

2018年2月9日
ESG金融懇談会@環境省

「企業との建設的な対話で何が求められているのか」
非財務資本とエクイティスプレッドの同期化モデル
investeeと investorのESGエンゲージメント

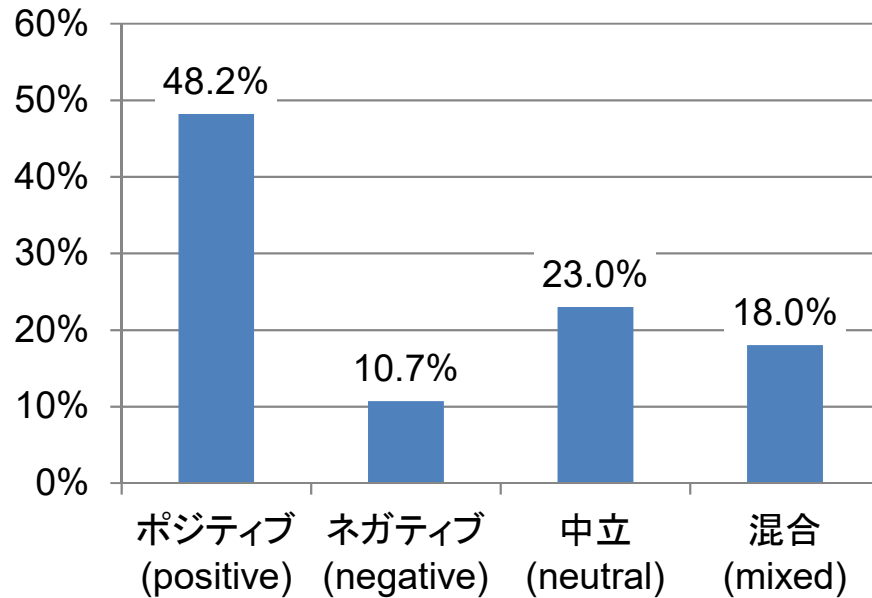
東洋大学国際学部客員教授
早稲田大学大学院兼任講師
エーザイ常務執行役CFO
柳 良平 博士(経済学)

ESGと企業価値は関係があるか

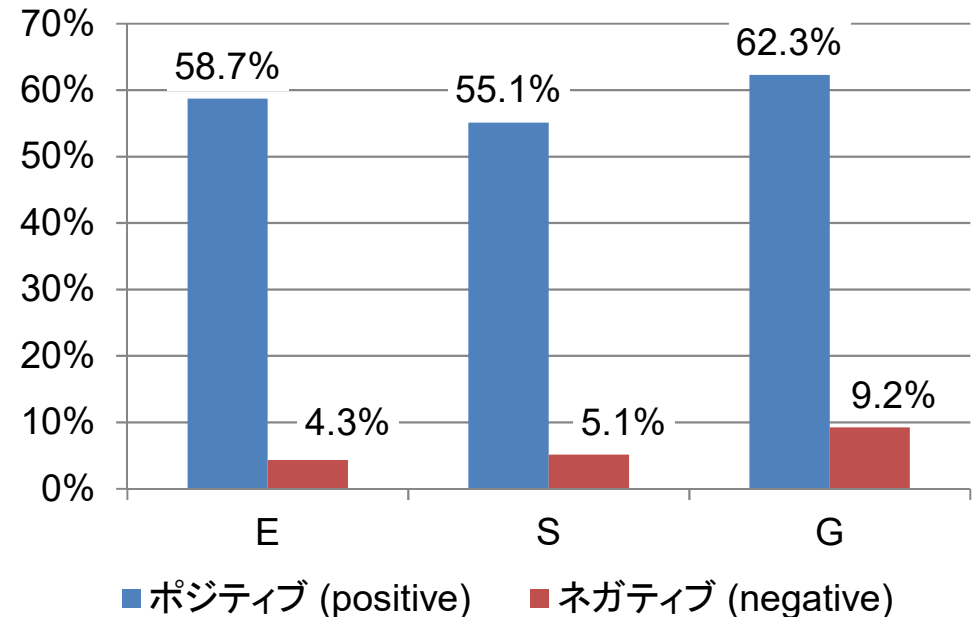
- 世界の実証研究のコンセンサスはどうか

ESGと企業業績の関係に関する過去の研究結果

ESGと企業業績の関係について調べた研究の結論



E, S, G のカテゴリ別に見た企業業績との関係



(出所) 下記論文よりSMBC日興証券作成

Friede, G, Busch, T., Bassen, A., "ESG and financial performance aggregated evidence from more than 2000 empirical studies", Journal of Sustainable Finance & Investment, 2015 Vol.5, No.4, pp210-233

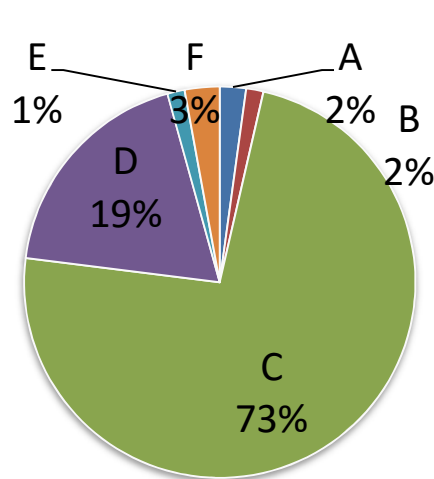
世界の投資家のパーセプション

- 日本企業にESGとROEの関連性を説明してほしい

2017年投資家サーベイ抜粋

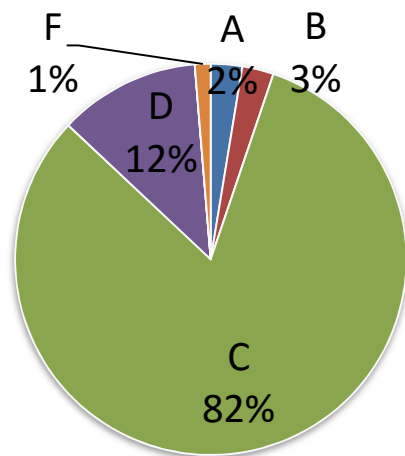
- 2017年1月10日－2月22日に講演者が実施
- 世界の主要機関投資家への質問票調査
- 国内77名、海外62名、合計139名回答
- 回答運用機関110社の日本株総投資残高の合計は約100兆円

日本企業のESG(CSR)および統合報告による その開示についてはどうお考えですか？

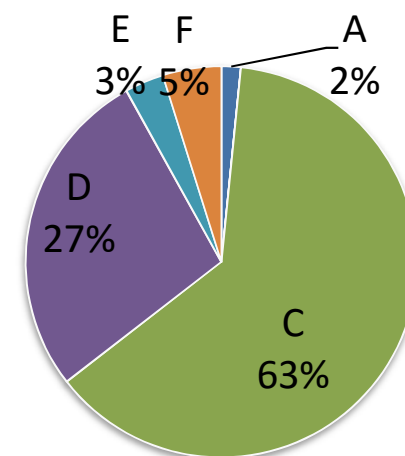


全体	回答数
A	3
B	2
C	102
D	26
E	2
F	4
合計	139

- A) 無条件でESGに注力して積極開示すべきである
- B) 資本効率 (ROE) より優先してESGを開示して説明してほしい
- C) 資本効率 (ROE) とESGを両立して価値関連性を示してほしい
- D) 日本は周回遅れなのでまずは資本効率 (ROE) を優先して記述すべき
- E) 関心がない・重要とは思わない
- F) その他

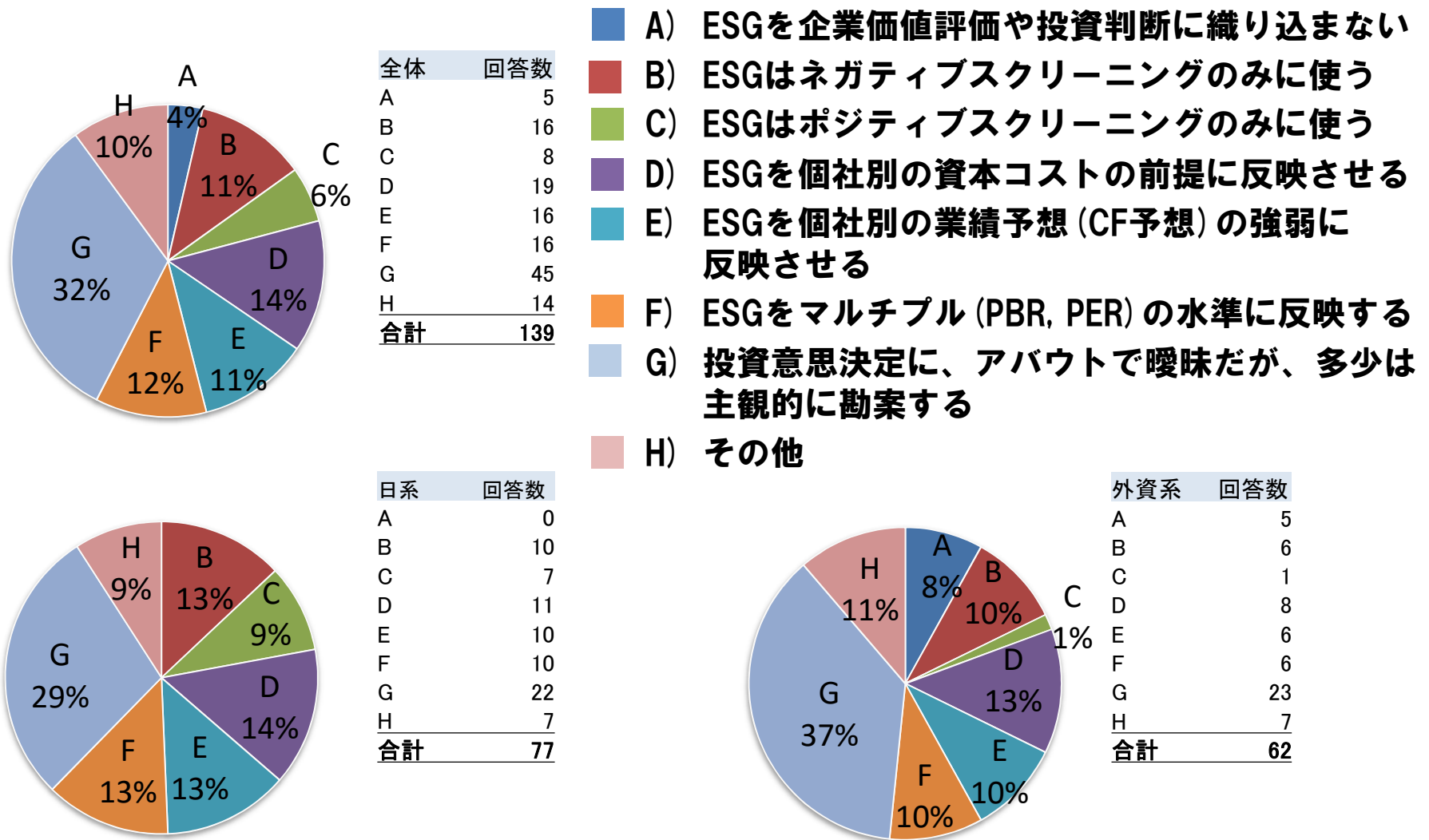


日系	回答数
A	2
B	2
C	63
D	9
E	0
F	1
合計	77



外資系	回答数
A	1
B	0
C	39
D	17
E	2
F	3
合計	62

日本企業のESG(CSR)をどのように企業価値 評価・投資判断に織り込みますか？



エクイティスプレッドの理論

- 価値創造の代理変数

エクイティ・スプレッドの開示と対話

東証「企業価値向上表彰」と経産省「伊藤レポート」で採択

エクイティ・スプレッド (%) = ROE - 株主資本コスト

企業価値評価手法はDCF中心に論述できるが、株主価値を残余利益モデルRIM（またはオールソンモデル）で求めることもできる。理論的には同じ結論に帰結する。RIMによれば、基本的に株主価値は下記に収斂される。

$$\text{株主価値} = BV + \sum_{t=1}^{\infty} \left(\frac{\text{当期利益}_t - \text{CoE} \times BV_{t-1}}{(1 + \text{CoE})^t} \right)$$

このようにRIMでは、残余利益、つまり(当期純利益－株主資本コスト×株主資本簿価)が価値創造の源泉になる。その効率性を表現するために各項を株主資本で除すると、「ROE－株主資本コスト」、つまりEquity Spread (%)に帰結する。このようにEquity SpreadはRIMによる企業価値評価を昇華した、価値創造の源泉を端的に示す指標である。(米国ではIMAが採択)

【出所】 Ohlson, J. (1995) “Earnings, book values, and dividends in equity valuation.”

