A resilient economy valuing what matters

There is growing awareness that our economic system is not fit for purpose. That it does not account for matters most - our family, jobs, security, community, the natural world. So how do we structure finance and our economic system to *better* serve our needs and aspirations?

The Capitals Coalition, through its 500 partners and national and regional hubs has redefined economic and business performance. We have led the charge in evolving practice and strategy to encompass a broader understanding of value based on the four capitals; natural, social, human, and produced. We have introduced internationally accepted frameworks, tools and resources and have created a supportive enabling environment to help define and measure progress.

Now we intend to leverage this experience to move beyond voluntary adoption. To do this, we will work with accountants and regulators to update the governance processes that regulate all businesses and financial institutions, building confidence and trust in the use of capitals as an operating system across financial markets and management decisions. We will bridge the skills and knowledge gaps, empowering people to act using the new information that is available to them through the capitals. And by doing this, we will set the foundations to embed the value of all capitals into decisions by the major institutions in the economic system and thereby create a resilient economy that values what matters most.

The economic system is not static. It is continually evolving and will quickly adapt to include the best information available. Not only is our strategy needed, but it is also possible. Capital is already understood as a resource or stock that can deliver flows and returns. Thinking of nature, people and society in this way allows us to include complex issues such as climate change, biodiversity loss and inequality directly into our management decisions. The economic system will update. The question is how we can actively shape this change at pace and scale and this strategy sets out how we can do this.

Our Vision

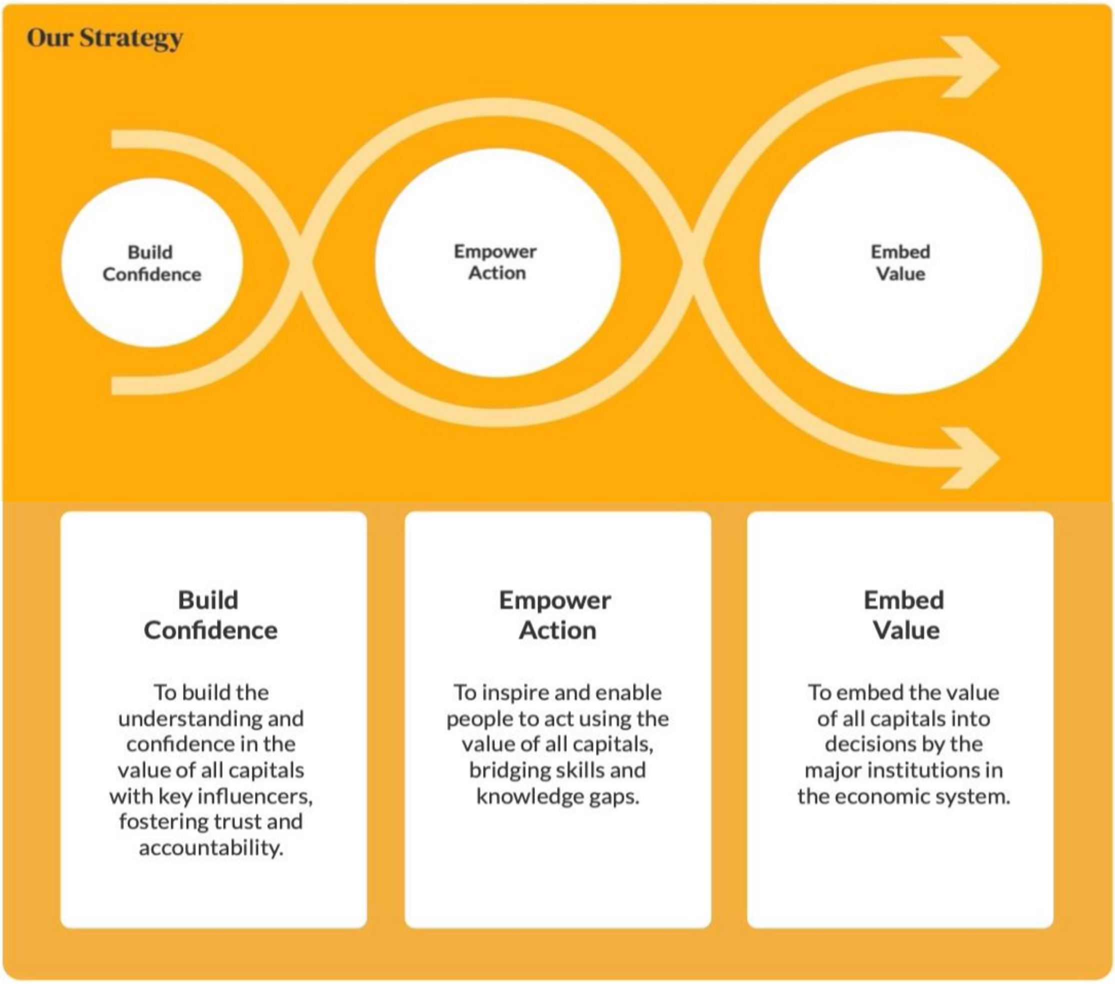
A resilient economy valuing what matters

Our Purpose

Embed the value of all capitals into decision-making

OUR STRATEGY:

We will deliver our strategy through three interconnected waves or levers that build on from one another.



