

Global Human Capital Reporting Standards 2006



Human Capital Reporting

‘Best Practice’ review [sample]



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Client
logo

GHCRS2006

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1 Introduction

As set out in our accompanying review of XXX' human capital reporting, we consider best practice in this area to be represented by the VaLUENTiS Human Capital Reporting Statements (GHCRS2006) and accompanying commentary. As the statements are at an early stage of adoption and are not yet published in their entirety by any reporting entity at this stage, we have identified elements of the Statements which are currently being reported by major organisations.

This document examines current guidance being used by those reporting human capital data, in particular the indicators recommended by the Global Reporting Initiative. We demonstrate that, although some indicators may provide insight, particularly when context is provided, they do not provide a coherent or effective framework for reporting.

We have then identified and extracted examples of 'best practice' reporting, drawn from a number of leading UK and international companies. We have particularly focused xxx sector organisations, as these provide the closest comparison to XXX. We note that.....organisations reviewed are already reporting data similar to that contained in the GHCRS2006 PeopleFlow® Statement.

Templates for VaLUENTiS' three Human Capital Reporting Statements are included as an appendix to this document for reference.

2 Context - Human Capital Reporting Guidance

In recent years, a number of groups and working parties have reviewed the area of human capital reporting and produced analysis and recommendations, for example, the DTI's "Accounting for People" task force, which reported in 2003. However, the majority of these groups have not set out reporting guidelines or templates.

In addition to the Human Capital Reporting Standards (GHCRS2006), there are currently three frameworks within which companies are reporting human capital information. These are:

- Global Reporting Initiative
- AccountAbility (AA1000)
- Statutory/Regulatory Requirements (i.e. EU Accounts Modernisation Directive and associated country approaches).

Each of these is reviewed in further detail below.

2.1 Global Reporting Initiative

Many organisations carrying out human capital reporting are making reference to or adopting to some degree the Global Reporting Initiative and the guidance which it has developed - the GRI itself has reported that 865 organisations are acknowledging its indicators. The GRI's most recent publication relating to human capital is the set of *Draft G3 Technical Protocols*, published in January 2006. The final guidelines have now been approved, and are due to be released on 6 October 2006.

Whilst this represents by far the most detailed set of guidance on employee-related reporting within the Corporate Social Responsibility movement, comparison against a dedicated human capital reporting framework highlights deficiencies in the approach¹.

The draft guidelines propose that management provide narrative around the following themes as they relate to employees:

- Policy
- Responsibility (i.e. where operational responsibility for employees lies)
- Management
- Goals & Performance
- Awards
- Fines
- Context (organisational issues affecting employees).

¹ As covered in the internal VaLUENTiS report, "An evaluation of the draft G3 technical protocols on human capital reporting"

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