柳良平(2013)「Equity Spreadの開示と対話の提言」

エクイティ・スプレッドは、%と\$両方の記述が可能。ROE関連議論の為、割合で%で示すが、金額絶対額も重視

(当期純利益NI、株主資本BV、配当D、株主資本コストCoE、残余利益RI、企業価値SV、t=0は現在、1は1年後、成長率gとする)

1年後の残余利益を次のように定義する。

$$RI_1 = NI_1 - BV_0 \times CoE \quad (1)$$

(1)式を展開する。(当期純利益の定義)

$$NI_1 = BV_0 \times CoE + RI_1 \quad (2)$$

1年後の株主資本を次のように定義する。(クリーンサープラス関係)

$$BV_1 = BV_0 + NI_1 - D_1 \quad (3)$$

(3)式を展開する。(配当の定義)

$$D_1 = BV_0 + NI_1 - BV_1 \quad (4)$$

(4)式に(2)式を代入し、整理する。

$$\begin{aligned} D_1 &= BV_0 + BV_0 \times CoE + RI_1 - BV_1 \\ &= (1 + CoE) \times BV_0 + RI_1 - BV_1 \end{aligned} \quad (5)$$

割引配当モデルを、次のように定義する。

$$SV_0 = \frac{D_1}{(1 + CoE)^1} + \frac{D_2}{(1 + CoE)^2} + \dots \quad (6)$$

(6)式に(5)式を代入し、整理する。

$$\begin{aligned} SV_0 &= \frac{(1 + CoE) BV_0 + RI_1 - BV_1}{(1 + CoE)^1} + \frac{(1 + CoE) BV_1 + RI_2 - BV_2}{(1 + CoE)^2} + \dots \\ &= \frac{(1 + CoE) BV_0}{(1 + CoE)^1} + \frac{RI_1}{(1 + CoE)^1} - \frac{BV_1}{(1 + CoE)^1} + \frac{(1 + CoE) BV_1}{(1 + CoE)^2} + \frac{RI_2}{(1 + CoE)^2} - \frac{BV_2}{(1 + CoE)^2} + \dots \\ &= BV_0 + \frac{RI_1}{(1 + CoE)^1} - \frac{BV_1}{(1 + CoE)^1} + \frac{BV_1}{(1 + CoE)^1} + \frac{RI_2}{(1 + CoE)^2} - \frac{BV_2}{(1 + CoE)^2} + \dots \\ &= BV_0 + \frac{RI_1}{(1 + CoE)^1} + \frac{RI_2}{(1 + CoE)^2} + \dots \end{aligned}$$

さらに、両辺を BV_0 で割ると、($RI_1 = NI_1 - BV_0 \times CoE$ の関係から)

$$\frac{SV_0}{BV_0} = PBR = 1 + \frac{(ROE_1 - CoE)}{(1 + CoE)} + \frac{(ROE_2 - CoE) BV_1 / BV_0}{(1 + CoE)^2} + \frac{(ROE_3 - CoE) BV_2 / BV_0}{(1 + CoE)^3} + \dots$$

数式を簡素化して、クリーンサープラス関係に定常状態を仮定する

$$PBR = 1 + \frac{\text{エクイティ・スプレッド}}{CoE - g}$$

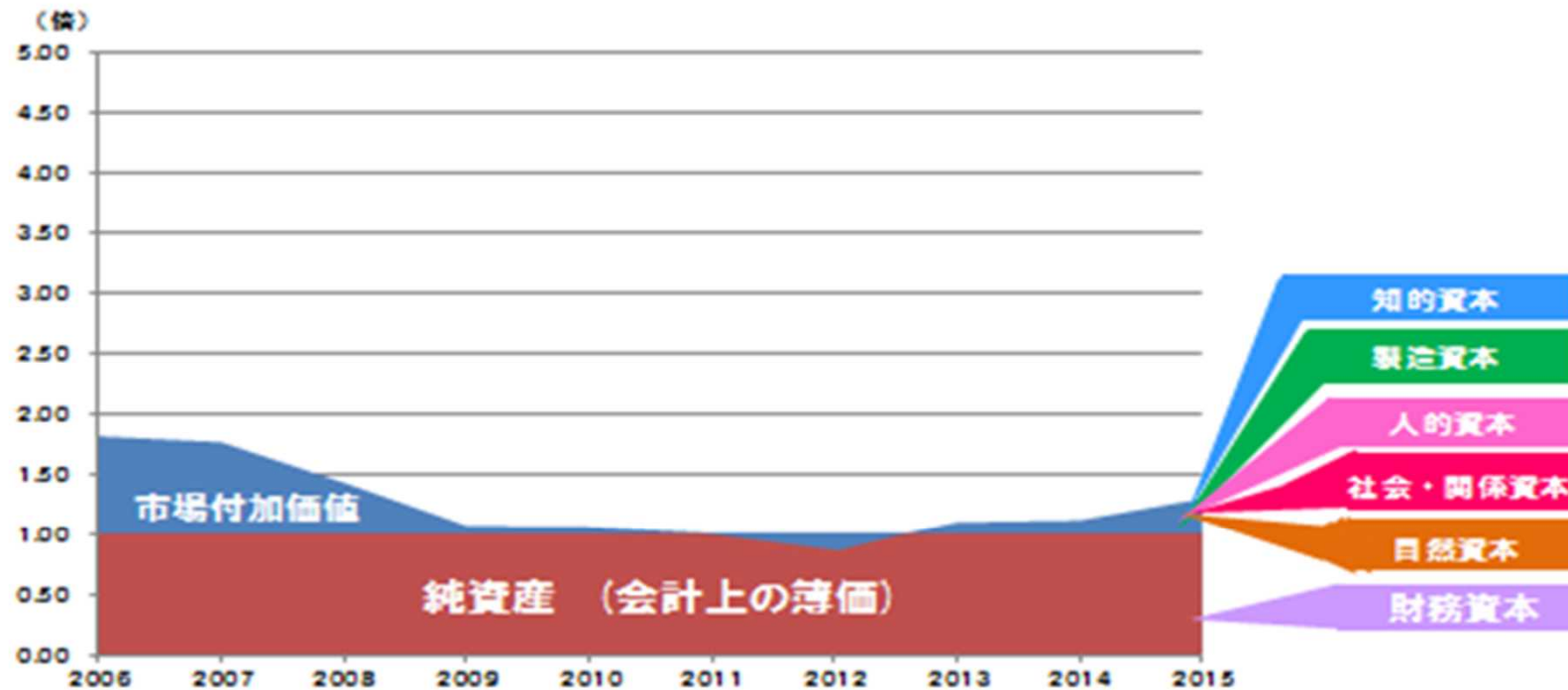
不都合な真実

- ESGの国がPBR1倍前後

不都合な真実

非財務資本の理解促進が必要では

TOPIX PBR推移(2006年~2015年)



(注) 各暦年の平均値

(出所) Bloombergより筆者作成

(参考) 平均的な企業が保有する100円
の限界的価値

計測対象	現金	現金	現金(グロス)	現金(グロス)
CG尺度	CG1	CG2	CG1	CG2
良い (+2 σ)	52.3	86.0	67.1	77.8
CG 平均	44.5	47.8	35.5	36.8
悪い (-2 σ)	36.7	9.5	3.9	-4.2

CG1: アアナリストCGのスコア C2: 外国人持ち株比率

2005年—2016年6月末データ：東証一部（金融除く）
異常値除く 1 8 5 1 銘柄・年

$$\begin{aligned}
r_{i,t} = & \gamma_0 + \gamma_1 \frac{\Delta C_{i,t}}{M_{i,t-1}} + \gamma_2 \frac{\Delta E_{i,t}}{M_{i,t-1}} + \gamma_3 \frac{\Delta NA_{i,t}}{M_{i,t-1}} + \gamma_4 \frac{\Delta RD_{i,t}}{M_{i,t-1}} + \gamma_5 \frac{\Delta I_{i,t}}{M_{i,t-1}} + \gamma_6 \frac{\Delta Div_{i,t}}{M_{i,t-1}} + \gamma_7 \frac{C_{i,t-1}}{M_{i,t-1}} \\
& + \gamma_8 L_{i,t} + \gamma_9 \frac{NF_{i,t}}{M_{i,t-1}} + \gamma_{10} \frac{C_{i,t-1}}{M_{i,t-1}} \cdot \frac{\Delta C_{i,t}}{M_{i,t-1}} + \gamma_{11} L_{i,t} \cdot \frac{\Delta C_{i,t}}{M_{i,t-1}} + \gamma_{12} \cdot Gov_{i,t} \cdot \frac{\Delta C_{i,t}}{M_{i,t-1}} \\
& + \sum_{\text{sector}} \gamma^{\text{sector}} \cdot \delta_{i,t}^{\text{sector}} + \sum_{\text{year}} \gamma^{\text{year}} \cdot \delta_{i,t}^{\text{year}} + \epsilon_{i,t}
\end{aligned}$$

- $r_{i,t}$ は計算時点までの過去12ヶ月対数リターン（配当込み）
- $M_{i,t-1}$ は計算時点の1年前の時価総額
- $C_{i,t}$ は現金で、「現金」または「現金（グロス）」の2通り
- $NA_{i,t}$ は純資産で総資産から負債を引いた額
- $E_{i,t}$ は純利益額、 $RD_{i,t}$ は研究開発費、 $I_{i,t}$ は支払い金利額、 $Div_{i,t}$ は配当総額
- $NF_{i,t}$ はネットファイナンスの額で、負債の借り入れから返済を引いた額と株式の発行から償還や償却を引いた額の合計
- $L_{i,t}$ はレバレッジで、負債を負債と株式時価総額の合計で割った値であり、計算時点において取得可能な直近本決算期での値
- Δ はその前期からの変化額。 $Gov_{i,t}$ は各CG尺度（CG1, またはCG2）
- $\delta_{i,t}^{\text{sector}}$ は業種ダミー、 $\delta_{i,t}^{\text{year}}$ は年ダミー変数
- 添え字の*i*は企業、*t*は時点

CG1: アナリストCGのスコア CG2: 外国人持ち株比率

2005年－2006年6月末データ：東証一部（金融除く）異常値除く1851銘柄・年

Value Proposition

企業と投資家の建設的な対話

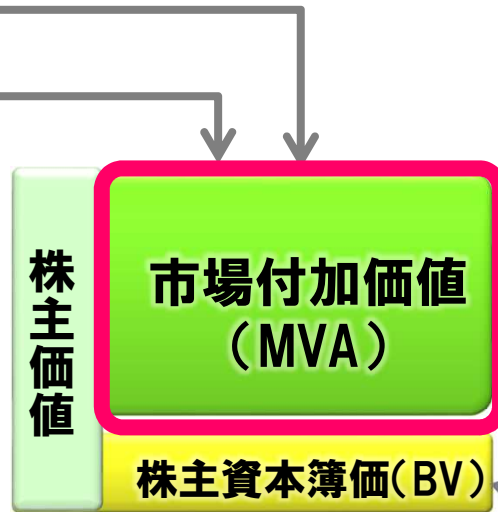
- ESGと企業価値を繋ぐモデルあるいは概念フレームワークの提示
- 統合報告書による具体的事例やストーリーの開示
- モデルを裏付ける日本企業のESGと企業価値に係る実証研究の蓄積
- 企業と投資家の高質なエンゲージメント

非財務資本とエクイティ・スプレッドの同期化モデルの提案

Intrinsic Valueモデル (柳 2009)