BUILD CONFIDENCE:

To build the understanding and confidence in the value of all capitals with key influencers, fostering trust and accountability.

Target: By 2030 specific regulators will have adopted a unified definition of capitals in their regulations, policies, and guidance.
Why this is important: Based on the expertise in our network the biggest barrier to accounting for all the capitals is trust in the approach and outputs. To move from incremental to systems application, the markets must trust the data and processes and have confidence in its origins to optimize decision-making.
Audience: We are specifically going to focus on accounting (IASB), internal control of business (COSO), disclosure (ISSB, GRI) and the prudential regulations and securities and financial markets (IOSCO). We will work through keystone actors in our network who are best placed to engage these institutions.

Toolkit: The Coalition is uniquely placed to coordinate activities across a wide range of organizations and hold the narrative, and trust in a capitals approach. We have access to the technical expertise and breadth across multiple markets to set the globally accepted *Governance for Valuation* and the legitimacy to set the criteria to certify people and outputs that account for what matters most. We will also establish a Trend and Foresights function to measure progress aginst an increase in trust in a capitals approach.
Outcomes: Building confidence will deliver greater trust and accountability in capitals valuation. It will increase the usefulness of disclosed information for investors and financial markets, unlock opportunities for financial flows to nature and people, inspire new products and services (including asset classes, assurance and audit) and increase holistic decision-making based on the values of all capitals.

EMPOWER ACTION:

To inspire and enable people to act using the value of all capitals, bridging skills and knowledge gaps.

Target: By 2033 there will be a groundswell of experience and expertise in applying a four capitals approach.
Why this is important: There are significant skills and knowledge gaps in how to apply a capitals approach, and even more of a gap in delivering decisions based on the capitals.
Audience: professional accounting bodies (IFAC, ICAEW); media outlets (The Economist, The Conversation, Bloomberg, Reuters) and influencers.
Toolkit: The Coalition's global network of organizations provides it with the legitimacy and authority to act. We will invest in the network's capacity and capability; in narrative development and communications by creating a dedicated Trends & Foresights function that captures progress and leverages our work on learning to move towards accountability/certification and action.
Outcomes: People in business, finance and government develop innovative ways to account for what matters; empowered by their knowledge and a common narrative.

EMBED VALUE:

To embed the value of all capitals into decisions by the major institutions in the economic system.

Target: By 2035, there is evidence that key feedback loops in the economic system are beginning to restructure around the value of all capitals, including renumeration, tax mechanisms, prices, risk assessment schemes and standard operating systems.
Why this is important: Whilst the bottom-up approaches continue to evolve this is hitting a ceiling as the incumbents in the present economic system block progress. In our research, there is no single organization who can be responsible for accounting for what matters; multiple keystone actors must be engaged and have a consistent understanding of value.
Audiences: The senior leadership in the major institutions who run the present capitalist economic system. The audience is strongly influenced by the first two waves and builds out of successfully having the regulators adopt the rules and telling a compelling narrative.

Specifically, these are Bretton Woods institutes (IMF, IFC, World Bank), multi-lateral development banks, central banks and global governance groups (UN organizations, G7, G20, BRICS)
Toolkit: The Coalition has the soft power and early strategic connections to identify the break points in these institutions. We will seek to engage and embed qualified people in roles in each these institutions, help them to deliver change, and inspire ownership in their senior leaders.
Outcome: The major institutions in the economic system have embedded a consistent understanding of value, moving from one capital to all capitals being considered in products, tools, services and standard operating systems. The Capitals Coalition is no longer needed and sunsets.

HOW YOU CAN GET INVOLVED

The Capitals Coalition is exactly that – a coalition. The people and organizations that make up our network provide us with legitimacy and authority to act. It is the breadth, experience and strength of our network that will determine our collective success. A key part of our strategy is to clearly identify the sphere of influence and the core stakeholders who are the keystone actors in decision-making and unlocking the system and to work with them.

Already our network is designing the governance and certification in the first wave, and it is through our network that we will empower people to act. We will be identifying key partners who can demonstrate that updating the economic system is possible, and who have strong relationships with the target audiences. We will also need partners who can resource this strategy, both financial and in-kind / pro-bono.

If you want to be part of this strategy or want to find out more, please do get in touch.

Join us to help value what matters.

Mark Gough, CEO Capitals Coalition

Boilerplate short version:
The Capitals Coalition is a global collaboration with a shared vision for a resilient economy valuing what matters.

Boilerplate long form:
The Capitals Coalition is a global collaboration with a shared vision for a resilient economy valuing what matters. Together with 500 partners we will build confidence in the value of all capitals. By 2035 empowering people to act and embed the value of all capitals – natural, social, human and produced into decision-making.