really add value.

Customer experience should be at the center of any digital transformation initiative. Leaders must understand both their team's and customers' needs and preferences and design solutions that meet those needs.

3 Measure and monitor progress

A study by IDC found that 9 in 10 business leaders said documenting their digital transformation journey is important but only 2 in 10 have a documentation system.

Digital transformation is an ongoing process, and organizations need to measure and monitor their progress to ensure they are on track to achieving their goals. This involves setting up metrics and KPIs and regularly reviewing them to identify areas for improvement.

(Reposted from: In the Loop, June 28, 2024)