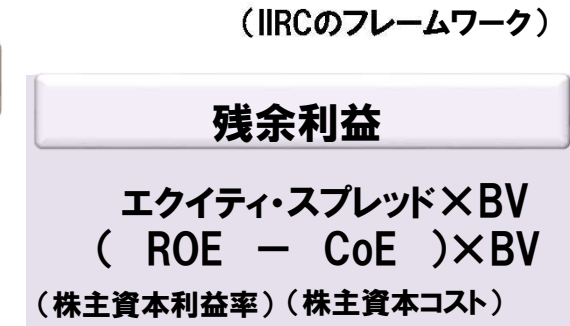


IIRC-PBRモデル



残余利益モデル

$$\text{株主価値} = \text{BV} + \sum_{t=1}^{\infty} \left(\frac{\text{当期利益}_t - \text{CoE} \times \text{BV}_{t-1}}{(1 + \text{CoE})^t} \right)$$



Value Proposition

企業と投資家の建設的な対話

- ESGと企業価値を繋ぐモデルあるいは概念フレームワークの提示
- **統合報告書による具体的事例やストーリーの開示**
- モデルを裏付ける日本企業のESGと企業価値に係る実証研究の蓄積
- 企業と投資家の高質なエンゲージメント

エーザイの統合報告2017

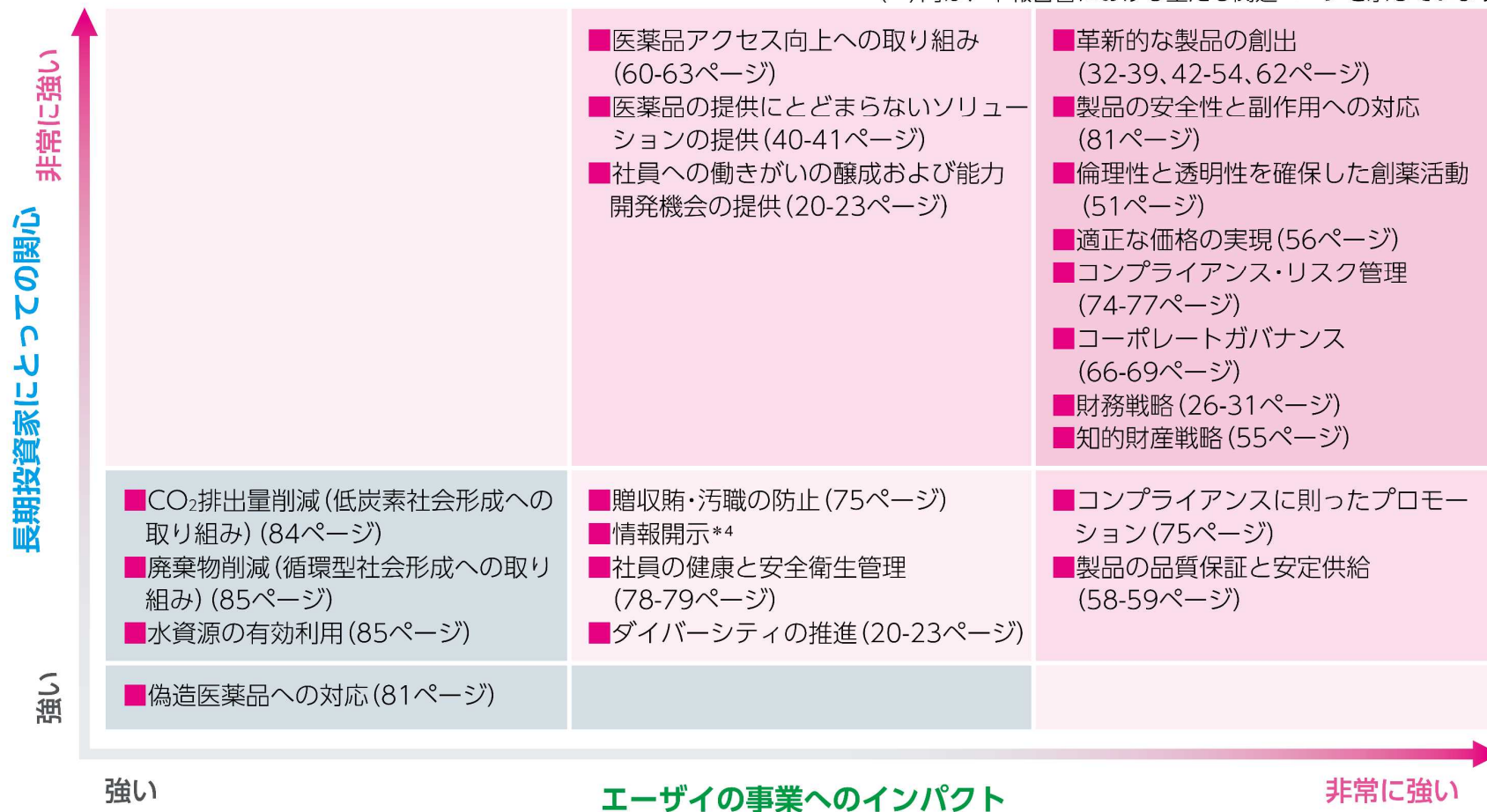
- 企業理念
- 社会的価値と経済的価値の両立
- 非財務資本とエクイティ・スプレッドの同期化モデルの提言

マテリアリティ(重要課題)

対話の前提として長期投資家と目線を一致させる

■エーザイのマテリアリティ・マトリックス

()内は、本報告書における主たる関連ページを示しています



*4 コーポレートガバナンスガイドライン第11条をご参照ください ▶ <http://www.eisai.co.jp/company/governance/cgguideline.html>

ヒューマン・ヘルスケア(*hhc*)理念

使命は患者様貢献、利益は結果(順序を重視)

企業理念

患者様とご家族の喜怒哀楽を第一義に考え、そのベネフィット向上に貢献する

定款 第2条 本会社は、患者様とご家族の喜怒哀楽を第一義に考え、そのベネフィット向上に貢献することを企業理念と定め、この企業理念のもとヒューマン・ヘルスケア(*hhc*)企業をめざす。

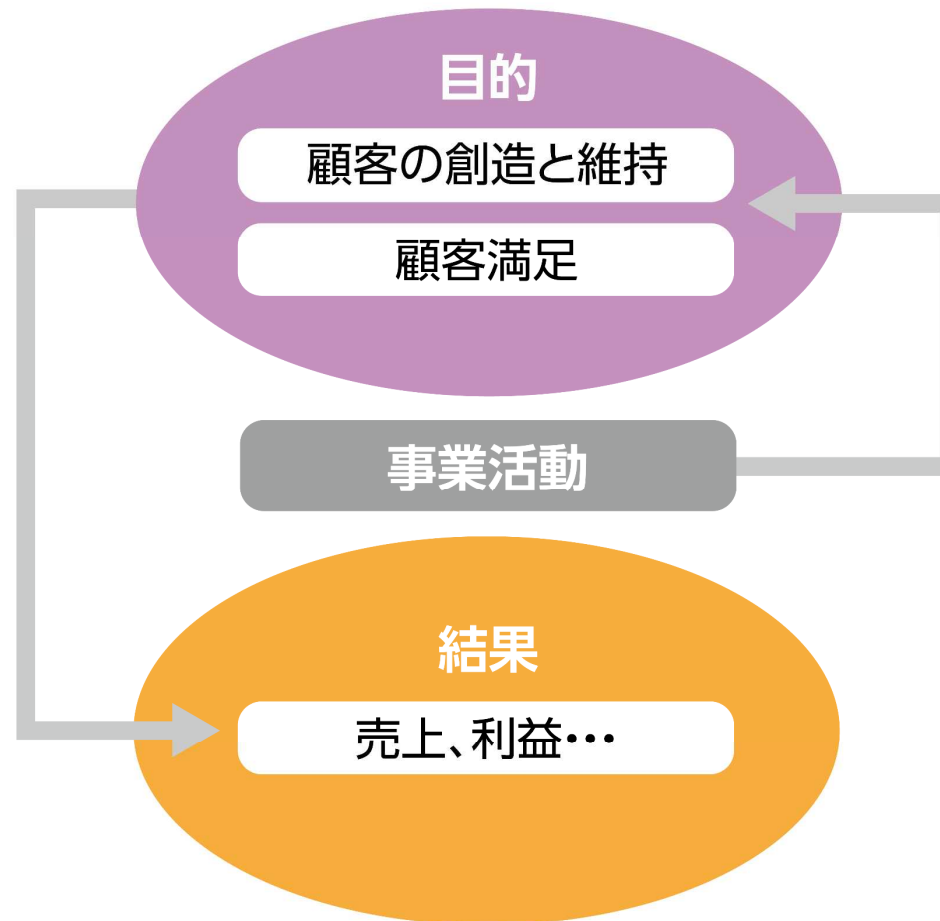
- ② 本会社の使命は、患者様満足増大であり、その結果として売上、利益がもたらされ、この使命と結果の順序を重要と考える。
- ③ 本会社は、コンプライアンス(法令と倫理の遵守)を日々の活動の根幹に据え、社会的責任の遂行に努める。
- ④ 本会社の主要なステークホルダーズは、患者様と生活者の皆様、株主の皆様および社員である。

本会社は、以下を旨としてステークホルダーズの価値増大をはかるとともに良好な関係の発展・維持に努める。

1. 未だ満たされていない医療ニーズの充足、高品質製品の安定供給、薬剤の安全性と有効性を含む有用性情報の伝達
2. 経営情報の適時開示、企業価値の向上、積極的な株主還元
3. 安定的な雇用の確保、やりがいのある仕事の提供、能力開発機会の充実

エーザイの価値創造のプロセスとフロー

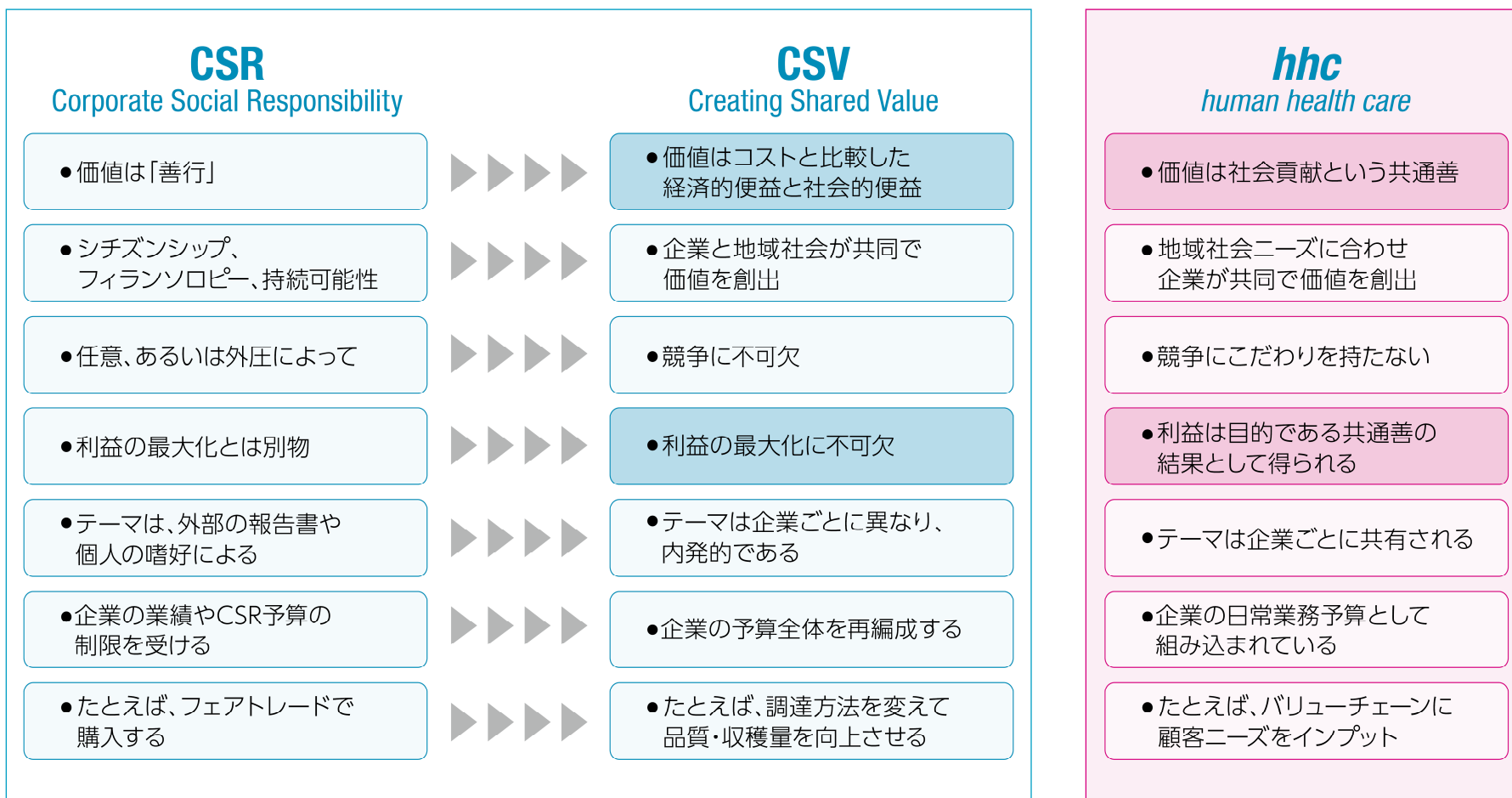
企業理念に基づく目的と結果の連続順 使命は患者様貢献、利益は結果(順序を重視)



