Going public on safety leadership: Best practice safety disclosures for annual reports & CSR reports

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Safety disclosures

There has been much discussion in recent years about the need for improved quality of workplace safety disclosures annual reports and corporate social responsibility (CSR) reports. To develop best practice safety disclosures, recent research\(^1\) has identified four criteria of safety leadership which have been analysed against ten-years of ASX200 company annual reports and CSR reports to understand their applicability to the written word. This research did not seek to address issues of safety reporting in terms of inconsistent lead and lag indicators, varying measures of safety performance between industry sectors or the emphasis of frequency rather than severity of injury, as examples. This research focused on understanding how safety leadership and safety governance frameworks can be reflected in safety disclosures of any safety-related activities.

Examples of the analysis of disclosures by ten-years, by safety leadership criteria and by industry sector, is set out below. For more detailed information, please contact us.

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The research identified four criteria of safety leadership relevant for board members and senior executives which are applicable to written disclosures of safety related activities in annual reports and CSR reports.

Each safety leadership criteria is detailed below along with the six categories of disclosure identified for each.

## Vision disclosures

A essential element of any successful safety culture is having the ability to publicly articulate shared safety goals that resonate across all levels of an organisation. In ASX200 companies, by 2011 76% of all companies made a disclosure about a safety vision, an increase from 49% in 2001.

**Categories of disclosure:**
- direct statement that safety is a company value;
- disclosures linking the company safety vision with ongoing business excellence;
- statement regarding the importance of leadership and culture in achieving the safety vision;
- specific goal of Zero Harm;
- details of the role of employees in achieving the safety vision; and
- disclosures making a link between the reputation of the company and safety performance.

## Personal commitment disclosures

In annual reports, such a personal commitment can be reflected in the Chairman and/or CEO letters to shareholders. In 2001, only 22% of Chairman and/or CEO letters made mention of safety. By 2011, this had increased to 46% of companies but remained the least disclosed criterion providing a significant opportunity for Chairman and CEO’s to demonstrate safety leadership through their letters in the future.

**Categories of disclosure (Chairman & CEO letters):**
- fatalities, statistical performance outcomes, or general safety successes or challenges;
- links between good safety performance and ongoing business excellence;
- referencing safety as a company value;
- making link between leadership and safety culture;
- highlighting the role of the board in safety; and
- discussing the important role of employees in safety outcomes.
Decision-making disclosures

Where decision-making processes for safety is disclosed in annual reports it reflects the fundamental role of senior executives and board members in the safety governance of an organisation. Of the four safety leadership criteria, disclosures relating to safety decision-making were the most disclosed criterion with 58% of companies making such a disclosure in 2001 increasing to 89% by 2011.

Categories of disclosure:
- existence of safety documents and systems;
- information on the role of the board in safety;
- role of employees in safety decision-making;
- existence of a board committee focused on safety;
- role of senior executives in safety decision-making; and
- existence of employee safety committees.

Transparency disclosures

The final criterion of safety leadership focuses on the need for senior executives and board members to ensure open, transparent communications regarding safety performance to encourage a culture of continuous improvement. In 2001, only 33% of companies were making a disclosure that could be classified under this criterion. However this rate increased significantly over a ten-year period with 72% of companies doing so in 2011.

Categories of disclosure:
- statistical safety performance;
- details of link between safety outcomes and remuneration;
- safety recognition through internal/external awards;
- disclosures about any fatalities that may have occurred;
- information on safety initiatives that may have reduced workers compensation premiums; and
- information on legal action that may have been commenced against the company relating to a safety incident.
Further reading


Additional Orbitas Group white papers can be downloaded from www.orbitasgroup.com:

- Safety governance and safety leadership for board members and senior executives
- Going beyond compliance: Safety leadership in the boardroom
- Practical actions for safety leadership: Safety governance frameworks for boards

About the author - Dr Kirstin Ferguson

Dr Kirstin Ferguson is a professional company director sitting on ASX publicly listed, private company and government boards. Kirstin was previously the global CEO of a safety consulting organisation operating in the mining and resources industry. In 2014, the Australian Financial Review named Kirstin as one of Australia’s 100 Women of Influence.

Kirstin has a PhD in Business focused on safety leadership and safety governance for board members and senior executives, and was awarded the QUT Colin Brain Corporate Governance Fellowship for her research contributions. Kirstin sits on the Editorial Board of OHS Professional, the journal of the Safety Institute of Australia, and was previously an independent expert member of the Queensland Workplace Health and Safety Board. Kirstin is an Adjunct Professor at the QUT Business School.

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