Supporting an integrated approach to social and human capital

The International Integrated Reporting Council (IIRC) and the Social & Human Capital Coalition (SHCC) recognize the importance of capital measurement, valuation and reporting through the Social & Human Capital Protocol and the International <IR> Framework.

Businesses make better decisions when they consider the complete picture of their value creation process. Understanding how companies impact and depend on people and society is a vital component of this.

The <IR> Framework, which identifies both human and social and relationship capitals, is used by organizations to communicate how their strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over time. It is a principles-based approach, developed through a global coalition. The IIRC, therefore, welcomes partnerships that lead to innovation and learning that enhances the global integrated reporting movement.

The Social & Human Capital Protocol provides a systematic, harmonized approach to how to identify, measure and value social and human capitals, and inform business decisions and provide insight valuable to integrated reporting.

The two organizations fully endorse both frameworks and will continue to work in synergy to amplify positive impact, including with mutual partners such as the Natural Capital Coalition. Social and human capital assessments directly support external disclosure through the <IR> Framework, helping capital markets understand which companies are investing in people, communities and relationships; investments which boost long term value creation potential.

This approach also helps organizations communicate with financial capital providers and wider stakeholders on their strategy, opportunities and risks in a concise and integrated way. This will enable capital markets to access more meaningful information to achieve more efficient and productive capital allocation decisions and greater financial stability.

The Social and Human Capital Coalition, launched in April 2018, provides a home for the numerous organizations working to advance this field, by promoting consistency of methodological approaches. The IIRC sits on the advisory group and has been pleased to input into the Protocol’s development. The two organizations will work to integrate social and human capital alongside the other capitals of the <IR> Framework, which is essential in making the right decisions for business and society.

Signed on behalf of the Social & Human Capital Coalition
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