* 嶋口充輝氏の理論に基づき作成

hhc に依拠したビジネスモデル

CSR, CSV, hhc(エーザイの企業理念)の差異

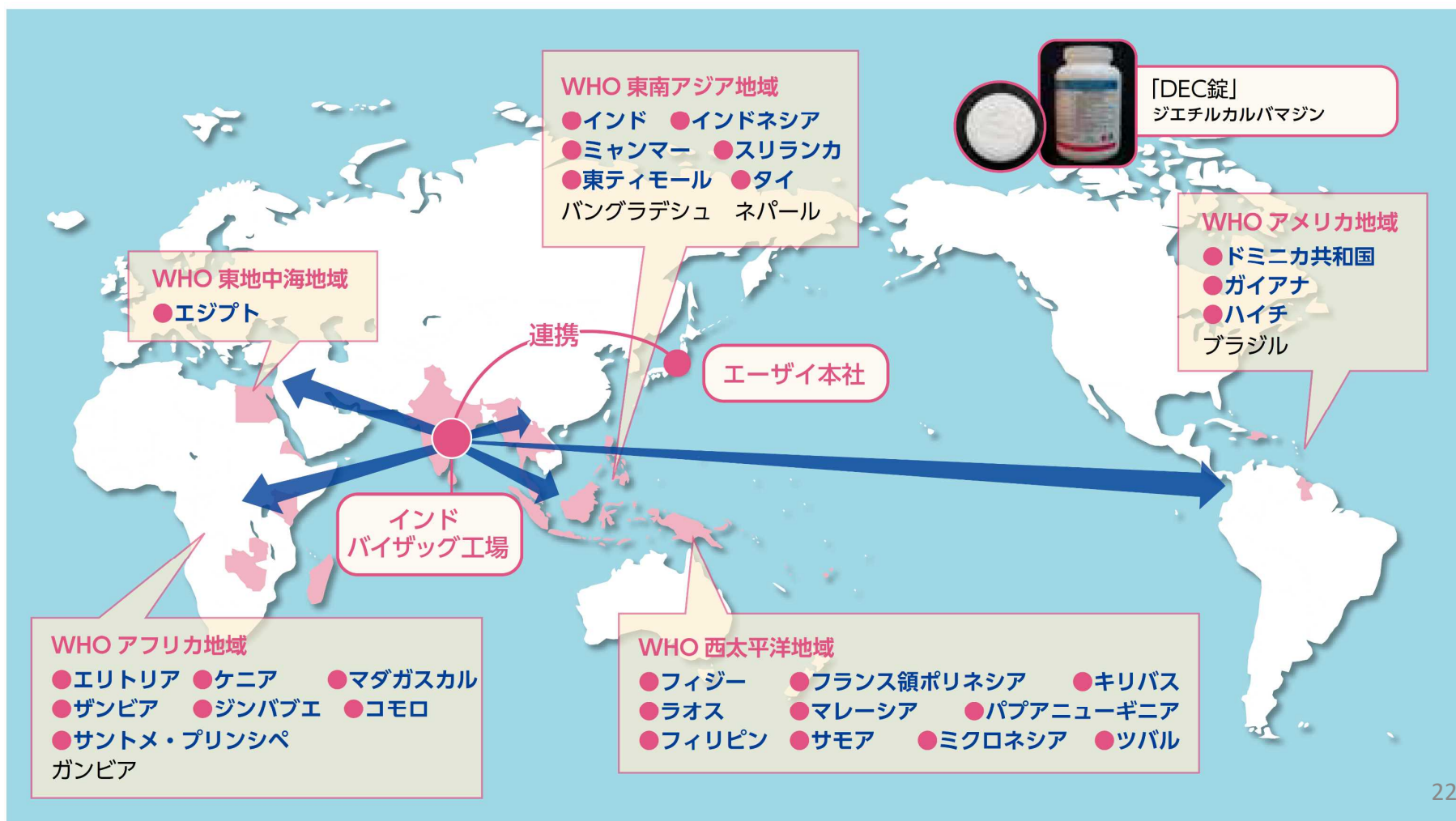


*Michael E. Porter: Creating Shared Value, Harvard Business ReviewなどよりデロイトがCSR/CSVを作成後、エーザイが修正。野中郁次郎一橋大学名誉教授監修。

医薬品アクセス向上への取り組み

DEC無償供給(WHO)が長期的な価値に貢献

■ 2020年までの「DEC錠」供給予定国 ●: 既出荷国



(比較参考)SAP社の事例

社会・環境面のパフォーマンスと営業利益の関係を定量化

非財務情報の数値化

財務との関連性を定量化

Employee Engagement Index
(従業員エンゲージメント指数)

ロイヤリティー、勤労意欲、プライドや帰属意識を測る指数。従業員調査に基づき測定。

Business Health Culture Index
(ビジネスヘルスカルチャー指数)

健康的でバランスのとれた就業を可能にする企業文化を測る指標。従業員調査に基づき測定。

Employee Retention
(従業員定着率)

Carbon Emissions
(CO2排出量)

*従業員エンゲージメント指数 (EEI) が1%上昇すると、営業利益に40百万ユーロ-50百万ユーロの正の影響をもたらす

*従業員定着率が1%改善すると、営業利益に45百万ユーロ-55百万ユーロの正の影響をもたらす

*ビジネス・ヘルス・カルチャー指数 (BHCI) が1%良化すると、営業利益に75百万ユーロ-85百万ユーロの正の影響をもたらす

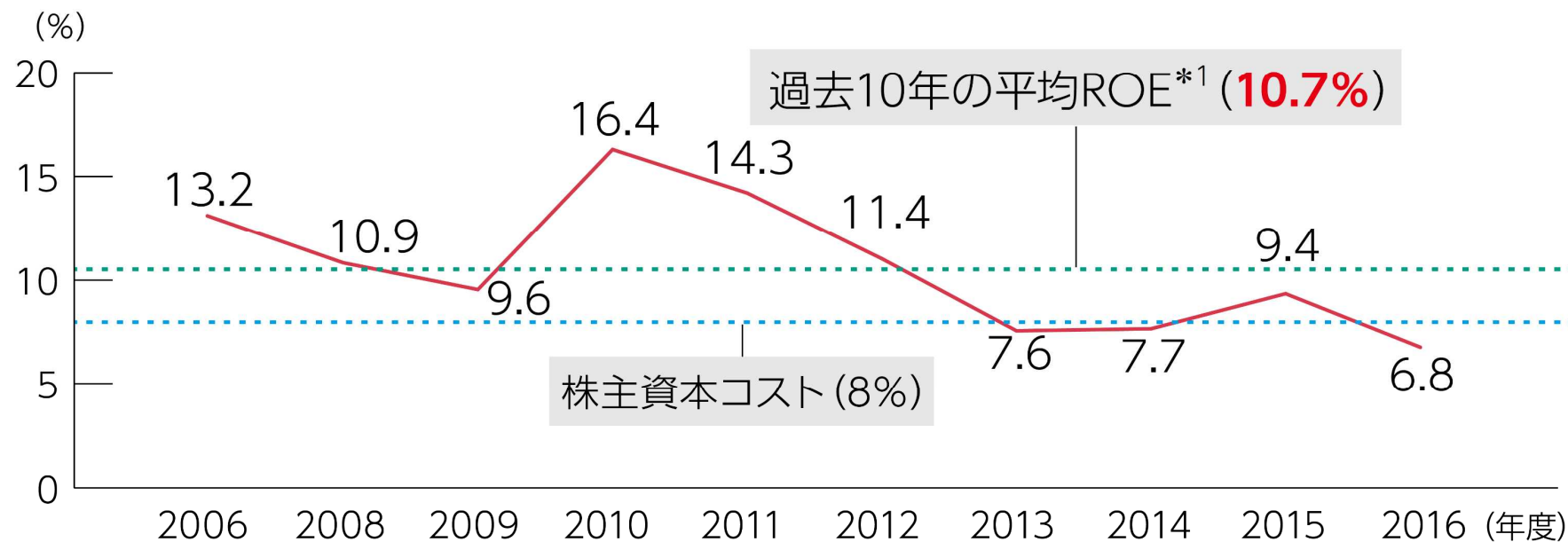
*CO2排出量を1%削減すると、4百万ユーロ営業利益に正の影響をもたらす (コスト削減が可能になる)

the 2015 Integrated Report websiteより抜粋
<http://go.sap.com/integrated-reports/2015/en.html>

エーザイのROEマネジメント

10年平均で正のエクイティ・スプレッドを創出

ROEの年次別推移と中長期的な価値創造



過去10年のエクイティ・スプレッド

過去10年の平均ROE10.7%－株主資本コスト8%= **2.7%**

* 2007年度の実績は、特殊要因(MGIファーマ社買収)の影響があり、参考数値として適切な数値ではないため削除

** 2011年度実績までは日本基準(J-GAAP)、2012年度～2016年度実績は国際会計基準(IFRS)

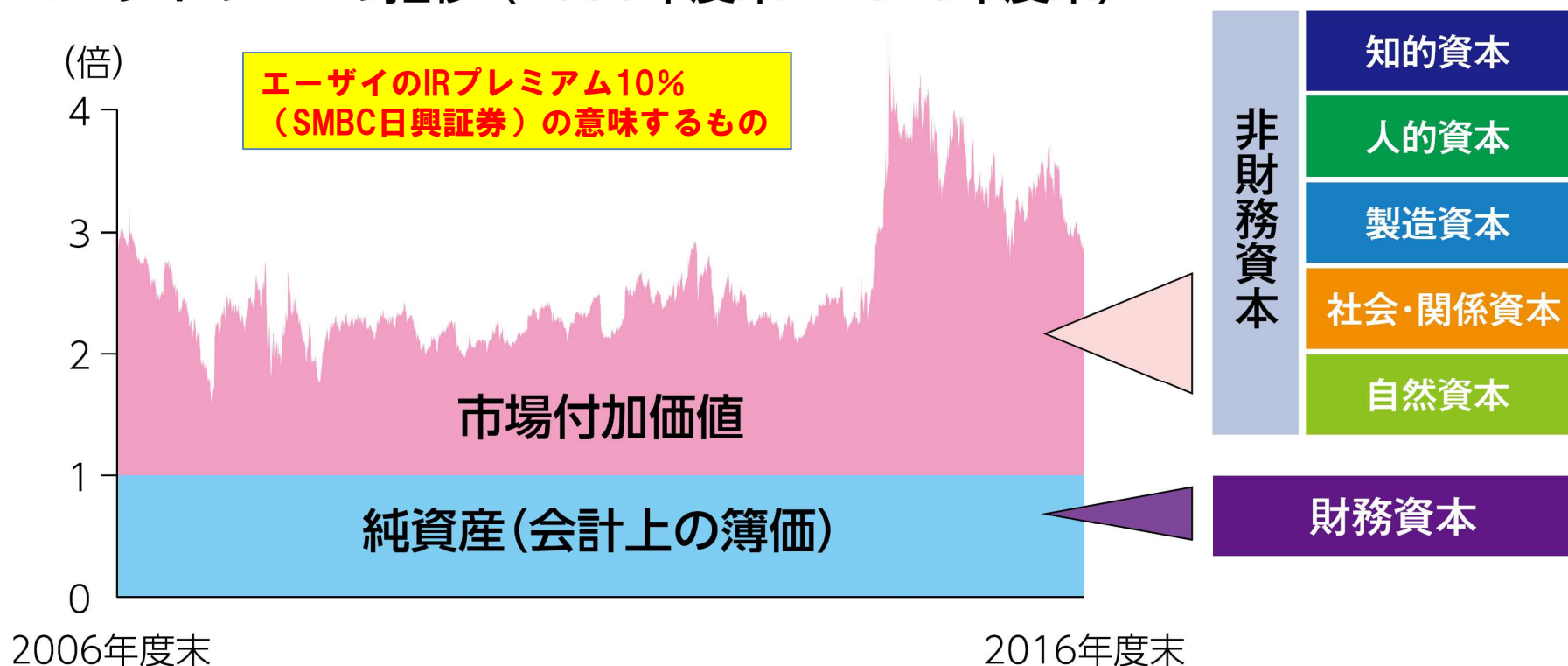
*¹ 2007年度の実績は含まれていません

*² 「ROE 革命の財務戦略」中央経済社(2015)

