BIS | Department for Business Innovation & Skills

# Consultation response form: The Future of Narrative Reporting

A copy of the consultation available at: http://www.bis.gov.uk/consultations.

Responses to the Consultation by be received by 19 October 2010

**Name:** **Derek Maylor**

**Organisation:** **The Communication Workers Union North West Safety Forum**

**The C.W.U. N.W. Safety Forum represents 15,751 members of the Communication Workers Union in the North West who mainly work for Royal Mail, BT and O2. We have members who work for other communication companies and in the financial services industry. There is a large active retired members section that is not included in the membership figure quoted.**

**Views were taken from members and the consultation was discussed at the BT Unions Safety Co-ordinators meeting on September 23rd. and the CWU NW Safety Forum October 8th.**

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**Please tick the box from the following list of options that best describes you:**

| | |
|---|---|
| | **Quoted company** |
| | **Other company** |
| | **Investor or investment manager** |
| | **Business representative organisation** |
| | **Investor representative organisation** |
| | **Non governmental organisation (NGO)** |

| | |
|---|---|
| X | **Trade Union** |
| | **Lawyer or accountant** |
| | **Other (e.g. consultant or private individual)** |

## Value of narrative reporting

**Question 1: Are company directors providing useful and relevant information on the company's:**

**i) forward-looking strategy and**
**ii) principal risks and opportunities?**

| Comments |
|---|
| **There should be a general duty on directors, under the HSW Act, as suggested to the HSC in 2006, based on the Institute of Directors (IoD) voluntary guidance and supported by an Approved Code of Practice. Directors would have to demonstrate that they were considering health and safety risks their business posed employees.** |

**Question 2: What are the constraints on companies providing information on these issues?**

| Comments |
|---|
| **Many companies who voluntarily follow the IoD guidelines see no constraints and willingly provide such information; the only constraint is the will to do so.** |

**Question 3: Does the information provided reflect the issues discussed by the directors in board meetings?**

| Comments |
|---|
| **There are many Directors who demonstrate concern with their employees' welfare and 65% of lager companies say it is in on board meeting agenda. By default that means that 35% of companies do not currently consider health and safety at board level when taking strategic decisions.** |

**Question 4: Does the information help shareholders to press directors on key issues relating to strategy and risk, or inform their business decisions?**

| Comments |
| --- |
| **N/A** |

**Question 5: If a company does not provide sufficient or material information to you, do you challenge it? Is there anything which could help you to do so?**

| Comments |
| --- |
| **N/A** |

**Question 6: What other sources of company information do you use and how valuable are they (e.g. information provided on the website, analysts' briefings, dialogue with the company, corporate social responsibility report)?**

| Comments |
| --- |
| **N/A** |

**Question 7: Is there scope to reduce or simplify the requirements on which companies report?**

| Comments |
| --- |
| **N/A** |

**Question 8:** **Is there scope to arrange the information in a more useful way?**

| Comments |
| --- |
| **N/A** |

## Business Review

**Question 9: Looking at an Operating & Financial Review and the existing business review (see Annex D), do you see value in reinstating elements of an OFR and if so what would they be? In particular, would a statutory reporting standard help to improve the quality of reporting?**

| Comments |
| --- |
| **N/A** |

**Question 10: The business review provisions require quoted companies to report, to the extent necessary, on:**

- **main trends and factors likely to affect the future development, performance and position of the company's business**
- **information on environmental matters**
- **information on employees**
- **information on social and community matters**
- **persons with whom the company has essential contractual and other relationships**

  **i) is this information useful to you? How do you use it?**

  **ii) Could disclosure be improved? If so, how?**

  **iii) Are there key issues which are missing? If so, please explain?**

| Comments |
| --- |
| **BS ISO 26000 offers guidelines for social responsibility and covers issues such as human rights, the environment, consumer issues and community involvement. It will be issued shortly and be invaluable to a board considering issues mentioned.**<br><br>**Furthermore the Carbon Reduction Commitment Efficiency Scheme is now is now in force and companies face fines for non-compliance. The scheme applies to all bodies consuming more than 6,000 megawatts of power a year and boards should be monitoring this to provide an annual report on energy use.** |

**<u>Question 11:</u> Would more guidance be helpful? If so, what form should this take? For example, best practice example, sample Key Performance Indicators, etc?**

| Comments |
| --- |
| **N/A** |

**<u>Question 12:</u> Should there be a shareholder's advisory vote on the Business Review?**

| Comments |
| --- |
| **N/A** |

**<u>Question 13</u>: Are there non-regulatory solutions to increasing quality through better guidance or publicising excellence in business reports? If so, what?**

| Comments |
| --- |
| **Directors with responsibility for sustainability will be are of the societal and environmental impact of boardroom actions. Companies can gain commercial advantage considering greener products and services both up and down the supply chain and in publicising such excellence and good practice.** |

## Directors' Remuneration Report

**Question 14:** **Do the current disclosure requirements provide clear and usable information about:**

- **the total remuneration paid to directors, and how this is made up;**
- **the performance criteria for payments to directors, and how these relate to the company's strategic objectives;**
- **company performance against these criteria, so that there is a demonstrable link between pay and performance.;**
- **the process by which directors' remuneration is decided?**

| Comments |
| --- |
| **N/A** |

## Costs

**Question 15:**

**If you can provide any information on costs associated either with the existing narrative reporting requirements eg preparing your business review or your views on potential costs and benefits in relation to any of the ideas in this consultation, please give details**

| Comments |
| --- |
| **Far from incurring cost we feel that such an investment in employee's safety supports a company's balance sheet. The HSE cite reduced costs, lessened threat of legal action and better reputation for corporate responsibility among investors, customers and communities as some of the positive outcomes for a company, all with financial implications.** |