

MEMORANDUM OF UNDERSTANDING ON THE ESTABLISHMENT AND OPERATION OF THE WORLD INTELLECTUAL CAPITAL/ASSETS INITIATIVE NETWORK

PREAMBLE

The Japanese Ministry of Economy Trade and Industry (METI), The Enhanced Business Reporting Consortium (EBRC), The European Federation of Financial Analysts' Societies (EFFAS), The University of Ferrara, and Waseda University as Founding Promoting Parties and the other WICI network members (hereinafter the members of WICI Network), having understood the importance of intellectual capital/assets and desiring to cooperate by promoting the management and reporting of intellectual capital/assets and value creation strategies, have reached the following understanding.

1 Establishment of the World Intellectual Capital/Assets Initiative (WICI) Network

- 1.1 This Memorandum of Understanding (MOU) represents an agreement between the members of the WICI Network and it concerns their collaboration for the purposes identified in section 2 below. This collaboration is carried out through the establishment of the WICI network.
- 1.2 The WICI network builds on the expertise of the Promoting Parties (founding or established jurisdictions) and of Participating Parties (provisional Promoting Parties, members of Promoting Party jurisdictions, observers, and other non-voting members). The WICI network will not substitute for these institutions. The WICI network is not a legal entity.
- 1.3 The WICI network has the right to allow any nation or region to establish a national / regional jurisdiction of the WICI network under the due process of recognition provided by the Governance Group.
- 1.4 The recognized country and regional WICI jurisdictions have the task to promote the mission, the purposes and the activities of the WICI Network as well as to represent WICI in their respective geographical contexts, to provide input and to assure consistency of action, in coordination with the WICI Network's Governance Group. Where existing and recognized, regional WICI jurisdictions may preliminary support

the requests for joining WICI Network by the country jurisdictional bodies in their geographical areas.

2 The WICI Network objectives and activities

- 2.1 The WICI, the world's business reporting network, is a private/public sector collaboration aimed at improving corporate information - with a focus on non/extra-financial information - for more effective decision making in a value creation perspective.
- 2.2 WICI's primary goal is to facilitate the collaborative development of a voluntary global framework/guidelines/standards for measuring and reporting overall corporate performance to shareholders and other stakeholders.
- 2.3 To achieve this goal, WICI Network has six major activities:
 - a) to facilitate the collaborative development of the framework of information useful for effective decision-making, in particular by identifying and defining the detailed categories critical information that is relevant but not systematically included in a corporate report (e.g. Intellectual Capital, extra-financial, risks etc). The framework aims to provide a universally standardized context and collaborative platform for development of these concepts which are often described in different terms within corporate performance;
 - b) to facilitate the collaborative development of standards or guidelines for measuring and reporting on key performance indicators, forward-looking and other performance measures. The measures may be financially derived and/or non/extra-financial in nature and may include a wide range of market oriented, industry-specific, company specific and other relevant aspects;
 - c) to facilitate the collaborative development of XBRL taxonomies for the WICI framework and industry-specific content to promote adoption of the WICI concepts;
 - d) To disseminate information and best practices concerning the management and reporting of intellectual capital/assets through, among others, conferences, workshops and dedicated WebPages;
 - e) To encourage international agreements to be constructed which are designed to promote intellectual capital/assets management and reporting;
 - f) To establish working relations or cooperate with, and provide inputs to other national or international organizations, including accounting standard setters and regulators.

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3 The WICI Network Governance

- 3.1 The Governance of WICI Network is composed of two levels. The first level is constituted of the General Assembly of the five founding Promoting Parties plus the Established Jurisdictions as soon as they are created and recognized by the Governance Group. The second level is constituted of a Governance Group that will act as WICI steering group. It will direct and plan the activities of the WICI Network.
- 3.2 The Governance Group is composed of up to nine members elected with a qualified majority of equal to or more than two thirds votes in the General Assembly, taking into account representation with geographical diversity and from various stakeholders. The first election of the members will take place after the transitory period indicated in Article 3.7.
- 3.3 The Governance Group oversees the work of the WICI Network and the administration of any budget.
- 3.4 The Governance Group may invite a limited number of observers to participate in meetings and working groups as appropriate. Governance Group members shall inform other members of such invitations in advance of meetings.
- 3.5 The members of the Governance Group are to be reconfirmed every two years according to the process outlined under Article 3.2 above.
- 3.6 Each member of the Governance Group represents and pursues the interests of the whole WICI Network.
- 3.7 For a transitory period of 18 months from November 20, 2009, the Governance Group is initially composed of four members, including the chairperson, appointed by the founding Promoting Parties with a unanimous vote. The initial Chairperson of the Governance Group shall be also appointed by the founding Promoting Parties with a unanimous vote, regardless of the Article 5.1.