非財務資本の充実により持続的な企業価値創造をめざす IIRC-PBRモデル (企業価値を構成する6つの資本の価値関連性)

～純資産(会計上の簿価)は財務資本と、市場付加価値は非財務資本とそれぞれ関係する～
準自己創設のれんとしての市場付加価値

エーザイのPBRの推移 (2006年度末～2016年度末)



非財務資本とエクイティ・スプレッドの価値関連性

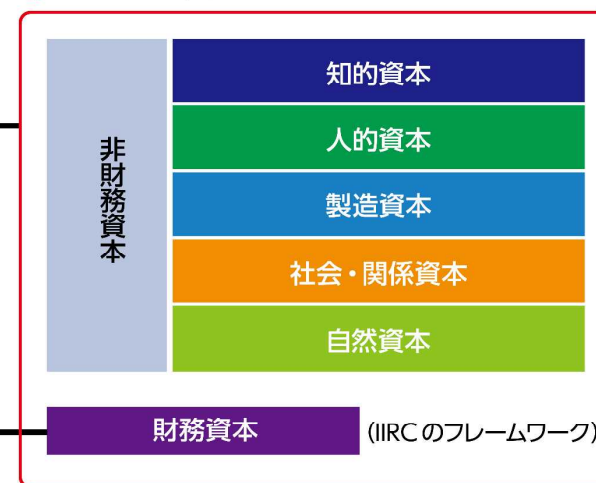
ESGとROEの同期化

■非財務資本とエクイティ・スプレッドの価値関連性モデル*1 ~「見えない価値」を見る化する~

①Intrinsic Value モデル*2



②IIRC-PBRモデル



③残余利益モデル(RIM)

$$\text{株主価値} = \text{BV} +$$

$$\sum_{t=1}^{\infty} \left(\frac{\text{当期利益}_t - \text{CoE} \times \text{BV}_{t-1}}{(1+\text{CoE})^t} \right)$$

エクイティ・スプレッドの現在価値の総和(MVA)

$$\text{残余利益} = \left(\frac{\text{ROE} - \text{CoE}}{\text{親会社所有者帰属持分当期利益率}} \right) \times \text{BV}$$

エクイティ・スプレッド × BV
 (親会社所有者帰属持分当期利益率) × BV
 (株主資本コスト)

*1 『ROE経営と見えない価値』中央経済社(2017)を一部改編 *2 『企業価値最大化の財務戦略』同友館(2009)

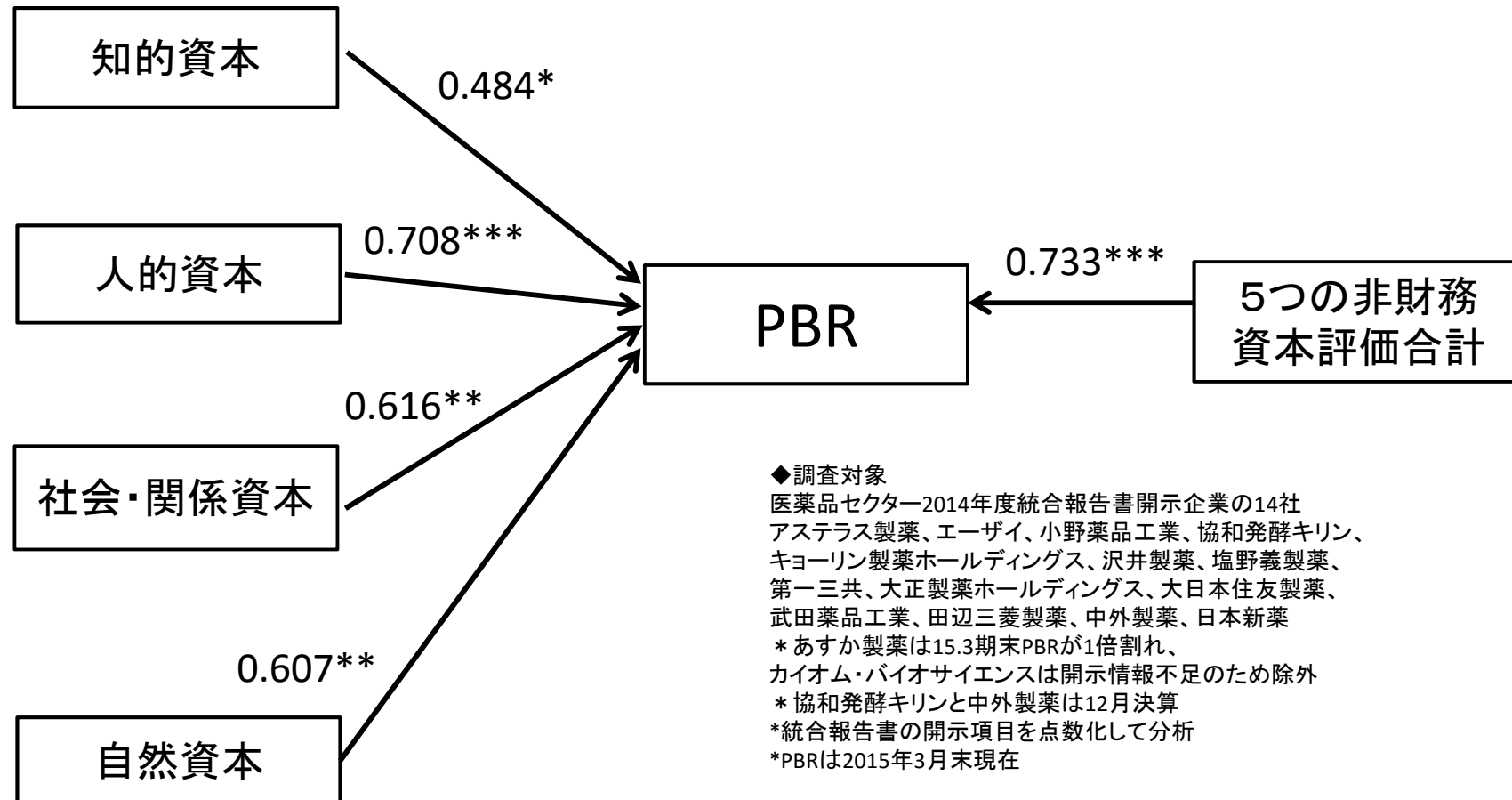
Value Proposition

企業と投資家の建設的な対話

- ESGと企業価値を繋ぐモデルあるいは概念フレームワークの提示
- 統合報告書による具体的事例やストーリーの開示
- **モデルを裏付ける日本企業のESGと企業価値に係る実証研究の蓄積**
- 企業と投資家の高質なエンゲージメント

IIRCの5つの非財務資本とPBRの関係

非財務資本とエクイティ・スプレッドの同期化モデルの裏付け



(出所) 富塚嘉一(2017)(柳良平アドバイザー)
「非財務資本は企業価値に結び付くか？」
『企業会計』69(7):116-122。

*** $p < 0.010$, ** $p < 0.050$, * $p < 0.100$

IIRCの人的資本・知的資本とPBRの関係

非財務資本とエクイティ・スプレッドの同期化モデルの裏付け

	研究開発投資	人材投資
回帰係数	2.9801	0.4975
t値	13.01	11.24
p値	<1%	<1%
R ²	0.1081	0.1047

(分析モデル)

被説明変数Y:(株式時価総額-自己資本)÷自己資本

説明変数X:(1)人件費÷自己資本と(2)研究開発費÷自己資本の2つの回帰モデル

分析サイクル:年度ベース 1999年度-2015年度まで、年度ダミーを使ったモデル

説明変数Xの自己資本は前期末と当期末の平均、被説明変数Yの自己資本は当期末時点

(データ)

1. 東証1部上場企業
2. 製造業のみ対象
3. 3月期決算企業を対象
4. 1999年度-2015年度まで
5. PBRが1倍以上

(出所)柳良平・吉野貴晶(2017)「人的資本・知的資本と企業価値(PBR)の関係性の考察」『月刊資本市場』2017(10)。

研究の潜在価値 今日の1ドルが1ドル+になる

< 潜在価値計算結果 >

事業価値(単純PV)	174.5
R&D投資の現在価値	524.0
単純NPV	-349.6
単純PI	0.33

オプション付NPV	12.3	100%
単純NPV	-349.6	-2844%
純オプション価値	361.9	2944%

事業価値(OP行使確率調整後)	151.5
R&D投資の現在価値(OP行使確率調整後)	139.2
オプション付NPV	12.3
オプション付PI	1.09

(参考) Lev and Gu (2016)

“The End of Accounting”, Wiley Finance

- 企業価値の大半を表すのは従来の会計数値ではなく、無形資産
- 財務会計数値の価値関連性あるいは情報増分は年々薄れている
- 提案はThe Strategic Resources & Consequences Reportによる非財務情報の開示
- 価値創造数値としては、営業CFから設備投資、資本コストを控除して、さらに**研究開発費**、研修費などの無形資産への投資を足し戻すもの

Value Proposition

企業と投資家の建設的な対話

- ESGと企業価値を繋ぐモデルあるいは概念フレームワークの提示
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- モデルを裏付ける日本企業のESGと企業価値に係る実証研究の蓄積
- **企業と投資家の高質なエンゲージメント**

エーザイのエンゲージメント

- 年間700件の1x1 MTG with priority
- 企業理念に基づくMaterialityを共通認識
- ESGを訴求したMTG
- ESGパッケージの利用
- ESGおよび統合報告説明会
- GPIFとのフォーラム
- 国内アセットオーナーへの訴求
- 海外アセットオーナーへの訴求
- (企業年金の3大改革: investee & investor)

[*R&I「年金情報」1月8日号特集記事](#)

Value Proposition

企業と投資家の建設的な対話

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- 統合報告書による具体的事例やストーリーの開示
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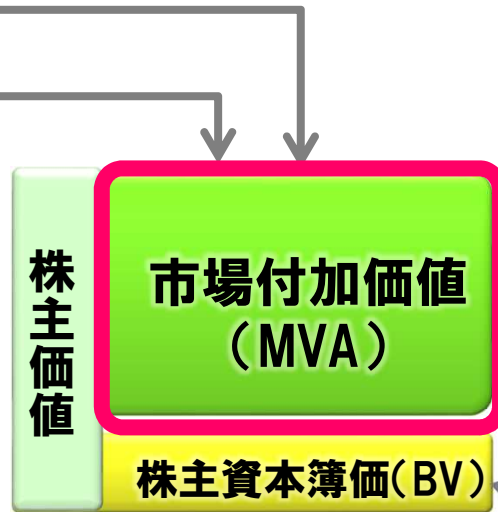
実証研究は相関関係を示唆するが因果関係を証明できない。上記4つのトータルパッケージで説得力を持つ。企業と投資家の建設的な対話が奏功すればPBRに反映され、企業価値の最大化に繋がり、投資や雇用促進、年金リターン改善により国富の最大化の資する

