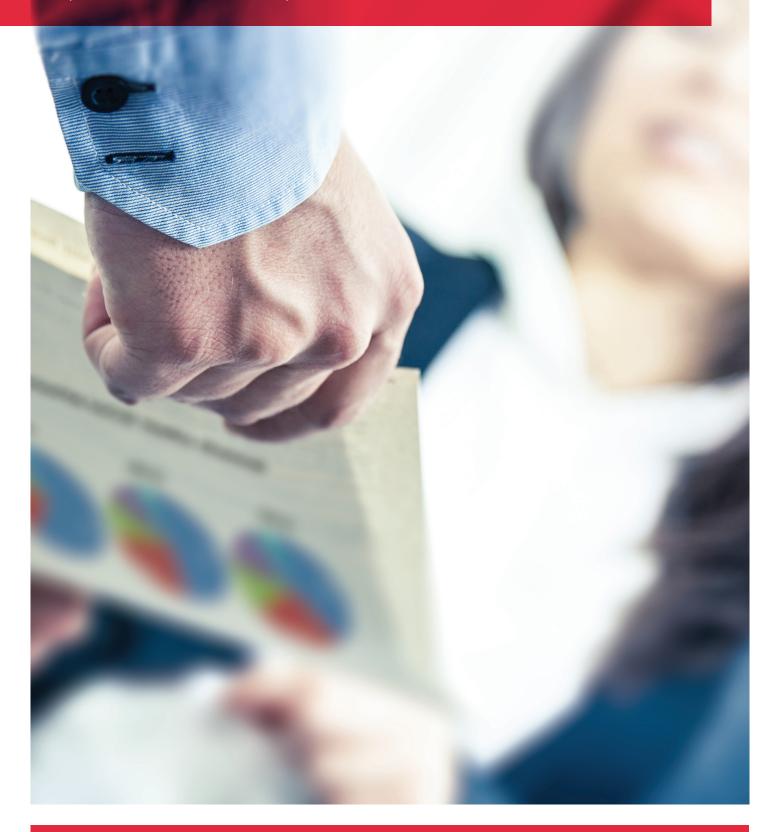# Reporting performance

Guidance on including health and safety performance in annual reports

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IOSH publishes a range of free technical guidance. Our guidance literature is designed to support and inform members and motivate and influence health and safety stakeholders.

Reporting performance – guidance on including health and safety performance in annual reports

This guidance is aimed at occupational safety and health (OSH) professionals, and others responsible for internal and public reporting of organisations' health and safety performance.

Annual reports are a vehicle for organisations to describe their risk profile and performance in managing significant risks, including health and safety risks. As an incentive for continual improvement, we recommend that all organisations include a summary of their health and safety performance results in their annual report. This is already a UK government recommendation for public bodies.

This guide outlines three standards of reporting. For each of the standards, there's a common basis:
- data on annual outcomes (accidents and ill health, lost time and incidents)
- an analysis of the data against targets
- an indication of the priorities for the coming year (programme for continual improvement).

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Our materials are reviewed at least once every three years. This document was last reviewed and revised in **May 2015**.

1 Overview

The law requires employers to monitor and review arrangements for managing occupational safety and health (OSH) risks, but there's no requirement for an organisation to include OSH in their published reports. However, many organisations report internally on OSH, for example by producing statistics on accidents, incidents and ill health, but don't include it in their annual reports.

Enhanced, external OSH performance reporting is considered to be good practice, and helps demonstrate commitment to continual improvement and transparency to stakeholders.

Reporting can be divided into three levels:

- **Level 1 'Minimal' health and safety reports** – these should be issued by all organisations. Typically, findings are compiled by directors (trustees for a charity) and presented in a section of the annual report.
- **Level 2 'Comprehensive' internal health and safety reports** – these will be developed as organisations increasingly accept the business case for good health and safety performance, rather than viewing it purely as a compliance issue.
- **Level 3 'External' health and safety reports** – these will be issued by organisations that value their public image and accept that dialogue with external stakeholders is a key component in their long term sustainability.

If your company is not reporting on health and safety performance at the moment, it is worth suggesting a phased implementation. For example, in the first year, this might consist of a short overview paragraph in the annual report, referencing the internal health and safety report. In the following years, there could be a fuller inclusion and progress towards a basic Level 3 report.

The ultimate goal is that all organisations should aspire to Level 3 reporting, either as a standalone document or as part of a wider corporate social responsibility (CSR) report.

