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Dear Jane,

BIS CONSULTATION "THE FUTURE OF NARRATIVE COMPANY REPORTING" - CWU RESPONSE:

Here is the response of the Communication Workers Union to Department for Business, Innovation and Skills consultation on 'the future of narrative reporting'.

The CWU represents 250,000 worker in the Communications industry across a number of companies in the public and private sector.

Our response critically concentrates on one particular area, that being Health and Safety at Work and Corporate accountability in that respect.

The Consultation Document states that UK companies are considered to rank among the best in the world in their standards of corporate governance and reporting. However, the Health and Safety Record of UK Companies is not good when you consider that there are annually:-

- **1.2 million** people were suffering from an illness they believed was caused or made worse by work.
- **551 000** of these were new cases.
- **246 000** RIDDOR-reportable injuries occurred. (Injuries leading to 3 days or more away from normal work).
- **29.3 million** days were lost overall due to work-related Accidents and Ill health.
- 24.6 million due to work-related ill health and
- 4.7 million due to workplace injury.

None of this is required to appear in Companies Reports.

When you consider that the lack of resources available to the Health and Safety Executive (HSE) has led to:-

- HSE Inspections of workplaces fell by 69% in 10 years. UK Workplaces can expect to be visited, on average, once every 38 years by a Health and Safety Executive (HSE) Inspector.
- The HSE now only investigates a third of safety offences it did 10 years ago.
- Health and Safety Prosecution have fallen by 48 per cent in the last 10 years.
- Two thirds of all amputations, a quarter of all major burns and two thirds of all major poisonings and gassings reported to HSE are not investigated by the HSE.

Then clearly it is time for the government to think of a range of new ways to hold companies and their directors to account and maximise pressure on those companies and their directors to strive to improve their record and maintain it.

Recent economic crisis has put a spotlight on all aspects of the UKs regulatory framework including corporate accountability. At the same time it is likely that both the HSE and Local Authorities will have less resources available to them to Police Health and Safety following the imminent government 'spending review'. Companies faced with economic and financial constraints themselves may see this as an opportunity to reduce resources targeted towards health and safety risk management and governance.

Even if the broad consensus is that, while the UK model of Health and Safety at work is not essentially flawed, there are serious areas of concern in respect of legal compliance, policing, enforcement and remedial action by companies. Companies need to consider where things have gone wrong, why things have gone wrong and ultimately put it right. In that respect even the companies with good records always need to do better and good companies who maintain good standards should not be forced to compete with those that ignore their health and safety responsibilities because it's all hidden away.

The goal must be to ensure that UK companies are clear-sighted and focused on the Health and Safety of their staff and the public who may be affected by their actions and the government should ensure that this matters to the companies long term success and therefore to their staff and shareholders. Disclosing good quality and relevant information on the company's Health and Safety record in company narrative reporting should be compulsory so shareholders can make well informed decisions in their role as company owners and customers can decide if they are prepared to trade with the company or need to seek contractual guarantees regarding Health and Safety standard and health and safety co-operation and co-ordination if the companies are to work in partnership on various projects.

There is a very important clear link between the company’s strategic objectives and health and safety at work and the Government must do more to ensure companies cease putting profit before safety. Companies should know that Health and Safety prosecutions and convictions plus the serving of health and safety 'Improvement Notices' and 'Prohibition Notices' will routinely have to appear in the companies Report along with the actions taken to rectify what lead to the enforcement action and with a note from the HSE confirming that satisfactory action has been taken.

The coalition’s government have made a commitment to reinstating an Operating and Financial Review to ensure that social and environmental duties have to be covered in company reporting and to investigate further ways of improving corporate accountability and transparency which is central to achieving these aims. However, a similar commitment to ensure health and safety at work act duties are covered is absent. Lord Young in his recent report stated that he recognises the value of the Health and Safety at Work Act, and the importance of the HSE and Local Authorities in enforcing the Act. Therefore if the Department for Business, Innovation and Skills is to be 'joined up' this should be reflected in ensuring this matter is covered in company reporting.