(結論) 非財務資本と エクイティ・スプレッドの同期化モデル

Intrinsic Valueモデル (柳 2009)



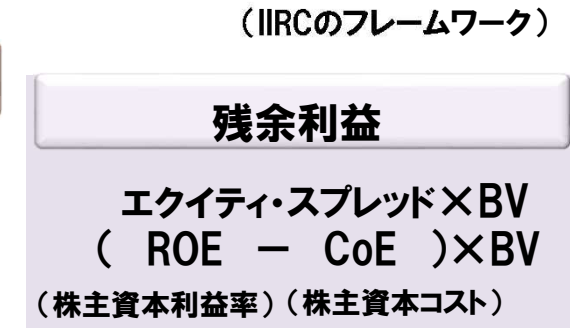
IIRC-PBRモデル



残余利益モデル

エクイティ・スプレッドの現在価値の総和(MVA)

$$\text{株主価値} = \text{BV} + \sum_{t=1}^{\infty} \left(\frac{\text{当期利益}_t - \text{CoE} \times \text{BV}_{t-1}}{(1 + \text{CoE})^t} \right)$$



非財務資本とエクイティ・スプレッドの同期化モデルの グローバルでの訴求

2016年12月7日 ICGN/IIRC
London カンファレンスでプレゼン



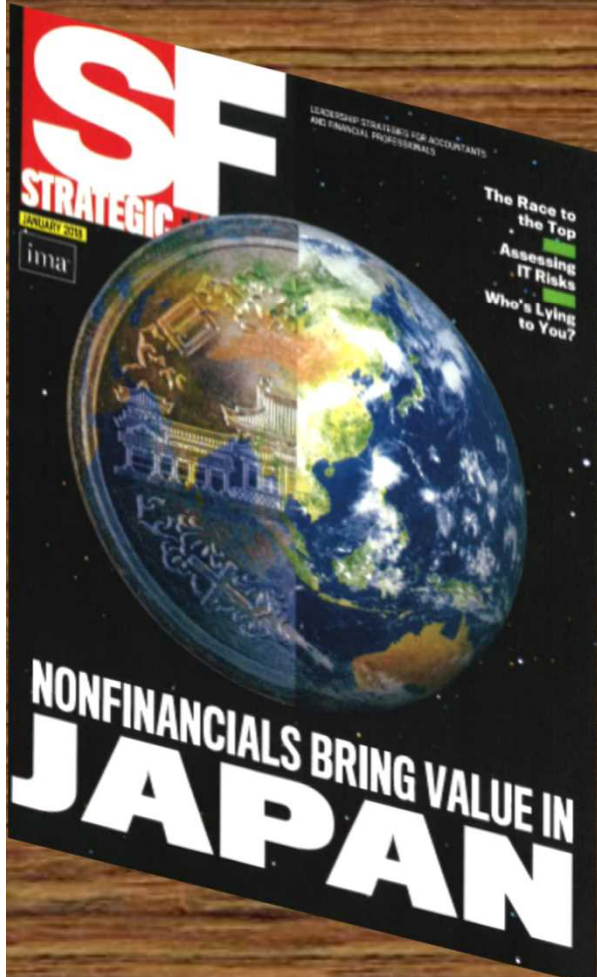
2018/2/18 & 3/1 ICGN/IIRC Tokyo
カンファレンスで連日の登壇予定

2017年12月ケンブリッジ大学で講演

2018年1月 米国IMAの学会誌
Strategic Financeに論文掲載
(日本人初のカバーストーリー)

2018年6月 Springer Natureから
英文単著の出版を予定
(英文200p)

Strategic Finance January 2018



BY RYOHEI YANAGI, CMA, CFM, AND NINA MICHELS-KIM, CMA, CSCA

INTEGRATING NONFINANCIALS TO CREATE VALUE

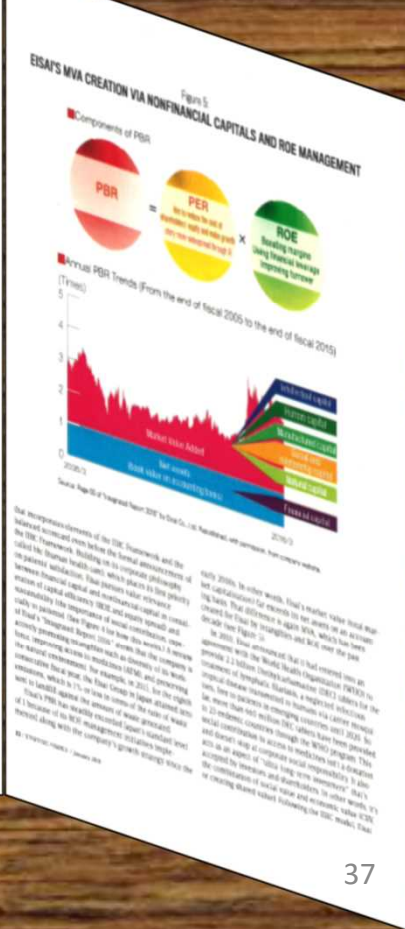
Japanese companies have been leading the way in the adoption of integrated reporting and sustainability metrics.

Can ESG/CSR Meet Investors' Expectations for Financial Value?

The adoption of integrated reporting and sustainability metrics has gained traction in the United States. In total, 16 of 50 companies registered on the S&P 500 have been recognized as leaders in the adoption of integrated reporting. This recognition is based on the companies' ability to disclose information on environmental, social, and governance (ESG) factors. The adoption of integrated reporting is expected to increase as investors continue to demand more information on these factors. This demand is driven by the growing awareness of the impact of ESG factors on a company's financial performance. The adoption of integrated reporting is also driven by the growing awareness of the impact of ESG factors on a company's reputation and brand value. The adoption of integrated reporting is also driven by the growing awareness of the impact of ESG factors on a company's risk profile. The adoption of integrated reporting is also driven by the growing awareness of the impact of ESG factors on a company's long-term value creation.

COMPARISON OF JAPANESE TOPIX vs. DOW JONES vs. FTSE

Price-Book Value Ratio (PBV) Migration (2006 - 2015)



Dr. Ryohei Yanagi, Nina Michels-Kim

主要参考文献：
「ROE経営と見えない価値」柳良平
2017年中央経済社

- 非財務資本とエクイティスプレッドの同期化モデルの提案
- Organic Growthのケース(TOTO, オリエンタルランド)
- M&Aのケース(Panasonic, 旭化成)
- 脱予算経営のケース(Svenska Handelesbanken)
- 実証研究

*ビジネスモデル、M&Aノウハウ、
予算の改善も非財務資本として認識



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JANUARY 2018

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NONFINANCIALS BRING VALUE IN JAPAN

By RYOHEI YANAGI, CMA, CFM, AND
NINA MICHELS-KIM, CMA, CSCA



INTEGRATING NONFINANCIALS TO CREATE VALUE



Japanese companies have been leading the way in the adoption of integrated reporting and sustainability metrics.

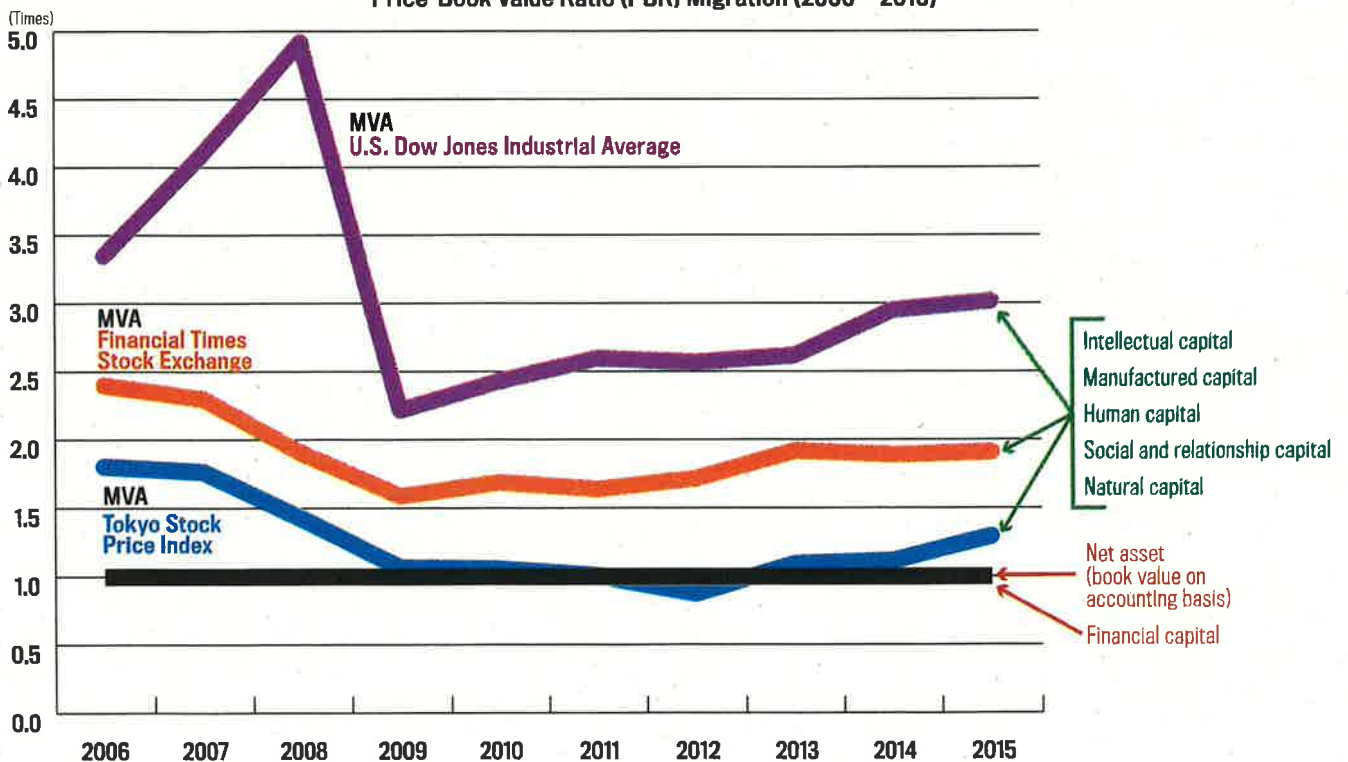
“The Power of Intangibles” by Gary Cokins and Nick Shepherd in the May 2017 issue of *Strategic Finance* provided a call to action to management accountants to understand intangibles and their relationship to value creation. In addition, the September 2017 article on “Sustainable Development Goals” by Cristiano Busco, Giovanni Fiori, Mark Frigo, and Angelo Riccaboni further illustrated the need for management accountants and organizations to strive for “performance with a purpose.” As a follow-up to those articles, we would like to further strengthen the case for the importance of intangibles by briefly addressing the supposed dichotomy between nonfinancial metrics and financial value by presenting empirical studies that show a clear link between intangibles and value. Furthermore, we present a real example from Japan that illustrates the power of intangibles by taking a closer look at sustainability initiatives championed by Eisai Co., Ltd. (hereinafter referred to as Eisai Pharmaceuticals). Then we offer some practical tips for management accountants seeking to steer their company strategically toward intangibles for value creation. Since both the Cokins/Shepherd article and the International Integrated Reporting Council (IIRC) suggest that approximately 20% of corporate

value is related to the value of physical and financial assets, with the remaining approximately 80% being related to the value of intangible factors, our hope is to encourage management accountants to increasingly focus on the 80%.

Can ESG/CSR Meet Investors' Expectations for Financial Value?