2 Definitions

Level 1 – 'Minimal' health and safety reports

These are expected from all organisations, including reports of zero accidents and incidents, where applicable. You should compile data for all work activities, including direct employees, other employees (such as contractors) and members of the public. The following is the minimum that you should include in your annual report:

- Workplace injuries and ill health, subdivided, where appropriate, into fatalities plus major injuries and lost-time events.[1] For most organisations, it's best to present the data as rates, rather than absolute numbers. This helps with comparing against previous performance, long term targets, sector or national averages and so on. So that the information is clear to non-specialists, we recommend that injury rates and days lost are quoted per 100 workers (full-time equivalents for organisations with part-time employees). Very few organisations now have systems for measuring total hours worked, but if you have this data, 100 full-time employees work approximately 200,000 hours per year. If fatalities occur, the rate is most easily understood if you calculate it per 10,000 workers.
- Total days lost per 100 workers. This provides a measure of both the severity of the injury or ill health, and the effectiveness of rehabilitation.
- A comparison with any long term organisational or national targets. It's good practice to aim for continual improvement, but remember that, in smaller organisations, a single serious injury or fatality in a particular year can represent a very high rate, so longer term trends are also important. For UK-based organisations, national targets include the relevant national or sector targets outlined in *Revitalising health and safety*[2] and *Securing health together*.[3] Alternatively, the organisation can sign up to the pledge on the Health and Safety Executive (HSE) website, which is

part of its latest strategy, *Be part of the solution*.[4]

- All other significant health and safety-related events. These may be positive (for example awards won, extended accident-free periods) or negative (including statutory notices received, convictions, fines paid, insurance claims settled greater than, say, £50,000 or 0.1 per cent of turnover).
- An indication of the priorities for health and safety management improvements and performance targets in the coming year.

Level 2 – 'Comprehensive' internal health and safety reports

Reports typically include both results statistics and other performance indicators, with an analysis of relevant trends and a commentary that covers health and safety performance more anecdotally. Annual reports for internal stakeholders may have significantly different contents from public reports, although the growing trend for external stakeholders to expect transparency from organisations means that such distinctions may be increasingly difficult to justify.

Statistics and performance indicators

Organisations that are committed to achieving high standards of occupational safety and health find that mere numerical reporting of significant failures and comparing long term targets, as in a Level 1 report, doesn't provide the information they need to drive improvements. To do this, they need other data, including a systematic analysis of the root causes of injuries, ill health and damage. Level 2 reports will therefore build on the data in Level 1 reports by analysing the causes of major health and safety incidents, together with a commentary on key results from internal inspections, audits and external inspections/verification. The detail appropriate for the report will vary according to the size of the organisation. For large organisations,

an overall summary report should be compiled from more detailed reports that cover each operating site, subsidiary company and so on.

The Level 1 statistical summary of health and safety results (lagging indicators, all of which represent failures), must be supplemented by other measurements which provide positive assurance that good practices aimed at preventing injuries and incidents are implemented (leading indicators), together with an analysis of trends in these indicators in relation to long term goals. You can use a wide variety of indicators, but it can be difficult to find ones that apply across a whole organisation, except in very small organisations. It may be helpful to use a form of health and safety 'balanced scorecard' to summarise your results, because relying on a single indicator is unlikely to drive improvement in all areas.

The HSE has published a collection of measurement options[5] that have a wide application. The following indicators are examples that could be used to help drive improvements within smaller organisations. Some are possibly too detailed for including in annual reports, but may help with planning and managing improvements for local work groups and smaller workplaces. These include:

- evidence of management commitment, for example the number of board-level workplace visits, inspections or committees that have a health and safety theme
- the average number of health and safety training days per employee, or the percentage of people who hold a recognised standard, for example a Scottish/National Vocational Qualification or a 'safety passport'
- evidence of workers' involvement, such as via observation schemes and reporting
- measurements of health and safety culture
- percentage of risk assessments completed or reviewed

- health and safety inspections and audits completed versus target
- percentage of completed actions from audits and inspections, including regulatory inspections
- percentage of safety-critical maintenance, inspections and tests that have been completed on schedule
- emergency response drills and exercises held
- where injury rates are very low, using lower-severity but more statistically meaningful injury/illness criteria, such as medical treatment injuries or total days lost
- the number of new occupational ill health cases, total days lost and any ill health retirements
- the insured and estimated uninsured costs of accidents, major damage and other events
- near-miss events with major potential for loss.

Health and safety commentary

The health and safety commentary can cover such topics as:
- the health and safety policy and implementation arrangements, including board responsibilities and professional resources available to provide health and safety advice
- the main occupational safety and health hazards associated with the organisation's business, provisions for risk assessment, and assurance that control measures are suitable and effective
- whether the health and safety management system is based on a recognised standard, current improvement priorities and plans
- arrangements for auditing the health and safety management system, including any external auditing or verification
- arrangements to promote workers' rehabilitation after an injury or illness, and an indication of their success
- the extent of employees' involvement in health and safety management processes, including new hazards, work processes, and accident and ill health investigations

- training provided, including for executives and other senior employees
- causes of the most serious accidents and episodes of ill health, together with actions taken to prevent recurrence
- how the health and safety performance of contractors and suppliers is managed and assured
- occupational road risk and other travel risks
- activities involving key external stakeholders, for example customers, neighbours, non-governmental organisations
- whether the reported performance data have been verified by an independent body, employees' safety representatives or a committee.

