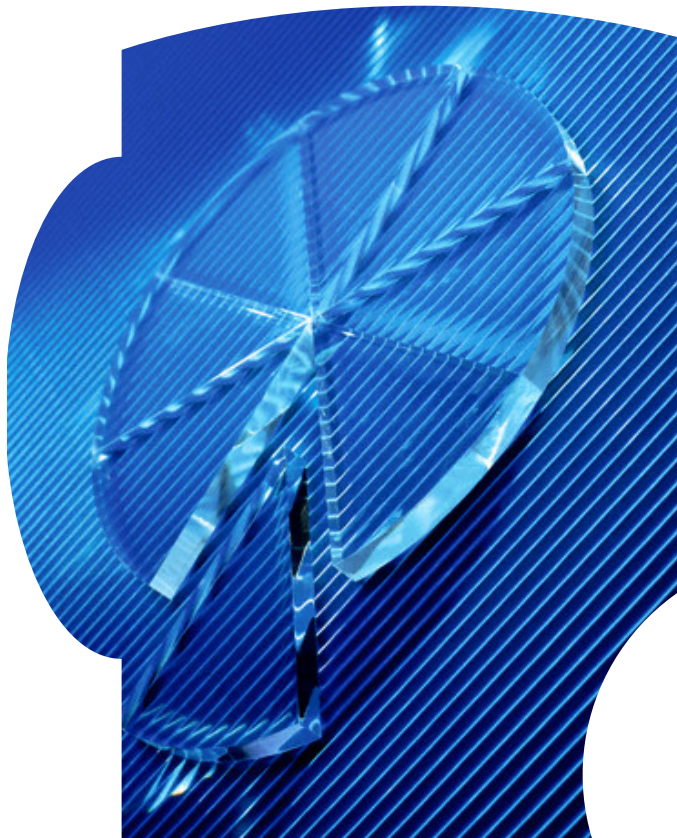


Global Human Capital Reporting Standards 2006



Human
Capital
Reporting
Evaluation
for
Xxxxxxx Plc
[sample]



27th September 2006

Client
logo

GHCRS2006

Contents

1	<i>Introduction</i>	4
2	<i>Review</i>	5
3	<i>Human Capital Reporting: Assessment Methodology</i>	6
4	<i>XXX overall assessment</i>	7
5	<i>XXX individual parameter assessment</i>	9
(i)	HC Reporting structure	10
(ii)	HC Policies	11
(iii)	HC Initiatives	12
(iv)	HCOS, PeopleFlow™ & HCPS	13
(v)	Key Performance Indicators	14
(vi)	Segmental Analysis	15
(vii)	Enhanced Ratio Reporting/Domain Reporting	16
(viii)	VB-HR™ Rating or Equivalent	17
6a	<i>XXX Corporate Responsibility Report 2005: Detailed evaluation - quantitative</i>	18
6b	<i>XXX Corporate Responsibility Report 2005: Detailed evaluation - qualitative</i>	21
7	<i>XXX CRR & Annual Report cross check</i>	27
8	<i>Independent Assurance of Human Capital Data</i>	29
	<i>Appendix I: HC Reporting parameter descriptors</i>	30
	<i>Appendix II: HCR Statements</i>	32
	<i>Appendix III: FTSE100 CSR Assurance</i>	35

1 Introduction

Earlier this year, VaLUENTiS released the Global Human Capital Reporting Standards 2006 (GHCRS2006)¹. The Standards were issued to fill a need in the market for a practical and informative template for reporting human capital data. A number of working parties had previously attempted to answer the question - what standardised human capital metrics should organisations report? However, none had produced a generally accepted solution.

The analysis and subsequent solution published by VaLUENTiS went back to first principles, learning from the way in which financial data is presented and how accounting has evolved. In particular, we emphasise that organisations should not look to 'jump' to a reporting solution based on ratios and KPIs. Rather, the initial focus should be on reporting base numbers, which provide a more detailed insight into the organisation and allows for the calculation of ratios where applicable – the parallel with finance is close in this respect.