The Minister states that he wishes to drive up the quality of narrative reporting to the level of the best, including on social and environmental issues, empower shareholders so they can step up and act as effective owners in the long term interests of the companies they invest in and achieve coherence without increasing the regulatory burden on business. The workforce isn't mentioned! However there is an opportunity to achieve improvement toward these goals without additional regulatory burden by adding the health and safety record requirements to company reporting.

The HSE's current "enforcement" philosophy, policy and practice is highly inadequate due to lack of resources and this leads to thousands of companies and directors escaping prosecution for crimes involving serious injury and death. This high level of corporate impunity has a number of very serious implications.

- it brings into question the integrity of the criminal justice system built upon principles of due process and equality before the law;
- it fails to respond to the needs of families and victims - considered legitimate in relation to other offences - for moral justice and accountability;
- it fails to establish a system of deterrence in which companies are deterred from placing the lives of workers at risk.

Good narrative reporting should tell the company's story effectively and in a balanced way, putting financial information into context and ensuring they are not putting profit before safety. The statutory reporting framework should help boards consider material issues facing the business so they can determine the right strategy for long term company success in the interests of company members as well as employees and the public. Social, environmental and health and safety issues should be central to these discussions as they are all relevant to the company's strategy and long term success, as should discussion about pay and reward. Companies should then use the narrative in their reports to provide material information on these issues to their shareholders, employees and the public. If companies are required to include their health and safety record in their report then this will serve as part of a system of deterrence in which companies are deterred from placing the lives of workers at risk. Apart from issues of moral justice and accountability, presently Companies know that they can cause the most serious injuries with the highest degree of recklessness, and in most cases remain immune any form transparency and public accountability. Naming and Shaming will help rectify that as well as preventing accidents and protecting workers.

The results of a poll of the executives of some top FTSE 500 companies, conducted by the British Safety Council in 2002, revealed that many company bosses believed that profits are more important than the safety if their workers, despite the prospect of the strengthened legislation for corporate killing. Shareholder profits and customer satisfaction were ranked above worker safety, although some companies had made a commitment to health and safety. Directors are responsible for how companies operate. It is directors who set a company's policy on health and safety, and it is they who decide how high health and safety is on the agenda in comparison with other matters. It is they who determine the resources, including management resources, which a company allocates to health and safety. It is they who decide how health and safety is monitored in the company, whether accidents are properly investigated and what preventive action is taken for the future.

Although many good companies take health and safety matters seriously, and place their safety policy at the heart of company practice, anecdotal evidence and research suggests that a good many still do not place the well being of employees and those affected by their activities above profits. There is no obligation to publish safety information in the Company annual report, although the HSE guidance suggests the minimum information that should appear in a report. Willingness to publish information on the company's safety record demonstrates a commitment to the issue.

A company Board needs to accept its collective role in providing health and safety leadership in their organisation, make sure all decisions reflect the intentions in the organisation's health and safety policy, keep up to date with relevant health and safety risk management issues and review its health and safety performance regularly, plus encourage workers at all levels to become actively involved in health and safety. Those who are at the top have a key role to play in overseeing health and safety management and being accountable. Imposing legal safety duties upon directors would both make companies safer as well as assisting in ensuring that directors can be held personally to account when they have acted negligently or recklessly. Until and if that ever happens, then the Company directors should be required to publish in their report details of enforcement notices and convictions of any breaches of HASW Act and details of any Directors disqualified, from being the director of a company, under s2 (1) of the Company Directors Disqualification Act 1986. Companies which are prosecuted for environmental misdemeanours and health and safety infringements should no longer have

anywhere to hide. They should be made to publish enforcement reports, detailing every notice and conviction. Companies, organisations and individuals must be held accountable for their health and safety performance. Their professional reputation should depend on it. The Company record should be there for all to see, including would-be customers, contractors, investors, employees and insurers. They all have a right to be aware of an organisation's health and safety record before they decide whether to invest their capital and labour.

Yours Sincerely

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