Level 3 – 'External' health and safety reports

Organisations should plan their 'external' health and safety report in the context of overall CSR reporting. The Global Reporting Initiative (GRI),[6] an increasingly influential body, issues guidelines for public CSR reporting. The health and safety of employees, including subcontractors, is but one reporting area of more than 120 recommended in the current GRI guidelines. This IOSH guidance does not cover these other areas in detail, but the good practice recommended for health and safety reporting is consistent with the wider issues covered in the GRI guidelines. Smaller organisations and those operating solely in a developed nation such as the UK may find that the minimum standards expected in global CSR reporting have little relevance to their operations, so that the commentary in their public reports is likely to consist mainly of a high level summary of their internal (Level 2) report.

CSR reporting processes typically include verifying all internally generated data, thereby increasing their external credibility.

Level 3 reports should include an assurance that health and safety risks are appropriately included in governance processes, and meet any national mandatory (or voluntary) codes for organisational risk management.

Key areas affecting health and safety in 'current best practice' external CSR reporting standards include demonstrating compliance with recognised global, international or national standards for:
- board-level responsibilities and assurance or verification processes
- extending the health and safety policy to cover joint ventures, contractors, partners and the supply chain
- relevant international codes, notably those issued by the International Labour Organization in relation to:
  - recording and notifying occupational accidents and diseases
  - occupational health management
  - HIV/AIDS
  - human rights (eg child labour, freedom of association/collective bargaining, forced labour), including via the supply chain
- implementing joint health and safety committees and other means of workplace consultation and involvement
- training – for all levels and categories of employee
- monitoring and assuring customers' or consumers' health and safety.

As well as this assurance about complying with recognised standards, it's likely there will be a wider commentary that covers commitment to high standards via policy statements, short and long term improvement targets, the use of formal management systems, employees' involvement, and so on, together with a recognition of any notable achievements and business impacts of any major accidents.

References

1 Health and Safety Executive. *A guide to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995*. L73. HSE Books, 2008. www.hse.gov.uk/pubns/books/l73.htm.

2 Health and Safety Executive. *Revitalising health and safety strategy statement*. 2000.

3 Health and Safety Executive. *Securing health together*. MISC225. Sudbury: HSE Books, 2000.

4 Health and Safety Executive. *The health and safety of Great Britain – Be part of the solution*. www.hse.gov.uk/strategy/pledge.htm.

5 Health and Safety Executive. *Guide to measuring health and safety performance*. 2001. www.hse.gov.uk/opsunit/perfmeas.pdf.

6 Global Reporting Initiative. *Sustainability reporting guidelines on economic, environmental and social performance.* Version 3.0. Netherlands: GRI, 2006. www.globalreporting.org.

Further reading

General

- British Standards Institution. *BS 18004:2008. Guide to achieving effective occupational health and safety performance.* London: BSI, 2008. www.bsigroup.com/en/ Shop/Publication-Detail/?pid= 000000000030166684 – Annex J, 'Measuring performance', gives guidance on leading and lagging KPIs, some of which could be included in annual reports.
- Health and Safety Executive. *Advice for small businesses.* www.hse.gov. uk/simple-health-safety.
- Health and Safety Executive. *Corporate Health and Safety Performance Index (CHaSPI).* 2005. www.hse.gov.uk/corporate responsibility/performanceindex. htm – encourages continual improvement and provides overall and sector-based results for comparison.

For internal reporting and managing major hazards

- American Institute of Chemical Engineers. *Guidelines for risk based process safety.* New Jersey: CCPS and John Wiley & Sons, Inc, 2007. www.aiche.org/ccps/publications/ books/guidelines-process-safety-metrics – Chapter 20 includes guidance on setting KPIs and for assessing their dependability in improving organisational performance.
- Health and Safety Executive. *Developing process safety indicators: a step-by-step guide for chemical and major hazard industries.* HSG254. Sudbury: HSE Books, 2006. www.hse.gov.uk/ pubns/books/hsg254.htm.

For external reporting by UK-based organisations

- Charity Commission for England and Wales. *Accounting and reporting by charities: statement of recommended practice (revised 2005).* 2005. www.charity-commission.gov.uk/Library/ guidance/sorp05text.pdf.
- European Agency for Safety and Health at Work. *Corporate social responsibility and occupational safety and health* (Factsheet 54). 2004. http://osha.europa.eu/en/ publications/factsheets/54.
- Financial Reporting Council, *Internal control: revised guidance for directors on the Combined Code (October 2005).* London: FRC, 2005. www.frc.org.uk/FRC/media/ Documents/Revised-Turnbull-Guidance-October-2005.pdf.
- Financial Reporting Council. *Reporting statement: operating and financial review.* Kingston upon Thames: Accounting Standards Board, 2006. www.frc.org.uk/ News-and-Events/FRC-Press/ Press/2006/January/ASB-Issues-Reporting-Statement-on-the-Operating-an.aspx.

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