The adoption of integrated reporting and sustainability metrics has generally lagged in the United States. In contrast to U.S. companies, Japanese companies have been pioneers in adopting nonfinancial metrics—i.e., intangibles. In Japan, Environmental, Social, and Governance (ESG); Corporate Social Responsibility (CSR); and nonfinancial information reporting are booming now with nearly 300 listed companies already adopting integrated reporting. Traditionally, Japanese corporate managers are inclined to tout their companies' intangibles, such as human resources and social contribution, rather than financial metrics like earnings per share (EPS) and return on equity (ROE). This tendency to report intangibles could be due to the traditional Japanese value of collective capitalism deeply rooted in an insular,

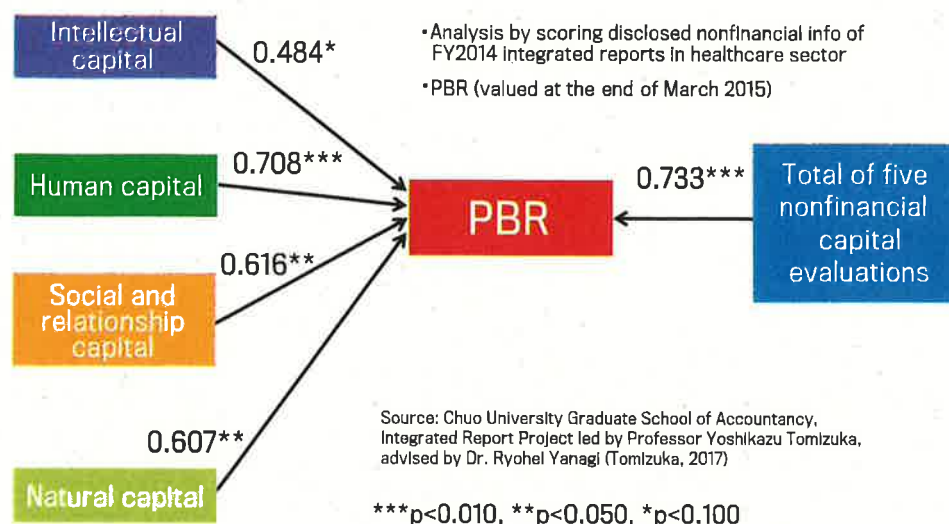
Figure 1:
COMPARISON OF JAPANESE TOPIX vs. DOW JONES vs. FTSE
Price-Book Value Ratio (PBR) Migration (2006 - 2015)



Note: Average value
Source: Based on Bloomberg (Yanagi)

Figure 2:

POSITIVE CORRELATION BETWEEN FIVE NONFINANCIAL CAPITALS BY IIRC AND PBR



Note: In Figure 2, there are only four nonfinancial capitals since manufacturing capital on a stand-alone basis did not show statistically significant correlation with PBR.

groupism culture and history instead of an emphasis on individual shareholder primacy as in the U.S.

In recent years, however, the problem at Japanese companies has been that Japan's price-book value ratio (PBR), or market capitalization to equity book value, has been stagnant and hovering around 1—i.e., without meaningful market value added (MVA), which is market capitalization minus equity book value. If we assume that financial capital is related to the net assets side of the PBR equation while nonfinancial capitals are connected with the market capitalization or MVA side of the PBR equation, then we would assume that Japan's emphasis on intangibles will result in greater MVA and a PBR significantly higher than 1.

As you can see in Figure 1, however, if we compare the Tokyo Stock Price Index (TOPIX), which calculates the stock price index of all the Japanese companies listed on the first section of the Tokyo Stock Exchange, to the U.S. Dow Jones and the Financial Times Stock Exchange (FTSE), MVA of the U.S. companies is much higher. Why is there an apparent lack of value creation by Japanese companies despite their allegedly affluent intangibles? In addition to this dichotomy, there is also the issue of the investment community's continuing emphasis on pure financials. Part of this dichotomy can be explained by "bank-led governance" in Japan exemplified by infamous "cross-shareholdings" that incurred a significant "corporate governance discount" with persistent effects on valuation in the past.

The historical background of bank-led governance could be traced to the devastation Japan faced after World War II that resulted in no equity capital providers. The Japanese government then took the lead and offered lending via

Japanese corporate managers are inclined to tout their companies' intangibles, such as human resources and social contribution, rather than financial metrics.

Figure 3:
**RELATION BETWEEN R&D/PERSONNEL
 INVESTMENT AND MVA**

	Model 1 Investment for Human Resources	Model 2 Investment for R&D
Regression coefficient	0.4975	2.9801
t value	11.24	13.01
p value	<1%	<1%
R^2	0.1047	0.1081

Note: p-value is calculated by two-tailed test

banks to revitalize the economy, which resulted in rapid economic growth. But this model was based on cross-shareholdings between banks and companies, thereby stifling the rights of genuine minority shareholders. This is one explanation for the Japanese historical tendency for corporate managers to ignore the shareholder rights and value.

Lack of financial literacy explains the other part of the dichotomy. In a survey by the Japan Investment Relations Association (JIRA), "IR Survey 2017," 55.9% of companies that engage in investor relations activities point out that

FURTHER RESEARCH

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Yoshikazu Tomizuka, "Are Non-financial Capitals Connected with Corporate Value? Empirical Research on Japanese Healthcare Sector," *Kigyō kaikei*, May 2017, pp. 116-122.

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Ryohei Yanagi and Takaaki Yoshino, "Relation between Human/Intellectual Capitals and Corporate Value (PBR)," *Gekkan shihon shijō*, October 2017, pp. 4-13.

"disclosing and explaining non-financial information in connection with corporate value" is a challenge. Thus, the dilemma is how to explain the enigma of why Japanese companies have PBR less than 1 while simultaneously proving to the investor community that there's value in CSR and ESG activities.

Correlation between Nonfinancials and Value

In contrast to the negative MVA shown by the graph in Figure 1, numerous empirical studies back the relationship between the IIRC-defined five nonfinancial capitals and PBR by showing a statistical correlation, including the cases of Japanese companies. We argue that there does seem to be a positive correlation between intangibles and value via MVA while keeping in mind that correlation doesn't always prove causality. For example, a study conducted by Chuo University Graduate School of Accountancy, "Are Non-financial Capitals Connected with Corporate Value? Empirical Research on Japanese Healthcare Sector," which analyzed Japan's healthcare sector (see "Further Research"), found a significant positive correlation between the IIRC's five non-financial capitals and price-book value ratio (IIRC-PBR model). Healthcare companies were chosen because the proportion of companies that refer to the IIRC's Framework when compiling integrated reports in that industry is high.

Furthermore, other research supports the use of the IIRC-PBR model by proving that the five nonfinancial capitals defined by the IIRC are related to market value added. One empirical study, "Relation between Human/Intellectual Capitals and Corporate Value (PBR)," (see "Further Research") sampled Japanese companies across the board and showed that the more a company's intangibles were formed from personnel (human capital) and research and development (R&D) (intellectual capital) expenses, the higher the company's MVA. As you can see by the R^2 value in Figure 3, the study found that more than 10% of MVA is explainable by R&D investment as intellectual capital whereas another 10% or more of MVA is attributable to personnel investment as human capital. This can be interpreted as significant and direct evidence supporting the IIRC-PBR model (positive correlation between nonfinancials and PBR).

Synchronize Nonfinancial Capital and Equity Spread

Our approach is to take the best of both worlds. We shouldn't focus only on nonfinancials or on financials, but management accountants should make a bridge to both sides using what we call the ROE-ESG model. As mentioned earlier, corporate value can be represented by the price-book value ratio in a way whereby accounting value (equity book value) accounts for PBR equivalent to 1 and market value added indicates PBR above 1, representing value creation over nominal book value (net assets). Then we assume that MVA is related to nonfinancial capital or intangibles as evidenced by the results of the empirical research shown in Figures 2 and 3. In accordance with the residual

Management accountants should make a bridge to both sides using what we call the ROE-ESG model.

income model (RIM), MVA—or the portion that contributes to PBR equaling more than 1—is theoretically the function of future flow of ROE.

Here's another way of explaining this: Nonfinancial capital is the added value that management should create (i.e., goodwill or the hidden value) that can't be accounted for on a financial accounting basis and is related to MVA. On the other hand, RIM indicates that shareholder value is the total of equity book value (BV) plus the sum of present value of future residual incomes (with its KPI as equity spread). Since equity spread is ROE minus cost of equity capital, theoretically MVA is a variable for future ROE. Therefore, ESG as nonfinancials or intangibles can be connected or synchronized with ROE via MVA on a long-term basis. Hence we call it the ROE-ESG model, enabling the win-win situation for both shareholders and companies bridging

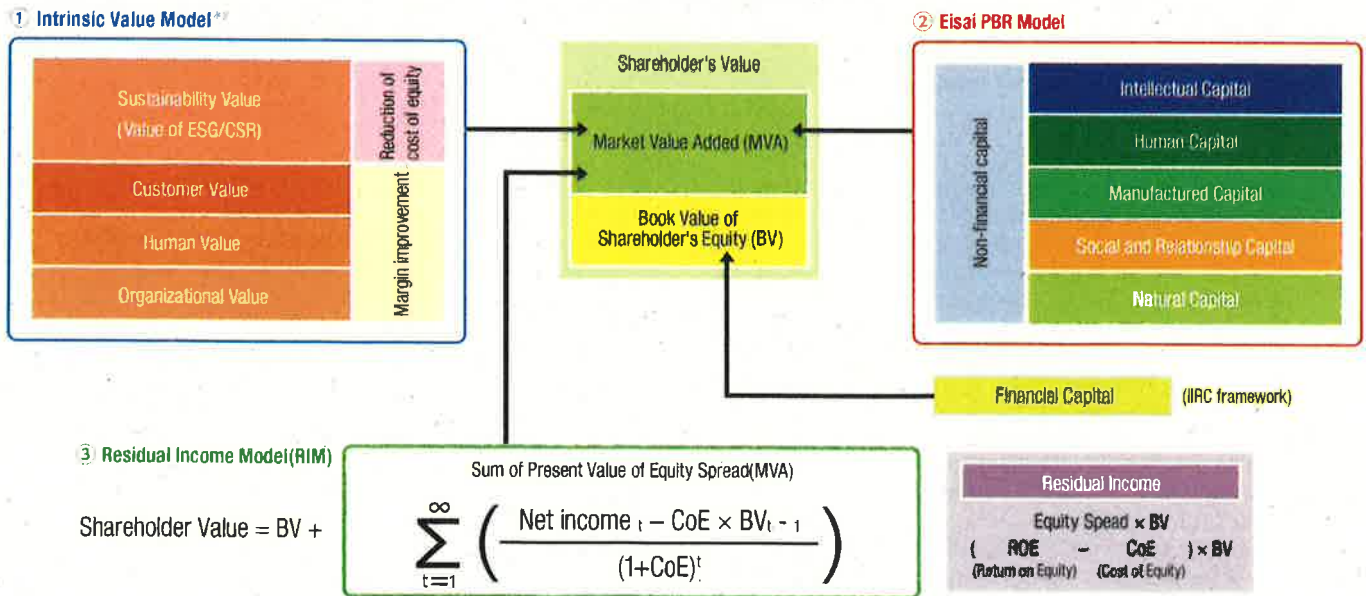
sustainability issues and projects with the more traditional financial accounting and shareholder reporting worlds.

In order to see a concrete example of the ROE-ESG model in practical use, let's take a look at the case of Eisai Pharmaceuticals.