We introduced three statements – the Human Capital Operating Statement, PeopleFlow® Statement and Human Capital Productivity Statement (see Appendix II for the statements). These draw on readily available data to provide a multi-faceted overview of an organisation's human capital activity and performance. These were underpinned by a set of overarching Human Capital Reporting Principles and Standard Human Capital Operating Principles (SCHROPs).

The Standards remain the most detailed and advanced set of reporting standards for human capital available anywhere in the world and are gaining increasing recognition and adoption.

¹ For further information on the Standards and the background to their development, please see the VaLUENTiS White Paper, "Human Capital Reporting: A Summary Introduction to Draft Proposals, 2006, available on request

2 Review

This review constitutes an evaluation of the 'Employees' section of XXX' Corporate Responsibility Report 2005. It is intended for XXX internal use only and will not be disclosed to third-parties. This review does not represent an opinion on the accuracy of XXX' current reporting, but is intended to be a professional assessment of the sophistication of the reporting from a human capital perspective.

It contains the following sections:

- Human Capital Reporting – assessment methodology
- Evaluation of XXX human capital reporting – Macro evaluation
- XXX Corporate Responsibility Report 2005 – Detailed evaluation
- Cross check: CRR and Annual Report
- Independent Assurance of Human Capital Data
- Appendix I: HC Reporting parameter descriptors
- Appendix II: HCR Statements
- Appendix III: FTSE100 CSR assurance.

This review is accompanied by a Best Practice document that provides additional detail into existing reporting frameworks, as well as examples of human capital reporting best practice.

3 Human Capital Reporting: Assessment Methodology

VaLUENTiS' White Paper on Human Capital Reporting for the first time established three levels of human capital reporting required to provide external stakeholders the detail required to evaluate human capital management practices and their outcomes in organisations. The three levels are 'Standard', 'Intermediate' and 'Advanced', as set out below.

Levels of HC Reporting

Level of HC reporting	Part of existing document	Separate dedicated HC Report	HC Policies	HC Initiatives	Company practice specifics	HCO Statement	PeopleFlow statement	Productivity statement	KPIs	Segmental analysis	Enhanced ratio reporting	Additional HC domain reporting	VB-HR™ Rating or equivalent	VB-HR™ Rating narrative	HC Value statement
Standard	(O)	(O)	✓	✓	✓	✓	✓	✓	✓	✓	(O)	(O)	-	-	-
Intermediate	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	(O)	(O)	✓	(O)	-
Advanced	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	(O)	✓	✓	(O)

(O)	Optional
✓	Mandatory
-	Not applicable

The three levels are designed to provide organisations with flexible options given their intent to publish human capital related information.

This approach allows the evaluation of current human capital reporting approaches, through review of the sub-components set out within each Level.

This forms the basis of VaLUENTiS' methodology, when supplemented with detailed review of narrative reporting provided, of evaluating human capital reporting.

Appendix I describes the parameters of human capital reporting as set out above. These are consistent with the grading methodology utilised in ranking human capital reporting in the Human Capital Composite Index (HCCI™).

4 XXX overall assessment

The table below shows the overall results from our assessment. Evaluation across the eight parameters results in an overall human capital reporting ranking of D. We note that no UK listed FTSE350 company would currently receive a C rating.

<i>HC reporting structure</i>	A	B	C	D	E
<i>HC policies</i>	A	B	C	D	E
<i>HC initiatives/ company practice specifics</i>	A	B	C	D	E
<i>HCOS, PeopleFlow® & Productivity Statement</i>	A	B	C	D	E
<i>Key Performance Indicators (KPIs)</i>	A	B	C	D	E
<i>Segmental analysis</i>	A	B	C	D	E
<i>Enhanced ratio reporting/ additional HC Domain reporting</i>	A	B	C	D	E
<i>VB-HR™ Rating or equivalent</i>	A	B	C	D	E
OVERALL	A	B	C	D	E

Continued.....