4 Functions of the Governance Group and General Assembly

- 4.1 The Governance Group functions will be to develop and execute the objectives and activities of the WICI Network as defined in section 2, and to oversee the Group's communication such as the Electronic Discussion Group (EDG), dedicated WebPages and news subscription.
- 4.2 The Governance Group will also facilitate, collaborate and aim to coordinate the activities of the country and regional jurisdictions in terms of the interest of the WICI

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Network.

- 4.3 The function of General Assembly is a) to elect and discharge members of the Governance Group subject to Article 3.2, b) to approve the annual business report submitted by the Governance Group, c) to amend this MOU subject to Article 7.3, d) to ratify the criteria for membership subject to Article 5.8, and e) to decide the dissolution of the WICI Network

5 Operational Procedures of the Governance Group and General Assembly

- 5.1 The Governance Group shall elect on an unanimous basis its Chairperson who will serve for a two-year term. Such Chairperson's term may be renewed for an additional term of one year by a unanimous vote of the Governance Group then in office.
 - 5.1.1 The Chairperson may appoint a Deputy Chair based on the unanimous vote of the Governance Group members. The Deputy Chair shall support the Chairperson and operate in strict coordination with him/her.
- 5.2 The Governance Group shall function, in principle, on the basis of consensus. However, in case of it being impossible to decide on matters concerning membership on the basis of consensus, the Governance Group is able to decide according to the procedure mentioned in Article 5.8 on equal to or more than two thirds majority rule.
- 5.3 The General Assembly and Governance Group shall meet at least once and at least twice a year, respectively, at a time and place agreed upon by the Promoting Parties and the Governance Group, respectively . One of the Governance Group meetings shall be in conjunction with the annual meeting of the General Assembly, and shall take place at a different venue each year. The agenda of the annual meeting may include, among other items, the election of the Governance Group members.
- 5.4 The General Assembly shall be effective with the participation by more than half of voting members, including those who appointed proxies subject to the Article 5.10.
- 5.5 The General Assembly shall make a decision based on equal to or more than two thirds majority rule.
- 5.6 The Governance Group may consult with other interested organizations or individual experts as appropriate
- 5.7 The Governance Group shall promote the WICI network in order to enlarge the set of the members of the Network.
- 5.8 The Governance Group shall establish, and amend from time to time, the criteria for membership in the WICI collaborative network, including the procedural requirements

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for approval and termination of membership. Membership shall be open to all entities interested in the purposes of WICI who meet the criteria and fulfill any procedural requirements established by the Governance Group. Any proposed changes to the criteria for membership shall be ratified by the General Assembly. The termination of the membership of a founding Promoting Party from WICI can only be approved unanimously by all the founding Promoting parties.

- 5.9 There shall be two classes of Membership, "Voting" and "Non-Voting". Promoting Parties that are founding and established and/or country-based jurisdictions shall be Voting Members. Promoting Parties that are established, non-country based jurisdictions shall be Voting Members only in General Assembly. Participating Parties (defined as provisional Promoting Parties, members of Promoting Party jurisdictions, observers, and other non-voting members) shall be Non-Voting Members. Additional classes of Voting Members and Non-Voting Members may be created in the future, and the rights of existing classes of Membership may be amended.
- 5.10 Each Voting Member is entitled and encouraged to appoint a representative to the General Assembly. Where a Member has appointed a Representative accordingly, the vote of the Member will be exercised by that Representative at the General Assembly. If a Voting Member has not appointed a Representative or if the Representative is unable to attend a meeting of the Members, it may appoint a proxy to vote on its behalf. To be valid a proxy must be delivered to the Secretary at least three (3) days before the day of the meeting. A proxy is valid only for the meeting to which it relates or any adjournment thereof. Each Member entitled to vote shall at every General Assembly be entitled to one vote.
- 5.11 The previous section shall be also applied to the appointment of representatives of the Governance Group except the articles related to proxy if/when the members of the Governance Group establishes the detailed procedure otherwise.
- 5.12 Until the General Assembly is formally established, the meeting of the founding Promoting Parties shall substitute for it.

6 International Meetings

- 6.1 In accordance with the objectives and activities of the WICI Network as discussed in section 2, the Governance Group may be invited to contribute to the organization of international meetings devoted to Intellectual Capital/assets issues, risk reporting and non-financial information.

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- 6.2 The Governance Group will prepare the agenda and be responsible for the organization of the meetings of the WICI network.

7 Final Clauses

- 7.1 The MOU is valid for a two year period and is tacitly renewed for successive two year periods.
- 7.2 The scope of work can be reviewed for the next two years.
- 7.3 Any modification or amendment to the present MOU must be approved by equal to or more than two thirds of the voting members of General Assembly consistent with Article 5.5.
- 7.4 Any Promoting Parties may withdraw from the MOU within 6 months written notice.
- 7.5 The Governance Group shall establish necessary definitions of words, criteria and detailed procedures, including the definition of 'representation with geographical diversity' and 'from various stakeholders' in Article 3.2 and the criteria in Article 5.8.

SIGNATURES

For METI

For EBRC

For EFFAS

For University of Ferrara

For Waseda University

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General Notes