Eisai Pharmaceuticals: Improving Both Capital Efficiency and Nonfinancial Capital

Eisai Pharmaceuticals is the fifth largest pharmaceuticals company in Japan (by sales in FY2016) with almost ¥550 billion in sales and 10,000 employees. Its main therapeutic areas are neurology and oncology. Even among Japanese companies, Eisai is considered to be an early adopter of ESG and CSR initiatives. Its strategy was measured on a model

Figure 4:
NONFINANCIAL CAPITALS AND EQUITY SPREAD SYNCHRONIZATION (ROE-ESG MODEL)



*1 "ROE revolution and Financial Strategies" CHUOKEIZAI-SHA (2015) *2 "Financial Strategies for Maximizing Corporate Value" Doyukan (2009)

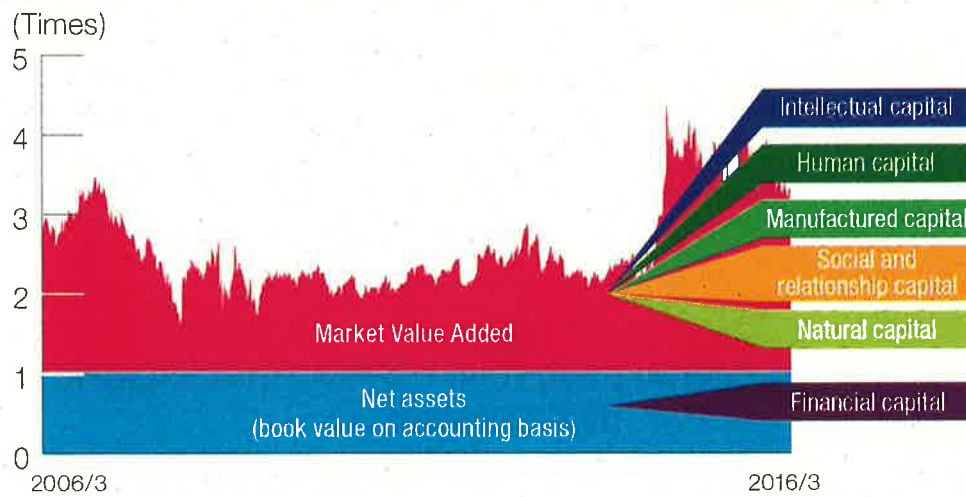
Source: Page 61 of "Integrated Report 2016" by Eisai Co., Ltd. Republished, with permission, from company website.

Figure 5:
EISAI'S MVA CREATION VIA NONFINANCIAL CAPITALS AND ROE MANAGEMENT

■ Components of PBR



■ Annual PBR Trends (From the end of fiscal 2005 to the end of fiscal 2015)



Source: Page 60 of "Integrated Report 2016" by Eisai Co., Ltd. Republished, with permission, from company website.

that incorporates elements of the IIRC Framework and the balanced scorecard even before the formal announcement of the IIRC Framework. Building on its corporate philosophy called *hbc* (human health care), which places its first priority on patients' satisfaction, Eisai pursues value relevance between financial capital and nonfinancial capital in consideration of capital efficiency (ROE and equity spread) and sustainability (the importance of social contribution, especially to patients). (See Figure 4 for how this works.) A review of Eisai's "Integrated Report 2016" shows that the company is actively promoting intangibles such as diversity of its workforce, improving access to medicines (ATM), and preserving the natural environment. For example, in 2015, for the eighth consecutive fiscal year, the Eisai Group in Japan attained zero emissions, which is 1% or less in terms of the ratio of waste sent to landfill against the amount of waste generated.

Eisai's PBR has steadily exceeded Japan's standard level of 1 because of its ROE management initiatives implemented along with the company's growth strategy since the

early 2000s. In other words, Eisai's market value (total market capitalization) far exceeds its net assets on an accounting basis. That difference is again MVA, which has been created for Eisai by intangibles and ROE over the past decade (see Figure 5).

In 2010, Eisai announced that it had entered into an agreement with the World Health Organization (WHO) to provide 2.2 billion Diethylcarbamazine (DEC) tablets for the treatment of lymphatic filariasis, a neglected infectious tropical disease transmitted to humans via carrier mosquitoes, free to patients in emerging countries until 2020. So far, more than 660 million DEC tablets have been provided to 23 endemic countries through the WHO program. This social contribution to access to medicines isn't a donation and doesn't stop at corporate social responsibility. It also acts as an aspect of "ultra-long-term investment" that's accepted by investors and shareholders. In other words, it's the combination of social value and economic value (CSV, or creating shared value). Following the IIRC model, Eisai

Figure 6:
EISAI'S VALUE CREATION VIA FREE DISTRIBUTION OF ANTI-FILARIASIS DRUG

Business Model for Improved ATM



Source: Page 47 of "Integrated Report 2016" by Eisai Co., Ltd. Republished, with permission, from company website.

explains the input, output, and outcome of this in its "Integrated Report 2016" (see Figure 6).

This is indeed an attempt aimed at high-value-added management and is value creation through the S (social contribution) in ESG. According to Eisai CFO Ryo Yanagi, at first, as a project in the red, it was a negative factor on short-term profits and ROE since the company had to invest significantly by building a plant in India to manufacture DEC and other medicines. In the ultra-long term, however, net present value (NPV) can actually be calculated as positive through factors such as brand value in the company's business operations in emerging countries, increased productivity, and improved skills and motivation of employees through higher production rates at Eisai's India plant. In a sense, this is an ultra-long-term investment that's both a win-win situation for patients and long-term investors and justifiable from a financial theory standpoint. This project is a concrete and holistic case of the nonfinancial capital (ESG) and equity spread (ROE) synchronization model in action and leads to increased ROE or corporate value as a long-term and delayed outcome.

The concept is further explained in the following quote from Eisai's press release in April 2017 when it reaffirmed its support for eliminating lymphatic filariasis: "Eisai seeks to contribute to the health and welfare of people in developing and emerging countries, as it considers this to be a long-term investment in creating the markets of the future. Once they have recovered their health, they can resume productive activities, which will in turn contribute to eco-

More than 660 million free DEC tablets have been provided to 23 endemic countries to fight infectious tropical disease.



nomie development and expansion of the middle-income class." Expanding the middle-income demographic class will lead to longer lives and potential future patients for Eisai's other drugs in the long term, which will increase the traditional financial metric of profit.



IMA's TOKYO CHAPTER

Although there had been a grassroots effort to organize informal gatherings and activities among pioneering and loyal IMA members in Japan since 1972, IMA's Tokyo Chapter officially received its charter in 2004 under the leadership of Osamu Nishizawa, Emeritus Professor of Waseda University, who became the Chapter's first president. The Tokyo Chapter became IMA's seventh international chapter.

Waseda University, founded in 1882, is recognized as one of the top private universities in Japan. Its prestigious Graduate School of Accountancy (GSA) has continued its support of the Tokyo Chapter since the Chapter began, generously allowing the Chapter to use its meeting facilities and encouraging its teaching faculty to organize IMA events. Continuing the long tradition of support for IMA, Takashi Shimizu, also of Waseda University, became the Chapter's second president in 2008. Under his leadership, major events have been organized on a regular basis.

Through the encouragement of IMA staff, including Nina Michels-Kim and Chapter board members such as Dr. Shimizu and Dr. Ryohei Yanagi, CFO of Eisai Co., Ltd. and an adjunct lecturer at GSA, the Chapter worked hard and won the third-place ICMA Board of Regents Award among small chapters on the basis of the number of active CMAs in the Chapter, exam parts taken,

exam parts passed, new CMAs, and new candidates. When Michels-Kim travelled to Japan to present the Chapter with its award, the face-to-face meeting helped spur efforts to explore opportunities for further collaboration between IMA and Waseda. This culminated in a Memorandum of Understanding (MOU), which was signed in the summer of 2016 to promote further best practices in management accounting education and IMA's CMA[®] (Certified Management Accountant) credential in Japan.

In spring 2017, Professor Shimizu, who was by then also the dean of GSA, organized a successful chapter event featuring Michels-Kim speaking on ethics and Professor Daniel Dolan, also of GSA, who spoke about accounting fraud in Japan. Professor Shimizu and Dr. Yanagi used the momentum gained from that April event to organize another live event on October 14, 2017. For the technical CPE sessions, Professor Shimizu

talked about the Management Control System, and Dr. Yanagi discussed nonfinancial information and corporate value: the role of management accountants. In addition to an informal networking session, the annual members' meeting and Chapter board elections took place. The well-attended meeting was appreciated by Japanese IMA members and CMAs. The new Chapter Board members are: Takashi Shimizu (president), Ryohei Yanagi (secretary), Zenichiro Ishibashi (treasurer), Shinichi Aoyama (vice president of membership), Keiichi Hasegawa (vice president of professional education), Kazuhiro Ohishi (director at large), and Ryota Machida (director at large). The Chapter is now organizing an event to take place in late February/early March 2018 featuring IMA President and CEO Jeff Thomson. For more information about the Tokyo Chapter, please visit <http://tokyo.imanet.org>.

Another example of Eisai's ESG efforts is its contribution to research and development for a new treatment for eumycetoma with the international nonprofit organization Drugs for Neglected Diseases initiative (DNDi). Eisai has also been commended for its establishment of a global pricing policy and cofounding the Global Health Innovative Technology (GHIT) Fund. In recognition of such efforts, Eisai has been included in the Dow Jones Sustainability Index Asia (DJSI) for five years in a row from 2013 through 2017. In addition to the DJSI Asia Pacific, for the 16th consecutive year since 2002 Eisai has been selected as a member of the FTSE4Good Index Series, another global index for socially responsible investment (SRI).

In 2016, Eisai also initiated a medium-term business plan called "EWAY 2015" to respond to the coming environmental changes to the global pharmaceutical industry as a result of the expansion of the middle-income class in emerging countries and the global aging of society. Keeping in mind its focus on patient needs and work with patients, the company created seven themes for the plan: "Patient-centricity"; "Prevention, Cure and Care"; "Regional Care/Home Care"; "Outcomes"; "Payers"; "Access"; and "Digital Technology." It says it wants to become a frontrunner in the area of meeting patients' needs.

What Management Accountants Can Do

Where do management accountants fit in all these activities? Eisai CFO Ryo Yanagi offers some insights and recommendations to management accountants from his years of intensive experience in Investor Relations, Corporate Governance, and Integrated Reporting at Eisai.

■ **Create a financial strategy map** focusing on return on equity with cost-of-capital consideration as evidenced by equity spread that will lead to market value added or price-book value ratio enhancement, and implement DuPont Analysis to be cascaded down to every business unit. The DuPont model (i.e., ROE broken down into margin x turnover x leverage) is a key performance indicator (KPI) for Eisai, and, as CFO, Yanagi streamlined operations to improve margin, accelerating collection of accounts receivables and slashing inventories to enhance turnover while utilizing debt moderately to optimize balance sheet leverage.

■ **Place importance on intangibles**, not only for their social contribution but also as a future source of value creation, with priorities going to each company's corporate philosophy as well as redefining concrete KPIs for nonfinancial information. Eisai's *hhc* (human health care) vision mandates a patients-first approach with economic value given a secondary priority.

■ **Formulate a "Nonfinancial Capitals and Equity Spread Synchronization Model"** of your own to connect intangibles with financial targets, and use it to report to stakeholders for fiduciary duty and accountability in a bid to satisfy all the stakeholders at the same time. Valuation in PBR is related to ESG as we proved in our ROE-ESG synchronization model. Hence, at Eisai, Yanagi explains all ESG initiatives by presenting their link to value and the equity story in integrated reports and in tenacious and active

engagement with global investors. The Investor Relations Team led by the CFO conducts about 700 investor meetings per year in the aggregate, thereby pitching the equity story of ROE-ESG integration globally. The team has seen that, by doing this tenaciously and consistently, the market has started to factor it in, and it has led to higher share price or higher PBR for Eisai.

Maximizing Corporate Value

In this article we used examples from Japan to show how nonfinancial capital can be synchronized with long-term ROE. Thanks to the advent of social media, which raised awareness of the importance of branding and reputation, most companies have jumped on the ESG/CSR bandwagon. Yet many still view ESG and CSR projects as "politically or socially" necessary but not linked directly to real value creation. By attempting to synchronize nonfinancial capital (such as ESG) and equity spread (defined as ROE over cost of equity) and presenting the empirical research with the Eisai case study, we hope that there will be increased support of ESG/CSR projects for the sake of long-term value creation.

To that end, we firmly believe that, as holders of the CMA[®] (Certified Management Accountant) designation ourselves, CMAs are the best proponent of ROE-ESG management accounting since we are trained to see beyond financial accounting to the real value created in organizations. Therefore, we call on CMAs to be pioneering thought leaders in connection with ROE-ESG management accounting and to work in their organizations to bridge the gap between nonfinancials and empirically provable value. **SF**

NOTE: The English version of Eisai's Integrated Report was released in late 2017 after the authors had finished their article and production work had begun. Hence this article relies on the 2016 version, but there are no material changes in Eisai's data contained herein. For your reference, Eisai's "Integrated Report 2017" is available at <http://bit.ly/2CmwLzZ>.

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